KGETLENGRIVIER LOCAL MUNICIPALITY

We Can · Re a Kgona · Ons Kan

ANNUAL REPORT 2023/2024

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GLOSSARY

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

Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	• Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.

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

MAYOR’S FOREWORD

It is my privilege to present Kgetlengrivier Annual Report for the financial year 2023/2024.

The Annual Report is a culmination of implementation of the Integrated Development Plan (IDP), Service Delivery and Budget Implementation Plan (SDBIP) and Budget as adopted by council for the year under review.

I am pleased to present an improved Audit Opinion based on the Financial and Non-financial performance. The municipality has obtained a Qualified Audit opinion for the year under review. There has been a great improvement which must be commended and build the future success on it.

I am humbled by the opportunity granted to me to interact with our community once more through this publication titled “Kgetlengrivier Local Municipality Annual Report for 2023/2024 financial year.” Whilst the report remains an accountability compliance instrument, it also allows for a fruitful platform for the Mayor of the Municipality to reflect on key issues that underpins the local plan and delivery of services on the ground.

OUR VISION

“***To be a reliable, people-centred, performance-driven deliverer of sustainable services to our communities”.***

OUR MISSION

To deliver sustainable services to our communities through a committed and highly motivated staff by:

- **Continuously striving to be better and improve our performance.**
- **Ensure compliance to legislation.**
- **Listening and responding to our communities and all stakeholders**
- **Facilitating socio- economic activities in our locality**
- **And being financially viable**

The municipality has adopted the following core values to ensure that quality service delivery is realized by our communities:

- Honesty
- Transparency
- Integrity
- Inclusiveness
- Commitment and
- Accountability

Key Policy Development

Kgetlengrivier Council developed a set of strategic objectives that are aligned with national and provincial strategic focus areas and goals. This Annual Report sets out the financial performance highlights and financial position for the 2023/2024 financial year, along with the achievements of its administration. As a political leadership, we have tried to live up to the strategic objectives to:

- Improve and maintain current basic service delivery through specific Infrastructural development projects.
- Create an enabling environment for social development and economic growth.
- Promote a safe and healthy environment through the protection of our natural resources.
- Grow the revenue base of the municipality.
- Structure and manage the municipal administration to ensure efficient service delivery, and
- Encourage the involvement of communities in matters of local government through the promotion of open channels of communication.

PUBLIC PARTICIPATION

Good governance entails addressing the needs of the public through consultation and communication and being accountable to the residents of Kgetlengrivier as required by the Municipal Systems Act, 2000 (Act 32 of 2000). The council undertook several processes to achieve this goal, including issuing monthly newsletters and press releases; holding consultations with a wide range of stakeholders; and rebuilding our municipal website. Accountability is enforced through performance contracts signed by Senior Management and is monitored by the Mayor and Council on a regular basis.

SERVICE DELIVERY

As per the IDP and Budget list of all service delivery projects in a specific MTREF cycle were presented to the community. These projects are developed to address the needs raised by the community during the IDP roadshows. Key Performance Indicators are attached to each specific project for easy monitoring. It should be borne in mind that the list of projects referred to in here are projects for which financial resources have been committed in the budgets and excludes projects that are not funded. The implementation of the SDBIP is vital in eradicating service delivery backlogs.

CONCLUSION

With the lessons we have learnt, we are now in the privileged position of being able to plan for the unexpected, and to ensure that our financial strategy for the ensuing year is one that will work for our environment, stakeholders, and the people of Kgetlengrivier.

This is possible through creating strategic partnerships with other spheres of government, the private sector, and the community of greater Kgetlengrivier, as we cannot meet the challenges that we face on our own.

I remain thankful to Council, the Speaker, the Executive Committee, Municipal Manager and Directors who continue to direct our staff, resources, and operations towards making a positive difference in the lives and future of the greater Kgetlengrivier community.

--

T.C. JACOBS

MAYOR

MUNICIPAL MANAGER'S OVERVIEW

This Annual Report documents the substantial progress achieved in the provision of basic services in line with the approved strategic plan of the Council.

Investment in infrastructure remains an important priority for our towns. Aging infrastructure and the demand for new infrastructure to accommodate population growth continue to place the municipality under severe financial pressure. Maintaining our infrastructure is also vital to allow us to fulfil our various mandates as a local municipality and as a popular destination.

Despite delays caused by fiscal challenges and the continued impact of economic meltdown, we have worked hard to ensure that service delivery and good governance practices are enhanced throughout the organization.

I am, however, thankful to the employees and management for their commitment, passion, and hard work during the year under review. We have provided access to water and electricity and delivered housing opportunities to many beneficiaries. And we have managed to do all this under the shadow of financial restrictions and the effects of the Covid-19 which amongst others resulted in loss of lives and incomes.

This hard work and dedication allowed us to reach several goals pursuant of our strategic objectives. The Municipality Managed to spend the its budget on the following services in order to improve Service Delivery;

- **Water R13 000 000**
- **Sanitation R16 000 000**
- **Roads and Storm water R12 000 000**

Service Delivery and Challenges

Definite strides were made in improving the quality of life of our residents. Management notes that challenges remain, specifically in securing greater public participation and engagement in decision-making and planning processes. In addition, Budget does not address all the needs and priorities of the residents. The

Municipality had to prioritize securing external sources of funding and broadening its revenue base.

Further challenges experienced during the 2023/2024 financial year, *inter alia*, included: Cash flow problem and non-payment of services. Organizational development challenges resulting from staff turnover. Inadequate funding for basic services infrastructure

Audit Opinion

The fact that the Municipality received a Qualified Audit Opinion two years successive, after 5 years of disclaimer. Kgetlengrivier Local Municipality has developed the Audit Action plan to address issues raised by Auditor General. The outcome of these efforts is evident in the revamped Annual Report. The Audit steering committee continue to engage on matters affecting the audit. Much effort will be put to ensure that all findings are addressed within the remainder of the financial year.

Debt Collection

The approval of revenue enhancement policy created a platform to engage with the communities regarding non-payment of services. Kgetlengrivier Local Municipality also engaged the provincial government for payment of services by government institutions. The Council approved a debt incentive policy to encourage consumers to pay their accounts and has positively registered a significant collection amounting to 6 million rand aggregated to an increased collection rate from less than 50% to above 60%.

Conclusion

Finally, I would like to record my sincere appreciation for the efforts and hard work of the staff of the Kgetlengrivier Local Municipality, without which the service delivery progress reported in this Annual Report would not have been possible. Their commitment and dedication, in the face of constraints and challenges, to serving the communities of Kgetlengrivier is commendable.

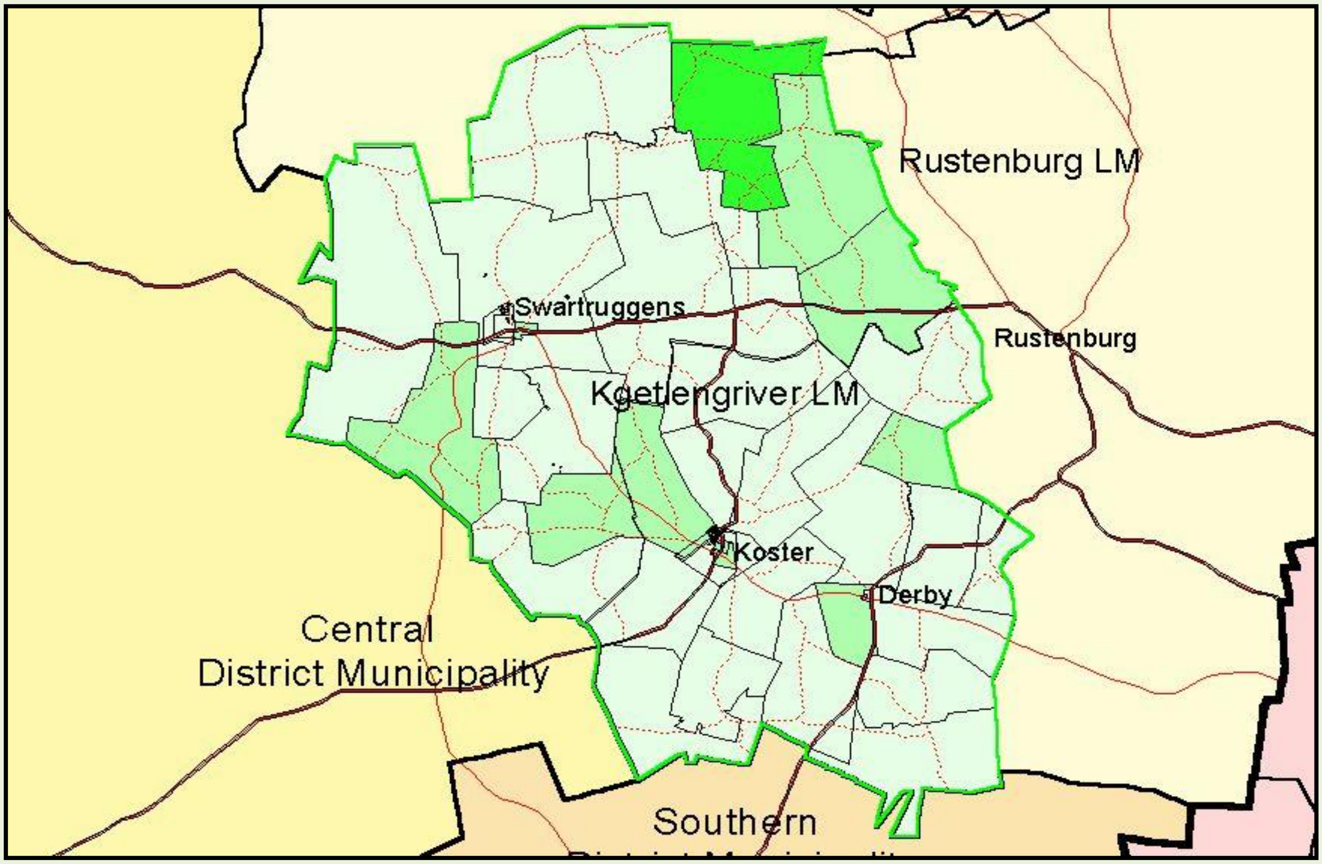
G.C. LETSOALO
MUNICIPAL MANAGER

1. CHAPTER: 1-DEMOGRAPHICS

1.1. MUNICIPAL POPULATION AND ENVIRONMENTAL OVERVIEW

INTRODUCTION TO BACKGROUND DATA

Kgetlengrivier Local Municipality is a category B municipality which consists of urban area and farm areas mostly. It is within the Bojanala Platinum district municipality. According to stats SA the population of the municipality is 61 630 with seven wards.



1.2. SOCIO ECONOMIC STATUS

Socio Economic Status						
Year	**Housing Backlog as proportion of current demand**	**Unemployment Rate**	**Proportion of Households with no Income**	**Proportion of Population in Low-skilled Employment**	**HIV/AIDS Prevalence**	**Illiterate people older than 14 years**
2020/2021	34%	39%	52%	44%	18%	27%
2021/2022	28%	41%	58%	48%	22%	37%
2022/2023	24%	37%	61%	52%	36%	57%
					T 1.2.4	

1.3. OVERVIEW OF NEIGBOURHOODS

Overview of Neighbourhoods within Kgetlengrivier Local Municipality		
Settlement Type	**Households**	**Population**
Towns		
Koster	1859	3960
Swartruggens	1273	3113
Derby	230	1280
Sub-Total	3362	8 353
Townships		
Reagile	7392	25 760
Redirile	1231	4870
Borolelo	4732	19 802
Mazista	500	2009
Sub-Total	13 855	52 441
Rural settlements		
Ratsegae	229	462
Sub-Total	229	462
Informal settlements		
Farms	220	374
Sub-Total	220	374
Total	**17 666**	**61 630**
	T 1.2.6	

1.4. Economic highlights

The Kgetlengrivier municipal area relies on agriculture to create jobs and make a sustainable impact on the continued economic development if considered as part of the economic development plan of the IDP of the municipality.

Apart from existing predominant agricultural use of land, some of the overall key trends and tendencies which characterize the economic landscape of the district particularly relevant to Kgetlengrivier Local Municipality include a rapidly increasing agriculture sector dominating the economy landscape.

As per the 2022/2027 IDP of Kgetlengrivier Local Municipality an integrated environmental management plan is the *code of practice* that ensures that environmental considerations are fully integrated into the management of all activities to achieve desirable balance between conservation and development. The Environmental Conservation Act 73 of 1989(ECA) provides for the effective protection and controlled utilization of the environment. The Constitution of the Republic of South Africa Act 108 of 1996, section 24, stipulates secure ecologically sustainable development and use of natural resources while promoting justifiable economic and social development. As per the DEAT Guideline on Strategic Environmental Assessment 2000, Environmental Impact Assessment for specific projects should be done with careful consideration of the benefits of development versus the protection and conservation of the natural resources and environment.

National Government has set targets for development in the country. In alignment with the sated targets and strategy, the province developed the Provincial Growth and Development Strategy (PGDS). The strategy provides a framework for the development of the province over the next 10 years, from which the Bojanala district then compiled a district growth and development strategy that refines the goals and targets in this Strategy, aimed at establishing a common vision for growth and development within the district. Some of the overall key trends and tendencies which characterize the economic landscape of the district particularly relevant to KRLM include the rapidly increasing mining sector dominating the economy landscape.

Natural Resources	
Major Natural Resource	**Relevance to Community**
Slate	Slate is mined within the community, and it provides jobs to local people as well as empowerment to SMME'S.
Diamonds	There is huge potential in the diamonds industry. Currently there are several mines allocated licenses to operate within the municipal boundary. The economic development of the municipality will get enough boosts.
Land	The municipality has vast land which majority of it is used as agricultural. Agriculture is main source of economy within the municipality.

Municipal LED strategy outlined key municipal economic opportunities which they can provide greater benefit and economic spin-offs. The mining and agricultural sectors are identified as key potential to create jobs.

1.5. SERVICE DELIVERY OVERVIEW

The municipality during the financial year 2023/24 prioritized the following:

Water

Sanitation

Residential Sites

Electricity

Roads and Storm water

LED

Number of households in the municipality	17 666
Number of billed households in the Municipality	16 430
Number of registered indigents	2 000

Challenges

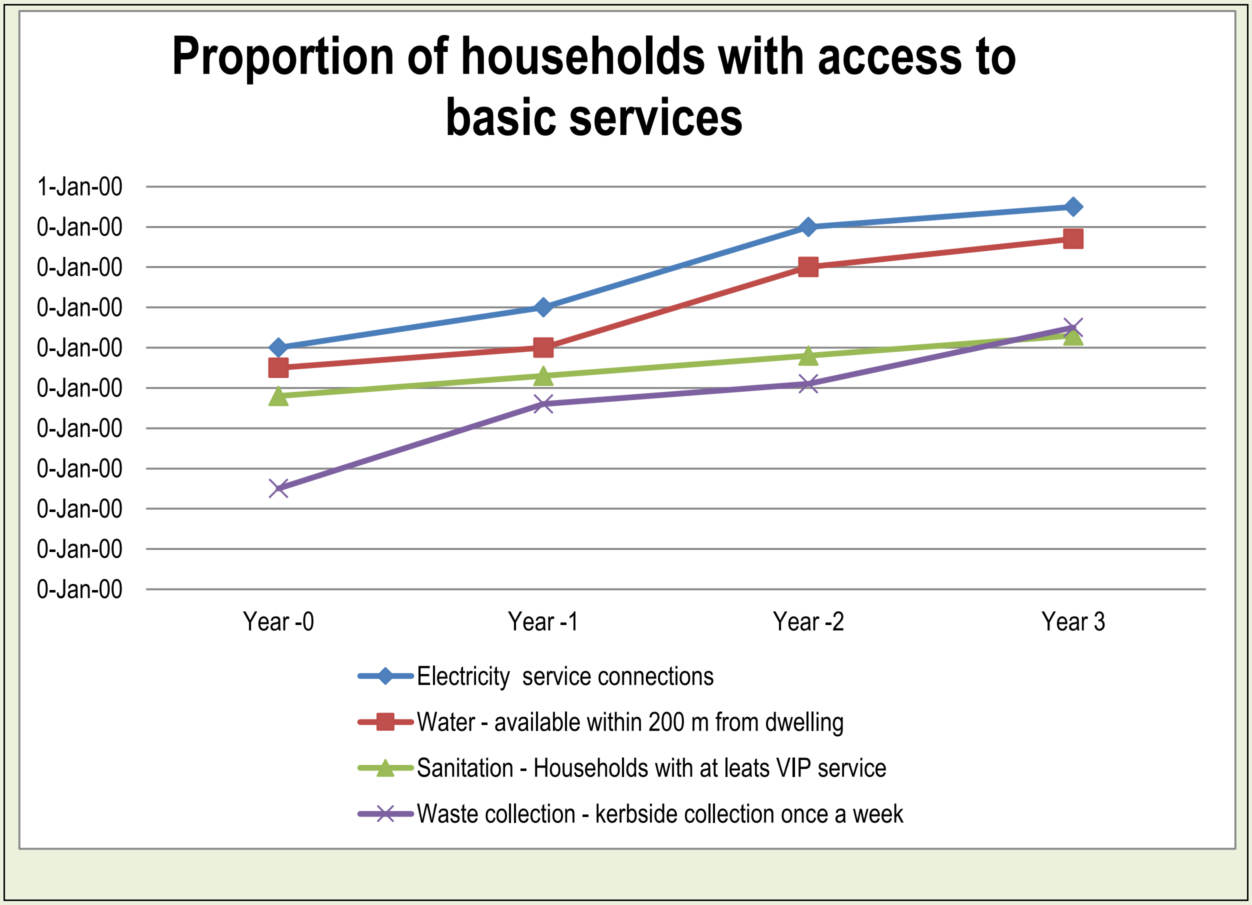
Ageing infrastructure

Limited budget

Human capacity

1.5.1. Access Basic Services

Proportion of Households with minimum level of Basic services			
	2020/2021	**2021/2022**	**2022/2023**
Electricity service connections	95%	96%	98%
Water - available within 200m from dwelling	87%	87%	90%
Sanitation - Households with at least VIP service	63%	65%	72%
Waste collection - kerbside collection once a week	65%	75%	74%


Proportion of households with access to basic services
1-Jan-00
0-Jan-00
Year -0
Year -1
Year -2
Year 3
Electricity service connections
Water - available within 200 m from dwelling
Sanitation - Households with at leats VIP service
Waste collection - kerbside collection once a week

1.6. FINANCIAL HEALTH OVERVIEW

FINANCIAL OVERVIEW

The Grants received constitute 53% and Rates and taxes constitute 47% of the operating budget. The culture of non-payment in the municipality is of a serious concern as it hampers with the service delivery. The municipality is facing litigations from the Rate Payers Association and Sakaliga regarding payments of services.

The municipality must build a relationship with the consumers, to encourage them to pay services.

1.6.1. Operating Expenditure

Financial Overview: 2023/2024			
Details	**Original budget**	**Adjustment Budget**	**Actual**
Income:			
Grants	123 293 000	143 342 000	0.00
Taxes, Levies and tariffs	80 084 000	79 084 000	0.00
Other	52 851 000	52 999 000	0.00
Sub Total	256 228 000	275 425 000	0.00
Less: Expenditure	252 699 000	254 459 000	0.00
Net Total*	3 529 000	20 966 000	0.00
** Note: surplus/(deficit)*			*T 1.4.2*

Operating Ratios	
Detail	**%**
Employee Cost	36%
Repairs & Maintenance	2.2%
Finance Charges & Impairment	0,8%
	T 1.4.3

1.6.2. Capital Expenditure

Total Capital Expenditure			
Detail	**2021/2022**	**2022/2032**	**2023/2024**
Original Budget	33 912	73 897	59 349 000
Adjustment Budget	0.00	0.00	0.00
Actual	33 912	73 897	59 349 000
		T 1.4.4	

The municipality did manage to improve financial performance and cash flow remains a challenge and it has a negative impact on the operation of the municipality.

1.7. ORGANISATIONAL DEVELOPMENT OVERVIEW

Every Municipality, in terms of the Constitution and the Municipal Systems Act, Act 32 of 2000, must have a staff establishment reflecting the organizational design of the Municipality. The Organizational Design needs to be in line with the IDP and an updated organizational development overview for the Kgetlengrivier Local Municipality was conducted in 2020 to align the structure with the IDP and to provide a structure to enable the Municipality to deliver in its mandate and service delivery.

The reviewed Organizational Structure was approved by Council established, 5 Directorates and the Office of the Municipal Manager on the Macro Structure.

1.8. AUDITOR GENERAL REPORT

AUDITOR GENERAL REPORT

The municipality has received the Qualified audit opinion in the financial year 2022/2023. Chapter 6 on page 182 will outline how the municipality is performing in terms of auditor general report.

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	Finalize the 4th quarter Report for previous financial year	
4	Submit draft year 2023/2024 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	Both Annual Report and Annual Financial Statements submitted to Auditor General by end August 2024	
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	January
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	March
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalization for next financial year. Annual Report and Oversight Reports to be used as input	April
T 1.7.1		

COMMENT ON THE ANNUAL REPORT PROCESS:

The municipality did manage to adhere to the timeframes in line with MFMA circular no. 104, dated 7 August 2020, by National Treasury. Both the Annual report and Annual Financial Statements were submitted to Auditor General in August 2024.

2. CHAPTER 2 – GOVERNANCE

INTRODUCTION
Kgetlengrivier Local Municipality is a Collective Executive type of municipality with its decisions taken by the entire Council. The Municipality has established section 79 committees in line with the Municipal Structures Act to assist the mayor in disposing of his responsibilities. The Municipality is divided into 5 departments.

2.1. COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.1.1. POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE
The municipality has 13 Councillors with only the Mayor and Speaker being full time. The municipality has adopted 3 Portfolio committees. The committee's main responsibility is to ensure that issues are processed before submission to Council. The Council meet once in a quarter unless there are issue that needs urgent attention then a special council is convened.

The Council of the municipality consists of 7 Ward Councillors and 6 Proportional Councillors. The Council has the Mayor and the Speaker.

The following table will depict list of Councillors and their political affiliation:

 **COUNCILLOR** **V.S. MOLATOLE** **WARD 1** **ANC**	 **COUNCILLOR** **WDF ROCHER** **WARD 2** **INDEPENDENT**	 **COUNCILLOR** **M.L. MOLEFE** **WARD 3** **ANC**
 **COUNCILLOR** **T.K. MOTAUNG** **WARD 4** **ANC**	 **COUNCILLOR** **K.A. SELAOLANE** **WARD 5** **ANC**	 **COUNCILLOR** **A.A. SELALEDI** **WARD 6** **ANC**
 **COUNCILLOR** **S.J.P. MATSHELA** **WARD 7** **ANC**	 **COUNCILLOR** **T.C. JACOBS** **PR** **ANC**	 **COUNCILLOR** **P.J. BREET** **PR** **VF+**

 **COUNCILLOR** **J.C. POTGIETER** **PR** **VF+**	 **COUNCILLOR** **I.M. MAPHANGA** **PR** **DA**	 **COUNCILLOR** **B.C. MOKONE** **PR** **EFF**
 **COUNCILLOR** **O.E. MUTOMBENI** **PR** **EFF**		

The council consists of six (5) female councilors and eight (8) male councilors, and their respective names and designated capacities are presented hereunder as follows:

2.1.2. PORTFOLIO COMMITTEES

The Council has established the following committees to enhance its oversight roles.

Infrastructure, Technical Services & LED, and Planning

NAME	POSITION
CLLR K.A. Selaolane	Chairperson
Cllr S.J.P. Matshela	Member
Cllr OE Mutombeni	Member
Cllr JC Potgieter	member

Community Services and Public Safety

NAME	POSITION
Cllr BC Mokone	Chairperson
Cllr VS Molatole	Member
Cllr TK Motaung	Member
Cllr WDF Rocher	Member

Finance and HR/Admin

NAME	POSITION
Cllr T.K. Motaung	Chairperson
Cllr PJ. Breet	Member
Cllr AA Selaledi	Member
Cllr BC Mokone	Member
Cllr KA Selaolane	Member

Audit Committee

NAME	POSITION
Mr. IS Mogotsi	Chairperson
Mr S Ngobeni	Member
Ms J Masite	member
Mr T Zororo	Member
Mr P Ramabuda	Member

Financial Misconduct Board

NAMES	POSITION
Mr C Mogotsi	Chairperson
Mr W. Wadee	Member
Mr G Rangwako	Member
Ms C Nyakane	Member

2.1.3. MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

The municipality has established the Municipal Public Accounts Committee which comprise of the following Councillors.

NAME	POSITION
Cllr V.S. Molatole	Chairperson
Cllr IM Maphanga	Member
Cllr TK Motaung	Member
Cllr PJ Breet	Member

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.* KRLM has appointed the Municipal Manager in line with all relevant legislation. The management team comprise of five directorates.

PHOTO	NAME	DIRECTORATE
	**Mr G.C. Letsoalo Municipal Manager**	As head of the Administration and Accounting officer of the municipality is subject to the policy directions of the municipal council and is accountable for duties and responsibilities outlined in Section 155 of the Local Government: MSA, Act 32 of 2000.
	**Mr. M. Khunou Chief Financial Officer**	This department is responsible for financial management, budgetary process as well as revenue enhancement.

	Mr. L. Rantho **Acting Director** **Infrastructure and Technical Services**	The department is responsible for Water and Sanitation, Electricity and Roads and storm water
	Mr. A. Pholose **Director** **Community Services**	The department is responsible for Waste Management, Parks and Cemeteries, Libraries, Public Safety and community facilities.
	Ms R. Morekisi **Director** **Corporate Services**	The department is responsible for Administration, Legal and Human Resources
	**Mr. L. Phakathi** **Acting Director:** **Local Economic Development and Planning**	Responsible for town planning, Building Inspectorate, Housing and Local Economic Development.

2.3. COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

Note: MSA section 3 requires that municipalities exercise their executive and legislative authority within the constitutional system of co-operative governance envisaged in the Constitution section 41.

The Intergovernmental Relations seeks to provide a platform for promotion of co-operation between the National, Provincial and Local spheres of government on fiscal, Budgetary and Financial matters; to prescribe a process for the determination of an equitable sharing and allocation of revenue raised nationally; and to provide for matters in connection therewith.

2.3.1. INTERGOVERNMENTAL RELATIONS

National (Presidential Coordinating Council)

The Municipality is not involved at that level, but constantly there is an engagement with Department such as DWS and Public works.

2.3.2. Provincial (North West Premier Coordinating Council)

The Municipality is directly involved in the said structure. The alignment of key documents such as IDP, SDBIP and Budget with national imperatives is assessed at that level. There are number of initiatives aimed at improving the municipal capacity in carrying out service delivery carried out by the province.

2.3.3. District (District Intergovernmental Relations)

The Municipality through various directors and the mayor participate in several forums at the District Level. The municipality has benefited from those structures among other include, Paving of Internal roads in Reagile and Library in Redirile.

2.3.4. Local Intergovernmental Relations

Furthermore, to the above structure the mayor engages with local Sector Departments on a quarterly basis. The purpose is to engage the departments in matters that affect the municipality. They further participate during the IDP and Budget process of the municipality. The municipality has benefited a lot through this forum as community problems are dealt with at that level.

2.4. COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.4.1. COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

The municipality is bound to consult with the communities on matters that affect them and account to them from time to time. The law requires the municipality to engage communities in relation to Budget and IDP.

2.4.2. Ward Committees

The municipality has established ward committees in all seven wards. They are monitored through the Office of the Speaker. The Municipality is also providing a stipend of R1000 monthly to all members of ward committees to assist them with Transport and phone.

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**	**Issue addressed (Yes/No)**	**Dates and manner of feedback given to community**
community/sectional meeting	15-21 September 2023	9	4	640	yes	monthly community meetings
community/sectional meeting (IDP)	20-25 October 2023	8	0	521	yes	monthly community meetings
community/sectional meetings	11-19 February 2024	8	0	4385	yes	monthly community meetings
community/sectional meetings	21-25 March 2024	10	5	730	yes	monthly community meetings
community meetings	25-30 April 2024	8	0	408	yes	monthly community meetings
IDP/BUDGET	12-30 April 2024	8	5	490	yes	monthly community meetings

2.5. IDP PARTICIPATION AND ALIGNMENT

The Fourth generation IDP (2022-2027) and subsequent annual reviews thereof provide an opportunity to strengthen integrated planning, budgeting and implementation across all spheres of government and the private sector in a meaningful way in pursuit of sustainable development.

The object as set out in Sections 152 and 153 of the Constitution, aims to create synergy between different municipal planning instruments and National / Provincial policy directives. Kgetlengrivier Council remained focused on how best to respond to its constitutional and developmental mandate through its overarching strategic development focus areas.

The Municipal Key Performance Areas (KPA's) and Strategic Objectives directs future development, potential investment, and possible public/private partnership interventions. The Key Performance Areas and Strategic Objectives, guide service delivery as per municipality developed annual Service Delivery Budget Implementation Plan (SDBIP) and development.

Section 28 (i) of the Municipal Systems Act, No 32 of 2000 requires that a Municipal Council adopts a schedule of activities to guide the drafting and review of its Integrated Development Plan. The IDP process plan/time schedule articulates the progressive activities and processes which the Municipality will embark upon during the annual review of its 4th (Fourth) Generation Integrated Development Plan and implementation during the 2023/2024 period. The IDP process plan for the 2023/2024 IDP review was adopted by the Council in August 2023.

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	No
** Section 26 of Municipal Systems Act 2000*	*T 2.5.1*

2.6. COMPONENT D: CORPORATE GOVERNANCE

2.6.1. COMPONENT D: CORPORATE GORVERNANCE

2.6.1.1. RISK MANAGEMENT

Risk management is a systematic process that is used to identify, evaluate, and address risks on a continuous basis by each municipal official within his/her areas of responsibility, before such risks can impact negatively on the service delivery capacity of the municipality.

The management contracted limited risk assessment based on AGSA management letter for 2022/2023.The municipality did conduct risk assessment in the year under review. The municipality has dismissed a risk officer in the year under review and struggle in performing risk functions. However, section 57 managers are required to undertake risk assessment of their business plan.

The appointment of a Manager to the Kgetlengrivier Local Municipality is imperative, as a properly executed risk management function is one of the most important key assurance providers of any institution. Without it, undue pressure is placed on other assurance providers such as Internal Audit and the Audit Committee.

A post has been created for a Risk and Compliance Manager at the Municipality, which is currently vacant. However, the Qualification Council for Trades and Occupations

(QCTO) has recently drafted new occupational profiles for Risk Managers, with very specific requirements for Kgetlengrivier Local municipality to follow in determining the requirements for this important position.

A strategic risk assessment will be conducted, with the support of SALGA and the technical assistance of National Treasury, to develop a strategic Municipal risk profile, to establish accountability and ownership of risk per functional area, and to inform the 3-year Internal Audit plan.

2.6.1.2. FRAUD AND ANTI CORRUPTION STRATEGY

The Municipality does not have Fraud and Corruption strategy. There is a need to develop the strategy with the aim of improving governance.

2.6.1.3. SUPPLY CHAIN MANAGEMENT

Kgetlengrivier Local Municipality has adopted and approved a supply chain management policy outlining the process and procedures for the acquisition of goods and services by way of quotations or competitive bidding process, often referred to as the Procedure manual for supply chain management.

The Procedure Manual also provides the process followed when appointing members of Bid Committees and provides for the delegation of Authority by the Accounting Officer only under certain circumstances and accountability and reporting is highly emphasized, the oversight role played by Council also form part of the policy.

It outlines on how deviations from normal procurement process, including how the consideration of unsolicited bids must be handled and further provides for ways to combat the abuse of supply chain management.

The declaration of interest is emphasized and awarding to persons whose tax matters are not in order is not permissible.

The supply chain management policy is reviewed when there are policy changes within its environment.

2.6.2. BY LAWS

By-laws Introduced during 2023/2024					
Newly Developed	**Revised**	**Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)**	**Dates of Public Participation**	**By-Laws Gazetted* (Yes/No)**	**Date of Publication**
0	0	none	0	none	None

2.6.3. WEBSITES

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	**Yes / No**	**Publishing Date**
Current annual and adjustments budgets and all budget-related documents	No	
All current budget-related policies	No	
The previous annual report	No	
The annual report published/to be published	No	
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act and resulting scorecards	No	
All service delivery agreements	No	
All long-term borrowing contracts	No	
All supply chain management contracts above a prescribed value (give value)	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 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No	
Public-private partnership agreements referred to in section 120 made in Year 0	No	
All quarterly reports tabled in the council in terms of section 52 (d) during Year 0	No	

The municipal website is not functional hence there was no information uploaded on the website as it is not functional	*T 2.10.1*

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

INTRODUCTION The municipality is required by law to provide basic services to the community. Section 152 of the constitution of Republic of South Africa clearly provides objects of local government and furthermore the Municipal Service Delivery and Budget Implementation plan respond to the targets set by the National Development Plan.

3.1. COMPONENT A: BASIC SERVICES

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

INTRODUCTION TO BASIC SERVICES The Municipality is faced with serious challenges when it comes to provision of basic services. Aged infrastructure and bulk services are the main challenges the municipality is facing. The municipality has lost key technical personnel who should play an integral part is provision of services to the community.

3.1.1. WATER PROVISION

INTRODUCTION TO WATER PROVISION Kgetlengrivier Local Municipality is a water service Authority, providing water to its households. The farms are sourcing water from boreholes. The municipality main source of water is Koster and Swartruggens Dams. The boreholes are used to provide water in Derby, Mazista and Redirile; otherwise, they are also used to augment bulk water supply in Koster and Swartruggens. The municipality does not have proper mechanisms to detect water losses, but the table below will provide estimation water use per sector.

Water Service Delivery Levels Households			
Description	**2021/2022**	**2022/2023**	**2023/2024**
	Actual No.	**Actual No.**	**Actual No.**
<u>Water:</u> **(above min level)**			
Piped water inside dwelling	5200	5200	5200
Piped water inside yard (but not in dwelling)	8762	8762	8762
Using public tap (within 200m from dwelling)	465	465	465
Other water supply (within 200m)	2897	2897	2897
Minimum Service Level and Above sub-total	17324	17324	17324
Minimum Service Level and Above Percentage	94	94	94
<u>Water:</u> **(below min level)**			
Using public tap (more than 200m from dwelling)	1333	1333	1333
Other water supply (more than 200m from dwelling	131	131	131
No water supply	0	0	0
Below Minimum Service Level sub-total	1464	1464	1464
Below Minimum Service Level Percentage	6	6	6
Total number of households*	**18787**	**18787**	**18787**

It is clear the municipality is doing well in addressing access to water within its communities. There is still much more that needs to be done to improve water access within the communities of Kgetlengrivier.

Access to Water Service Policy Objectives Taken From IDP							
Service Objectives / ***Service Indicators***	**Outline Service Targets**	**2021/2022**		**2022/2023**		**2023/2024**	
		Target	**Actual**	**Target**	**Actual**	**Target**	**Actual**
Access to water	Percentage of 0.5Ml Water storage facility upgraded by end June 2023	0	0	0	0	100% of 0.5Ml Water storage facility upgraded	Achieved
	Percentage of water supply upgraded in Mazista by end June 2023	0	0	0	0	100% Water Treatment works in refurbished	Achieved
	Number of Non-functional water meters in Swartruggens replaced by end June 2023	0	0	0	0	100 Non-functional water meters replaced	Achieved
	Number of Non-functional water meters in Koster replaced by end June 2023	0	0	0	0	100 Non-functional water meters replaced	Achieved

Financial Performance Year 2023/2024: Water Services R'000					
Details	**2022/2023**	**2023/2024**			
	Actual	**Original Budget**	**Adjustment Budget**	**Actual**	**Variance to Budget**
Total Operational Revenue	**7 337 966**	**R4 487 727**	**R4 597 458**		
Expenditure:					
Employees	3 783 000	R4 245 684	R4 245 684		
Repairs and Maintenance	1 234 733	R1 268 198	R236 356		
Other					
Total Operational Expenditure	**7 337 966**		**R4 597 458**		
Net Operational Expenditure	**7 337 966**		**R4 597 458**		
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 3.1.8*

COMMENT ON WATER SERVICES PERFORMANCE OVERALL:

The municipality is currently experiencing a lot of challenges in terms of water provision. Constant pipe bursts and breakdowns cost municipality. Inability to collect revenue hamper water provision.

3.1.2. WASTEWATER (SANITATION) PROVISION

INTRODUCTION TO SANITATION PROVISION

The combination of water and sanitation is a critical one, through its impact on health and environment; it has considerable implications on economic development. To successfully implement the appropriate sanitation measures, there must be a good water supply. The municipality is currently using two types of sanitation namely, water borne system and VIP.

Description	2020/2021 Outcome No.	2022/2023 Outcome No.	2023/2024 Outcome No.
Sanitation/sewerage: **(above minimum level)**			
Flush toilet (connected to sewerage)	11737	16654	11737
Flush toilet (with septic tank)	1845	5487	1845
Chemical toilet	1371	4000	1371
Pit toilet (ventilated)	1054	1700	1054
Other toilet provisions (above min.service level)	0	13453	0
Minimum Service Level and Above sub-total	16007	13453	16007
Minimum Service Level and Above Percentage		1	
Sanitation/sewerage: **(below minimum level)**			
Bucket toilet	313	669	313
Other toilet provisions (below mi. Service level)	798	676	798
No toilet provisions	1668	256	1668
Below Minimum Service Level sub-total	0	0	0
Below Minimum Service Level Percentage	2779	0	2779
Total households	**18787**	**13453**	**18787**

Access to Sanitation Service Policy Objectives Taken From IDP							
Service Objectives *Service Indicators*	**Outline Service Targets**	**2021/2022**		**2022/2023**		**2023/2024**	
		Target	**Actual**	**Target**	**Actual**	**Target**	**Actual**
No of new households connected to sewer network	3500 new households connected to sewer network	1500	0	350	350	500	500
T 3.1.6							

Financial Performance Year 2023/2024: Sanitation Services R'000					
Details	**2022/2023**	**2023/2024**			
	Actual	**Original Budget**	**Adjustment Budget**	**Actual**	**Variance to Budget**
Total Operational Revenue	**9 357 290**	**R6 535 045**	R4 942 646		0%
Expenditure:					
Employees	4 045 454	R4 246 215	R1 924 646		0%
Repairs and Maintenance	406 369	R260 192	R253 000		0%
Other	601 848	R285 698	R488 000		0%
Total Operational Expenditure	**9 357 290**	**R6 535 045**	**R4 942 646**		**0%**
Net Operational Expenditure	**9 357 290**	**R6 535 045**	**R4 942 646**		**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 3.2.8*

Capital Expenditure Year 2023/2024: Sanitation Services R' 000					
Capital Projects	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	R16 958 369	0.00	R16 958 369	0%	
Construction of Precast toilets	R11 511 935	0.00	R11 511 935	0%	
Construction of VIP Toilets	R5 446 434	0.00	R5 446 434	0%	
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.					*T 3.2.9*

COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL:

The municipality aged infrastructure on sanitation hampers the provision of sanitation services to the communities. Constant sewer spillages are a major concern. Completion of Koster Wastewater Treatment Works will address sewer spillages in Koster.

3.1.3. ELECTRICITY

INTRODUCTION TO ELECTRICITY

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

Most households in the Kgetlengrivier Local Municipality do have access to electricity. The highest occurrence of houses without electricity is concentrated within the rural parts. Overall, it is estimated that more than 90% of all households in Kgetlengrivier do have direct access to electricity. The Municipality distributes electricity in the areas of Koster, Swartruggens, Cidrella and Rodeon and farms, while Eskom is the supply authority in Reagile, Borolelo, Derby and the rural areas.

Electricity Service Delivery Levels Households			
Description	**2021/2022 Actual No.**	**2022/2023 Actual No.**	**2023/2024 Actual No.**
Energy: **(above minimum level)**			
Electricity (at least min.service level)	5017	5017	5017
Electricity - prepaid (min.service level)	11200	11200	11200
Minimum Service Level and Above sub-total	16217	16217	16217
Minimum Service Level and Above Percentage	95	95	95
Energy: **(below minimum level)**			
Electricity (< min.service level)	796	796	796
Electricity - prepaid (< min. service level)	0	0	0
Other energy sources	1774	1774	1774
Below Minimum Service Level sub-total	2570	2570	2570
Below Minimum Service Level Percentage	5	5	5
TOTAL	**18787**	**18787**	**18787**

Access to Electricity Service Policy Objectives Taken From IDP							
Service Objectives / ***Service Indicators***	**Outline Service Targets**	**2021/2022**		**2022/2023**		**2023/2024**	
		Target	**Actual**	**Target**	**Actual**	**Target**	**Actual**
No of new households facilitated to be electrified	1000 new households electrified	500	0	250	0	o	o
No of high mast lights built	15 high mast lights built	7	7	5	0	0	0
No of new streetlights built	100 new streetlights built	0	0	50	0	0	0
No of electrical substations Refurbished	2 electrical substations refurbished	0	0	0	0	0	0
							T 3.1.6

Financial Performance Year 2023/2024: Electricity Services R'000					
Details	**2022/2023**				
	Actual	**Original Budget**	**Adjustment Budget**	**Actual**	**Variance to Budget**
Total Operational Revenue	**37 837 310**	**R55 316 939**	**R14 750 562**		**88.1%**
Expenditure:					
Employees	3 044 450	R1 824 270	R1 416 704		0%
Repairs and Maintenance	2 102 873	R6 640 780	R6 640 780		0%
Other	59 170 490				0%
Total Operational Expenditure	**64 317 813**	**R55 316 939**	**R14 750 562**		0%
Net Operational Expenditure	**64 317 813**	**R55 316 939**	**R14 750 562**		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 3.3.7*

Capital Expenditure Electricity Services R' 000					
Capital Projects	2023/2024				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	
Project A	0	0	0	0%	0
Project B	0	0	0	0%	0
Project C	0	0	0	0%	0
Project D	0	0	0	0%	0

COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL:
It is clear that 91.5% of the population within the municipality depends on electricity for lighting. The remaining challenge is an ageing electrical infrastructure in the municipal supply area. The municipal substation remain a challenge in coping with the newly built Eskom substation, hence there is continuous interruption of electrical services to the community.

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

INTRODUCTION TO WASTE MANAGEMENT

The Municipality is collecting Refuse with old resources such as tractors. The municipality developed and approved Integrated Waste Management Plan to guide in the implementation of the function.

Solid Waste and illegal dumping

The Municipality has the responsibility to ensure that all waste generated within the municipal area is collected in time to avoid community to dump illegally within the residential area. Clearing of illegal dumping is always done internally. The Municipality has managed to secure a license for Swartruggens landfill site and Koster Landfill site is operated illegally, hence it posed a threat to the municipality. There is a high number of backlogs within the municipality.

Refuse Removal

According to the National Waste Management Strategy, the national target is that all households including in rural areas must receive the basic service i.e. collection of household waste. The target has not been achieved due to lack of resources; however, waste generated by households is collected on weekly basis.

Waste Disposal

There municipality has two Landfill sites in Koster and Swartruggens which are in a bad situation, there is a need to upgrade both landfill sites to improve their functionality. Finalization of IWMP will assist in development of more strategies to improve Refuse collection waste sites.

WASTE MANAGEMENT		
Details	***Total Number***	***Actual Number***
Number of Households Collected Refuse weekly	**18787**	13 401
Number of Households using Communal Dump	0	0
Number of Households Not collected Refuse	11 891	11 891

Access to Solid Waste Service Policy Objectives Taken From IDP							
Service Objectives / ***Service Indicators***	**Outline Service Targets**	**2021/2022**		**2022/2023**		**2023/2024**	
		Target	**Actual**	**Target**	**Actual**	**Target**	**Actual**
No of new household's refuse collected.	5000 new households refuse collected	1000	879	2000	0	0	0
Number of regional landfill site developed	1 Regional Landfill site developed	0	0	1	0	0	0
							T 3.1.6

Financial Performance Year 2023/2024: Solid Waste Management Services R'000					
Details	**2022/2023**				
	Actual	**Original Budget**	**Adjustment Budget**	**Actual**	**Variance to Budget**
Total Operational Revenue	**7 664 712**	**R7 865 132**	**R4 800 000**		**12,78%**
Expenditure:					
Employees	5 356 125	R7 610 386	R0		0%
Repairs and Maintenance	956 320	R700 000	R48 000		0%
Other	1 335 226				0%
Total Operational Expenditure	**7 664 712**	**R7 865 132**	**R4 800 000**		0%
Net Operational Expenditure	**7 664 712**	**R7 865 132**	**R4 800 000**		**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 3.4.7*

COMMENT ON WASTE MANGEMENT SERVICE PERFORMANCE OVERALL:

The municipality still utilizing old tractors to collect refuse hence there is not much progress. The IWMP has not yet been finalized.

3.1.5. ROADS AND STORMWATER

The municipality status in terms of Roads and storm water infrastructure is characterized as a serious challenge within the municipality; hence the bulk of the municipal infrastructure grant for the past 3 financial year has been used on roads. A total of 527km of the Kgetlengrivier road network consists of gravel roads and 328km of paved roads. A total of 14km of the total network is classified as poor or very poor. At a strategic level the most important road within the municipality is a portion of the platinum N4 highway between Rustenburg and Zeerust through Swartruggens. The other important road is R509 that is linking Johannesburg and Botswana it passes through Derby and Koster.

Situation of Roads and Storm water within KRLM.

Figure 3.6.

Area	Situation
Koster / Reagile / Cedrella	Koster town has a full storm water drainage infrastructure and in Reagile the drainage infrastructure exists on main access routes only. The worst problems occur in the Northern slopes of Reagile proper and Extension 1. The conditions of the roads are generally acceptable.
Derby/Redirile	The storm water drainage infrastructure only exists in the main access routes.
Swartruggens/Rodeon/ Borolelo	There is no storm water drainage infrastructure due to poor conditions of roads in the area. The only road that is in good condition is the N4 freeway crossing the area. The rest of the roads are badly damaged and not in good conditions. Storm water flows from the Borolelo area to the Swartruggens town due to the topography of the area and this cause major damage on the existing roads.

Access to Roads and Stormwater Policy Objectives Taken From IDP							
Service Objectives / ***Service Indicators***	**Outline Service Targets**	**2021/2022**		**2022/2023**		**2023/2024**	
		Target	**Actual**	**Target**	**Actual**	**Target**	**Actual**
Km of stormwater constructed.	6km of stormwater constructed.	2	0	2	2	2,5	4
Km of roads paved	15 km of roads paved	4	4	3	0	5	0
Km of roads resealed	6km of roads resealed	2	0	2	0	2	0
							T 3.1.6

COMMENT ON WASTE MANGEMENT SERVICE PERFORMANCE OVERALL:
There is a variance as the municipality implemented a storm water project in the year under review which was not included in the budget.

3.2. COMPONENT B: PLANNING AND DEVELOPMENT

This component includes planning; and local economic development.

INTRODUCTION TO PLANNING AND DEVELOPMENT

The Introduction of the Spatial Land Use Management Act provides a clear indication of how municipality should respond to planning issues. The municipality in the previous financial year conducted a Land Audit and developed a Spatial Development framework to guide Development. LED strategy was also reviewed in order to explore opportunities within the municipality.

3.2.1. PLANNING

INTRODUCTION TO PLANNING
Town Planning and Building inspectorate remains a challenge within the Municipality due to lack of competent officials. The Municipality is currently utilizing the services of MISA to perform these functions. The appointment of a town planner and the building inspector has assisted the municipality.
T 3.10.1

Applications for Land Use Development			
Detail	**Formalisation of Townships**	**Rezoning**	**Built Environment**
Planning application received	0	11	35
Determination made in year of receipt	0	9	21
Determination made in following year	0	3	0

Applications withdrawn	0	0	0
Applications outstanding at year end	0	0	0
			T 3.10.2

COMMENT ON THE PERFORMANCE OF PHYSICAL PLANNING OVERALL:

The municipality has improved a lot on town planning through the assistance of MISA and acquiring town planner and building inspector.

3.3. LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

National Government has set targets for development in the country. In alignment with the set targets and strategy, the province developed the Provincial Growth and Development Strategy (PGDS). The strategy provides a framework for the development of the province over the next 10 years. From the PGDS framework, Bojanala Platinum district Municipality then compiled a district growth and development strategy that refines the goals and targets set in the PGDS. It is aimed at establishing a common vision for growth and development within the district. It sums up the key issues and challenges facing the district and provides an overview of the required strategic responses to these key issues.

Sector	**Location Quotient Result**	**Corresponding Label**
Agriculture	4.71	High
Mining	3.99	High
Manufacturing	0.64	Low
Utilities	0.52	Low
Construction	0.64	Low
Trade	1.13	Medium
Transport	0.43	Low
Finance	0.54	Low
Community and personal services	0.64	Low

EMPLOYMENT STATUS	
Details	***Number***
Employed	14997
Unemployed	3862
Discouraged work-seeker	1110
Other not economically active	13502
Age less than 15 years	-
Not applicable	17578
Total	51049

Jobs Creation in 2023/2024	
Details	***Number***
EPWP	620
LED Initiatives	0
Private Initiatives	25
Infrastructure projects initiatives	50
Total	**695**

Provision of LED Policy Objectives Taken From IDP								
Service Objectives	**Outline Service Targets**	**2020/2021**		**2021/2022**		**2023/2024**		
Service Indicators		**Target**	**Actual**	**Target**	**Actual**	**Target**	**Actual**	
Number of jobs created	1000 jobs created	200	200	250	250	450	598	
Number of feasibility studies conducted	2 feasibility studies conducted	0	0	1	0	1	0	
Number of SMME trained	75 SMME trained	25	30	25	0	2	0	
							T 3.1.6	

COMMENT ON LOCAL JOB OPPORTUNITIES:
In terms of job creation, the municipality has been depending of EPWP and infrastructure projects.

3.4. COMPONENT D: COMMUNITY & SOCIAL SERVICES

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

INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES

As part of social cohesion, the municipality is providing certain services to the community in order to uplift and ensure safety of the community.

3.4.1. LIBRARIES; COMMUNITY FACILITIES.

INTRODUCTION TO LIBRARIES; COMMUNITY FACILITIES

The municipality has 3 libraries, three sports facilities and 6 community Halls.

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

Area	Library	Sports Facilities	Community Hall
Borolelo	0	1	1
Swartruggens	1	o	1
Mazista	0	1	0
Redirile	0	0	0
Derby	0	0	1
Reagile	1	1	1
Koster	1	1	2
Ratsegae	0	0	0
Total	3	3	6

Access to Amenities Policy Objectives Taken From IDP							
Service Objectives / ***Service Indicators***	**Outline Service Targets**	**2020/2021**		**2021/2022**		**2023/2024**	
		Target	**Actual**	**Target**	**Actual**	**Target**	**Actual**
Number of Parks constructed	1 Park constructed	1	0	1	0	1	0
Number of cemeteries constructed	1 Cemetery constructed	1	0	1	0	1	0
Number of multipurpose centres constructed	2 Multipurpose centres constructed	2	0	2	0	2	0
							T 3.1.6

COMMENT ON THE PERFORMANCE OF LIBRARIES; COMMUNITY FACILITIES. It is very clear that there is a problem with access to these services. The municipality has not set targets regarding access to community halls.

3.4.2. PARKS

The municipality has one park and 6 cemeteries. The municipality did not develop targets and indicators for the year under review.

Financial Performance Year 2023/2024: Parks and Cemeteries R'000					
Details	**2022/2023**	**2023/2024**			
	Actual	**Original Budget**	**Adjustment Budget**	**Actual**	**Variance to Budget**
Total Operational Revenue	2 640 436	R6 161 838	R0		0%
Expenditure:					
Employees	2 537 707	R5 345 492	R0		0%
Repairs and Maintenance	0.00	R300 000	R48 000		0%
Other	102 729				0%
Total Operational Expenditure	2 640 436	**R6 161 838**	**R0**		0%
Net Operational Expenditure	2 640 436	**R6 161 838**	**R0**		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 3.12.5*

Capital Expenditure Parks Services R' 000					
Capital Projects	2023/2024				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	
Project A	0	0	0	0%	0
Project B	0	0	0	0%	0
Project C	0	0	0	0%	0
Project D	0	0	0	0%	0

3.5. COMPONENT D: 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

The municipality is providing Licensing and public safety [traffic] to the community. There are 2 Licensing and Two Vehicle testing stations within the municipal area. The Traffic unit of the municipality is working in all municipal areas.

3.5.1. Traffic and licensing

Learners' License

Number of Applications	1945		
Absent	9		
Differed	0		
	Total	**Passed**	**Failed**
Number of Written Test	1345	1250	338

Number of Oral Test	0	0	0
Total	1325	987	338

Driver's License

Detail	Number
Applications	286
Passed	251
Failed	35
Absent	0

Renewals	768
PRDP'S	142
Conversion	0
Total	**910**

Financial Performance Year 2023/2024: Licensing Department R'000					
Details	**2022/2023**	**2023/2024**			
	Actual	**Original Budget**	**Adjustment Budget**	**Actual**	**Variance to Budget**
Total Operational Revenue	**50 766 195**	**R22 773 866**	**R107 224**		**0%**
Expenditure:					-
Employees	8 142 481	R1 681 690	R0		0%
Repairs and Maintenance	112 088	R50 000	-R14 709		0%
Other	1 312 900				0%
Total Operational Expenditure	**50 766 195**	**R22 773 866**	**R107 224**		**0%**
Net Operational Expenditure	**50 766 195**	**R22 773 866**	**R107 224**		**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 3.12.5*

The municipality has prioritized traffic as one of the services that generate funds in the financial year 2022/2023.

3.6. COMPONENT E: 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

The objective of this Key Performance area is to entrench the culture of good governance and promote participatory democracy in the affairs of the municipality. The municipality has undergone some serious planning challenges straddling two financial years; the filling of critical vacancies such as the Municipal Manager is leading to a seamless handover of the functions. Kgetlengrivier local municipality has considered the MEC comments based on the 17/18 Assessment and has addressed those issues identified.

T 3.24

3.6.1. EXECUTIVE AND COUNCIL

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

INTRODUCTION TO EXECUTIVE AND COUNCIL

Kgetlengrivier local municipality is a category B municipality [Plenary] and has 15 Councilors of which the mayor is the only one full time. The assessment of the first term of local government in the area of governance and community participation indicates that municipalities did not perform well with regards to communication with communities, functioning of ward committees and the management of the interface between the administrative and political domain. There has been an improvement in the second term.

In pursuit of the Local Government 2006-2011 Strategic Priorities, Kgetlengrivier Local Municipality will allocate resources to increase momentum towards involving communities in its affairs. In this regard the municipality will endeavor to achieve:

Functional community participation mechanisms and ward committees.
Effective Community Based Planning System.
Establish feedback mechanisms in order to ensure responsiveness to communities.
Continuous and special attention to previously disadvantaged communities.
Equal and convenient access to municipal services by the public.
Effective and efficient intergovernmental relations.

Governance Structures

Internal Audit Function

Like other municipalities, Kgetlengrivier Local municipality has its own internal audit unit, which must advise the Accounting Officer and report to the Audit Committee on matters relating to a range of financial issues and performance management. There are some several challenges facing the unit:

Communities want more assurance around stewardship and accountability in the municipality, to effectively do this is still a challenge.

Lack of Memorandum of Understanding to utilize Audit Committee

None compliance with MFMA and other reporting.

Lack of capacity within the unit.

Audit Committee

The municipality has no Audit Committee. There is an agreement with the district to utilize the service of its Audit Committee.

3.7. PERFORMANCE COMPARISON

2020/2021 Kgetlengrivier Local Municipality					
Key Performance Area	**Total KPIs**	**Achieved**	**Not Achieved**	**Achieved %**	**Not Achieved %**
Infrastructure and Technical Services	16	1	15	5%	95%
Community Services	12	5	7	350%	65%
Local Economic Development	13	4	9	20%	80%
Corporate Services	18	14	4	80%	20%
Budget and Treasury Office	15	12	3	85%	15%
Office of the Municipal Manager	28	14	14	50%	50%
Total	**102**	**50**	**52**	**48%**	**52%**

2022/2023 Kgetlengrivier Local Municipality					
Key Performance Area	**Total KPIs**	**Achieved**	**Not Achieved**	**Achieved %**	**Not Achieved %**
Municipal Transformation Institutional Development	26	23	3	87%	13%
Basic Service and Infrastructure development	29	18	11	65%	35%
Local Economic Development	7	4	3	52%	48%
Spatial Planning and Rationale	9	3	6	15%	85%

Good Governance and Public Participation	39	26	13	72%	18%
Municipal Viability and Accountability	14	11	3	85%	15%
TOTAL	**124**	**85**	**39**	**69%**	**21%**

2023/2024 Kgetlengrivier Local Municipality					
Key Performance Area	**Total KPIs**	**Achieved**	**Not Achieved**	**Achieved %**	**Not Achieved %**
Municipal Transformation Institutional Development	30	22	8	73%	27%
Basic Service and Infrastructure development	41	22	19	54%	46%
Local Economic Development , Spatial Planning and Rationale	20	9	11	45%	55%
Good Governance and Public Participation	36	24	12	67%	33%
Municipal Viability and Accountability	24	19	5	79%	21%
TOTAL	**151**	**96**	**55**	**64%**	**36%**

3.8. KEY PERFORMANCE INDICATORS AND TARGETS FOR THE 2023/2024 FINANCIAL YEAR

SERVICE DELIVERY PERFORMANCE

Introduction

The SDBIP is essentially the municipality's business plan and is an integral part of the financial planning, implementation, and measurement process. The SDBIP functions as the connection between the strategic plan "IDP", budget and management performance agreements, and includes detailed information on how the budget will be implemented, by means of forecast cash flows, service delivery targets and performance indicators.

OFFICE OF THE MUNICIPAL MANAGER

DEPARTMENT	OFFICE OF THE ACCOUNTING OFFICER										
KEY PERFORMANCE AREA	GOOD GORVERNANCE AND PUBLIC PARTICIPATION										
INDICATOR NUMBER	BASELINE	OBJECTIVES	KEY PERFORMANCE INDIACTORS	BUDGET	EXPENDITURE	ANNUAL PERFORMANCE TARGET	STATUS	ACTUAL PROGRESS	CHALLENGES	CORRECTIVE MEASURES	EVIDENCE SUBMITTED
LEGISLATIVE COMPLIANCE											
AO1	2022/2027 IDP in place	efficient planning	Number of 2024/2025 IDP approved by end May 2024	0.00	0.00	1 2024/2025 IDP approved by end May 2024	Achieved	2024/2025 IDP approved	None	None	Process plan/attendance registers /minutes /newspaper advert/I

											DP/Council Resolutions
AO2	4 IDP Rep: forum held	efficient planning	number of IDP Rep Forum convened by end June 2024	0.00	0.00	4 IDP Rep Forum convened by end June 2024	Achieved	4 Rep Forum convened	None	None	Invitations/Minutes/Attendance registers
AO3	2 IDP Steering committee held	efficient planning	number of IDP steering committee convened by end June 2024	0.00	0.00	4 IDP steering committee convened by end June 2024	Achieved	4 Steering Committee Convened	None	None	Invitations/Minutes/Attendance registers
LEGISLATIVE COMPLIANCE											
AO4	2023/2024 Budget in place	Prudent financial management	Number of 2024/2025 Budget and related policies approved by end May 2024	0.00	0.00	1 2024/2025 Budget and related policies approved by end May 2024	Achieved	2024/2025 Budget and related policies approved	None	None	Process plan/attendance registers/minutes/newspaper advert/Budget/Council Resolutions
AO5	2023/2024 Budget	Prudent financial	Number of 2024/2025 Adjustment	0.00	0.00	1 2024/2025 Adjustment Budget approved	Achieved	Budget Adjust	None	None	Adjustment Budget/

	in place	management	Budget approved by end February 2024			by end February 2024		ment Approved			Council resolution
REPORTING CULTURE											
AO6	2023/2024 PMS policy framework in place	well managed Performance management	Number of PMS policy framework by end May 2024	0.00	0.00	1 approved 2024/2025 PMS policy framework by end May 2024	Achieved	Approved PMS policy framework	None	None	PMS policy framework/council resolution
AO7	2023/2024 SDBIP in place	well managed Performance management	Number of approved 2024/2025 SDBIP by end June 2024	0.00	0.00	1 approved 2024/2025 SDBIP by end June 2024	Achieved	SDBIP Approved	None	None	Invitation/Attendance Registers/Strategic Planning Report/SDBIP/Council Resolutions
AO8	2023/2024 SDBIP in place	well managed Performance management	Number of quarterly performances repots produced and submitted to internal audit	0.00	0.00	4 quarterly performance repots produced and submitted to internal audit by end June 2024	Achieved	4 quarterly performance repots produc	None	None	quarterly performance reports/proof of submission

			by end June 2024					ed and submitted to internal audit			
AO9	2023/2024 SDBIP in place	well managed Performance management	Number of 2024/2025 Technical Indicator Description developed by end June 2024	0.00	0.00	1 2024/2025 Technical Indicator Description developed by end June 2024	Achieved	2024/2025 Technical Indicator Description developed	None	None	Technical Indicator Description
AO10	2023/2024 SDBIP in place	well managed Performance management	Number of 2024/2025 Midterm Performance Assessment developed and submitted by 25 January 2024	0.00	0.00	1 2024/2025 Midterm Performance Assessment developed and submitted by end January 2024.	Achieved	2024/2025 Midterm Performance Assessment developed	None	None	Midterm Performance Assessment/Proof of Submission
AO11	2023/2024 SDBIP in place	well managed Performance management	Number of Performance Assessments facilitated by end March 2024	0.00	0.00	6 Performance Assessments facilitated by end March 2024	Not Achieved	Lack of Capacity	Capacitate PMS unit	Implement in the next financial year	Performance Assessment Reports

AO12	2021/2022 Annual Report in place	culture of reporting	Number of 2022/2023 annual report developed and submitted by end August 2023	0.00	0.00	1 2022/2023 annual report developed and submitted by end August 2023	Achieved	2022/2023 annual report developed and submitted	None	None	Annual Report/Council Resolution/Newspaper advert
REPORTING CULTURE											
AO13	New	Legislative compliance	number of performance assessment of external service provider assessed by end June 2024	0.00	0.00	4 Performance assessment of external service provider assessed by end June 2024	Not Achieved	No progress	Capacitate M&E unit	Implement in the next financial year	Assessment Reports
AO14	New	Legislative compliance	Number of M&E plan developed and approved by end March 2024	0.00	0.00	1 M&E plan developed and approved by end March 2024.	Not Achieved	No progress	Capacitate M&E unit	Implement in the next financial year	Assessment Reports
MUNICIPAL PUBLIC ACCOUNTS											
AO15	2018/2019 Oversight report	culture of reporting	Number of oversight report on 2022/2023 annual report conducted	0.00	0.00	1 oversight report on 2022/2023 annual report conducted and submitted by end March 2024	Not Achieved	Meeting with directors taken place	Finalize Public Participation	Implement in the next financial year	Oversight Report/Council Resolution

	in place		and submitted to council by end March 2024								
AO16	2018/2019 Oversight report in place	culture of reporting	Number of oversight report on 2022/2023 annual report submitted to MEC by end March 2024	0.00	0.00	1 oversight report on 2022/2023 annual report submitted by end March 2024	Not Achieved	Meeting with directors taken place	Finalize Public Participation	Implement in the next financial year	Proof of Submission
AO17	5 MPAC meetings held	entrench oversight	number of MPAC meetings convened by end June 2024	0.00	0.00	4 MPAC meetings convened by end June 2024	Not achieved	3 MPAC Meetings convend	Could not convene a meeting	None	Attendance Registers/Agenda/Invitations/minutes
INTERNAL AUDITING											
AO18	Internal audit governance framework in place	Improve municipal excellence and audit outcome	Number of internal audit governance charter developed and by end September 2023	0.00	0.00	3 internal audit governance charter developed by end September 2023	Achieved	3 Internal Audit Charter Developed	None	None	Attendance Registers/Agenda/Invitations/minutes

AO19	2020/2021 PAAP in place	improve audit outcome	Number of Post Audit Action Plan developed by end January 2024	0.00	0.00	1 Post Audit Action Plan developed	Achieved	Post Audit Action Plan developed	None	None	PAAP/Council Resolution
AO20	20 Audit Steering committee meeting Held	improve audit outcome	number of Audit Steering Committee meetings convened by end June 2024	0.00	0.00	12 Audit Steering Committee meetings convened by June 2024.	Achieved	12 Audit Steering Committee meetings convened	None	None	Attendance Registers /Agenda/Invitations /minutes
AO21	4 Audit committee meeting Held	improve audit outcome	number of Audit Committee meetings convened by end June 2024	0.00	0.00	4 Audit Committee meetings convened by end June 2024	Not Achieved	Bojanala has appointed a new AC which became effective on 1st July 2024	Management could not finalise a set date due to various engagements that conflicted with the Corporate	Management to adhere to Corporate Calendar for the scheduled meetings.	Attendance Registers/Agenda/Invitations/minutes

									calendar.		
AO22	4 Audit reports submitted	improve audit outcome	number of Audit Committee Reports produced and submitted to Council by the Audit committee by end June 2024	0.00	0.00	4 Audit Committee Reports produced and submitted to council by the Audit committee by June 2024	Not achieved	Bojanala has appointed a new AC which became effective on 1st July 2024	No report as the Committee did not sit as scheduled.	Management to adhere to Corporate Calendar for the scheduled meetings.	Audit Reports/ Audit Committee Agenda
RISK MANAGEMENT											
AO23	Risk management governance framework in place	Ensure resilience promote ethical behaviour and minimize risks	Number of Risk Management governance framework reviewed by end June 2024	0.00	0.00	5 Risk Management governance framework reviewed by end 2024	Not Achieved	None	No personnel	Appoint Risk Officer	Attendance Registers/Risk Governance Framework/Council Resolutions
AO24	Risk management governance frame	Minimize risks	Number of Institutional Risk Register developed by end June 2024	0.00	0.00	1 Institutional Risk Register developed by June 2024	Not Achieved	None	No personnel	Appoint Risk Officer	Operational Risk Register

	work in place										
AO25	Risk management governance framework in place	Minimize risks	number of Risk committee meetings convened by end June 2024	0.00	0.00	4 Risk committee meetings convened by end June 2024	Not Achieved	None	No personnel	Appoint Risk Officer	Attendance Registers/Agenda/Invitations/minutes
AO26	Risk management governance framework in place	Minimize risks	number of Risk reports produced and submitted to risk committee by end June 2024	0.00	0.00	4 Risk reports produced and submitted to risk committee by end June 2024	Not Achieved	None	No personnel	Appoint Risk Officer	Attendance Registers/Agenda/Invitations/minutes
AO27	Risk management governance framework in place	Minimize risks	Number of Anti-corruption and whistle blowing policy developed by end December 2023	0.00	0.00	1 Anti-corruption and whistle blower policy developed by end December 2023	Not Achieved	None	No personnel	Appoint Risk Officer	Policy/Council Resolution
MINIMAL INFORMATION SECURITY SERVICES											
AO28	MISS committee in place	To safeguard municip	number of security reports produced by	0.00	0.00	4 security reports produced by end June 2023	Achieved	None	None	None	Reports/Agenda

		al human and physical resource	end June 2024								
AO29	MISS committee in place	improved security services	number of security committee meetings convened by end June 2024	0.00	0.00	4 security committee meetings convened end June 2024	Not Achieved	No Progress	Budget Constraints	MM to appoint security committee within the next quarter	Attendance Registers/Agenda/Invitations/minutes
CUSTOMER CARE											
AO30	None	Promote customer / stakeholder relations and public participation	number of customer care reports produced and submitted to council by end June 2024	0.00	0.00	4 customer care reports produced and submitted to council by end June 2024	Achieved	None	None	None	Customer Care reports/council resolutions
PUBLIC PARTICIPATION											
AO31	None	Improve public participation	Number of Public Participation policy developed by	0.00	0.00	1 Public Participation policy developed by end December 2023	Not Achieved	No Progress	Lack of Capacity	Capacitate office of the Speaker	Public Participation Policy/Council

			end December 2023								Resolution
AO32	All Ward Committees Established	Improve public participation	Number of community meetings facilitated by end June 2024	0.00	0.00	44 Community meetings Facilitated By end June 2024	Not Achieved	Employee did not report	Employee did not report	Employee did not report	Attendance Registers/Agenda/Invitations/minutes
AO33	All Ward Committees Established	Improve public participation	Number of Mayoral special projects facilitated by end June 2024	R200 000	0.00	4 Mayoral special projects facilitated by end June 2024	Not achieved	None	No budget allocated	To engage with the Mayor to ensure adherence to KPI/Target	Attendance registers / Reports/ Photos
AO34	All Ward Committees Established	Improve public participation	Number of IGR meetings convened by end June 2024	0.00	0.00	4 IGR meetings convened by end June 2024	Not achieved	No Progress Registered	No challenge registered	To be convened in the next quarter	Attendance registers / Minutes
COMMUNICATION											
AO35	Communication Strategy in place	improve communication	Number of Local communicators form meetings Convened by	0.00	0.00	4 Local communicators forum meetings Convened by end June 2024	Achieved	None	None	None	Attendance registers / Minutes

			end June 2024								
AO36	Communication Strategy in place	improve communication	Number of electronic newsletters produced by end June 2024	0.00	0.00	4 electronic newsletters produced by end June 2024	Achieved	None	None	None	News letter

OFFICE OF THE CHIEF FINANCIAL OFFICER

DEPARTMENT	**OFFICE OF THE CHIEF FINANCIAL OFFICER**										
KEY PERFORMANCE AREA	**FINANCIAL VIABILITY AND MANAGEMENT**										
INDICATOR NUMBER	**BASELINE**	**OBJECTIVES**	**KEY PERFORMANCE INDIACTORS**	**BUDGET**	**EXPENDITURE**	**ANNUAL PERFORMANCE TARGET**	**STATUS**	**ACTUAL PROGRESS**	**CHALLENGES**	**CORRECTIVE MEASURES**	**EVIDENCE SUBMITTED**
REVENUE MANAGEMENT											
BTO 1	Credit Control and Debt Collection policy in Place	Improve revenue collection	Number of revenue management related policies reviewed and approved by end June 2024	0.00	0.00	6 revenue management related policies reviewed and approved by end June 2024	Achieved	Completed	None	None	Policies/Attendance Registers/Council Resolutions
BTO2	Committee In place	improve revenue collection	Number of Revenue steering committee meetings convened by end June 2024	0.00	0.00	4 Revenue steering committee meetings convened by end June 2024	Achieved	1 Meeting Held	None	None	Attendance Registers/Agenda/ Minutes/Notices

BTO3	Committee In place	improve revenue collection	Number of Roadshows on revenue collection conducted by end June 2024	0.00	0.00	4 revenue collection Roadshows conducted by end June 2024	Achieved	1 Roadshow conducted	None	None	Attendance Registers/Notices/Reports
BTO4	Committee In place	improve revenue collection	Number of Revenue Reports produced and submitted to Revenue Enhancement Committee by end June 2024	0.00	0.00	4 Revenue Reports produced and submitted to Revenue Enhancement Committee by end June 2024	Achieved	1 Report produced	None	None	Revenue Reports/ Minutes of REC
BTO5	Committee In place	improve revenue collection	Percentage of recoverable debt collected by end June 2024	0.00	0.00	5% of recoverable debt collected by end June 2024	Achieved	2% of Recoverable Debt	None	None	Notices/Stats Report
BTO6	Committee In place	improve revenue collection	Percentage of irrecoverable debt write off by end December 2023	0.00	0.00	100% of indigent irrecoverable debt write off by end December 2023	Not Achieved	Nothing Done	No budget allocated	To be implemented in the next financial year	Council Item/Reports on write off

BTO7	Committee In place	improve revenue collection	Percentage of Own revenue base increased by end June 2024	0.00	0.00	5% Own revenue base increased by end June 2024	Achieved	2% Own revenue base increasing	None	None	Revenue Collection Report
BTO8	12 Bank recons submitted	improve revenue collection	Number of bank reconciliation submitted by end June 2024	0.00	0.00	12 bank reconciliation submitted by end June 2024	Achieved	3 bank reconciliation submitted	None	None	Policies/Attendance Registers/Council Resolutions
BTO9	2000 Indigent registered	improve revenue collection	Number of Indigent registered by end June 2024	0.00	0.00	4000 Indigent registered by end June 2024	Not Achieved	1000 Indigent registered	Credit control not implemented	Implementation of credit control	Attendance Registers/Agenda/Minutes/Notices
EXPENDITURE MANAGEMENT											
BTO10	12 Salary Recons Submitted	To improve financial controls	Number of Salary Recons submitted Portfolio committee by	0.00	0.00	12 Salary Recons submitted to Portfolio committee by end June 2024	Achieved	3 Salary Recons submitted	None	None	Salary Recons

			end June 2024								
BTO11	12 Creditors Reconciliation	minimize risk and discrepancies	Number of Creditors Recons submitted to Portfolio committee by end June 2024	0.00	0.00	12 Creditors submitted Portfolio to committee by end June 2024	Achieved	3 Creditors Recons submitted	None	None	Creditors Recons
BTO12	12 Grants Reconciliation	minimize risk and discrepancies	Number of Grants Recons submitted to Portfolio committee by end June 2024	0.00	0.00	12 Grants submitted to Portfolio committee by end June 2024	Achieved d	3 Grants Recons submitted	None	None	Grants Recons
BTO13	100% after 90 days	Reduce creditors list	Percentage of creditors paid within 30 Days by end June 2024	0.00	0.00	100% of Creditors paid with within 30 days by end June 2024	Not Achieved	100% of Creditors paid	Cash flow challenge	Improve Cash flow	Payments Report
BTO14	100% after 90 days	Reduce creditors list	Number of Payments arrangements entered by end March 2024	0.00	0.00	10 Payments arrangements entered by end March 2024	Achieved	10 Payments arrangements entered	None	None	Payments Arrangements

BTO15	100% after 90 days	Reduce creditors list	Percentage of creditors list reduced by end June 2024	0.00	0.00	10% creditors list reduced by end June 2024	Achieved	1% creditors list reduced	None	None	Creditors List/Payment report
LEGISLATIVE COMPLIANCE AND REPORTING											
BTO16	Monthly Reporting (sec 71MFMA)	Compliance with MFMA reporting requirements.	Number of MFMA section 71 reports produced and submitted to Portfolio committee by end June 2024	0.00	0.00	12 MFMA section 71 reports produced and submitted to Portfolio committee by end June 2024	Achieved	Completed	None	None	Section 71/minutes of Portfolio committee
BTO17	Quarterly Reporting (sec 52 (d)MFMA)	Report on Actual Performance against the Budget	Number of MFMA section 52 (d) reports produced and submitted to Portfolio committee by end June 2024	0.00	0.00	4 MFMA section 52 (d) reports produced and submitted to Portfolio committee by end June 2024	Achieved	Completed	None	None	Section 52 (d)/minutes of Portfolio committee
BTO18	Quarterly Reporting (sec 11 (4)(a)	withdrawals within the municip	Number of MFMA section 11 (4)(a) reports produced and submitted to	0.00	0.00	4 MFMA section 11 (d) reports produced and submitted to Portfolio	Achieved	Completed	None	None	Section 11 (d)/minutes of Portfolio

	MFMA)	al bank account	Council by end June 2024			committee by end June 2024					committee
ASSET MANAGEMENT AND POLICY IMPLEMANTATION AND SUPPLY CHAIN MANAGEMENT POLICY											
BT019	Approved SCM Policies, Inventory Policy, Cost Containment Policy, SCM Policy, Asset Policy and UIF Policy	Legislative Compliance	Number of SCM Policies reviewed by end May 2024	0.00	0.00	7 SCM Policy reviewed by end May 2024	Achieved	7 SCM policies reviewed	None	None	SCM Policy/ Council Resolution
BT020	SCM Implementation Quarterly Report	Legislative Compliance	Number of SCM Implementation Quarterly Reports Submitted by end June 2024	0.00	0.00	4 SCM Implementation Quarterly Reports by end June 2024	Achieved	1SCM report in place	None	None	SCM Report /Council Resolution

BT021	Four Reports submitted to National Treasury	Legislative Compliance	Number of SCM Quarterly reports submitted to National Treasury by end June 2024	0.00	0.00	4 SCM Reports submitted to National Treasury by end June 2024	Achieved	1SCM report in place	None	None	Proof of Submission National Treasury Report
BT022	None	Legislative Compliance	Number of Contract Management Committee meetings convened by end June 2024	0.00	0.00	12 meetings convened for Contract Management Committee by end June 2024	Not Achieved	1 Meeting Held	Non-attendance of members	To address outstanding reports	Attendance register and Minutes of the Meetings
BT023	Movable Asset Verification	Legislative Compliance	Number of Asset Verification Conducted by end June 2024	0.00	0.00	2 Asset verification conducted by end June 2024	Achieved	1 Asset verification done	None	None	Report of Asset Verification
BT024	Contract Register in place	effective contract register	Number of Contract register submitted to Council by end June 2024	0.00	0.00	4 Contract register submitted to Council by end June 2024	Achieved	Submitted to Council	None	None	Contract register/Council Resolution

OFFICE OF DIRECTOR COPORATE SUPPORT SERVICES

DEPARTMENT	OFFICE OF COPORATE SUPPORT SERVICES										
KEY PERFORMANCE AREA	INSTITUTIONAL TRANSFORMATION AND MANAGEMENT										
INDICATOR NUMBER	BASELINE	OBJECTIVES	KEY PERFORMANCE INDIACTORS	BUDGET	EXPENDITURE	ANNUAL PERFORMANCE TARGET	STATUS	ACTUAL PROGRESS	CHALLENGES	CORRECTIVE MEASURES	EVIDENCE SUBMITTED
CREDIBLE RECORDS MANAGEMENT AND LEGAL SERVICES											
CSS1	Records management tools in place	Improve records keeping and information management.	number of records management training conducted by end March 2024	0.00	0.00	2 records management training conducted by end March 2024	Not Achieved	None	None	None	Attendance Register/Pictures
CSS2	Records management tools in place	Improve records keeping and information management.	Number of records management reports submitted to Portfolio committee by end June 2024	0.00	0.00	4 Number of records management reports by end June 2024	Achieved	None	None	None	Records Management Reports

EFFECTIVE INFORMATION COMMUNICATION TECHNOLOGY											
CSS3	None	effective ICT administration	Number of ICT Strategy developed by end June 2024	0.00	0.00	1 ICT Strategy developed by end June 2024	Not Achieved	Draft ICT Strategy in Place, yet to be tabled to ICT Steering Committee to ratify	Delays in ICT Steering committee sitting	Wii be achieved in the next quarter	Terms of Reference/ICT Strategy/Attendance Register/ICT Strategy
CSS4	7 ICT Policies in place	effective ICT administration	number of ICT policies developed and approved by end June 2024	0.00	0.00	10 ICT policies developed and approved by end June 2024	Achieved	10 ICT policies developed and approved	None	None	ICT Policies/Council Resolution
CSS5	4 ICT Meetings Held	effective ICT administration	number of ICT meetings convened by end June 2024	0.00	0.00	4 ICT Meetings convened by end June 2024	Achieved	4 ICT Meetings convened	None	None	Attendance Register/Minutes/Agenda
CSS6	4 ICT Reports	effective ICT administration	number of ICT reports produced and submitted by	0.00	0.00	4 ICT Reports produced and submitted by end June 2024	Achieved	4 ICT Reports produc	None	None	ICT Reports/Council

			end June 2024					ed and submitted			Resolutions
HUMAN RESOURCE MANAGEMENT											
CSS7	Draft Strategy in place	effective administration	Number of HR Strategy developed by end December 2023	0.00	0.00	1 HR strategy developed by end-by-end December 2023	Not Achieved	No Progress	Lack of capacity	Capacitate the unit	HR Strategy/Attendance Register/Council Resolution
CSS8	EEP Submitted	Effective administration	Number of Employment Equity Plan submitted by end December 2023	0.00	0.00	1 Employment Equity Plan submitted by end December 2023	Achieved	EEP Submitted	None	None	Employment Equity Plan/Proof of Submission
CSS9	26 HR Policies in place	effective administration	Number of HR policies reviewed by end June 2024	0.00	0.00	26 HR policies reviewed by end June 2024	Not Achieved	Policies in place , yet to be reviewed		To be achieved in the next quarter	HR Policies/Attendance Register/Council Resolution

CSS10	Old organizational Structure in place	effective administration	Number of Organizational Structure reviewed by end December 2023	0.00	0.00	Approved Organizational Structure by end December 2023	Not Achieved	None	Lack of capacity	Capacitate the unit	Organizational Structure/Attendance Register/Council Resolution
LABOUR RELATIONS MANAGEMENT											
CSS11	4 LLF Meetings held	To improve Human resources management	number of LLF Meetings convened by end June 2024	0.00	0.00	4 LLF Meetings Convened by end June 2024	Achieved	4 LLF Meetings Convened	None	None	Attendance Register/Minutes/Agenda/Notice
CSS12	294 Employees appointed	effective administration	Number of Induction programme conducted by end June 2024	0.00	0.00	2 Induction Programme conducted by end June 2024	Not Achieved	Code of Conduct to be signed by all KRLM Employees		To be achieved in the next quarter	Attendance Register/Minutes/Agenda/Notice/Photos
CSS13	294 Employees	effective administration	Percentage of Disciplinary cases finalized	0.00	0.00	100% Disciplinary cases finalized	Achieved	100% Disciplinary cases	None	None	Attendance Register/char

	appointed		within 90 days by end June 2024			within 90 days by end June 2024		finalized within 90 days			ge sheets /Dc outcomes
TRAINING AND DEVELOPMENT											
CSS14	WSP submitted	effective administration	Number of WSP submitted by end April 2024	0.00	0.00	1 WSP submitted by end April 2024	Achieved	1 WSP submitted	None	None	WSP/ Proof of Submission
CSS15	WSP submitted	effective administration	Number of training committee meetings convened by end June 2024	0.00	0.00	4 training committee meetings convened by end June 2024	Achieved	4 training committee meetings convened	None	None	Attendance Register/Minutes/Agenda/ Notice
CSS16	WSP submitted	effective administration	Percentage of employees trained by end June 2024	0.00	0.00	100% of approved employees for training trained by June 2024	Achieved	100% of approved employees for training trained	None	None	Attendance Register/Proof of Registration/ Proof of Payments

CSS17	WSP submitted	effective administration	Percentage of Councillors trained by end June 2024	0.00	0.00	100% of approved for training trained by June 2024	Achieved	100% of approved Councillors for training	None	None	Attendance Register/Proof of Registration/ Proof of Payments
HEALTH AND SAFETY											
CSS18	SOPs in place	effective administration	Number of OHS Committee meetings convened by end June 2024	0.00	0.00	4 OHS Committee meetings convened by end June 2024	Achieved	4 OHS Committee meetings convened	None	None	Attendance Register/Minutes/Agenda/ Notice
CSS19	SOPs in place	effective administration	Number of OHS inspection conducted by end June 2024	0.00	0.00	12 OHS inspections conducted by end June 2024.	Achieved	12 OHS inspections conducted	None	None	Attendance Register/Inspections reports
CSS20	SOPs in place	effective administration	Number of OHS reports submitted to OHS Committee by	0.00	0.00	4 OHS Reports submitted by end June 2024	Achieved	4 OHS Reports submitted0	None	None	Attendance Register/OHS Report

			end June 2024								s/Minutes of OHS Committee
EMPLOYEE WELLNESS PROGRAMME											
CSS21	6 wellness programmes conducted	effective administration	Number of employee wellness programme facilitated by end June 2024	0.00	0.00	4 employee wellness programmes facilitated by end June 2024	Achieved	4 employee wellness programmes facilitated	None	None	Attendance Register/Wellness reports
CREDIBLE RECORDS MANAGEMENT AND LEGAL SERVICES											
CSS22	Litigation registers in place	Reduction of litigations	Number of litigation register submitted to Council by end June 2024	0.00	0.00	4 litigation register submitted to Council	Achieved	1 litigation register submitted to Council	None	None	Litigation register/Council Resolution

CSS23	Service level Agreements signed	Effective legal advisory	Number of Service level agreement reviewed by end June 2024	0.00	0.00	10 Service level agreement reviewed by end June 2024	Achieved	2 Service level agreement reviewed	None	None	Service Level agreements
CSS24	Legal unit in place	Effective legal advisory	Number of legal reports submitted to Council by end June 2024	0.00	0.00	4 legal reports submitted to Council by end June 2024	Achieve	1 legal reports submitted to Council	None	None	Legal Reports/Council Resolution
COUNCIL SUPPORT											
CSS25	4 Council meeting held	Legislative compliance	number of Council meeting convened by end June 2024	0.00	0.00	4 Council meeting convened by end June 2024	Achieved	4 Council meeting convened	None	None	Attendance Registers/Agenda/Notice/Proof of Expenditure
CSS26	12 Portfolio	Legislative compliance	Number of Portfolio committee meetings	0.00	0.00	12 Portfolio committee meetings convened per	Achieved	12 Portfolio commi	None	None	Attendance Registers/Ag

	meetings held		convened by end June 2024			portfolio by end June 2024		ttee meetings convened			enda/ Notice
CSS27	Resolution Register in Place	Legislative compliance	Number of Resolution register updated and submitted to council by end June 2024	0.00	0.00	4 Resolution register updated and submitted	Achieved	4 Resolution register updated and submitted	None	None	Updated Resolution Register/Council Resolution

OFFICE OF DIRECTOR LED AND PLANNING

DEPARTMENT	**OFFICE OF THE DIRECTOR LED& PLANNING**										
KEY PERFORMANCE AREA	**LOCAL ECONOMIC DEVELOPMENT**										
INDICATOR NUMBER	**BASELINE**	**OBJECTIVES**	**KEY PERFORMANCE INDIACTORS**	**BUDGET**	**EXPENDITURE**	**ANNUAL PERFORMANCE TARGET**	**STATUS**	**ACTUAL PROGRESS**	**CHALLENGES**	**CORRECTIVE MEASURES**	**EVIDENCE SUBMITTED**
LOCAL ECONOMIC DEVELOPMENT											
SPLED1	None	Development of Agricultural planning	Number of Agricultural Master plan developed by end June 2024	R500 000	0.00	1 Agricultural Master plan developed by end June 2024	Not Achieved	Evaluation committee referred the plan back to specification committee	The functionality	To rectify functionality as per the recommendations of the evaluation committee	TOR/Appointment letter/ Progress Reports/Master Plan/Council Resolution

SPLED2	100 Jobs Create	Job creation	Number of Jobs Created through LED initiatives by end June 2024	0.00	0.00	100 Jobs Created through LED initiatives by end June 2024	Achieved	100 Jobs Created through LED initiatives	None	None	Report
SPLED3	100 Jobs Create	Job creation	Number of Jobs Facilitated through Private Sector by end June 2024	0.00	0.00	100 Jobs Facilitated through Private Sector by end June 2024	Achieved	100 Jobs Facilitated through Private Sector	None	None	Report
SPLED4	Enhance Local economic development	Economic growth	A successful hosting of a three-bridge marathon by end February 2024	R500 000	0.00	1 Three bridge marathon hosted by end February 2024	Not Achieved	None	Lack of Finance	Implement in the next financial year	Concept Document, MOU, List of participants, Registration certificate

SPLED5	4 SMME Supported	Economic growth	number of SMME Supported by end June 2024	0.00	0.00	6 SMME Supported by end June 2024	Achieved	6 SMME Supported	None	None	Report
SPLED6	LED Structured in place	Economic growth	number of Sectoral consultation meetings convened by end June 2024	0.00	0.00	4 Sectoral consultation meetings convened by end June 2024	Achieved	4 Sectoral consultation meetings convened	None	None	Report/Attendance Registers/Agenda/Invitation
HOUSING PLANNING											
SPLED 7	None	improve Human conditions	Number of Human settlement plan developed by end June 2024	0.00	0.00	1 Human settlement plan developed by end June 2024	Not Achieved	Adjudication committee recommended for service provider appo	Delays in supply chain processes	To be achieved in the next quarter	Target to be achieved in the next Quarter

								intment			
BUILDING INSPECTORATE											
SPLED 8	None	Adherence to legislation	Number of Building inspections report produced and submitted to portfolio committee by end June 2024	0.00	0.00	4 Building inspections report produced and submitted by end June 2024	Achieved	4 Building inspections report produced and submitted	None	None	Building inspection Reports/Minutes of portfolio committee
SPLED 9	None	Adherence to legislation	Number of building awareness campaign conducted by end June 2024	0.00	0.00	4 building awareness campaign conducted by end June 2024	Achieved	4 building awareness campaign conducted	None	None	Attendance registers/invitations/photos
PROVISION OF LAND AND SITES FOR HUMAN SETTLEMENTS											

SPLED 10	None	To improve human settlements and planning	Number of Spatial Development Framework reviewed by end June 2024	0.00	0.00	1 Spatial Development Framework reviewed by end June 2024	Not Achieved	Draft SDF in place	Funding is through Rural Development therefore KRLM in not in control of processes	To be achieved in the next quarter	TOR/Appointment letter/Progress Reports/Master Plan/Council Resolution
SPLED 11	None	adherence to legislation	number of SPLUM report produced and submitted to portfolio committee by end June 2024	0.00	0.00	4 SPLUM report produced and submitted to portfolio committee by end June 2024	Not achieved	Approval letters and zoning certificates In place	Portfolio committee of Planning and LED did not have regular sittings.	KPI to be reviewed	Reports/Minutes of Portfolio
SPLED 12	MPT established	adherence to legislation	Number of MPT meetings convened by end June 2024	0.00	0.00	4 MPT meetings convened by end June 2024	Not Achieved	No Progress	Land Development Applications delegated to the	KPI to be reviewed	Minutes, Attendance Register, Notice

									MPT were not received		
SPLED 13	MPT established	adherence to legislation	Re-establishment of MPT by end December 2023	0.00	0.00	Re-establishment of MPT by end December 2023	Achieved	MPT Established	None	None	Advertisement/ Appointment letters

OFFICE OF DIRECTOR COMMUNITY SERVICES

DEPARTMENT	OFFICE OF THE DIRECTOR COMMUNITY SERVICES										
KEY PERFORMANCE AREA	BASIC SERVICE DELIVERY AND INFASTRUCTURE										
INDICATOR NUMBER	BASELINE	OBJECTIVES	KEY PERFORMANCE INDIACTORS	BUDGET	EXPENDITURE	ANNUAL PERFORMANCE TARGET	STATUS	ACTUAL PROGRESS	CHALLENGES	CORRECTIVE MEASURES	EVIDENCE SUBMITTED
CSPS1	16 Environmental awareness conducted	rendering effective solid waste management	Number of Environmental awareness conducted by end June 2024	0.00	0.00	16 Environmental awareness conducted by end June 2024	Not Achieved	No progress	None	None	Attendance Registers/Invitations/Reports/photos
CSPS2	16 Environmental awareness conducted	Regular collection	Percentage of refuse removal extended by end March 2024	0.00	0.00	5% of refuse removal extended by end March 2024	Not Achieved	None	Lack of equipment's	Purchase equipment's	Collection Reports/Job Card/Schedule of Collection/Att

											endance Registers
PARKS AND CEMETERIES											
CSPS3	5 Cemeteries in place	provision of burial sites	number of grave plates purchased by end June 2024	R29 000	0.00	400 grave plates purchased by June 2024	Not Achieved	Grave plates already in place		To be achieved in the next quarter	Invoices/Proof of Delivered
CSPS4	1 Parks	access to parks	Development of a Business plan and submission to MIG for registration by end June 2024	0.00	0.00	Number of Business plan developed and submitted to MIG for registration by June 2024	Not Achieved	None	Lack of Capacity	Capacitate PMU	Business Plan/Implementation Plan/Proof of Registration
EXPANDED PUBLIC WORKS PROGRAMME											
CSPS5	EPWP workers appointed	provision of EPWP function	Number of EPWP Reports produced and submitted to Public Works by end June 2024	R980 000	0.00	4 Quarterly EPWP Reports submitted by end June 2024	Achieved	4 Quarterly EPWP Reports submitted	None	None	Quarterly Reports/Proof of Submission
CSPS6	EPWP worker	provision of	Number of EPWP	R980 000	0.00	12 Quarterly EPWP Financial	Achieved	12 Quarterl	None	None	Financial

	s appointed	EPWP function	Financial Reports produced and submitted to Public Works by end June 2024			Reports submitted by end June 2024		y EPWP Financial Reports submitted			Reports/Proof of Submission
LIBRARY AND INFORMATION SERVICES											
CSPS7	2022/2023 Business plan in place	provision of library services	Number of library business plan developed by end September 2023	R1 022 000	0.00	1 library business plan by end September 2023	Achieved	Business Plan submitted	None	None	Business Plan/Proof of Submission/ Proof of Payment
CSPS8	2022/2023 Business plan in place	provision of library services	Number of expenditure reports submitted by end June 2024	R1 022 000	0.00	12 expenditure reports submitted by end June 2024	Achieved	12 expenditure reports submitted	None	None	Expenditure Reports/Proof of Submission
CSPS9	2022/2023 Business plan in place	provision of library services	Number of new registered library members by	R1 022 000	0.00	200 new members registered by end June 2024	Achieved	200 new members registered	None	None	List of New Members/Registration

			end June 2024								forms/ Receipt
CSPS10	2022/2023 Business plan in place	provision of library services	Number of library programmes conducted by end June 2024	R1 022 000	0.00	48 library programmes conducted by end June 2024	Achieved	48 library programmes conducted	None	None	Attendance Registers/Photos/Reports
PUBLIC SAFETY											
CSPS11	24 Roadblocks conducted	promotion of road safety	Number of roadblocks conducted by end June 2024	0.00	0.00	60 roadblocks conducted by end June 2024	Achieved	60 roadblocks conducted	None	None	Attendance Registers/Photos/Reports
CSPS12	1000 traffic fines issued	promotion of road safety	Number of traffic fines issued by end June 2024	0.00	0.00	1500 Traffic fines issued by end June 2024	Not Achieved	200 Traffic Fines issued	Traffic Contravention system not yet purchase	To Procure the Traffic Contravention system	Reconciliations/Reports
CSPS13	1000 traffic fines issued	promotion of road safety	Number of traffic fines collected by end June 2024	0.00	0,00	1000 Traffic fines collected by end June 2024	Not Achieved	No System in place to can determine accuracy of Traffic	Traffic Contravention system not yet	To Procure the Traffic Contravention system	Reconciliations/Reports

								fines collection	purchase		
CSPS14	1000 traffic fines issued	promotion of road safety	Number of Scholar patrols conducted by end June 2024	0.00	0.00	12 Scholar patrols conducted by end June 2024	Achieved	Scholar patrols conducted	None	None	Reports/Photos/Attendance Registers
DRIVERS LICENCE TESTING CENTER											
CSPS15	1000 learners licence processed	promotion of road safety	Number of learners licence processed by end June 2024	0.00	0.00	1500 of learners' licence processed by end June 2024	Achieved	1500 of learners' licence processed	None	None	Recons
CSPS16	1000 Drivers licence processed	promotion of road safety	Number of Drivers licence processed by end June 2024	0.00	0.00	1500 of Drivers licence processed by end June 2024	Achieved	1500 of Drivers licence processed	None	None	Recons
REGISTERING AUTHORITY											
CSPS17	2000 Vehicle registered and licence	promotion of road safety	Number of vehicles registered and licenced by end June 2024	0.00	0.00	2500 vehicle registered and licenced by end June 2024	Achieved	2500 vehicle registered and licenced	None	None	Recons

OFFICE OF DIRECTOR TECHNICAL SERVICES

DEPARTMENT	OFFICE OF THE DIRECTOR TECHNICAL AND INFRUSTRUCTURE										
KEY PERFORMANCE AREA	BASIC SERVICE DELIVERY AND INFRUSTRUCTURE										
INDICATOR NUMBER	BASELINE	OBJECTIVES	KEY PERFORMANCE INDIACTORS	BUDGET	EXPENDITURE	ANNUAL PERFORMANCE TARGET	STATUS	ACTUAL PROGRESS	CHALLENGES	CORRECTIVE MEASURES	EVIDENCE SUBMITTED
PROJECT MANAGEMENT UNIT (CAPITAL PROJECTS)											
IDTS 1	1000 units erected	Access to sanitation.	Number of precast flushing toilets (Phase3) constructed by end June 2024.	R14 045 498,78 (MIG)	R11 511 935.10	900 precast flushing toilets constructed by June 2024	Not achieved	830 toilets constructed	Late payments from the main contractor to sub-contractors	There was an intervention meeting	Progress report, PSC meetings minutes, Invoices, phase 3 completion certificate,

											List of PSC Members, Attendance Registers for PSC Meetings
IDTS2	15 percent work completed	Access to roads	KM of internal road and stormwater constructed in Reagile Ext 6&7 by end June 2024	R9 613 168,94 (MIG)	R9 990 500.50	2.5 km of internal road and stormwater in Reagile Ext 6&7 constructed by end June 2024	Achieved	2.5 km of internal road and stormwater in Reagile Ext 6&7 constructed	None	None	Progress report, PSC meeting minutes & Invoices
IDTS3	2,5 km paving block in Mazista	Access to roads	Km of internal road and stormwater constructed in Mazista Phase 2 by end June 2024	R 5 039 882,28 (MIG)		0.9 km of internal road and stormwater in Mazista constructed by June 2024	Not Achieved	Designs developed	None	None	Progress report, PSC meeting minutes &

											Invoices
IDTS4	15km Bulk line in Koster	Access to portable water.	KM of bulk water supply pipe constructed by end June 2024	R8 000 000.00 (WISG)	R4 435 584.57	6 Km of bulk water supply pipe constructed by June 2024	Not achieved	5 km completed	Slow progress from the contractor	Impose penalties for slow progress on the contractor	Progress report, PSC meeting minutes & Invoices.
IDTS5	20km 0f Asbestos pipe	Access to portable water	Km of asbestos pipe replaced in Koster by end June 2024	R8 000 000.00 (WISG)	R6 564 152.81	2,473Km of asbestos pipe replaced by June 2024	Achieved	2,473Km of asbestos pipe replaced	None	None	Progress report, PSC meeting minutes & Invoices
IDTS6	250 sites	Access to sanitation	Number of households in Moedwil provided with VIP toilets by end June 2024.	R4 000 000.00 (WISG)	R5 446 434.33	200 households provided with VIP toilets in Moedwil by end June 2024	Achieved	200 households provided with VIP toilets in Moedwil	None	None	Progress report, PSC meeting minutes & Invoices.

IDTS7	80% provided with water	Access to water	Percentage of Upgrading of Mazista bulk water supply by end December 2023.	R2 161 536.60 (PIG)	R 2 160 514.70	100% Upgrading of Mazista bulk water supply by end December 2023	Achieved	100% Upgraded of Mazista bulk water supply	None	None	Progress report, PSC meeting minutes & Invoices, Completion Certificate
OPERATIONS AND MAINTENACE (ACCESS TO ELECTRICITY)											
IDTS8	20 Electrical Substations in place	Access to electricity	number of substations refurbished by end June 2024	R1 000 000.00		2 substations maintained by end June 2024	Achieved	2 substations maintained	None	None	Maintenance Reports
IDTS9	2 Electrical Substations in place	Access to Electricity	Number of transformers purchased and installed by end June 2024	R1 000.00.00		(3) Number of transformers purchased and installed by end June 2024	Achieved	(3) Number of transformers purchased and installed	None	None	Quotation ,applications Requisition
OPERATIONS AND MAINTENACE (ROADS AND STORM WATER)											

IDTS10	None	Access to roads	Km of roads paved in Mandela Road (Borolelo) by end June 2024	R400 000	R	1.4km of roads paved in Mandela Road (Borolelo) by end June 2024	Achieved	1.4km of roads paved	None	None	Progress report, expenditure report and work schedule
IDTS 11	None	Access to roads	1 km^2 of potholes patched by end June 2024	R500 000	R	1000 m^2 potholes patched by end June 2024	Achieved	1000 m^2 potholes patched	None	None	Job Cards
IDTS 12	None	Access to roads	number of Road signage replaced by end June 2024	R150 000	R	20 road signage replaced by end June 2024	Achieved	20 road signage replaced	None	None	Job Cards
OPERATIONS AND MAINTENACE (WATER & SANITATION)											
IDTS13	18 209 house holds	Access to water	Number of kl of water provided through water tankering by end June 2024	R5 000 000.00		5000kl of water of water provided through water tankering by end June 2024	Achieved	5000kl of water of water provided through water tankering	None	None	Registers, meter readings

IDTS14	Two sewer pump stations in place (Koster)	Access to sanitation	Number of sewer pump stations maintained by end June 2024.	R500 000		2 Pump stations maintained by end June 2024.	Not Achieved	KRLM Requested funds from Bojanala District Municipality	Financial Constraints	Get assistance from District.	Job cards/Letter sent to Bojanala

ASSESSMENT OF EXTERNAL SERVICE PROVIDERS

NO	PROJECT NAME	APPOINTED SERVICE PROVIDERS	VALUE FOR THE CONTRACT AWARDED	EXPENDITURE TO DATE	ACTUAL PERFOMANCE(COMPLETED OR UNCOMPLETED)	REASON FOR NON-COMPLETION	SERVICES PROVIDERS PERFORMANCE (i.e. Poor, fair, good etc.)
1.	UPGRADING OF BOROLELO STORAGE FACILITY	DIKUNGU CIVILS	4 423 918,44	3 588 169,82	Uncompleted	Late delivery of material and community unrest	Fair
2.	CONSTRUCTION OF RATSEGAE HIGH MAST LIGHTS	ONE LINE SOLUTIONS	770 724,98	797 922,28	Completed	None	Good
3.	CONSTRUCTION OF INTERNAL	PRIOTECH PROJECTS (PTY) LTD	12 000 000,00	4 334 073,48	Uncompleted	Slow progress contractor	Poor

	ROADS AND STORMWATER IN REAGILE EXT 6 & 7					and delay in commence ment of work.	
4.	APPOINTMENT OF A SERVICE PROVIDER TO PROVIDE LOGISTICS FOR A SMME SEMINAR AND RECOGNITION EVENT	ELEMENTA RY HORIZONS	120 000,00	120 000,00	Completed	None	Good
5.	APPOINTMENT OF A SERVICE PROVIDER TO RENDER MEDICAL SURVEILLANC E	DR L.G NEMUKONG WE	90 321,00	90 321,00	Completed	None	Good
6.	APPOINTMENT OF A LOCAL SERVICE PROVIDER FOR PROVISION OF CONSTRUCTI ON PLANT	MOATLHOD I TRADING ENTERPRIS E	198 250,00	130 500,00	Completed	None	Good

	(EQUIPMENT) FOR A PERIOD OF TWENTY FIVE (25) DAYS						
7.	APPOINTMENT OF A SERVICE PROVIDER TO SUPPLY AND DELIVERY OF OFFICE FURNITURE FOR KRLM	BLAKTEE TLHAPI INVESTMENT (PTY) LTD	125 000,00	0.00	Completed	None	Good
8.	APPOINTMENT OF A LOCAL SERVICE PROVIDER FOR SUPPLY,DELIVERY AND INSTALLATION OF WINDOW AND DOOR BLINDS AT REDIRILE LIBRARY	ZEPAHIS PROJECTS & SERVICES	132 900,00	0.00	Completed	None	Good
9.	APPOINTMENT OF A LOCAL SERVICE PROVIDER	ZEPAHIS PROJECTS & SERVICES	199 900,00	0.00	Completed	None	Good

	FOR SUPPLY,DELIVERY AND INSTALLATION OF BURGLARS AT REAGILE LIBRARY						
10.	APPOINTMENT OF A LOCAL SERVICE PROVIDER FOR SUPPLY, DELIVERY AND INSTALLATION OF BURGLARS AT REDIRILE LIBRARY	ZEPAHIS PROJECTS & SERVICES	193 654,80	0.00	Completed	None	Good
11.	APPOINTMENT OF A SERVICE PROVIDER FOR SUPPLY, DELIVERY AND OFFLOADING OF MAST WINCHES	CHAMS HOLDINGS	443 300,00	0.00	Completed	None	Good
12.	APPOINTMENT OF A SERVICE PROVIDER FOR SUPPLY AND	TSELA TELELE ENERPRISE (PTY) LTD	443 300,00	0.00	Completed	None	Good

	DELIVERY OF20 LAPTOPS						
13.	APPOINTMENT OF SERVICE PROVIDER FOR SECURITY AND ACCESS CONTROL SERVICES FOR A PERIOD OF 36 MONTHS	CSL SECURITY COMPANY	31 798 800,00	6 691 550,00	Completed	None	Good
14.	APPOINTMENT OF INFORMATION COMMUNICATION TECHNOLOGY (ICT) SERVICE PROVIDER FOR A PERIOD OF 36 MONTHS	ALICOM (PTY) LTD	15 086 397,25	0.00	Uncompleted	Non-payment of service provider	Bad
15.	APPOINTMENT OF A SERVICE PROVIDER TO	ELEMENTARY HORIZONS	120 000,00	120 000,00	Completed	None	Good

	PROVIDE LOGISTICS FOR A SMME SEMINAR AND RECOGNITION EVENT						

4. CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE

INTRODUCTION

Organizational Development within the workplace is vital. It focuses on improving the quality of services through training, Discipline, and other various Human resource activities. The utilization of Leave is vital as well as Labour matters. The municipality in the past financial years experienced several ill-discipline cases due to non-committed employees. Skills development is also an integral part of Organizational Development.

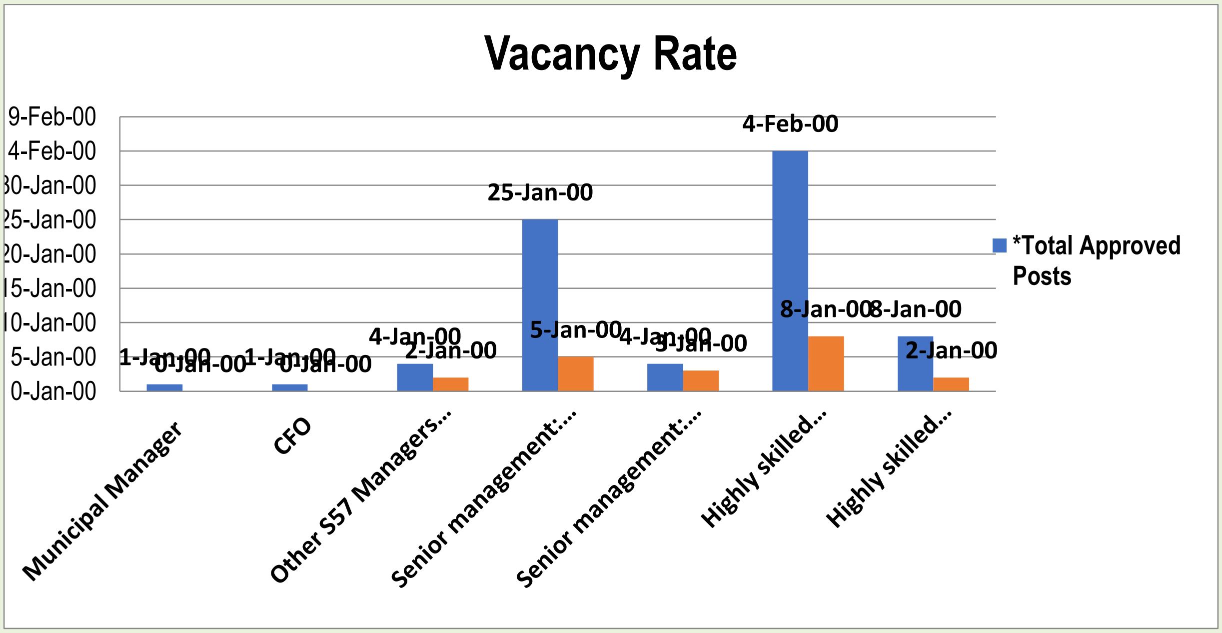
4.1. COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1.1. EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees					
Description	**2022/2023**	**2023/2024**			
	Employees	**Approved Posts**	**Employees**	**Vacancies**	**Vacancies**
	No.	**No.**	**No.**	**No.**	**%**
water and sanitation	32	55	42	13	24%
Roads and Stormwater	9	16	9	7	13%
Electricity	7	15	10	5	50%
PMU	3	4	4	0	0%
Library	5	7	5	2	20%
Sports arts and culture	0	1	0	1	100%
Parks and cemeteries	14	20	21	0	0%
Refuse Removal	34	38	38	0	0%
Public Safety	9	16	16	0	0%
DLTC	22	23	22	1	5%
Housing	1	2	1	1	50%
Planning and development	2	4	2	2	50%
LED	1	3	1	2	67%
Budget and Reporting	1	3	1	2	66%
Revenue	17	24	24	0	0%
Expenditure	5	5	5	0	0%
Supply chain management	6	9	6	3	33,3%
Human Resource	4	8	4	4	50%

ICT	0	4	3	1	75%
Council Support	2	3	2	1	67%
Cooperate and admin	29	32	29	3	9,4%
Legal	1	1	1	0	0%
Office of the Mayor	9	11	6	5	18%
office of the MM	12	17	12	5	29%
Totals	**225**	**321**	**288**	**53**	**33%**

Vacancy Rate: 2023/2024			
Designations	***Total Approved Posts No.**	***Vacancies (Total time that vacancies exist using fulltime equivalents) No.**	***Vacancies (as a proportion of total posts in each category) %**
Municipal Manager	1	0	0,00
CFO	1	0	0,00
Other S57 Managers (excluding Finance Posts)	4	2	50,00
Senior management: Levels 13-15 (excluding Finance Posts)	25	5	20,00
Senior management: Levels 13-15 (Finance posts)	4	3	75,00
Highly skilled supervision: levels 9-12 (excluding Finance posts)	35	8	22,86
Highly skilled supervision: levels 9-12 (Finance posts)	8	2	25,00
Total	**78**	**20**	25,64


Vacancy Rate
9-Feb-00
4-Feb-00
30-Jan-00
25-Jan-00
20-Jan-00
15-Jan-00
10-Jan-00
5-Jan-00
0-Jan-00
1-Jan-00
0-Jan-00
1-Jan-00
0-Jan-00
4-Jan-00
2-Jan-00
25-Jan-00
5-Jan-00
4-Jan-00
3-Jan-00
4-Feb-00
8-Jan-00
8-Jan-00
2-Jan-00
*Total Approved Posts
Municipal Manager
CFO
Other S57 Managers...
Senior management:...
Senior management:...
Highly skilled...
Highly skilled...

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year No.	Terminations during the Financial Year No.	Turn-over Rate*
2023/2024	0	7	50%
2021/2022	27	4	15%
2020/2021	11	2	18%

4.2. 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.

Policy development is very critical in any institution. KRLM has developed and adopted number of HR policies. There is urgent need to review the policies for them to be aligned with national imperatives. It is evident that all HR policies are not aligned with national imperatives.

4.2.1. POLICIES

HR Policies and Plans				
	Name of Policy	**Completed** **%**	**Reviewed** **%**	**Date adopted by council or comment on failure to adopt**
1	Affirmative Action	100%	100%	31-Aug-21
2	Attraction and Retention	100%	100%	31-Aug-21
3	Code of Conduct for employees	100%	100%	31-Aug-21
4	Delegations, Authorisation & Responsibility	100%	100%	31-Aug-21
5	Disciplinary Code and Procedures	100%	100%	31-Aug-21
6	Essential Services	100%	100%	31-Aug-21
7	Employee Assistance / Wellness	100%	100%	31-Aug-21

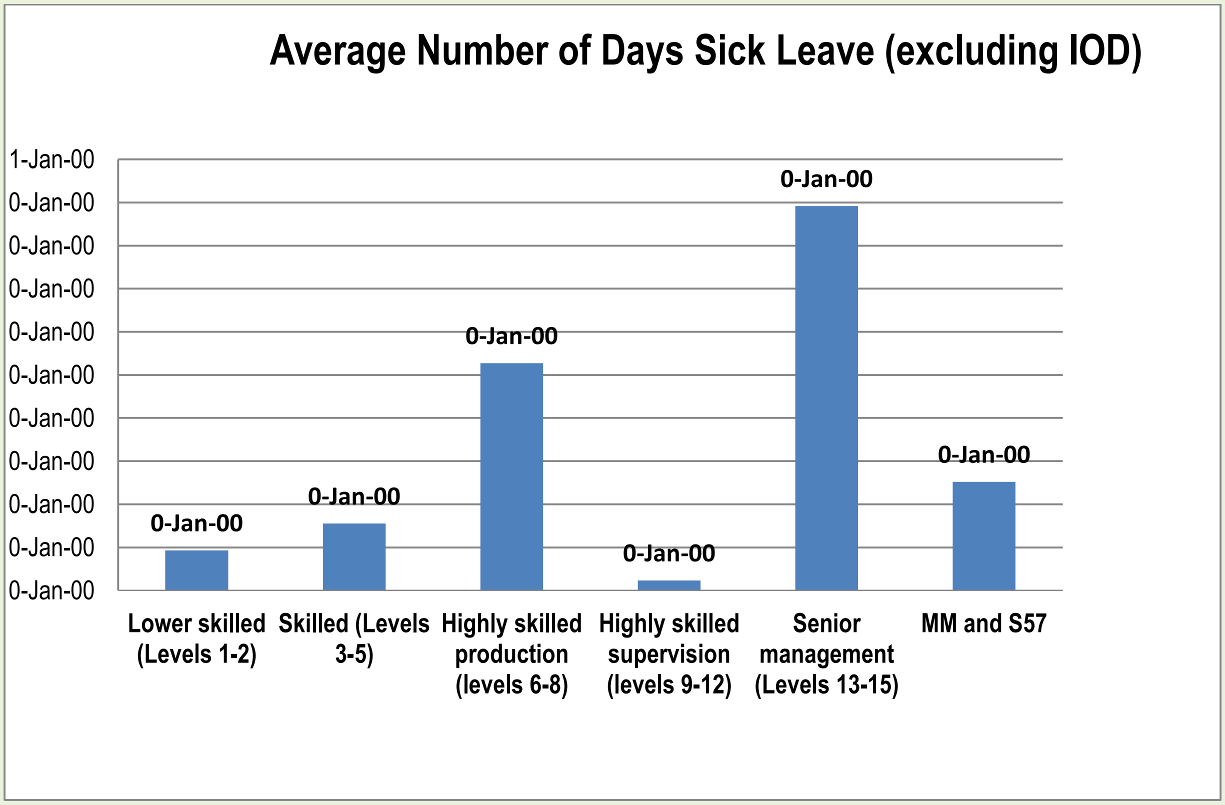
8	Employment Equity	100%	100%	31-Aug-21
9	Exit Management	100%	100%	31-Aug-21
10	Grievance Procedures	100%	100%	31-Aug-21
11	HIV/Aids	100%	100%	31-Aug-21
12	Human Resource and Development	100%	100%	31-Aug-21
13	Information Technology	100%	100%	31-Aug-21
14	Job Evaluation	100%	100%	31-Aug-21
15	Leave	100%	100%	31-Aug-21
16	Occupational Health and Safety	100%	100%	31-Aug-21
17	Official Housing	100%	100%	31-Aug-21
18	Official Journeys	100%	100%	31-Aug-21
19	Official transport to attend Funerals	100%	100%	31-Aug-21
20	Official Working Hours and Overtime	100%	100%	31-Aug-21
21	Organisational Rights	100%	100%	31-Aug-21
22	Payroll Deductions	100%	100%	31-Aug-21
23	Performance Management and Development	100%	100%	31-Aug-21
24	Recruitment, Selection and Appointments	100%	100%	31-Aug-21
25	Remuneration Scales and Allowances	100%	100%	31-Aug-21
26	Resettlement	100%	100%	31-Aug-21
27	Sexual Harassment	100%	100%	31-Aug-21
28	Skills Development	100%	100%	31-Aug-21
29	Smoking	100%	100%	31-Aug-21

30	Special Skills	100%	100%	31-Aug-21
31	Work Organisation	100%	100%	31-Aug-21
32	Uniforms and Protective Clothing	100%	100%	31-Aug-21
33	Other:			
Use name of local policies if different from above and at any other HR policies not listed.				*T 4.2.1*

4.2.1. INJURIES, SICKNESS AND SUSPENSIONS

Number and Cost of Injuries on Duty					
Type of injury	**Injury Leave Taken Days**	**Employees using injury leave No.**	**Proportion employees using sick leave %**	**Average Injury Leave per employee Days**	**Total Estimated Cost R'000**
Required basic medical attention only	0	0	48%	0	60
Temporary total disablement	0	0	0%	0	0
Permanent disablement	0	0	0%	0	0
Fatal	0	0	0%	0	0
Total	0	0	48%	0	60
					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 cost R' 000**
Lower skilled (Levels 1-2)	24	0%	10	105	0,09	30
Skilled (Levels 3-5)	40			32	0,16	47
Highly skilled production (levels 6-8)	136			58	0,53	60
Highly skilled supervision (levels 9-12)	6	0%	2	26	0,02	31
Senior management (Levels 13-15)	230			29	0,89	30
MM and S57	65			8	0,25	12
Total	**501**	**0%**	**12**	**258**	1,94	**210**



COMMENT ON SICK LEAVE: The municipality is losing money in terms of sick leave; hence it is important for the introduction of employee wellness programme.

4.3. PERFORMANCE REWARDS

The municipality did not award performance bonuses to its employees due to the following challenges:

- Lack of financial muscle to pay.

Performance Rewards By Gender					
Designations	Beneficiary profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards Year 1 R' 000	Proportion of beneficiaries within group %

Lower skilled (Levels 1-2)	Female	0	0	0	0%
	Male	0	0	0	0%
Skilled (Levels 3-5)	Female	0	0	0	0%
	Male	0	0	0	0%
Highly skilled production (levels 6-8)	Female	0	0	0	0%
	Male	0	0	0	0%
Highly skilled supervision (levels 9-12)	Female	0	0	0	0%
	Male	0	0	0	0%
Senior management (Levels 13-15)	Female	0	0	0	0%
	Male	0	0	0	0%
MM and S57	Female	0	0	0	0%
	Male	0	0	0	0%
Total		0	0	0	0%

4.4. COMPONENT C: DISCIPLINARY CASES

No Disciplinary cases were conducted

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	**Nature of Alleged Misconduct and Rand value of any loss to the municipality**	**Disciplinary action taken**	**Date Finalised**
None	None	none	none
None	None	none	none
None	None	none	none
None	None	none	none
None	None	none	none
None	None	none	none
None	None	none	none
None	None	none	none
None	None	none	none
None	None	none	none
None	None	none	none
None	None	none	none
None	None	none	none
None	None	none	none
None	None	none	none
			T 4.3.6

4.5. COMPONENT D: 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.

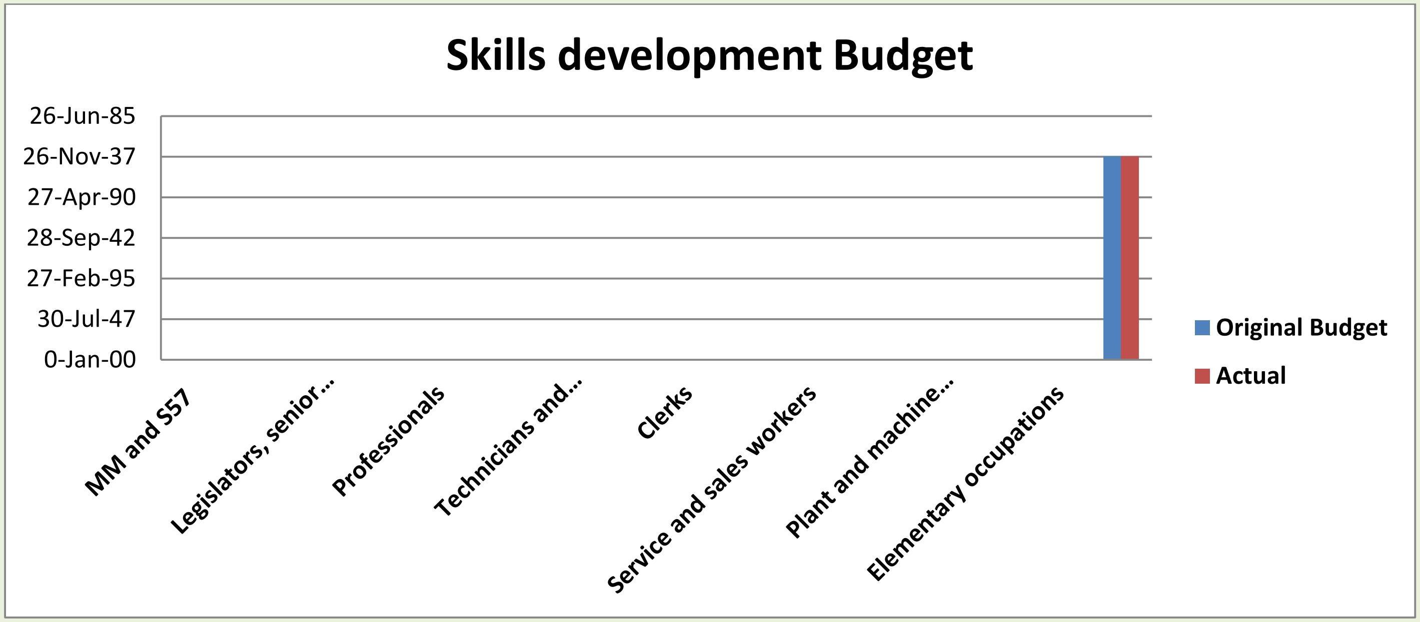
4.5.1. SKILLS DEVELOPMENT AND TRAINING

Skills Matrix														
Management level	Gender	Employees in post as at 30 June Year 0	Number of skilled employees required and actual as at 30 June 23											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
		No.	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target
MM and s57	Female		0	0	0	0	0	0	0	0	0	0	0	0
	Male		0	0	0	0	0	0	0	0	0	0	0	0
Councillors, senior officials and managers	Female		0	0	0	3	3	3	0	0	0	0	0	0
	Male		0	0	0	2	2	2	0	0	0	0	0	0
Technicians and associate professionals*	Female		0	0	0	0	0	0	0	0	0	0	0	0
	Male		0	0	0	0	0	0	0	0	0	0	0	0
Professionals	Female		0	0	0	4	4	4	0	0	0	0	0	0
	Male		0	0	0	1	1	1	0	0	0	0	0	0
Sub total	Female		0	0	0	0	0	0	0	0	0	0	0	0
	Male		0	0	0	0	0	0	0	0	0	0	0	0
Total		0	0	0	0	10	10	10	0	0	0	0	0	0

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c)	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
Accounting officer	1	0	1	1	1	1
Chief financial officer	1	0	1	1	1	1
Senior managers	2	0	2	2	2	2
Any other financial officials	0	0	0	0	0	0
Supply Chain Management Officials						
Heads of supply chain management units	1	0	1	0	0	0
Supply chain management senior managers	0	0	0	1	1	1
TOTAL	**5**	**0**	**5**	**5**	**5**	**5**

										R'000
Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development Year 1							
			Learnerships		Skills programmes & other short courses		Other forms of training		Total	
		No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
MM and S57	Female	0	0	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0	0	0
Legislators, senior officials and managers	Female	0	0	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0	0	0
Professionals	Female	0	0	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0	0	0
Technicians and associate professionals	Female	0	0	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0	0	0
Clerks	Female	0	0	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0	0	0
Service and sales workers	Female	0	0	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0	0	0
Elementary occupations	Female	0	0	0	0	0	0	0	0	0
	Male						1000000	1000000	1000000	1000000
Sub total	Female									

	Male									
Total		0	0	0	0	0	1000000	1000000	1000000	1000000



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

Training needs to be prioritised Minimum Competency in order to comply with relevant legislation.

T 4.5.4

4.6. COMPONENT E: MANAGING THE WORKFORCE EXPENDITURE

INTRODUCTION TO WORKFORCE EXPENDITURE

The Employee expenditure is controlled by various measures such as Bargaining Councils for Employees who are not Senior Managers and Circulars for Senior Managers. The Municipality must always adhere to directives from such institutions.

4.6.1. EMPLOYEE EXPENDITURE

TOTAL EMPLOYEES' COSTS FROM JULY 2023 - JUNE 2024

	Jul-21	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	TOTAL
TOTAL COST TO COMPANY	**8 532 690,78**	**7 770 885,14**	**7 415 304,68**	**7 223 090,49**	**8 005 222,05**	**8 165 869,98**	**8 756 496,22**	**7 157 126,09**	**8 994 481,38**	**7 834 476,10**	**7 079 334,77**	**7 334 528,04**	**94 269 505,72**
BONUS	72 273,15	329 195,50	185 150,17	126 282,28	758 501,16	375 816,98	765 146,77	80 514,95	1 056 186,73	391 747,61	97 901,26	0,00	4 158 201,75
OVERTIME	249 379,29	21 327,84	35 596,02	22 117 ,76	22 885,85	244 325,71	299 030,10	18 606,10	41 291,46	386 634	14 612,77	21 718,22	1 377 525,12
LEAVE PAID	653 630,24	48 010,56	58 532,55	34 351,68	62 398,92	-225 547,68	456 420,98	140 285,76	518 302,6	125 838,14	31 117,44	0,00	2 235 423,19
LONG SERVICE	32 855.41	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	34 962,72	0,00	0,00	37 818,13

	5 173 834,03	6 194 077,44	5 561 418,36	5 811 469,32	5 643 067,69	5 574 789,21	6 249 367,21	5 991 649,60	6 523 066,51	6 183 177,44	6 271 179,26	5 755 484,36	

It is clear from the table above that the female employees constitute 34% of the target 50:50%. Discrepancy exists between the staff appointment according to the approved structure and actual appointment. This discrepancy is attributed to number of officials' not occupying position of the establishment. It is vital that in the coming financial year the staff establishment be reviewed to address these discrepancies.

Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded		
Beneficiaries	**Gender**	**Total**
Lower skilled	Female	0
	Male	0
Skilled	Female	0
	Male	0
Highly skilled production	Female	0
	Male	0
Highly skilled supervision	Female	0
	Male	0
Skilled	Female	0
	Male	0
Senior management	Female	0
	Male	0
MM and S 57	Female	0
	Male	0
Total		**0**
Those with disability are shown in brackets '(x)' in the 'Number of beneficiaries' column as well as in the numbers at the right hand side of the column (as illustrated above).		*T 4.6.2*

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

5. CHAPTER 5 – FINANCIAL PERFORMANCE

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

STATEMENTS OF FINANCIAL PERFORMANCE

The Statement of Financial Performance provides an overview of the financial performance of the Municipality and focuses on the financial health of the Municipality.

The table below indicates the summary of the financial performance for the 2023/2024 financial year:

Reconciliation of Table A1 Budget Summary

Description	2022/2023											2023/2024			
R thousands	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 Bu	Actual Outcome as % of Original Bu	Reported unauthorised expenditure	Expenditure authorised in terms of section 32	Balance to be recovered	Restated Audited Outcome

										dg et	dg et		of MF MA		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Financial Performance															
Property rates	9 886,00		10			10									
Service charges	70 198,00		70			70									
Investment revenue	0		0			0									
Transfers recognised - operational	123 293,00		123			123									
Other own revenue	52 791,00		53			53									

Total Revenue (excluding capital transfers and contributions)	256 228,00														
Employee costs	R 70 370,00		70			70									
Remuneration of councillors	11 542,00		12			12									
Debt impairment			–			–									
Depreciation & asset impairment	33 695,00		34			34									
Finance charges	1 048,00		1			1									
Materials and bulk purchases	48 811,00		49			49									

Transfers and grants	1 422,00		1			1									
Other expenditure	85 810,00		86			86									
Total Expenditure	252 699,00														
Surplus/(Deficit)	3 529,00														
Transfers recognised - capital	59 349,00		59			59									
Contributions recognised - capital & contributed assets			–			–									
Surplus/(Deficit) after capital transfers & contributions	63	80 315,00	80 315,00	–	(203)	203									

Share of surplus/ (deficit) of associate			–			–									
Surplus/(Deficit) for the year	–	–													
Capital expenditure & funds sources															
Capital expenditure															
Transfers recognised - capital	59 349,00		59			59									
Public contributions & donations			–			–									
Borrowing			–			–									
Internally generated funds			–			–									

Total sources of capital funds	59 349,00														
Cash flows															
Net cash from (used) operating	107 415,00		107			107									
Net cash from (used) investing	59 349,00		59			59									
Net cash from (used) financing			–			–									
Cash/cash equivalents at the year end	40 740,00														

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R '000						
Description	2022/2023	2023/2024			2023/2024 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Operating Cost						
Water	37 746,00		56 536,00	23 042	99,84%	99,75%
Waste Water (Sanitation)	5 285,00		–	8 456	99,94%	100,00 %
Electricity	57 367,00		56 367,00	13 219	99,57%	99,57%
Waste Management	1 546,00		1 552,00	12 097	99,99%	99,99%
Housing	–		–	–	0,00 %	0,00%
Component A: sub-total	102		114	56 814	99,82%	99,80%
Waste Water (Stormwater Drainage)	–		–	–	0,00 %	0,00%
Roads	21 270,00		23 577,00	5 304	99,60%	99,56%
Transport	–		–	–	0,00 %	0,00%
Component B: sub-total	21 270,00		23 577,00	5 304	99,60%	99,56%
Planning	3 194,00		5 080,00	1 354	99,76%	99,62%

Local Economic Development	50 471,00		50 503,00	2 340	97,84%	97,84%
Component B: sub-total	21		56	3 693	99,42%	98,50%
Planning (Strategic & Regulatary)	–		–	–	0,00%	0,00%
Local Economic Development	–		–	–	0,00%	0,00%
Component C: sub-total	–		–	–	#DIV/0!	#DIV/0!
Community & Social Services	1 236,00		2 495,00	4 291	99,97%	99,94%
Enviromental Proctection	–		–	–	0,00%	0,00%
Health	–		–	–	0,00%	0,00%
Security and Safety	1 236,00		2 495,00	4 971	99,98%	99,95%
Sport and Recreation	–		–	–	0,00%	0,00%
Corporate Policy Offices and Other	161 925,00		162 025,00	4 971	96,74%	96,74%
Component D: sub-total	164		167	14 233	98,84%	98,83%
Total Expenditure	309		361	80 045	99,61%	99,55%

Council succeeded to obtain higher revenue than budgeted. The operating expenditure was a technical adjustment caused by a change in the fair value of municipal assets, expenses, repairs and maintenance particularly land and buildings. Details of this matter are to be found in the financial statements.

GRANT PERFORMANCE

The Municipality received grants from the National and Provincial Governments during the 2022/2023 financial year. The spending of the grants is summarized as follows:

R' 000						
Description	2022/2023	2023/2024			Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants						
Equitable share	21 565	129 725 000	-	129 725 000	-	-
Municipal Systems Improvement	–					
Department of Water Affairs	6 665	20 000 000	-	20 000 000	-	-
Levy replacement	–	-	-	-	-	-
MIG	29 020	28 695 000	-	28 695 000	-	-
Library Grant		992 000	-	992 000		
EPWP		950 000		950 000		
Financial management grant		3 100 000		3 100 000		

Provincial Government:	–					
Health subsidy Housing Ambulance subsidy Sports and Recreation MIG	– – – –					
District Municipality:	–					
[insert description]						
Other grant providers:	–					
[insert description]						
Total Operating Transfers and Grants	57 251	187 163		187 163		

ASSET MANAGEMENT

Asset management is undertaken in terms of the MFMA and based on a comprehensive asset management policy. The Asset Management Policy provides direction for management to monitor purchase dispose of and account and control Property, Plant & Equipment (Asset) to ensure that:

There is full implementation of the approved Asset Management Policy as required in terms of section 63 of the MFMA.

To verify assets in possession of the Council annually and during the financial year. To keep a complete and balanced record of all assets in possession of the Council.

To ensure the report in writing of all asset losses, where applicable.

That asset are valued and accounted for in accordance with a statement of GRAP.

Those assets are properly maintained and safeguarded.

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 2023/2024				
Asset 1				
Name	Paving of internal Roads Ext 6&7			
Description	Paving of internal Roads Ext 6&7			
Asset Type	Roads			
Key Staff Involved	39			
Staff Responsibilities	construction			
	2022/2023	2021/2022	Year -1	Year 0
Asset Value	R17 075 683	R5 259 392.70		
Capital Implications	MIG Funded			
Future Purpose of Asset	Road's infrastructure			
Describe Key Issues	None			
Policies in Place to Manage Asset	None			
Asset 2				
Name	bulk water supply pipe			
Description	15 Km of bulk water supply pipe			

Asset Type	Water Supply			
Key Staff Involved	16			
Staff Responsibilities	construction			
	2022/2023	2021/2022	Year -1	Year 0
Asset Value	R54 915 910.18	R21 746 000. 00		
Capital Implications	MIG Funded			
Future Purpose of Asset	Water Supply			
Describe Key Issues	None			
Policies in Place to Manage Asset	None			
Asset 3				
Name	water supply upgraded			
Description	100% of water supply upgraded			
Asset Type	Water Storage and Boreholes			
Key Staff Involved	20			
Staff Responsibilities	construction			
	2022/2023	Year -2	Year -1	Year 0
Asset Value	R23 000 000			
Capital Implications	PIG Funded			
Future Purpose of Asset	Water storage and supply			
Describe Key Issues	None			
Policies in Place to Manage Asset	None			

T
5.3.2

REPAIRS AND MAINTENANCE

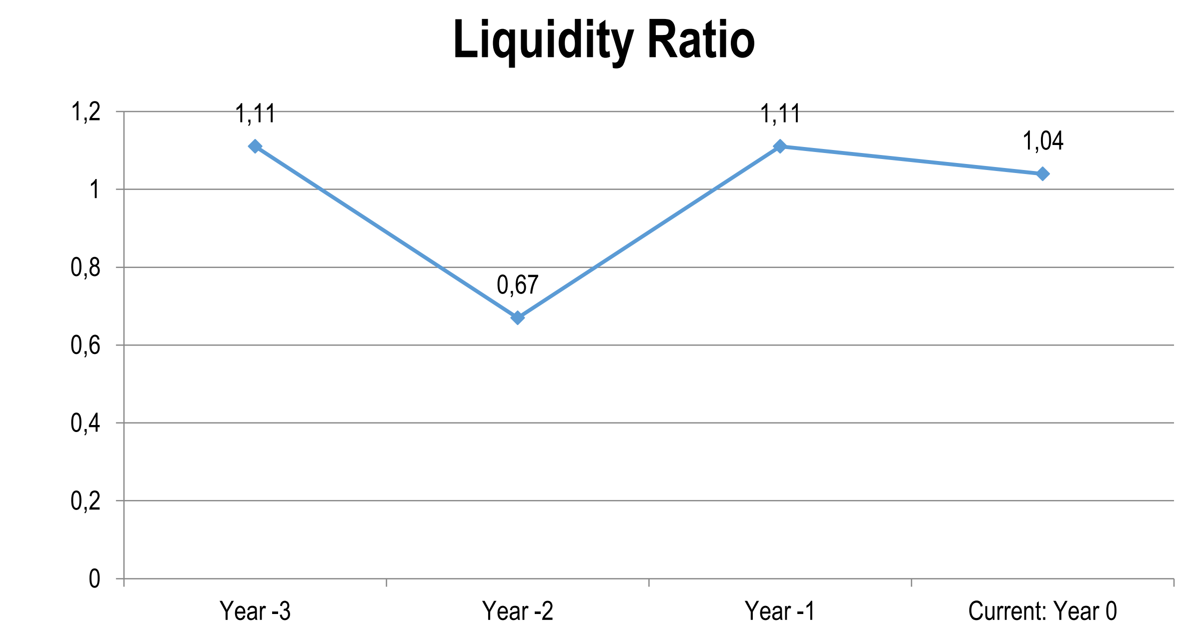
Repair and Maintenance Expenditure: 2023/2024				
R' 000				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	13 734 000	10 892 000	3 095 633	28.42%
				T 5.3.4

Note: The repairs and maintenance expenditure must reconcile with the operational repairs and maintenance expenditure for all services set out above.

Repairs and maintenance represent some 13 % of total expenditure for 2023/2024. This is above the industry norm of 6% to 8% however this excludes the related staffing costs of R & M which many municipalities include in their final reporting figure. Until such time as there are proper national guidelines the figures variously shown are open for misinterpretation. It is accepted that the figure should be increased but it is at the discretion of the responsible Directors in terms of the MFMA as to whether they wish to spend more on R & M as opposed to General Expenses.

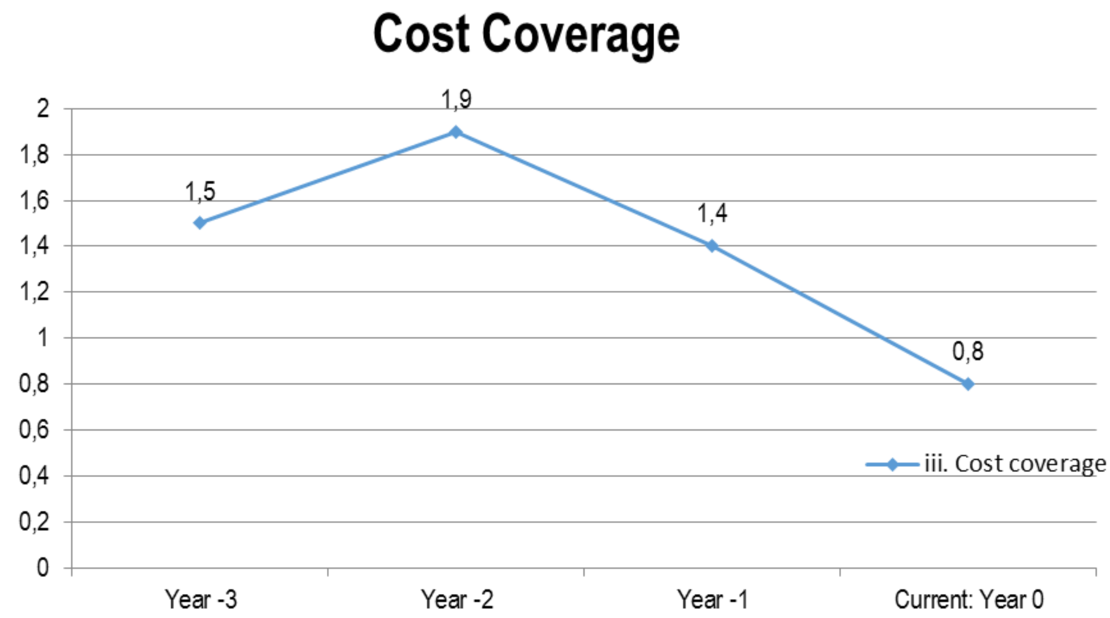
FINANCIAL RATIOS

LIQUIDITY RATIO



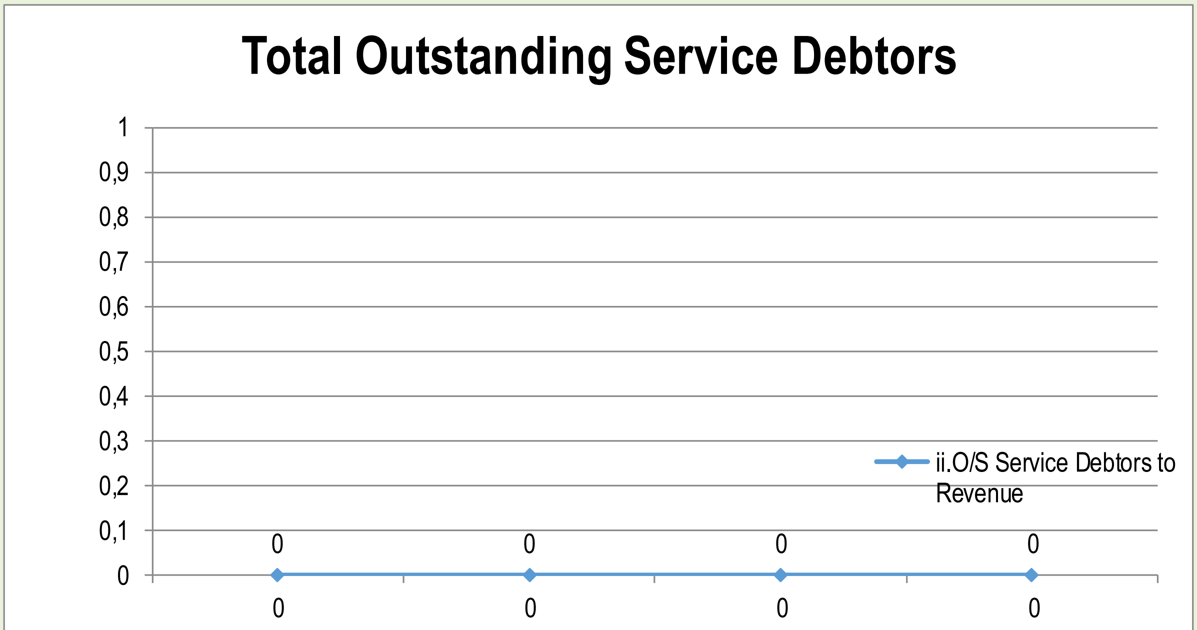
Liquidity Ratio – Measures the municipality's ability to pay its bills and is calculated by dividing the monetary assets (due within one year) by the municipality's current liabilities. A higher ratio is better.

Data used from MBRR SA8

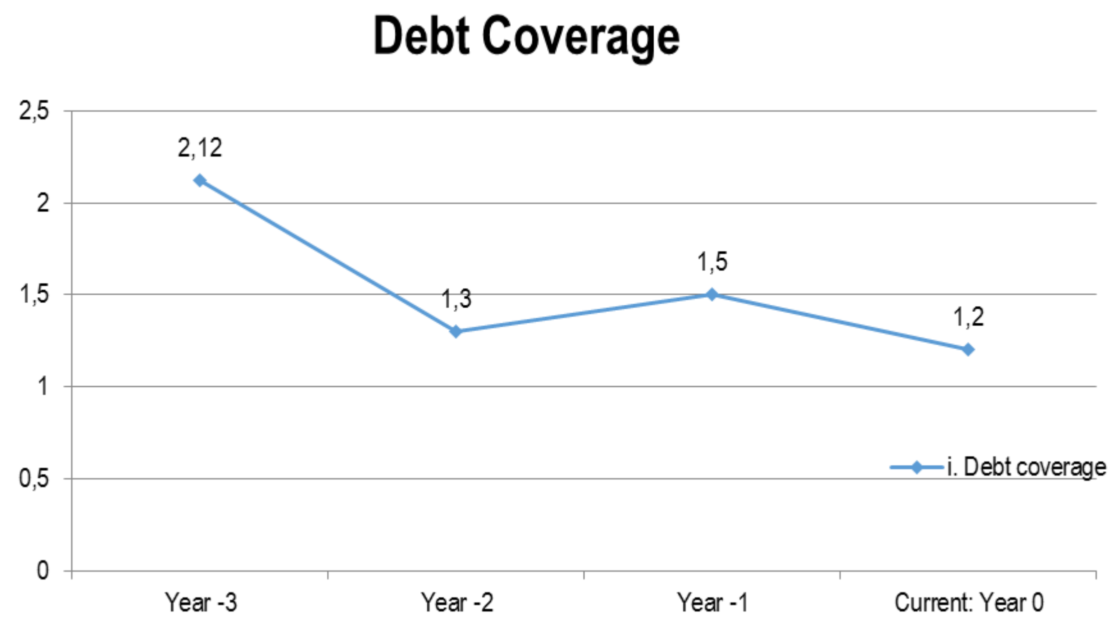


Cost Coverage– It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated

Data used from MBRR SA8

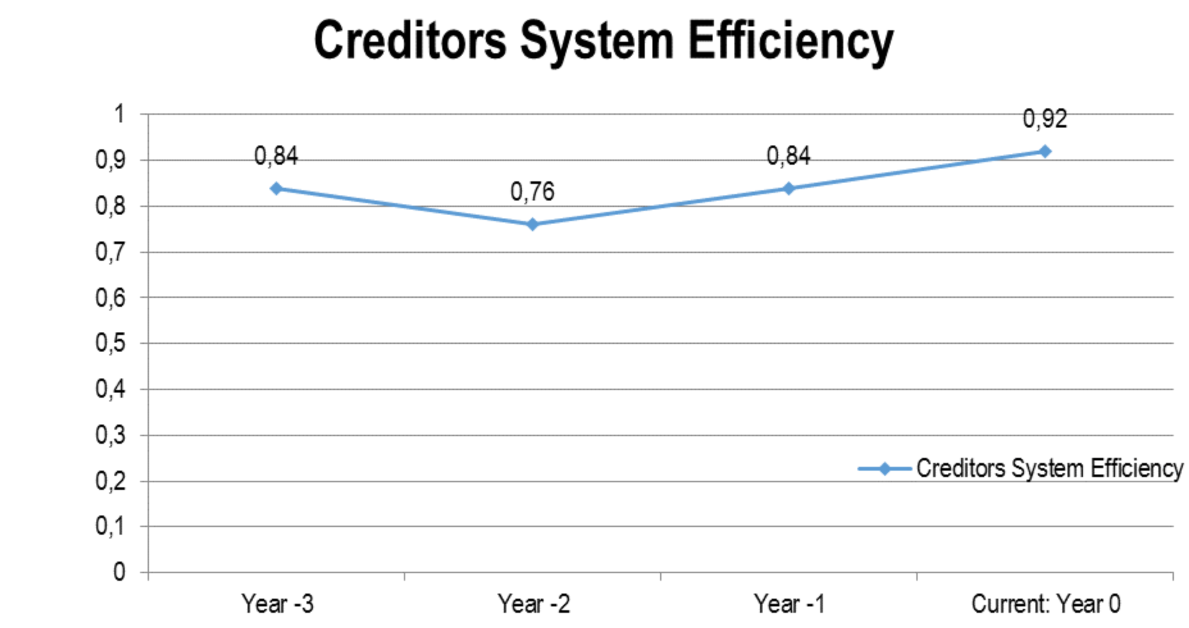


Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower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



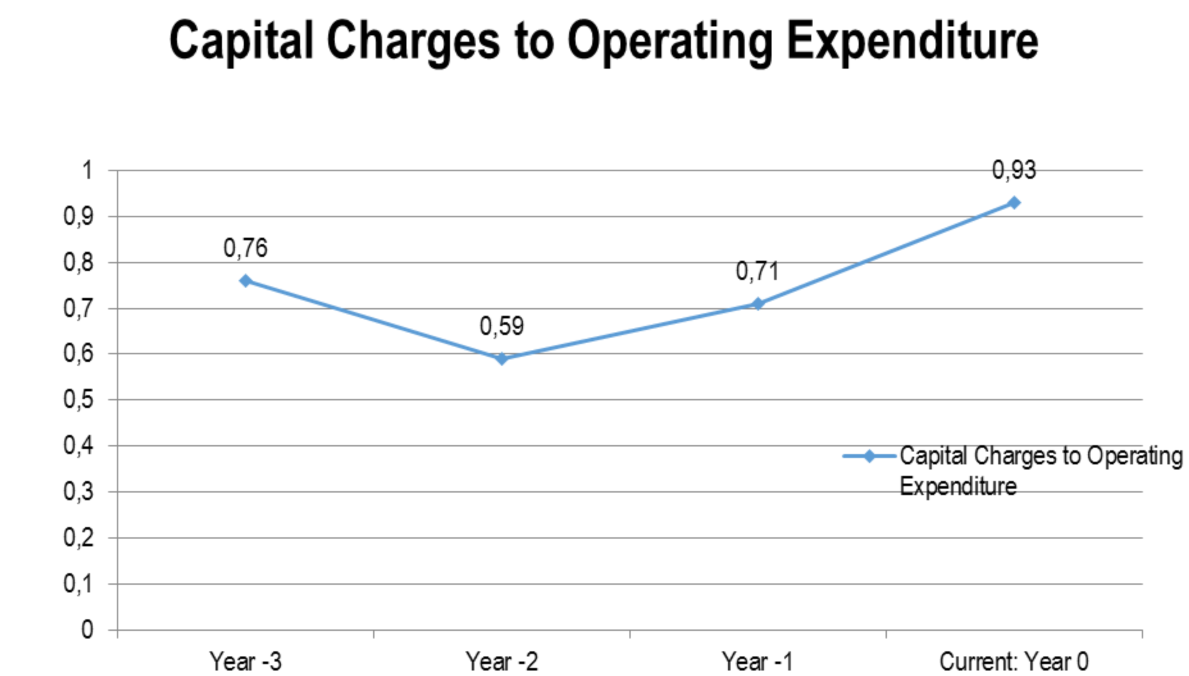
Debt Coverage– The number of times debt payments can be accomodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accomodated by the municipality

Data used from MBRR SA8



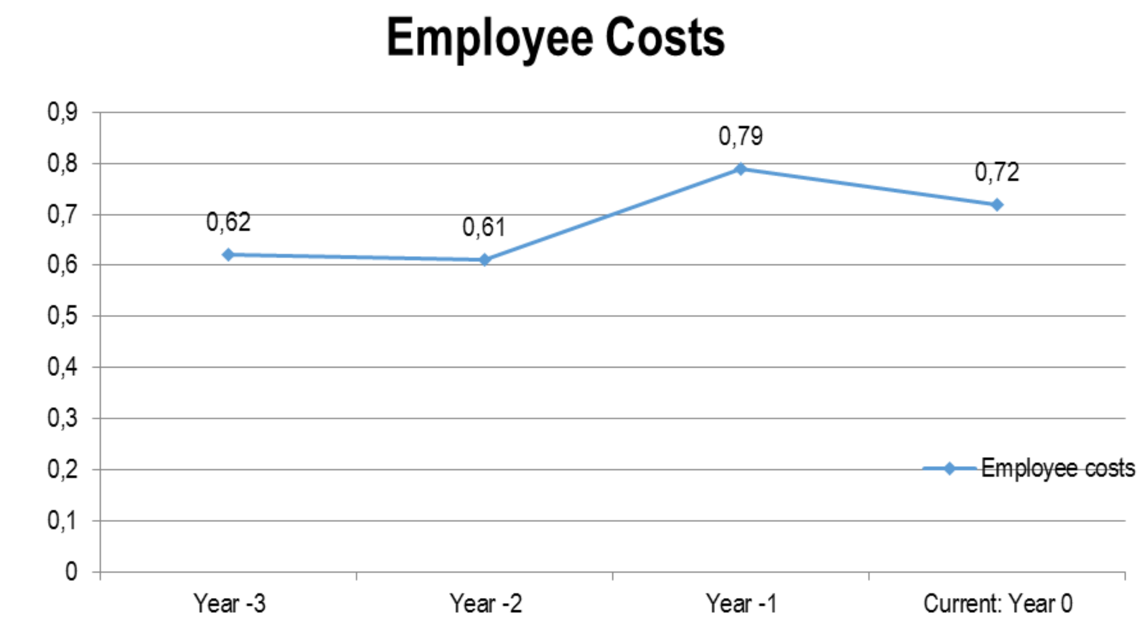
Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases

Data used from MBRR SA8



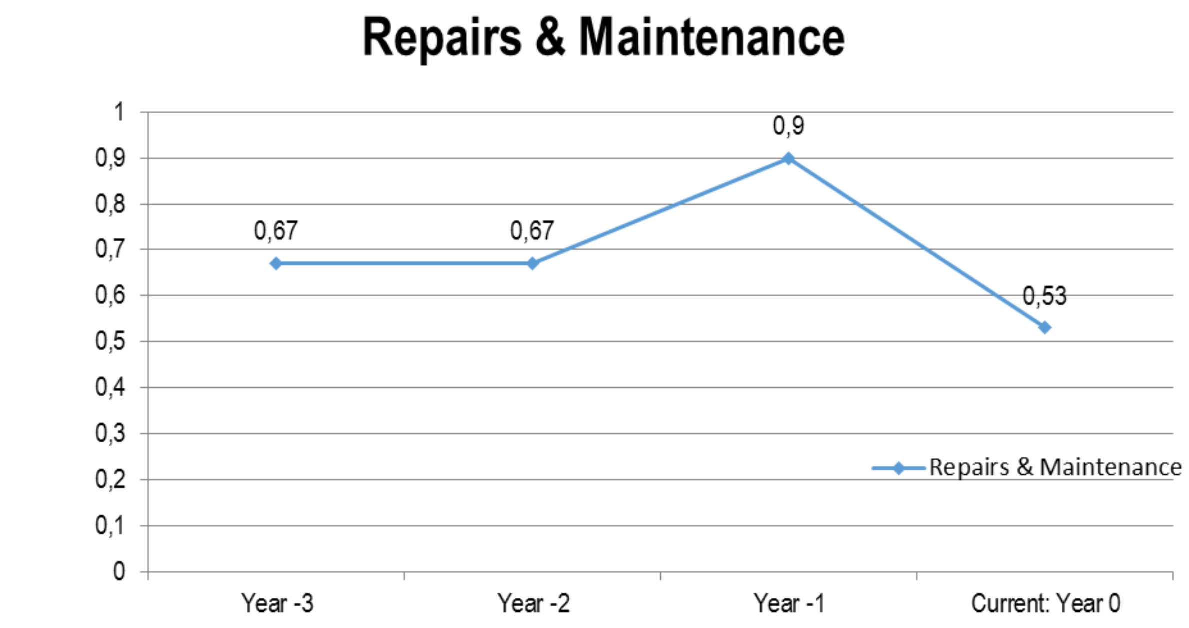
Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

Data used from MBRR SA8



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

Data used from MBRR SA8



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

Data used from MBRR SA8

COMPONENT B: SPENDING AGAINST CAPITAL EXPENDITURE

SPENDING AGAINST CAPITAL BUDGET

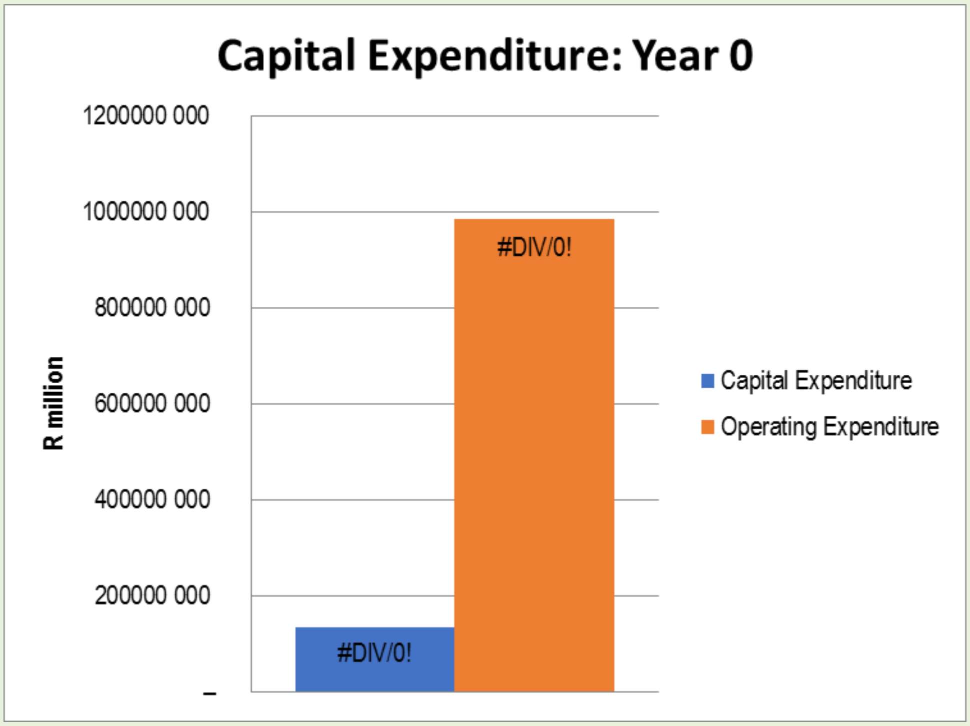
It has been fully acknowledged that capital expenditure during 2023/2024 was fair when measured against the final adjustment budget. The reasons for the under-expenditure can be attributed to several reasons. Firstly, poor planning for internally funded projects, most particularly the renovations to Council buildings. The priority is to ensure that all grant funds are spent and thus there is an emphasis on grant funded projects – at times to the detriment of other projects.

Secondly, a failure to receive goods on time, despite planning and early ordering, and thirdly, an inability to spend moneys which had to be allocated due to legal demands. Most notably in this regard is the additional work required to the Waste Water Treatment Works after the effluent spill?

Besides the above, the planning regime needs to become more rigorous and tighter project management must prevail. There needs to be greater security on budgets available and the internal systems must become more integrated and fluid. Where possible dedicated senior project managers must be appointed to allow the operational managers to oversee the daily functioning of the service delivery units. There also needs to be far greater interrogation of the year to date expenditure and commitments at mid-year. These matters are being addressed.

CAPITAL EXPENDITURE

CAPITAL EXPENDITURE BY NEW ASSETS PROGRAMME

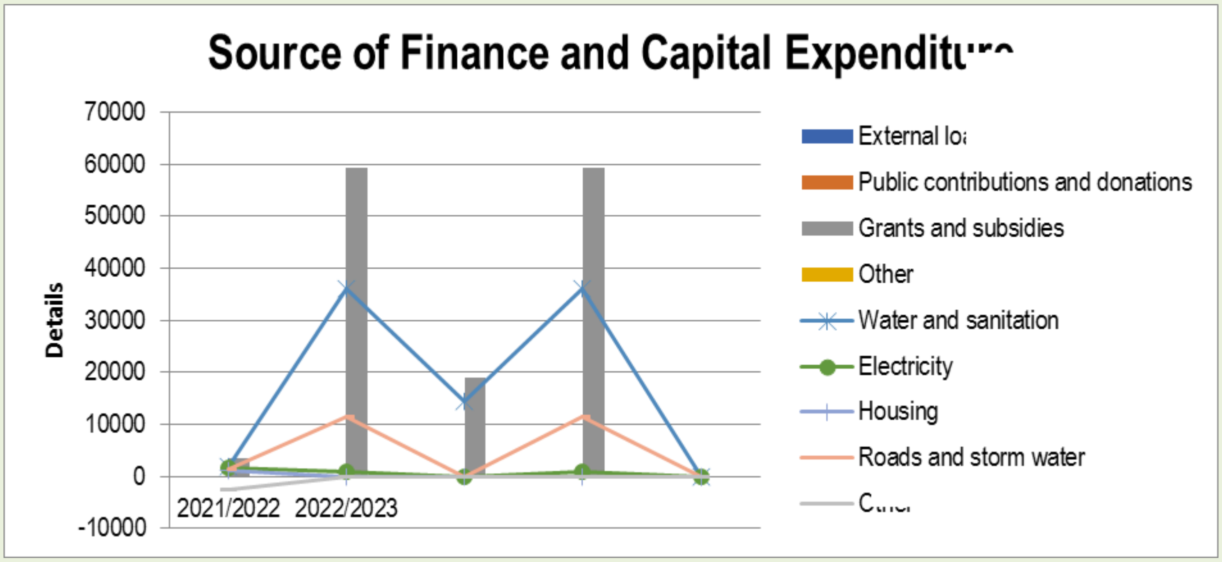


CAPITAL EXPENDITURE

Capital Expenditure - Funding Sources: 2023/2024 R' 000							
Details		2022/ 2023	2023/2024				
		Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
Source of finance							
	External loans	0	0	0	0	0,00 %	0,00 %
	Public contributions and donations	0	0	0	0	0,00 %	0,00 %
	Grants and subsidies	59 349,0 0	187 16 3	0	187 16 3	0%	0,00 %
	Other	0	0	0	0	0,00 %	0,00 %
Total		3451	187 16 3	0	187 16 3	0%	0,00 %
Percentage of finance							
	External loans	0,0%	0,0%	0,0%	0,0%	0,0%	0,0 %

	Public contributions and donations	0,0%	0,0%	0,0%	0,0%	0,0%	0,0 %
	Grants and subsidies	100,0 %	100,0%	100,0%	100,0%	100,0 %	100, 0%
	Other	0,0%	0,0%	0,0%	0,0%	0,0%	0,0 %
Capital expenditure							
	Water and sanitation	1845	36 170,00	14 424,00	36 170,00	- 60,12 %	0,00 %
	Electricity	1562	771,00	0	771,00	- 100,0 0%	0,00 %
	Housing	1243	0	0	0	0,00 %	0,00 %
	Roads and storm water	1352	11 533,00	0	11 533,00	- 100,0 0%	0,00 %
	Other	-2551	0	0	0	0,00 %	0,00 %
Total		3451	48474	14424	48474	- 260,1 2%	0,00 %
Percentage of expenditure							
	Water and sanitation	53,5 %	74,6%	100,0%	74,6%	23,1 %	0,0 %
	Electricity	45,3 %	1,6%	0,0%	1,6%	38,4 %	0,0 %

	Housing	36,0 %	0,0%	0,0%	0,0%	0,0%	0,0 %
	Roads and storm water	39,2 %	23,8%	0,0%	23,8%	38,4 %	0,0 %
	Other	- 73,9 %	0,0%	0,0%	0,0%	0,0%	0,0 %
							T 5.6. 1



Capital Expenditure of 5 largest projects* R' 000					
Name of Project	2022/2023			Variance: 2023/2024	
	Original	Adjustment Budget	Actual Expenditure	Original Variance	Adjustment

	Budge t			nce (%)	varian ce (%)
Percentage of water supply upgraded in Mazista	23 00 0 000	0	23 000 000	0%	0%
15 Km of bulk water supply pipe constructed	54 91 5 910	0	54 915 910	0%	0%
500 precast flushing toilets constructed	38 40 6 439	0	38 406 439	0%	0%
2.5 km of internal road and stormwater in Reagile Ext 6&7 constructed	17 07 5 683	0	17 075 683	0%	0%
1 high mast lights in Ratsegae Constructed	1 042 127	0	1 042 127	0%	0%

* Projects with the highest capital expenditure in Year 0	
Name of Project - A	Percentage of water supply upgraded in Mazista
Objective of Project	Water supply and storage facility
Delays	approval of the project
Future Challenges	None
Anticipated citizen benefits	constant water supply
Name of Project - B	15 Km of bulk water supply pipe constructed
Objective of Project	bulk water supply
Delays	Blasting approval
Future Challenges	none
Anticipated citizen benefits	bulk water supply
Name of Project - C	500 precast flushing toilets constructed
Objective of Project	Provision of waterborne toilets

Delays	None
Future Challenges	None
Anticipated citizen benefits	flushing toilets
Name of Project - D	2.5 km of internal road and stormwater in Reagile Ext 6&7 constructed
Objective of Project	provision of quality roads infrustructure
Delays	supply of material
Future Challenges	none
Anticipated citizen benefits	accesss to quality roads
Name of Project - E	1 high mast lights in Ratsegae Constructed
Objective of Project	provision of lighting
Delays	energizing by ESKOM
Future Challenges	none
Anticipated citizen benefits	reduction of crime
T 5.7.1	

BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

Out of the various Master Plans revised, various infrastructure backlogs and upgrades were identified which will be required to meet current and future development needs. Budgetary provision will be made accordingly, dependent upon the availability of funds.

Households (HHs)				
	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs

Water	16854	82%	3270	18%
Sanitation	13539	68%	6585	32%
Electricity	18839	94%	1285	6%
Waste management	13705	69%	6419	31%
Housing	16301	79%	3823	21%
% HHs are the service above/below minimum standard as a proportion of total HHs. 'Housing' refers to * formal and ** informal settlements.				T 5.8.2

Municipal Infrastructure Grant (MIG)* Expenditure 2023/2024 on Service backlogs R' 000						
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjust-ments Budget	
Infrastructure - Road transport				%	%	
Roads, Pavements & Bridges	17 075 683	0	17 075 683	0%	0%	None
Storm water				%	%	
Infrastructure - Electricity				%	%	
Generation				%	%	
Transmission & Reticulation				%	%	
Street Lighting	1 042 127	0	1 042 127	0%	0%	None
Infrastructure - Water				%	%	
Dams & Reservoirs				%	%	

Water purification	4 423 918	0	4 423 918 44	0%	0%	None
Reticulation				%	%	
Infrastructure - Sanitation				%	%	
Reticulation				%	%	
Sewerage purification	38 406 439	0	38 406 439	0%	0%	None
Infrastructure - Other				%	%	
Waste Management				%	%	
Transportation				%	%	
Gas				%	%	
Other Specify:				%	%	
				%	%	
				%	%	
				%	%	
Total	60 948 167		60 948 167	0%	0%	

5.8. COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

5.8.1. CASH FLOW MANAGEMENT AND INVESTMENTS

Cash and cash equivalents represent the second largest item in current assets, with receivables from exchange and non-exchange transactions being the largest. As a component of total assets on the Municipality's statement of financial position, cash and cash equivalents is the fourth largest item preceded by property, plant and equipment and investment property in non-current assets and receivables in current assets. Cash is effectively managed in order to meet all commitments timely and is also safeguarded to be available for the cash backed funds and reserves. Kgetlengrivier Local Municipality cannot afford a very high priority to cash flow management.

CASH FLOW

5.9.2. ENTITIES AND INVESTMENTS

Municipal and Entity Investments R' 000			
Investment* type	2021/2022	2022/2023	2023/2024
	Actual	Actual	Actual
Municipality			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank			
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			

Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Municipal Bonds			
Other	7 828,00	617,00	617,00
Municipality sub-total	7 828,00	617	617
Municipal Entities			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank			
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Other			
Entities sub-total	0	0	0
Consolidated total:	7828	617	617

COMMENT ON ENTITIES AND INVESTMENTS:

The Municipality's cash position is monitored on a daily basis and any cash not required immediately to meet cash flow requirements is invested at approved institutions in strict accordance with Council's approved Cash and Investment Policy.

5.9. COMPONENT D: OTHER FINANCIAL MATTERS

5.9.1. SUPPLY CHAIN MANAGEMENT

The Municipality has policies and practices that comply with the guidelines set by the Supply Chain Management regulations of National Treasury. Kgetlengrivier Local Municipality has a fully operational Supply Chain Management System where no Councilor is part of either the Supply Chain Management process or the bid adjudication system.

5.9.2. GRAP COMPLIANCE

GRAP is the acronym for Generally Recognized Accounting Practice. GRAP sets the rules and formats by which municipalities are required to maintain their financial accounts. Kgetlengrivier Local Municipality financial statements are fully GRAP compliant. The issues that arose in terms of unauthorized expenditure were fully reported upon in the Financial Statements and were mainly in respect of the revaluation of assets and in particular land and buildings

6. CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

Report of the auditor-general to the North West Provincial Legislature and the council on Kgetlengrivier Local Municipality

Report on the audit of the financial statements

Qualified opinion

I have audited the financial statements of the Kgetlengrivier Local Municipality set out on Volume ii, (page 1-88), which comprise the statement of financial position as at 30 June 2024, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the effects and possible 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 Kgetlengrivier local municipality as at 30 June 2024, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2023 (DoRA).

Basis for qualified opinion

Property, plant and equipment

The municipality did not have adequate systems in place to record infrastructure assets in accordance with GRAP 17, *Property plant and equipment*. The municipality's assets that were recorded in the current year could not be located during the asset verification process. This resulted in infrastructure assets included in property, plant and equipment being overstated by R7 085 542. Additionally, there was an impact on the surplus for the period and on the accumulated surplus.

I was unable to obtain sufficient appropriate audit evidence for the restatement of the corresponding figure for property, plant and equipment described in note 4 to the financial statements, the restatement was made to rectify a prior year misstatement, but the restatement could not be substantiated by supporting audit evidence. I was unable to confirm the restatement by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the property, plant and equipment corresponding figure stated at R611 016 194 in the financial statements.

Statutory receivables

The municipality did not have adequate traffic fines management system to record all traffic fines in the statutory receivables listing as required by GRAP 108, *Statutory receivables*. This resulted in statutory receivables disclosed in note 10 of the financial statements being understated by R6 090 622. Additionally, there was an impact on the accumulated surplus.

Revenue from exchange transactions

Service charges revenue was not recognised as required by GRAP 9*, Revenue from exchange transactions*. Service charges in note 18 was materially misstated by R4 402 023 due to the cumulative effect of the individually immaterial uncorrected misstatements: The municipality is charging rates that differs from approved rates which resulted in sale of electricity understated by R2 430 603 and the municipality's billing listings did not agree with the general ledger which resulted in understatement of R1 971 420. Consequently, consumer debtors were understated by R4 402 023 in the note 12 of the financial statements.

In addition, I was unable to obtain sufficient appropriate audit evidence of whether service charges revenue was recorded due to the listing not agreeing to general ledger. The municipality did not have adequate systems of internal control for the recording of all transactions and events and could not reconcile the transactions and events to the financial statements. I could not confirm whether service charges was recorded by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to service charges stated at R77 776 357 in note 18 to the annual financial statements.

Cash Flow Statement

During 2023, net cash flows from operating activities were not correctly prepared and disclosed as required Standards of GRAP 2, *Cash flow statements*. This was due to multiple errors in determining cash flows from operating activities. I was not able to determine the full extent of the errors in the net cash flows from operating activities, as it was impracticable to do so. My opinion on the current year financial statements was also modified because of the possible effect of this matter on the comparability of the net cash flow from operating activities for the current period.

Unauthorised expenditure

I was unable to obtain sufficient appropriate audit evidence that unauthorised expenditure had been properly accounted for, due to the status of the accounting records. I was unable to confirm the unauthorised expenditure by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to unauthorised expenditure of R492 226 576 (2023: R317 505 462) as disclosed in note 46 to the financial statements was necessary.

Irregular expenditure

I was unable to obtain sufficient appropriate audit evidence that irregular expenditure had been properly accounted for, due to the status of the accounting records. I was unable to confirm the irregular expenditure by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to irregular expenditure of R 507 766 748 (2023: R450 257 664) as disclosed in note 48 to the financial statements was necessary.

Context for opinion

I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.

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.

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

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

I draw attention to note 44 to the financial statements, which indicates that a net loss of R19 664 184 was incurred during the year ended 30 June 2024 and, as of that date the current liabilities exceeded its current assets by R364 506 980 as stated in note 44, these events or conditions, 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

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

Fruitless and wasteful expenditure

As disclosed in note 47 to the financial statements, fruitless and wasteful expenditure of R32 156 115 was incurred in the current year and fruitless and wasteful expenditure of R80 199 339 from prior years have not yet been dealt with in accordance with section 32 of the MFMA.

Material losses - Debt impairment

As disclosed in note 32 of the financial statements, material losses of R65 188 369 (2022/23: R29 457 649) was incurred as a result of impairment of debtors.

Material losses - Water

As disclosed in note 34 to the financial statements, material water losses of R1 905 990 (2022-2023: R2 336 694) was incurred, which represents 82% (2022-2023: 75%) of total water purchased. Technical losses amounted to R1 905 990 (2022-23: R2 336 694) and was due to ageing water infrastructure.

Restatements of corresponding figures

As disclosed in note 42 to the financial statements, the corresponding figures for 30 June 2023 were restated as a result of correction of errors identified by the municipality in the prior year financial statement of the municipality at, and for the year ended, 30 June 2024.

Other matters

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

Unaudited disclosure notes

In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA. 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

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 the 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.

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

Responsibilities of the auditor-general for the audit of the financial statements

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.

A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 17 of the annexure to the auditor's report, forms part of our auditor's report.

Report on the annual performance report

In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

I selected the following material performance indicators related to basic service delivery and infrastructure development presented in the annual performance report for the year ended 30 June 2024. I selected those indicators that measure the municipality's performance on its primary mandated functions and that are of significant national, community or public interest

- CSPS2: Percentage of refuse removal extended by end March 2024
- CSPS3: number of grave plates purchased by end June 2024

- CSPS4:Development of a Business plan and submission to MIG for registration by end June 2024 (Access to parks)
- CSPS5: Number of EPWP Reports produced and submitted to Public Works by end June 2024
- CSPS6: Number of EPWP Financial Reports produced and submitted to Public Works by end June 2024
- IDTS 1: Number of precast flushing toilets (Phase3) constructed by end June 2024
- IDTS2: KM of internal road and stormwater constructed in Reagile Ext 6&7 by end June 2024
- IDTS3: Km of internal road and stormwater constructed in Mazista Phase 2 by end June 2024
- IDTS 4: KM of bulk water supply pipe constructed by end June 2024
- IDTS 5 Km of asbestos pipe replaced in Koster by end June 2024
- IDTS 6: Number of households in Moedwil provided with VIP toilets by end June 2024
- IDTS 7: Percentage of Upgrading of Mazista bulk water supply by end December 2023
- IDTS 8: number of substations refurbished by end June 2024
- IDTS 9: Number of transformers purchased and installed by end June 2024
- IDTS 10: Km of roads paved in Mandela road (Borolelo) by end June 2024
- IDTS 11: 1 km^2 of potholes patched by end June 2024
- IDTS 12: number of Road signage replaced by end June 2024.
- IDTS 13: Number of kl of water provided through water tankering by end June 2024
- IDTS 14: Number of sewer pump stations maintained by end June 2024

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

I performed procedures to test whether:

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

I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

The material findings on the reported performance information for the selected material indicators are as follows:

Basic Service Delivery and Infrastructure Development

IDTS3: Km of internal road and stormwater constructed in Mazista Phase 2 by end June 2024

The approved planning documents included a commitment to Km's constructed. However, an achievement of designs was reported in the annual performance report. This discrepancy highlights misalignment between approved plans and operations, while the incorrect reporting undermines transparency and accountability.

IDTS2: KM of internal road and stormwater constructed in Reagile Ext 6&7 by end June 2024

Some supporting evidence was not provided for auditing; or, where it was, I identified material differences between the actual and reported achievements. Consequently, the achievements might be more or less than reported and were not reliable for determining if the targets had been achieved. Furthermore, adequate supporting evidence to clarify the methods and processes for measuring achievements on these indicators and their targets were not provided. Consequently, the Municipality would have found it difficult to determine the correct achievements to be reported against the planned targets.

Various indicators

Various indicators Measures aimed at improving performance against targets were reported. However, I could not determine if the measures were actually implemented to improve performance because adequate supporting evidence was not provided for auditing. Consequently, I could not verify whether the reported measures were indeed taken

Indicator	Target	Reported achievement
CSPS2: Percentage of refuse removal extended by end March 2024	5% of refuse removal extended by end March 2024	0
CSPS3: number of grave plates purchased by end June 2024	400	0
CSPS4:Development of a Business plan and submission to MIG for registration by end June 2024 (Access to parks)	1	0
IDTS 1: Number of precast flushing toilets (Phase3) constructed by end June 2024	900	830
IDTS3: Km of internal road and stormwater constructed in Mazista Phase 2 by end June 2024	0,9	Designs completed
IDTS 4: KM of bulk water supply pipe constructed by end June 2024	6	5
IDTS 14: Number of sewer pump stations maintained by end June 2024	2	0

Various indicators

Adequate processes had not been established to consistently measure and reliably report on various indicators. Consequently, the Municipality would have found it difficult to determine the correct achievements to be reported against the planned targets. Furthermore, I could not determine if the reported achievements were correct, as adequate supporting evidence was not provided for auditing. Consequently, the reported achievements might be more or less than reported and were not reliable for determining if the targets had been achieved.

Indicator	Target	Reported achievement
CSPS2: Percentage of refuse removal extended by end March 2024	5% of refuse removal extended by end March 2024	0
CSPS3: number of grave plates purchased by end June 2024	400	0
CSPS4: Development of a Business plan and submission to MIG for registration by end June 2024 (Access to parks)	1	0
CSPS5: Number of EPWP Reports produced and submitted to Public Works by end June 2024	4	4
CSPS6: Number of EPWP Financial Reports produced and submitted to Public Works by end June 2024	12	12
IDTS 1: Number of precast flushing toilets (Phase3) constructed by end June 2024	900	830
IDTS2: KM of internal road and stormwater constructed	2,5	2,5

in Reagile Ext 6&7 by end June 2024		
IDTS3: Km of internal road and stormwater constructed in Mazista Phase 2 by end June 2024	0,9	Designs completed
IDTS 4: KM of bulk water supply pipe constructed by end June 2024	6	5
IDTS 6: Number of households in Moedwil provided with VIP toilets by end June 2024	200	200
IDTS 7: Percentage of Upgrading of Mazista bulk water supply by end December 2023	100	100
IDTS 8: number of substations refurbished by end June 2024	2	2
IDTS 9: Number of transformers purchased and installed by end June 2024	3	3
IDTS 10: Km of roads paved in Mandela road (Borolelo) by end June 2024	1,4	1,4
IDTS 11: 1 km^2 of potholes patched by end June 2024	1000	1000
IDTS 12: number of Road signage replaced by end June 2024	20	20
IDTS 13: Number of kl of water provided through	5000	5000

water tankering by end June 2024		
IDTS 14: Number of sewer pump stations maintained by end June 2024	2	0

Other matter

I draw attention to the matter below.

Achievement of planned targets

The annual performance report includes information on reported achievements against planned targets and provides measures taken to improve performance. This information should be considered in the context of the material findings on the reported performance information.

The table that follows provides information on the achievement of planned targets and list the key indicators that were not achieved as reported in the annual performance report. The measures taken to improve performance are included in the annual performance report on pages 30 to 31 and 34 to 37.

Basic service delivery and infrastructure development

Targets achieved: 54% *Budget spent 91%*		
Key basic service delivery and infrastructure development indicators not achieved	**Planned target**	**Reported achievement**
CSPS2: Percentage of refuse removal extended by end March 2024	5% of refuse removal extended by end March 2024	0
CSPS3: number of grave plates purchased by end June 2024	400	0
CSPS4: Development of a Business plan and submission to MIG for registration by end June 2024 (Access to parks)	1	0
IDTS 1: Number of precast flushing toilets (Phase3) constructed by end June 2024	900	830

IDTS3: Km of internal road and stormwater constructed in Mazista Phase 2 by end June 2024	0,9	Designs completed
IDTS 4: KM of bulk water supply pipe constructed by end June 2024	6	5
IDTS 14: Number of sewer pump stations maintained by end June 2024	2	0

Material misstatements

I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for basic service delivery and infrastructure development. Management did not correct all of the misstatements and I reported material findings in this regard.

Report on compliance with legislation

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

I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipality, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statement and annual reports

The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets, current assets, liabilities, revenue and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and/or the supporting records were provided subsequently, but the uncorrected material misstatements and/ or supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

Expenditure management

Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.

Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R32 156 115, 00, as disclosed in note 47 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by municipality incurring interest on late payments.

Reasonable steps were not taken to prevent unauthorized expenditure, as required by section 62(1)(d) of the MFMA. The expenditure disclosed does not reflect the full extent of the unauthorized expenditure incurred as indicated in the basis for qualification paragraph. The majority of the disclosed unauthorized expenditure was caused by overspending on the approved budget.

Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The expenditure disclosed in note 48 does not reflect the full extent of the irregular expenditure as indicated in the basis for qualification paragraph. The majority of the disclosed irregular expenditure was caused by municipality's contravening supply chain management requirements.

The total unforeseen and unavoidable expenditure incurred exceeded 5% of own revenue, in contravention of section 29(2)(b) of the MFMA and municipal budget and reporting regulation 72.

Strategic planning and performance management

The performance management system and related controls were not maintained, as it did not describe how the performance planning, monitoring, measurement, review and reporting processes should be conducted, organised and managed, as required by municipal planning and performance management regulation 7(1).

Revenue management

An adequate management, accounting and information system which accounts for revenue was not in place, as required by section 64(2)(e) of the MFMA.

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

Revenue due to the municipality was not calculated on a monthly basis, as required by section 64(2)(b) of the MFMA.

Asset management

An adequate management, accounting and information system which accounts for assets was not in place, as required by section 63(2)(a) of the MFMA.

Human resource management

Senior managers did not sign performance agreements within the prescribed period, as required by section 57(2)(a) of the MSA.

The municipal manager developed the staff establishment, however it was not submitted to the municipal council for approval as required by section 66(1)(a) of the MSA

The section 57 managers appointed during the year did not disclose financial interests within 60 days from date of appointment, as required by regulation 36(1)(a) on appointment and conditions of employment of senior managers.

Consequence management

Some of the unauthorised expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA.

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

Fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA

Procurement and contract management

Some of the goods and services within the prescribed transaction value for competitive bids were procured without inviting competitive bids, as required by SCM Regulation 19(a). Similar non-compliance was also reported in the prior year. This non-compliance was identified in the procurement processes for the water tankering services

Some of the contracts were awarded to provider whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of SCM Regulation 43

The performance of some of the contractors or providers was not monitored monthly, as required by section 116(2)(b) of the MFMA.

Conditional Grants

Performance in respect of programmes funded by the Water Services Infrastructure Grant was not evaluated within two months after the end of the financial year, as required by section 12(5) of the Division of Revenue Act (Act 5 of 2023).

Other information in the annual report

The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in objectives presented in the annual performance report that have been specifically reported on in this auditor's report .

My opinion on the financial statements, the findings on the reported performance information and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-in programmes presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected objectives presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the material findings on the annual performance and the material findings on compliance with legislation included in this report.

Leadership did not exercise oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls. Investigations were not conducted on instances of- unauthorized, irregular, fruitless and wasteful expenditure.

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 could provide information to support information reported in the annual performance report as well as information to support unauthorised, irregular, fruitless and wasteful expenditure.

Management did not implement controls over daily and monthly processing and reconciling of transactions to ensure reported information is accurate and complete.

Management did not review and monitor compliance with applicable laws and regulations.

Material irregularities

Status of previously reported material irregularities

Full and proper records not kept (2018-19) – property plant and equipment, cash and cash equivalents, receivables, services charges and payables

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

Reasonable steps were not taken in the 2018-19 financial year to ensure that full and proper records were kept of property, plant and equipment, receivables, service charges, payables and commitments, as required by section 62(1)(b) of the MFMA. The non-compliance contributed to a disclaimed audit opinion as I could not obtain sufficient appropriate audit evidence to support the amounts and disclosures in the financial statements.

The lack of full and proper records is likely to result in substantial harm to the municipality as it contributed to a material uncertainty regarding its ability to continue operations. This, in turn, is likely to have a negative impact on the municipality's ability to discharge its service delivery mandate.

The accounting officer was notified of the material irregularity on 10 June 2021 and invited to make a written submission on the actions taken and that will be taken to address the matter. The accounting officer failed to respond to the material irregularity. I recommended that the accounting officer take the following actions to address the material irregularity, which should be implemented by 1 May 2022:

a. The non-compliance with section 62(1)(b) of the MFMA should be investigated to determine the reasons and circumstances that led to the non-compliance for the purpose of taking appropriate corrective actions and to address control weaknesses.
b. Based on the reasons and circumstances, appropriate action should be taken to develop and commence with the implementation of an action plan to address poor record keeping so that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards, as required by section 62(1)(b) of the MFMA. The plan should include anticipated timeframes and address the following key areas as a minimum:

   - Billing information and reconciliations to support revenue from service charges.
   - Consumer debtor reconciliations (including age analysis) of all amounts owed to the municipality.
   - Creditors reconciliations of amounts due by the municipality to third parties.
   - Reconciliations of all bank accounts in the name of the municipality
   - Complete asset registers of all the municipality's property, plant and equipment

c. I further recommend that the accounting officer take appropriate action to develop and commence with the implementation of an action plan to address the financial problems of the municipality, as required by section 135(1) and 135(3)(a) of the MFMA, by 1 August 2022. The plan should describe the anticipated timeframe and milestones to be achieved and include the following as a minimum strategy:
   - Implement the debt collection policy and increase the collection of revenue.
   - Efficiently manage the available resources of the municipality
   - Enter into payment arrangements with major suppliers.
   - Fund routine maintenance as well as urgent repairs of infrastructure assets

The accounting officer did not adequately implement the above recommendations. The failure of the municipality to take appropriate action was referred to the executive authority. On 07 August 2023, I notified the accounting officer of the following remedial actions to address the MI, which should be implemented by within six months from the date of the notification, with a progress report after three months:

a. The non-compliance with section 62(1)(b) of the MFMA should be investigated to determine the reasons and circumstances that led to the non-compliance for the purpose of taking appropriate corrective actions and to address control weaknesses.

b. Based on the reasons and circumstances, appropriate action should be taken to develop and commence with the implementation of an action plan to address poor record keeping so that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards, as required by section 62(1)(b) of the MFMA. The plan should include anticipated timeframes and address the following key areas as a minimum:
   - Billing information and reconciliations to support revenue from service charges.
   - Consumer debtor reconciliations (including age analysis) of all amounts owed to the municipality.
   - Creditors reconciliations of amounts due by the municipality to third parties.
   - Reconciliations of all bank accounts in the name of the municipality
   - Complete asset registers of all the municipality's property, plant and equipment

c. I further recommended that the accounting officer take appropriate action to develop and commence with the implementation of an action plan to address the financial problems of the municipality, as required by section 135(1) and 135(3)(a) of the MFMA, by 1 August 2022. The plan should describe the anticipated timeframe and milestones to be achieved and include the following as a minimum strategy:
   - Implement the debt collection policy and increase the collection of revenue.
   - Efficiently manage the available resources of the municipality
   - Enter into payment arrangements with major suppliers.
   - Fund routine maintenance as well as urgent repairs of infrastructure assets

A progress report on the implementation of the remedial actions was received on 7 November 2023 and the final progress report was received on 7 March 2024. I have duly considered the written responses and substantiating documents submitted on the implementation of the remedial action.

I have concluded that appropriate actions have been taken to address the material irregularity. The material irregularity is therefore resolved.

Rustenburg

Auditor -General

30 November 2024

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor’s report

The annexure includes the following:

- The auditor-general’s responsibility for the audit
- The selected legislative requirements for compliance testing

Auditor-general’s responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality’s internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the

information available to me at the date of this auditor’s report. However, future events or conditions may cause a municipality to cease operating as a going concern

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

Communication with those charged with governance

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

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

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003 (MFMA)	Section 1 (a), (b) & (d) of the definition: irregular expenditure Section 1 Definition of SDBIP Sections 11(1); 13(2); 14(1); 14(2)(a); 14(2)(b); 15 Sections 24(2)(c)(iv); 29(1); 29(2)(b); 32(2) Sections 32(2)(a); 32(2)(a)(i); 32(2)(a)(ii); 32(2)(b) Sections 32(6)(a); 32(7); 53(1)(c)(ii); 54(1)(c) Sections 62(1)(d); 62(1)(f)(i); 62(1)(f)(ii); 62(1)(f)(iii) Sections 63(2)(a); 63(2)(c); 64(2)(b); 64(2)(c); 64(2)(e) Sections 64(2)(f); 64(2)(g); 65(2)(a); 65(2)(b); 65(2)(e) Sections 72(1)(a)(ii); 95(a); 112(I)(iii); 112(1)(j) Sections 116(2)(b); 116(2)(c)(ii); 117; 122(1); 122(2) Sections 126(1)(a); 126(1)(b); 127(2); 127(5)(a)(i) Sections 127(5)(a)(ii); 129(1); 129(3); 133(1)(a) Sections 133(1)(c)(i); 133(1)(c)(ii); 170; 171(4)(a); 171(4)(b)
LG: MFMA: Municipal budget and reporting regulations, 2009	Regulations 71(1); 71(2); 72
LG: MFMA: Municipal investment regulations, 2005	Regulations 3(1)(a); 3(3); 6; 7; 12(2); 12(3)
LG: MFMA: Municipal regulations on financial misconduct procedures and criminal proceedings, 2014	Regulations 5(4); 6(8)(a); 6(8)(b); 10(1)
LG: MFMA: Municipal supply chain management (SCM) regulations, 2017	Regulations 5; 12(1)(b); 12(1)(c); 12(3); 13(b); 13(c); 13(c)(i) Regulations 16(a); 17(1)(a); 17(1)(b); 17(1)(c); 19(a) Regulations 21(b); 22(1)(b)(i); 22(2); 27(2)(a); 27(2)(e) Regulations 28(1)(a)(i); 28(1)(a)(ii); 29(1) (a) and (b) Regulations 29(5)(a)(ii); 29(5)(b)(ii); 32; 36(1) Regulations 38(1) (c); 38(1)(d)(ii); 38(1)(e); 38(1)(g)(i) Regulations 38(1)(g)(ii); 38(1)(g)(iii) Regulations 43; 44; 46(2)(e); 46(2)(f)
Municipal Systems Act 32 of 2000 (MSA)	Sections 25(1); 26(a); 26(c); 26(i); 26(h); Sections 29(1)(b)(ii); 29(3)(b); 34(a); 34(b); Sections 38(a); 41(1)(a); 41(1)(b); 41(1)(c)(ii); 42; 43(2) Sections 56(a); 57(2)(a); 57(4B); 57(6)(a) Sections 66(1)(a); 66(1)(b); 67(1)(d); 74(1) Sections 93B(a); 93B(b); 93C(a)(iv); 93C(a)(v); 96(b)
LG: MSA: Municipal planning and performance management regulations, 2001	Regulations 2(1)(e); 2(3)(a); 3(3); 3(4)(b); 3(5)(a); 7(1); 8 Regulations 9(1)(a); 10(a); 12(1); 15(1)(a)(i); 15(1)(a)(ii)

Legislation	Sections or regulations
LG: MSA: Municipal performance regulations for municipal managers and managers directly accountable to municipal managers, 2006	Regulations 2(3)(a); 4(4)(b); 8(1); 8(2); 8(3)
LG: MSA: Regulations on appointment and conditions of employment of senior managers, 2014	Regulations 17(2); 36(1)(a)
LG: MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2); 5(3); 5(6); 8(4)
Annual Division of Revenue Act (DoRA)	Sections 11(6)(b); 12(5); 16(1); 16(3)
Construction Industry Development Board Act 38 of 2000 (CIDB)	Section 18(1)
CIDB regulations	Regulations 17; 25(7A)
Municipal Property Rates Act 6 of 2004 (MPRA)	Section 3(1)
Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA)	Sections 2(1)(a); 2(1)(f)
Preferential Procurement regulations (PPR), 2017	Regulations 5(1); 5(3); 5(6); 5(7) Regulations 6(1); 6(2); 6(3); 6(5); 6(6); 6(8) Regualtions 7(1); 7(2); 7(3); 7(5); 7(6); 7(8) Regulations 8(2); 8(5); 9(1); 10(1); 10(2);11(1)
Preferential Procurement regulations (PPR), 2022	Regulations 3(1) Regulations 4(1); 4(2); 4(3); 4(4) Regualtions 5(1); 5(2); 5(3); 5(4)
Prevention and Combating of Corrupt Activities Act 12 of 2004 (PRECCA)	Section 34(1)

APPENDICES

APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance					
Council Members	**Full Time / Part Time**	**Committees Allocated**	***Ward and/ or Party Represented**	**Percentage Council Meetings Attendance**	**Percentage Apologies for non-attendance**
	FT/PT			%	%
Jacobs TC	FT	Mayor	PR/ANC	100%	0%
Maphanga M	PT		PR/EFF	90%	10%
Matshela S	PT		07/ANC	100%	0%
Mokone B	PT		PR/EFF	100%	0%
Molatole V	PT		01/ANC	100%	0%
Molefe M	FT	Speaker	03/ANC	99%	1%
Motaung T	PT		04/ANC	100%	0%
Mutombene O	PT		PR/EFF	90%	10%
Potgieter J	PT		PR/FF PLUS	100%	0%
Rocher W	PT		02/INDIPENDENT	85%	15%
Selaledi A	PT		06/ANC	100%	0%
Breet P	PT		PR/FF PLUS	100%	0%
Selaolane K	PT		05/ANC	100%	0%
*Note: * Councillors appointed on a proportional basis do not have wards allocated to them*					*T A*

Councilors are attending council meetings as required by the law. Those who are absent they sent written apology.

T A.1

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	**Purpose of Committee**
Infrastructure Development and Technical Services	To ensure the provision of infrastructure, maintenance and public works to the communities within the jurisdiction of the Municipality
Community Services and Public Safety	To ensure the provision of community services and public safety and to oversee the delivery of social development services to the community
HR/Admin Portfolio Committee	To ensure provision of efficient, economical and effective administration of the municipality and to oversee the delivery of support services to the community
Finance Portfolio Committee	To oversee the financial operations of the Municipality in terms of MFMA 56 of 2003
Local Labour Forum	To monitor labour related and operational issues of the employees within the Municipality
MPAC	To oversee the delivery of sound financial administration to Council

APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Directorate	**Director/Manager (State title and name)**
Office of the Municipal Manager	MR G.C. LETSOALO (MUNICIPAL MANAGER)
Corporate Services	Ms R.K. MOREKISI (DIRECTOR)
Infrastructure Development and Technical Services	MR L. RANTHO (ACTING IRECTOR)
LED and Planning	MR L PHAKATHI (ACTING DIRECTOR)
Budget and Treasury	MR M.KHUNOU (CFO)
Community Services and Public Safety	MR A.E. PHOLOSE (DIRECTOR)

APPENDIX D – FUNCTIONS OF MUNICIPALITY

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	**Function Applicable to Municipality (Yes / No)***	**Function Applicable to Entity (Yes / No)**
Constitution Schedule 4, Part B functions:		
Air pollution	Yes	N/A
Building regulations	Yes	N/A
Child care facilities	Yes	N/A
Electricity and gas reticulation	Yes	N/A
Firefighting services	Yes	N/A
Local tourism	Yes	N/A
Municipal airports	Yes	N/A
Municipal planning	Yes	N/A
Municipal health services	Yes	N/A
Municipal public transport	Yes	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	Yes	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 waste-water and sewage disposal systems	Yes	N/A
Beaches and amusement facilities	Yes	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	Yes	N/A
Control of undertakings that sell liquor to the public	Yes	N/A
Facilities for the accommodation, care and burial of animals	Yes	N/A
Fencing and fences	Yes	N/A
Licensing of dogs	Yes	N/A
Licensing and control of undertakings that sell food to the public	Yes	N/A
Local amenities	Yes	N/A
Local sport facilities	Yes	N/A
Markets	No	N/A
Municipal abattoirs	Yes	N/A
Municipal parks and recreation	Yes	N/A
Municipal roads	Yes	N/A
Noise pollution	Yes	N/A

Pounds	Yes	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

APPENDIX E – WARD INFORMATION

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
1	CLLR V. MOLATOLE	YES	12	12	7
2	CLLR W. ROCHER	YES	12	12	7
3	CLLR M. MOLEFE	YES	12	12	7
4	CLLR TK. MOTAUNG	YES	12	12	7
5	CLLR C. SELAOLANE	YES	12	12	7
6	CLLR A. SELALEDI	YES	12	12	7
7	CLLR P. MATSHELA	YES	12	12	7
					T E

APPENDIX F1 – CAPITAL PROJECTS

Ward Title				
Capital Projects: Seven Largest 2022/2023 R' 000				
No.	Project Name and detail	Start Date	End Date	Total Value
7	Paving of internal Roads	Jul-22	Jun-23	R17 075 683
5	500 precast flushing toilets constructed	Jul-22	Jun-23	R38 406 439
6	100% of water supply upgraded in Mazista	Jul-22	Jun-23	R23 000 000
7	15 Km of bulk water supply pipe constructed	Jul-22	Jun-23	R54 915 910.18
				T F.1

APPENDIX F2 – BASIC SERVICE PROVISION

Basic Service Provision					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Households with minimum service delivery	16854	13539	18839	13705	
Households without minimum service delivery	3270	6585	1285	6419	
Total Households*	20124	20124	20124	20124	
Houses completed in year					
Shortfall in Housing units					
*Including informal settlements					T F.2

APPENDIX F3 – TOP FOUR SERVICE DELIVERY

Top Four Service Delivery Priorities (Highest Priority First)		
No.	Priority Name and Detail	Progress During
1	Water	Bulk water supply constructed and water storage facilities
2	Sanitation	500 waterborne toilets constructed
3	Electricity	None
5	Roads and Stormwater	2,5km paving constructed
		T F.3

APPENDIX G – AUDIT COMMITTEE RECCOMMENDATIONS

Non-Compliance Issues	Remedial Action Taken
The financial statements submitted for audit were not prepared in all material respects in accordance with the requirements of sec 122 of the MFMA.	A plan for submission of AFS is developed with emphasise on different review levels before the final submission to the Auditor-General.
Material misstatements of current assets, current liabilities, and revenue, expenditure and disclosure items, identified by the auditors in the submitted financial statements were not subsequently corrected, resulting in the financial statements receiving a disclaimer audit opinion.	A plan for submission of AFS is developed with emphasise on different review levels before the final submission to the Auditor-General. Review of the AFS is included in the Internal Audit Annual Plan.
The financial statements were not submitted to the Auditor-General, for auditing, within two months after the end of the financial year, as required by sec 126(1)(a) of the MFMA	A plan for submission of AFS is developed which details dates and deadlines of all component's activities.

APPENDIX H – LONG TERM CONTRACT

Long Term Contracts (2022/2023)					
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**
Asset Management and disposal corporation (pty) Ltd	Appointment of a auctioning and disposal of assets	28-Jun-19	28-Jun-22	Sonto Ntshangase	5%
Manna Holdings (pty) ltd	Appointment of municipal valuer for the compilation of a new valuation roll for the period of 5 Years in compliance with the local government municipal property rates act, 2004 (Act No.6 of 2004) as amended	28-Jun-19	28-Jun-24	Maranatha Khunou	R1 100 000,00
Elementary Horizons	Appointment of service provider for supply and delivery of newspapers for Koster & Swartruggens libraries, Municipal Manager Office and Office of the mayor for 12 months	13-May-19	13-May-20	Sonto Ntshangase	R193 000.00

Anaka Group (Pty) Ltd	Appointment of rental photocopier machines including servicing & maintenance for a period of Thirty-Six (36) months	05-Jan-18	31-Dec-21	Sonto Ntshangase	R1 247 616, 00 -over three-year period. Monthly Invoice R34 656,00
7. Big Time	ICT Audit and review of an ICT Strategy	01-Sep-15	01-Sep-18	MM Office	the leased equipment-Microsoft and other software's license billing invoice R1 624 873,81-The hardware deployment contract billing invoice is R1 365 923,77-The monthly rental rate the SLA/ICT is R461 627,50
Brightside Electrical Contractors	Appointment of a service provider for the Supply and Delivery of Electrical Materials as and when	20-Feb-18	20-Feb-21	Sonto Ntshangase	Quotation bases

	required for twelve Months				
Ally Counter Force Security	Appointment for provision of Security services for Kgetlengrivier Local Municipality	01-Jul-18	30-Jun-21	MM Office	The provision of Security Guards grade D security at R9500.00 VAT inclusive per month and Supervisor Grade C for free
Bertobrite (Pty) ltd	Appointment for supply and delivery of a variety of pool of vehicles on full maintenance lease using SCM Regulation	20-Jun-18	20-Jun-21	Corporate Service	The price shall escalate annually at the rate 9% on the anniversary of the project
MAXIMUM PROFIT	Review of accounting transaction on contingency basis	08-Jun-17	08-Jun-20	Yousuf Bulbulia	18% OF THE FINANCIAL BENEFIT IDENTIFIED FOR THE CLIENT
IDEAL PREPAID	Municipality Revenue by a financier	18-Sep-15	18-Sep-21	Maranatha Khunou	Capital Quarterly repayment

Marsh (pty)Ltd	Insurance	Renewed on yearly basis	Renewed on yearly basis	Sonto Ntshangase	R41 747.14 Monthly

APPENDIX J – DISCLOSURE OF FINANCIAL INTEREST

Disclosures of Financial Interests		
2022/2023		
Position	**Name**	**Description of Financial interests* (Nil / Or details)**
(Executive) Mayor	Jacobs TC	None
Councillor	Maphanga M	None
	Matshela S	None
	Mokone B	None
	Molatole V	None
	Molefe M	None
	Motaung T	None
	Mutombene O	None
	Potgieter J	None
	Rocher W	None
	Selaledi A	None
	Selaolane K	None
	Breet P	None
Municipal Manager	G.C. Letsoalo	None
Chief Financial Officer	M.Khuno	None
Deputy MM and (Executive) Directors	R.K. Morekisi	None
	A.E. Pholose	None
	L. Phakathi	None
	L. Rantho	None

** Financial intersests to be disclosed even if they incurred for only part of the year. See MBRR SA34A*
T J

APPENDIX K1– REVENUE COLLECTION BY VOTE

Revenue Collection Performance by Vote						
						R' 000
Vote Description	2021/2022	Current: 2022/2023			2022/2023 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Service charges-water		6 000,00	-	6 000,00	0%	0%
Service charges-Sanitation		5 285,00	-	5 285,00	0%	0%
Service charges-Electricity		57 367,00	-	57 367,00	0%	0%
Service charges-Refuse		1 546,00	-	1 546,00	0%	0%
Rental of facilities and equipment		391,00	-	391,00	0%	0%
Interest received		21 547,00	-	21 547,00	0%	0%
Licences and permits		11 027,00	-	11 027,00	0%	0%
Miscellaneous other revenue		683,00	816,00	816,00	0%	0%
Interest received investment		60,00	-	60,00	0%	0%
Property rates		9 886,00	-	9 886,00	0%	0%
Fines, penalties and forteits		10 000,00	-	10 000,00	0%	0%
Transfers and subsidies		123 293,00	143 342,00	143 342,00	0%	0%
Total Revenue by Vote	**–**	**247 085**	**144 158**	**267 267**	**–**	**–**
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3						*T K.1*

APPENDIX K2– REVENUE COLLECTION BY SOURCE

Revenue Collection Performance by Source R '000						
Description	2021/2022	2022/2023			2022/2023Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Service charges-water		6 000,00	-	6 000,00	0%	0%
Service charges-Sanitation		5 285,00	-	5 285,00	0%	0%
Service charges-Electricity		57 367,00	-	57 367,00	0%	0%
Service charges-Refuse		1 546,00	-	1 546,00	0%	0%
Rental of facilities and equipment		391,00	-	391,00	0%	0%
Interest received		21 547,00	-	21 547,00	0%	0%
Licences and permits		11 027,00	-	11 027,00	0%	0%
Miscellaneous other revenue		683,00	816,00	816,00	0%	0%
Interest received investment		60,00	-	60,00	0%	0%
Property rates		9 886,00	-	9 886,00	0%	0%
Fines, penalties and forteits		10 000,00	-	10 000,00	0%	0%
Transfers and subsidies		123 293,00	143 342,00	143 342,00	0%	0%
Total Revenue (excluding capital transfers and contributions)	**–**	**247**	**144**	**267**	**7,55%**	**46,06%**

Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4. *T K.2*

APPENDIX L– CONDITIONAL GRANTS

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	0	0	0	0%	0%	
Public Transport Infrastructure and Systems Grant	0	0	0	0%	0%	
Other Specify:						
WISG	34743669	0	34743669	0%	0%	
EPWP	1000000		1000000			
LIBRARY GRANT	888223		888223			
Financial Management Grant	3100000		3100000			
PIG	21550061		21550061			
Total	61281953		61281953			

** 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.* *T L*

APPENDIX M– CAPITAL EXPENDITURE

Capital Expenditure - New Assets Programme* R '000							
Description	Year -1	2022/2023			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2023/2024	2024/2025	2025/2026
Capital expenditure by Asset Class							
Infrastructure - Total	–	–		–	–	–	–

Infrastructure: Road transport - Total	–	–		–	–	–	–
Roads, Pavements & Bridges		17 075 68 3	0	17 075 68 3	0	0	0
Storm water							
Infrastructure: Electricity - Total	–	–		–	–	–	–
Generation							
Transmission & Reticulation							
Street Lighting		1 042 127	0	1 042 127	0	0	0
Infrastructure: Water - Total	–	27 424		27 424	–	–	–
Dams & Reservoirs							
Water purification		27 423 918	0	27 423 918			
Reticulation		54 915 91 0.18	0	54 915 91 0.18			
Infrastructure: Sanitation - Total	–	–		–	–	–	–
Reticulation		38 406 43 9	0	38 406 43 9			
Sewerage purification		0					

APPENDIX N– CAPITAL PROJECTS

Capital Programme by Project by Ward: R' 000		
Capital Project	**Ward(s) affected**	**Works completed (Yes/No)**
Water	Ward 1&2	No
"Project A"		
"Project B"		
Sanitation/Sewerage	Ward 1&2	No
Electricity		
Housing		

Refuse removal		
Storm water		
Upgrade of stormwater channel	Ward 4	Yes

APPENDIX S – LOCAL GORVERNMENT OUTCOMES

National and Provincial Outcomes for Local Government		
Outcome/Output	**Progress to date**	**Number or Percentage Achieved**
Output: Improving access to basic services	Municipality has constructed roads infrastructure and install standpipes as well as construct sewer network.	15%
Output: Implementation of the Community Work Programme	Jobs created through EPWP	80%
Output: Deepen democracy through a refined Ward Committee model	Ward committee established and participated in matters of council	100%
Output: Administrative and financial capability	Competent staff appointed	72%
** Note: Some of the outputs detailed on this table may have been reported elsewhere in the Annual Report. Kindly ensure that this information consistent.*		

APPENDIX 0 – AUDIT ACTION PLAN

Audit Action Plans

Summary | Matters Affecting Audit Report | Other Important Matters

Audit Opinion: Qualified

Financial Year: 2022/2023

Development	No of Findings		
	Matters Affecting Audit Report	Other Important Matters	Total
Not Yet Started	1	2	3
Under Development	29	41	70
Developed - Management Approved	16	14	30
Developed - CFO Approved	0	0	0
Developed - Internal Auditor Approved	0	0	0
Developed - Audit Committee Approved	0	0	0
Developed - Council Approved	0	0	0
Total	**46**	**57**	**103**
Implementation			
Not Yet Started	30	42	72
In Progress	15	12	27
Completed	1	3	4
Agreed Findings Addressed	0	0	0
Total	**46**	**57**	**103**
Findings also addressed in current year	0	0	0

VOLUME II:
ANNUAL FINANCIAL STATEMENTS

Kgetlengrivier Local Municipality

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Legal form of entity

Local municipality in terms of the Municipal Structures Act (Act 117 of 1998) and Section 155(1) of the Constitution of the Republic of South Africa (Act 108 of 1996)

Nature of business and principal activities

The main business operations of the municipality is to engage in local
government activities which includes the planning and promotion of integrated development planning, land use management, economic and environmental development and supplying of the following services to the community
General Services - All types of services rendered by the municipality, excluding the supply of housing to the community
Waste Management Services - the collection and disposal of waste. Electricity Services - Electricity is bought in bulk from Eskom and distributed to the consumers of the municipality in licensed areas.
Waste Water Management - Collection and purification of waste water. Water Services - Supply of purified water

Legislation governing the municipality

Constitution of the Republic of south Africa (Act 108 of 1998)
Local Government: Municipal Finance]Management Act (Act no.56 of 2003)
Local Government: Municipal Structures Act (Act 117 of 1998) Municipal Property Rates Act (act of 6 2004)
Division of Revenue Act (Act 1 of 2007)

Mayoral committee

Cllr AA Salaledi (Chief whip)

Cllr M Molefe (Speaker)
Mayor
Cllr TC Jacobs
Councillors
MMC Finance: Cllr T Motaung
MMC Community: Cllr BC Mokone
MPAC Chairperson: Cllr V Molatole
MMC Infrastructure: Cllr K Selaolane
Cllr J Potgieter
Cllr M Maphanga
Cllr O Mutombene
Cllr P Breet
Cllr S Matshela
Cllr W Rocher

Grading of local authority Grade 2

Accounting Officer Mr Gopolang Clement Letsoalo
Mr Andrew Pholole - Acting (07 Aug 2024)

Chief Finance Officer (CFO) Mr Maranatha Khunou

Registered office Kgetlengrivier Local Municipality
Corner Smuts and Deewet Street Koster
0348

Kgetlengrivier Local Municipality

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Business address	Kgetlengrivier Local Municipality
Corner Smuts and Deewet Street Koster 0348	
Postal address	Kgetlengrivier Local Municipality
Corner Smuts and Deewet Street Koster 0348	
Bankers	ABSA Bank Limited
Auditors	Auditor General South Africa
Attorneys	Rangwako attorneys
Municipal category	B
Municipal demarcation code	NW374

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

Abbreviations used:

COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
EPWP	Expanded Public Works Program
MIG	Municipal Infrastructure Grants
FMG	Financial Management Grant

Accounting Officer's Responsibilities and Approval

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

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

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

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

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

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

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

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

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

The annual financial statements set out on page 5, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2024 and were signed on its behalf by:

Mr Andrew Pholole - Acting Designation

Accounting Officer's Report

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

1. Review of activities

Main business and operations

Net deficit of the municipality was R 19 664 184 (2023: deficit R 16 980 952).

2. Going concern

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

3. Subsequent events

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

4. Accounting policies

The annual financial statements prepared in accordance with the South African Statements of Generally Accepted Accounting Practice (GAAP), including any interpretations of such Statements issued by the Accounting Practices Board, and in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

5. Accounting Officer

The accounting officer of the municipality during the year was Mr Gopolang Clement Letsoalo and The acting accounting officer Mr A Pholole was acting as from 07 August 2024 to the date of this report is as follows:

Name	Nationality
Mr Andrew Pholole - Acting	South African

6. 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 Board meetings and monitor the municipality's compliance with the code on a three monthly basis.

7. Auditors

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

The annual financial statements set out on page 5, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2024 and were signed on its behalf by:

Mr Andrew Pholole - Acting Designation

Statement of Financial Position as at 30 June 2024

Figures in Rand	Note(s)	2024	2023 Restated*
Assets			
Current Assets			
Inventories	8	109 288	105 776
Receivables from exchange transactions	9	7 912 171	9 130 568
Statutory receivables	10	-	10 080 230
VAT receivable	11	63 447 946	60 512 984
Consumer debtors	12	6 047 600	26 157 514
Cash and cash equivalents	13	4 498 437	2 203 764
		82 015 442	**108 190 836**
Non-Current Assets			
Investment property	3	98 294 000	91 242 000
Property, plant and equipment	4	624 345 916	611 016 194
		722 639 916	**702 258 194**
Total Assets		**804 655 358**	**810 449 030**
Liabilities			
Current Liabilities			
Payables from exchange transactions	5	436 775 818	636 248 738
Consumer deposits	6	3 801 151	3 464 425
Employee benefit obligation	7	1 291 206	1 490 826
Unspent conditional grants and receipts	15	4 654 247	483 935
		446 522 422	**641 687 924**
Non-Current Liabilities			
Eskom Debt Relief Liability	14	207 259 405	-
Employee benefit obligation	7	17 358 919	20 042 502
Provisions	16	39 903 041	35 442 849
		264 521 365	**55 485 351**
Total Liabilities		**711 043 787**	**697 173 275**
Net Assets		**93 611 571**	**113 275 755**
Accumulated surplus		93 611 571	113 275 755
Total Net Assets		**93 611 571**	**113 275 755**

* See Note 42

Statement of Financial Performance

Figures in Rand	Note(s)	2024	2023 Restated*
Revenue			
Revenue from exchange transactions			
Services charges	18	77 776 357	58 466 591
Rental of facilities and equipment	19	178 726	376 340
Interest on service charges		14 306 826	11 663 895
Licences and permits	21	8 286 318	7 645 258
Miscellaneous other revenue		372 493	379 966
Interest received - investment	22	358 779	154 577
Total revenue from exchange transactions		**101 279 499**	**78 686 627**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	23	14 243 374	11 423 018
Eskom Debt relief - Interest income		80 042 727	-
Transfer revenue			
Government grants & subsidies	24	182 732 707	204 056 228
Fines, Penalties and Forfeits	20	383 600	11 607 233
Total revenue from non-exchange transactions		**277 402 408**	**227 086 479**
Total revenue	17	**378 681 907**	**305 773 106**
Expenditure			
Employee related costs	26	(91 236 572)	(87 296 319)
Remuneration of councillors	27	(6 394 700)	(6 460 461)
Depreciation and amortisation	28	(31 979 857)	(27 494 224)
Finance costs	30	(36 961 499)	(32 668 922)
Debt Impairment	32	(65 188 369)	(29 457 649)
Bulk purchases	34	(59 697 615)	(44 695 176)
Contracted services	35	(51 307 479)	(73 283 466)
Operating Cost	33	(66 948 924)	(29 480 530)
Total expenditure		**(409 715 015)**	**(330 836 747)**
Operating deficit		**(31 033 108)**	**(25 063 641)**
Loss on disposal of assets and liabilities		(184 702)	(124 880)
Fair value adjustments	37	7 052 000	13 348 000
Actuarial gains/losses	7	4 501 626	(3 046 431)
Impairment loss	29	-	(2 094 000)
		11 368 924	**8 082 689**
Deficit for the year		**(19 664 184)**	**(16 980 952)**

* See Note 42

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Balance at 01 July 2022	**130 256 707**	**130 256 707**
Changes in net assets Surplus for the year	(16 980 952)	(16 980 952)
Total changes	(16 980 952)	(16 980 952)
Restated* Balance at 01 July 2023	**113 275 755**	**113 275 755**
Changes in net assets Surplus for the year	(19 664 184)	(19 664 184)
Total changes	(19 664 184)	(19 664 184)
Balance at 30 June 2024	**93 611 571**	**93 611 571**
Note(s)		

* See Note 42

Figures in Rand	Note(s)	2024	2023 Restated*
Cash flows from operating activities			
Receipts			
Receipts from customers	17 +22	121 403 308	60 356 206
Grants	23	186 903 019	185 104 662
Interest income	21	358 779	154 577
Other receipts	20	8 669 918	8 025 224
		317 335 024	253 640 669
Payments			
Employee costs	25	(96 917 008)	(87 064 937)
Suppliers	26	(151 163 252)	(64 498 545)
Finance costs	29	(30 462 687)	(32 668 922)
		(278 542 947)	(184 232 404)
Net cash flows from operating activities	36	**38 792 077**	**69 408 265**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(45 491 335)	(75 784 358)
Proceeds from sale of property, plant and equipment	4	(2 946)	13 495
Net cash flows from investing activities		**(45 494 281)**	**(75 770 863)**
Net increase/(decrease) in cash and cash equivalents		**(6 702 204)**	**(6 362 598)**
Cash and cash equivalents at the beginning of the year		2 203 764	8 566 362
Cash and cash equivalents at the end of the year	13	**(4 498 440)**	**2 203 764**

* See Note 42

Figures in Rand	Note(s)	2024	2023
Restated*			

The accounting policies on pages 14 to 43 and the notes on pages 44 to 88 form an integral part of the annual financial statements.

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments on comparable basis	Final Budget	Actual amounts	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Sale of goods	-	563 000	**563 000**	-	**(563 000)**	51
Service charges	-	72 707 000	**72 707 000**	77 776 357	**5 069 357**	52
Rental of facilities and equipment	-	295 000	**295 000**	178 726	**(116 274)**	51
Interest received (trading)	-	12 413 000	**12 413 000**	14 306 826	**1 893 826**	52.
Licences and permits	-	10 703 000	**10 703 000**	8 286 318	**(2 416 682)**	51
Miscellaneous other revenue	-	11 000	**11 000**	372 493	**361 493**	51
Interest received - investment	-	53 000	**53 000**	358 779	**305 779**	51
Total revenue from exchange transactions	**-**	**96 745 000**	**96 745 000**	**101 279 499**	**4 534 499**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	-	9 812 000	**9 812 000**	14 243 374	**4 431 374**	52
Property rates - penalties imposed	-	71 000	**71 000**	-	**(71 000)**	Variance is below 10%
Interest - Taxation revenue	-	-	**-**	80 042 727	**80 042 727**	
Transfer revenue						
Government grants & subsidies	-	136 277 000	**136 277 000**	182 732 707	**46 455 707**	52
Fines, Penalties and Forfeits	-	10 530 000	**10 530 000**	383 600	**(10 146 400)**	52
Other transfer revenue 1	-	5 416 000	**5 416 000**	-	**(5 416 000)**	51
Total revenue from non-exchange transactions	**-**	**162 106 000**	**162 106 000**	**277 402 408**	**115 296 408**	
Total revenue	**-**	**258 851 000**	**258 851 000**	**378 681 907**	**119 830 907**	
Expenditure						
Personnel	-	(70 635 000)	**(70 635 000)**	(91 236 572)	**(20 601 572)**	52
Remuneration of councillors	-	(7 746 000)	**(7 746 000)**	(6 394 700)	**1 351 300**	52
Depreciation and amortisation	-	(31 963 000)	**(31 963 000)**	(31 979 857)	**(16 857)**	52
Finance costs	-	(1 500 000)	**(1 500 000)**	(36 961 499)	**(35 461 499)**	52
Debt Impairment	-	(20 646 000)	**(20 646 000)**	(65 188 369)	**(44 542 369)**	52
Bad debts written off	-	(11 583 000)	**(11 583 000)**	-	**11 583 000**	51
Bulk purchases	-	(39 684 000)	**(39 684 000)**	(59 697 615)	**(20 013 615)**	52
Contracted Services	-	(41 843 000)	**(41 843 000)**	(51 307 479)	**(9 464 479)**	52
Transfers and Subsidies	-	(975 000)	**(975 000)**	-	**975 000**	51
Inventory Consumed	-	(11 884 000)	**(11 884 000)**	-	**11 884 000**	52

* See Note 42

General Expenses	-	(19 621 000)	**(19 621 000)**	(66 948 924)	**(47 327 924)**	52
Total expenditure	**-**	**(258 080 000)**	**(258 080 000)**	**(409 715 015)**	**(151 635 015)**	
Operating deficit	**-**	**771 000**	**771 000**	**(31 033 108)**	**(31 804 108)**	
Loss on disposal of assets and liabilities	-	-	**-**	(184 702)	**(184 702)**	Variance is below 10%
Fair value adjustments	-	-	**-**	7 052 000	**7 052 000**	51
Actuarial gains/losses	-	-	**-**	4 501 626	**4 501 626**	51
	-	**-**	**-**	**11 368 924**	**11 368 924**	
Deficit before taxation	**-**	**771 000**	**771 000**	**(19 664 184)**	**(20 435 184)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**-**	**771 000**	**771 000**	**(19 664 184)**	**(20 435 184)**	

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Inventories	6 922 000	-	**6 922 000**	109 288	**(6 812 712)**	51
Receivables from exchange transactions	99 173 000	-	**99 173 000**	29 886 740	**(69 286 260)**	52
Other debtors (VAT receivable)	48 400 000	-	**48 400 000**	63 447 946	**15 047 946**	52
Consumer debtors	(89 363 000)	-	**(89 363 000)**	346 005 801	**435 368 801**	52
Cash and cash equivalents	137 385 000	-	**137 385 000**	4 498 437	**(132 886 563)**	52
	202 517 000	**-**	**202 517 000**	**443 948 212**	**241 431 212**	
Non-Current Assets						
Investment property	45 124 000	-	**45 124 000**	98 294 000	**53 170 000**	51
Property, plant and equipment	661 145 000	-	**661 145 000**	624 345 916	**(36 799 084)**	52
	706 269 000	**-**	**706 269 000**	**722 639 916**	**16 370 916**	
Total Assets	**908 786 000**	**-**	**908 786 000**	**1 166 588 128**	**257 802 128**	
Liabilities						
Current Liabilities						
Payables from exchange transactions	320 719 000	-	**320 719 000**	436 775 818	**116 056 818**	52
Consumer deposits	27 110 000	-	**27 110 000**	3 801 151	**(23 308 849)**	52
	347 829 000	**-**	**347 829 000**	**440 576 969**	**92 747 969**	
Non-Current Liabilities						
Eskom Debt Relief Liability	-	-	**-**	207 259 405	**207 259 405**	
Total Liabilities	**347 829 000**	**-**	**347 829 000**	**647 836 374**	**300 007 374**	
Net Assets	**560 957 000**	**-**	**560 957 000**	**518 751 754**	**(42 205 246)**	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	560 957 000	-	**560 957 000**	93 611 571	**(467 345 429)**	

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities Payments						
Net cash	143 560 000	-	**143 560 000**	47 788 954	**(95 771 046)**	
Cash flows from investing activities						
Purchase of property, plant and equipment	(56 886 000)	-	**(56 886 000)**	(45 494 281)	**11 391 719**	51
Net increase/(decrease) in cash and cash equivalents	86 674 000	-	**86 674 000**	2 294 673	**(84 379 327)**	
Cash and cash equivalents at the end of the year	**86 674 000**	**-**	**86 674 000**	**2 294 673**	**(84 379 327)**	

1. Significant account policies

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

1.1 Basis of preparations

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

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

1.2 Presentation currency

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

1.3 Going concern assumption

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

1.4 Significant judgements and sources of estimation uncertainty

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

Significant judgements include:

Fair value estimation

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

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

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

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

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 16 - Provisions.

1.4 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 7.

Effective interest rate

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

Contingencies

Contingent liabilities are possible obligations whose existence will be confirmed by uncertain future events that are not wholly within the control of the municipality.

Contingent liabilities also include obligations that are not recognised because their amount cannot be measured reliably or because settlement is not probable. Contingent liabilities do not include provisions for which it is certain that the municiplaity has a present obligation that is more likely than not to lead to an outflow of cash or other economic resources, even though the amount or timing is uncertain.

A contingent liability is not recognised in the statement of financial position. However, unless the possibility of an outflow of economic resources is remote, a contingent liability is disclosed in the notes.

Contingent assets are possible assets whose existence will be confirmed by the occurrence or non-occurrence of uncertain future events that are not wholly within the control of the municipality. Contingent assets are not recognised, but they are disclosed when it is more likely than not that an inflow of benefits will occur. However, when the inflow of benefits is virtually certain an asset is recognised in the statement of financial position, because that asset is no longer considered to be contingent.

Additional information regarding contingencies is disclosed in Note 39.

Impairment of statutory receivables

In estimating the future cash flows, the 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 municipality 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 are 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.

1.4 Significant judgements and sources of estimation uncertainty (continued)

Accounting for adjustments to revenue

Determining whether an adjustment to revenue charged in terms of legislation or similar means is a correction of an error or a change in an accounting estimate requires the application of judgement by management. When adjustments to revenue already recognised arise from new information that becomes known to the municipality, the following considerations are applied to determine whether the adjustment to revenue already recognised is a correction of an error or a change in an accounting estimate:

(a) If information becomes known to the municipality, and the municipality could reasonably have been expected to know of the information and/or the information used was incorrect, the adjustment to revenue is likely to be a correction of an error.

(b) If information becomes known to the municipality, but the municipality could not reasonably have been expected to know of this information when the revenue was charged, the adjustment to revenue is likely to be a change in an accounting estimate.

Accounting for adjustments to revenue that correct an error or prior period error

Following the outcome of the determination processes noted above, and assessing whether this is new information that becomes known to the municipality, the municipality accounts for an adjustment to revenue already recognised, including interest and penalties, as the correction of an error or prior period error where the municipality:

(a) has not followed a proper due process to promulgate the tariff, basis, percentage or formula to charge the revenue; and/or

(b) incorrectly applied the tariff, basis, percentage or formula in charging revenue.

Errors discovered within the reporting period which relates to that period are corrected before the annual financial statements are authorised for issue. The principles in GRAP 3 are applied to account for the adjustment to revenue already recognised as a result of the correction of a prior period error.

Accounting for adjustments to revenue as a change in an accounting estimate

Following the outcome of the determination processes noted above, and assessing whether this is new information that becomes known to the municipality, the municipality accounts for any adjustment to revenue already recognised, including interest and penalties, as a change in an accounting estimate if changes occur in the circumstances that led to the recognition of the revenue.

The principles in GRAP 3 are applied to account for a change in an accounting estimate.

1.5 Investment property

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

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

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

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

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

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

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

1.5 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 municipality 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 municipality 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 municipality 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 municipality applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the municipality 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.

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements (see note 3).

1.6 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the municipality 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.

1.6 Property, plant and equipment (continued)

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 is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

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

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

Property, plant and equipment are depreciated on the 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.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

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

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

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

Item	Depreciation method	Average useful life
Land	Straight-line	indefinite
Buildings	Straight-line	50 years
Furniture and fixtures	Straight-line	5-7 years
Motor vehicles	Straight-line	4-10 years
Office equipment	Straight-line	5-7 years
Infrastructure - roads	Straight-line	100 years
Community - building	Straight-line	50 years
Pavings	Straight-line	50 years
Water infrastructure	Straight-line	100 years
Electricity infrastructure	Straight-line	45 years
Recreational facilities	Straight-line	50 years
Security halls	Straight-line	5 years
Specialised plant and equipment	Straight-line	15 years

1.6 Property, plant and equipment (continued)

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

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

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

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

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

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

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

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

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 4).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 4).

1.7 Financial instruments

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

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

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

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

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

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

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

1.7 Financial instruments (continued)

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

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

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

A financial asset is:

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

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 municipality; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the municipality.

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 municipality 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.

1.7 Financial instruments (continued)

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

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

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

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

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

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

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

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

Classification

The municipality 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
Receivables from non-exchange transactions	Financial asset measured at amortised cost

The municipality 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
Bank overdraft	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
Payables from non-exchange transactions	Financial liability measured at amortised cost
Other Long term liabilities	Financial liability measured at amortised cost

1.8 Statutory receivables

Identification

1.8 Statutory receivables (continued)

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

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

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

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

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

Recognition

The municipality recognises statutory receivables as follows:

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

Impairment losses

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

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

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

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

1.8 Statutory receivables (continued)

In estimating the future cash flows, an municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the municipality 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 municipality:
  - 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 municipality considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

1.9 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 rate of on the remaining balance of the liability.

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

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.

1.10 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.

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

1.11 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Cash and cash equivalents comprise bank balances, cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are available on demand.

Some equity investments are included in cash equivalents when they are, in substance, cash equivalents.

Bank overdrafts which are repayable on demand forms an integral part of the municipality's cash management activities, and as such are included as a component of cash and cash equivalents.

1.12 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.

1.12 Impairment of cash-generating assets (continued)

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

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

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

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

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

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

Designation

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

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

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

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

Identification

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

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

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

Value in use

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

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

1.12 Impairment of cash-generating assets (continued)

Basis for estimates of future cash flows

In measuring value in use the municipality:

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

Composition of estimates of future cash flows

Estimates of future cash flows include:

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

Estimates of future cash flows exclude:

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

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

Discount rate

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

1.12 Impairment of cash-generating assets (continued)

Cash-generating units

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

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

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

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

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

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

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

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

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

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

1.12 Impairment of cash-generating assets (continued) Reversal of

impairment loss

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

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

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

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

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

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

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

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

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

1.13 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

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

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

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

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

Designation

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

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

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

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

Identification

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

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

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

Value in use

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

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

Depreciated replacement cost approach

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

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

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

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Reversal of an impairment loss

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

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

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

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

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

Redesignation

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

1.14 Eskom Debt Relief Liability

Compulsory convertible preference shares [Compulsory convertible debentures] are compound instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The difference between the proceeds of issue of the convertible instruments and the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the municipality, is included in equity.

Combined units are compound instruments, consisting of a debenture (liability) component and a share (equity) component. The debentures are carried at amortised cost, and any premium or discount on issue is written off over the redemption period using the effective interest rate method.

Issue costs are apportioned between the liability and equity components of the compound instruments based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly against equity.

1.15 Employee benefits

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

1.15 Employee benefits (continued)

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

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting municipality to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an municipality's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

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

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

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

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

Short-term employee benefits

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

Short-term employee benefits include items such as:

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

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

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

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

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

1.15 Employee benefits (continued)

Post-employment benefits

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

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

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

Post-employment benefits: Defined contribution plans

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

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

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

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

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

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

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

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

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

1.15 Employee benefits (continued)

Other post retirement obligations

The municipality provides post-retirement health care benefits, upon retirement to some retirees.

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

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The municipality shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

1.16 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

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

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not

recognised for future operating (deficit).

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

1.16 Provisions and contingencies (continued)

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

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:
- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

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

After their initial recognition contingent liabilities recognised in municipality combinations that are recognised separately are subsequently measured at the higher of:
- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 40.

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

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

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:
- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:
- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.17 Commitments

Items are classified as commitments when an 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.

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

1.18 Revenue from exchange transactions

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

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

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

Measurement

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

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

Sale of goods

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

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

Rendering of services

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

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

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

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Interest, royalties and dividends

Revenue arising from the use by others of municipality 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.

1.18 Revenue from exchange transactions (continued)

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

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

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

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

1.19 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

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

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

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

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

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

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

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

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

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

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

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non- exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

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

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

1.19 Revenue from non-exchange transactions (continued)

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The municipality applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

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

Taxes

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied. The taxable event for

income tax is the earning of assessable income during the taxation period by the taxpayer.

The taxable event for value added tax is the undertaking of taxable activity during the taxation period by the taxpayer. The taxable event for

customs duty is the movement of dutiable goods or services across the customs boundary.

The taxable event for estate duty is the death of a person owning taxable property.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system. Taxation revenue are not

grossed up for the amount of tax expenditures.

Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting municipality.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

1.20 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.21 Borrowing costs

Borrowing costs are interest and other expenses incurred by an municipality in connection with the borrowing of funds. Borrowing costs are

recognised as an expense in the period in which they are incurred.

1.22 Accounting by principals and agents

Identification

An agent is an municipality that has been directed by another municipality (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another municipality (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one municipality (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another municipality (the principal).

Identifying whether an municipality is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether a municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another municipality or for its own benefit.

Binding arrangement

The municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

Assessing which municipality benefits from the transactions with third parties

When the municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the municipality concludes that it is not the agent, then it is the principal in the transactions.

The municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that is an agent. The municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the municipality is an agent.

Recognition

The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The municipality, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

1.22 Accounting by principals and agents (continued)

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.23 Comparative figures

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

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.

Unauthorised expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

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.

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

1.26 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic municipality’s supply chain management policy.

Irregular expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

1.27 Segment information

A segment is an activity of an municipality:

- 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 municipality’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 municipality’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 2022/07/01 to 2023/06/30.

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

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.29 Related parties

A related party is a person or an municipality 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 municipality and a related party, regardless of whether a price is charged.

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

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the municipality.

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual municipality or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting municipality'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 municipality’s financial statements to understand the effect of related party transactions on its annual financial statements.

1.30 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

1.30 Events after reporting date (continued)

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2024 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Guideline on Accounting for Landfill Sites	01 April 2024	Unlikely there will be a material impact
• GRAP 25 Employee Benefits	01 April 2024	Unlikely there will be a material impact
• iGRAP 7 Limit on defined benefit asset, minimum funding requirements and their interaction	01 April 2024	Unlikely there will be a material impact
• GRAP 104 (as revised) Financial Instruments	01 April 2024	Unlikely there will be a material impact
• iGRAP 21 The effective of Past Decisions on Materiality	01 April 2024	Unlikely there will be a material impact
• GRAP 2020 Improvements to the standard of GRAP 2020	01 April 2024	Unlikely there will be a material impact
• GRAP 1 (amended) Presentation of Financial Statements	01 April 2024	Unlikely there will be a material impact

3. Investment property

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value Valuation	Cost /	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	98 294 000	-	98 294 000	91 242 000	-	91 242 000

Reconciliation of investment property - 2024

	Opening balance	Fair value adjustments	Total
Investment property	91 242 000	7 052 000	98 294 000

Reconciliation of investment property - 2023

	Opening balance	Fair value adjustments	Total
Investment property	77 894 000	13 348 000	91 242 000

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Figures in Rand	2024	2023

3. Investment property (continued)

Details of valuation

The effective date of the revaluations was Friday, 30 June 2024. Revaluations were performed by a registered Property Valuer of Black Dot Pty Consultrant, independent valuers that are not connected to the municipality and have recent experience in location and category of the investment property being valued

The valuation was based on open market value for existing use.

These assumptions are based on current market conditions.

	2024	2023
Rental revenue from investment property	178 726	376 340
Direct operating expenses from rental generating property	-	79 907

Amounts recognised in surplus or deficit

	2024	2023
Rental revenue from Investment property	178 726	376 340
From Investment property that generated rental revenue		
Repairs and maintenance	-	79 907

4. Property, plant and equipment

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	145 113 573	(54 979 566)	90 134 007	145 252 313	(53 882 953)	91 369 360
Infrastructure	1 058 423 778	(549 052 358)	509 371 420	1 011 496 565	(518 671 013)	492 825 552
Community	65 395 057	(44 827 143)	20 567 914	65 160 572	(43 520 118)	21 640 454
Movable asset	9 433 308	(5 160 733)	4 272 575	8 822 437	(3 641 609)	5 180 828
Total	**1 278 365 716**	**(654 019 800)**	**624 345 916**	**1 230 731 887**	**(619 715 693)**	**611 016 194**

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Work-in-Progress - Additions	Disposals	Depreciation	Total
Land and buildings	91 369 360	-	-	-	(1 235 353)	90 134 007
Infrastructure	492 825 552	-	44 880 464	(181 756)	(28 152 840)	509 371 420
Community	21 640 454	-	-	-	(1 072 540)	20 567 914
Movable assets	5 180 828	610 871	-	-	(1 519 124)	4 272 575
	611 016 194	**610 871**	**44 880 464**	**(181 756)**	**(31 979 857)**	**624 345 916**

Figures in Rand

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Additions - WIP	Disposals	Opening - WIP	Prior period error	Depreciation reversal	Depreciation	Impairment loss	Total
Land and buildings	93 238 122	-	-	-	-	-	-	(1 287 751)	(581 011)	91 369 360
Infrastructure	409 663 790	-	75 129 627	(63 357)	37 621 132	-	-	(28 936 809)	(588 831)	492 825 552
Community	23 820 829	-	-	(69 470)	-	-	-	(1 105 231)	(1 005 674)	21 640 454
Movable assets	9 786 234	654 731	-	(5 548)	-	(772 039)	472 084	(1 852 439)	(3 102 195)	5 180 828
	536 508 975	**654 731**	**75 129 627**	**(138 375)**	**37 621 132**	**(772 039)**	**472 084**	**(33 182 230)**	**(5 277 711)**	**611 016 194**

Property, plant and equipment in the process of being constructed or developed

Cumulative expenditure recognised in the carrying value of property, plant and equipment

Infrastructure	44 880 464	75 129 627

Reconciliation of Work-in-Progress and Infrastructure 2024

	Work In Progress	Infrastructure	Total
Opening balance	112 750 759	380 074 793	492 825 552
Additions/capital expenditure	44 880 465	-	44 880 465
Transferred to completed items	(23 487 648)	23 487 647	(1)
Disposals	-	(181 756)	(181 756)
Depreciation	-	(28 152 840)	(28 152 840)
	134 143 576	**375 227 844**	**509 371 420**

4. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress and Infrastructure 2023

	Work in Progress	Infrastructure	Total
Opening balance	37 621 132	409 663 790	447 284 922
Additions/capital expenditure	75 129 627	-	75 129 627
Disposals	-	(63 357)	(63 357)
Depreciation	-	(28 936 809)	(28 936 809)
Impairment loss	-	(588 831)	(588 831)
	112 750 759	**380 074 793**	**492 825 552**

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

	2024	2023
Contracted services	3 095 633	2 448 182

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

5. Payables from exchange transactions

	2024	2023
Trade payables	381 788 386	586 280 629
Retentions	30 799 793	29 270 028
Accrued bonus	4 123 674	1 724 283
Leave accrual	12 505 237	11 357 607
Unallocated funds	1 248 731	1 590 760
Receivables with credit balances	1 791 104	2 518 214
Other payables	2 520 924	590 071
Salaries control	1 997 969	2 917 146
	436 775 818	**636 248 738**

6. Consumer deposits

	2024	2023
Water and electricity	3 801 151	3 464 425

7. Employee benefit obligations

Long service award

The provision arises as a result of duration of service rendered by employees according to policy. The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a long-service award is payable to employees after 10 years of continuous service, and every 5 years of continuous service from 10 years of service to 45 years of service. The provision is an estimate of the long service based on historical staff turnover. Additional cash/gifts are awarded to employees for levels of past service per policy.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried at 30 June 2024 by One Pangea Expertise and Solutions, Registered Actuaries. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The actuarial gains/loss of long service award includes an interest cost of R411 434. (2023: R474 000) and current service costs of R367 341 (2023: R411 000)

Post retirement benefit plan

The obligation arises from the municiaplity's policy which allows for all in -service employees, retired employees and their dependants to participate in the medical aid arrangements and are entitled to a post- employment medical aid subsidy

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried at 30 June 2024 by One Pangea Expert Solutions, Registered Actuaries. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The actuarial gains/loss of post employment medical aid benefit includes an interest cost of R1 627 186 (2023: R1 840 000) and current service costs of R703 198. (2023: R609 000).

Plan assets: As at the valuation date, the medical aid liability of the Municipality was unfunded, i.e. no dedicated assets have been set aside to meet this liability. We therefore did not consider any assets as part of our valuation.

Plan Liabilities: The expected value of each employee and their spouse’s future medical aid subsidies is projected by allowing for future medical inflation. The calculated values are then discounted at the assumed discount interest rate to the present date of valuation (calculation). We also allowed for mortality, retirements and withdrawals from service as set out below. The accrued liability is determined on the basis that each employee’s medical aid benefit accrues uniformly over the working life of an employee up until retirement. Further it is assumed that the current policy for awarding medical aid subsidies remains unchanged in the future. We assumed that 100% of all active members on medical aid will remain on medical aid once they retire. We also assumed that all active members will remain on the same medical aid option at retirement

The amounts recognised in the statement of financial position are as follows:

	2024	2023
Carrying value		
Present value of the defined benefit obligation-medical liability	(14 257 298)	(17 603 768)
Fair value of long service liability	(4 392 827)	(3 929 560)
	(18 650 125)	**(21 533 328)**
Non-current liabilities	(17 358 919)	(20 042 502)
Current liabilities	(1 291 206)	(1 490 826)
	(18 650 125)	**(21 533 328)**

Figures in Rand	2024	2023

7. Employee benefit obligations (continued)

Changes in the present value of the defined benefit obligation are as follows:

	2024	2023
Opening balance	21 533 328	19 757 000
Benefits paid	(1 490 826)	(1 270 103)
Net expense recognised in the statement of financial performance	(1 392 377)	3 046 431
	18 650 125	**21 533 328**

Net expense recognised in the statement of financial performance

	2024	2023
Current service cost	1 070 629	1 020 000
Interest cost	2 038 620	2 314 000
Actuarial (gains) losses	(4 501 626)	(287 569)
	(1 392 377)	**3 046 431**

Key assumptions used

Assumptions used at the reporting date:

	2024	2023
Discount rates used	12.69 %	11.23 %
Health care cost inflation	8.17 %	- %
Consumer price index	6.67 %	6.28 %
Net discount rate	4.14 %	8.24 %

In estimating the liability for long service leave benefits and post retirement medical aid benefit, a number of assumptions are required. GRAP 25 places the responsibility on management to set these assumptions, as guided by the principles set out in GRAP 25 and in discussion with the actuary

The assumptions should be realistic and mutually compatible. The difference between the assumptions drives the valuation and it is very important to monitor how this difference changes from one valuation to the next. The most relevant actuarial assumptions used in this valuation are discussed below.

The discount rate used in valuing the long service award, post retirement medical benefit was the yield curve. As at 30 June 2024, the prime rate by South Africa Reserve Bank was 11.25% (2023: 11.25%). The assumptiona used a consumer price index of the difference between nominal and real yield curves. A nominal salary increase equal of 8,24%% was assumed. As at 30 June 2024 the CPI was 5,41% (2023: 7.24%)

Plan assets: As at the valuation date, the long service leave award liability of the Municipality was unfunded. i.e. no dedicated assets have been set aside to meet this liability. We therefore did not value any assets as part of our valuation.

Plan Liabilities: Long service benefits are awarded in the form of a number of leave days awarded once an employee has completed a certain number of years in service. We have converted the awarded leave days to a percentage of annual salary by assuming there are 250 working days per year. The expected value of each employee’s long service award is projected to the next interval by allowing for future salary growth.

The calculated award values are then discounted at the assumed discount interest rate to the date of calculation. We also allowed for mortality, retirements and withdrawals from service as set out in the next section of this report.

The accrued liability is determined on the basis that each employee’s long service benefit accrues uniformly over the working life of an employee up to the end of the interval at which the benefit becomes payable. Further it is assumed that the current policy for awarding long service awards remains unchanged in the future.

The valuation was performed by One Pangea Expert Solutions.

Figures in Rand	2024	2023

8. Inventories

Water	107 819	104 307
Land held for sale	1 469	1 469
	109 288	**105 776**

There was no inventory of the municipality which was held by third parties as security.

Water for distribution

Opening balance	104 307	104 307
System input volume	3 512	-
Closing balance	**107 819**	**104 307**

9. Receivables from exchange transactions

Trade debtors	5 780 631	4 456 572
License and permits receivable	2 019 481	4 659 610
Other debtors	112 059	14 386
	7 912 171	**9 130 568**

Trade and other receivables impaired

As of 30 June 2024, trade and other receivables of R 1 271 386 (2023: R 2 500 978) were impaired and provided for.

The ageing of these debtorss is as follows:

Gross Debtors		
Trade debtors	7 052 017	6 957 550
Licence and permits receivables	2 019 481	4 659 610
Other Debtors	112 059	14 386
	9 183 557	**11 631 546**
Impairment		
Trade debtors	(1 271 385)	(2 500 978)
Other debtors	(1)	-
	(1 271 386)	**(2 500 978)**
Net Debtors		
Trade debtors	5 780 631	4 456 572
Licence and permits receivables	2 019 481	4 659 610
Other debtors	112 059	14 386
	7 912 171	**9 130 568**
0 to 12 months	2 019 481	4 659 610
Over 12 months	7 164 076	6 971 936

Reconciliation of provision for impairment of trade and other receivables

Opening balance	(2 500 978)	(910 208)
Provision for impairment	(1 271 386)	(1 590 770)
	(3 772 364)	**(2 500 978)**

Figures in Rand	2024	2023

10. Other statutory receivables

Traffic fines	(268 520)	14 660 200
Impairment of fines	268 520	(4 579 970)
	-	**10 080 230**
Current assets	-	10 080 230

Traffic fines receivables

Gross - fines	29 886 740	29 618 220
Impairment	(29 886 740)	(19 537 990)
	-	**10 080 230**

Figures in Rand	2024	2023

10. Other statutory receivables (continued)

Statutory receivables general information

Basis used to assess and test whether a statutory receivable is impaired

After assessing the debtors' book, the municipality changed the accounting estimate for traffic fines and adopted a 100% impairment rate. The change in the accounting estimate resulted in the impairment loss being higher than the impairment loss for the previous period. More than 90% of the balances of the debtors are older than 360 days. The collection rate for the statutory receivables is close to none.

Traffic fines have proven to have a poor collection rate overtime. The National Prosecuting Authority has encouraged the scrapping of old traffic fines due to the proven history of little to no collections.

The amount of the effect of the change in accounting estimates in the future periods could not be determined with sufficient reliability.

Statutory receivables impaired

As of 30 June 2024, Statutory receivables of R10 348 750 (2023: R16 153 700) were impaired and provided for.

The amount of the provision was R29 885 750 as of 30 June 2024 (2023: R19 537 990).

No statutory receivables were pledged as security.

Reconciliation of provision for impairment for statutory receivables

Opening balance	(19 537 000)	(3 384 290)
Provision for impairment	(10 348 750)	(16 153 700)
	(29 885 750)	**(19 537 990)**

11. VAT receivable

VAT	63 447 946	60 512 984

Value added tax qualifies as a statutory receivable as it is governed by the Value added tact act 89 of 1991. Refer to accounting policy note 1.8 for the treatment of Value added tax.

12. Consumer debtors

Gross balances		
Rates	34 069 398	30 605 558
Electricity	23 966 366	22 270 905
Water	63 448 005	59 242 199
Sewerage	31 313 815	28 416 864
Refuse	20 432 810	18 181 815
Interest receivable on consumer debtors	147 422 393	130 162 311
VAT on consumer debtors	16 169 457	13 795 067
	336 822 244	**302 674 719**

Figures in Rand	2024	2023

12. Consumer debtors (continued)

Less: Allowance for impairment

Rates	(33 129 148)	(22 520 472)
Electricity	(22 809 525)	(20 443 581)
Water	(62 989 660)	(56 419 130)
Sewerage	(30 979 770)	(26 346 530)
Refuse	(20 190 954)	(16 767 669)
Interest receivable on consumer debtors	(145 134 851)	(121 181 919)
VAT on consumer debtors	(15 540 736)	(12 837 904)
	(330 774 644)	**(276 517 205)**

Net balance

Rates	940 250	8 085 086
Electricity	1 156 841	1 827 324
Water	458 345	2 823 069
Sewerage	334 045	2 070 334
Refuse	241 856	1 414 146
Interest on consumer debtors	2 287 542	8 980 392
VAT on consumer debtors	628 721	957 163
	6 047 600	**26 157 514**

Statutory receivables included in consumer debtors above are as follows:

Property rates	7 336 984	4 673 243
Financial asset receivables included in consumer debtors above	**(1 289 384)**	**21 484 271**
Total consumer debtors	6 047 600	26 157 514

Rates

Current (0 -30 days)	193 361	3 324 646
31 - 60 days	103 051	1 300 530
61 - 90 days	79 777	1 219 255
91 - 120 days	186 289	1 143 832
121 - 365 days	377 772	1 096 823
	940 250	**8 085 086**

Electricity

Current (0 -30 days)	263 613	932 244
31 - 60 days	147 390	267 577
61 - 90 days	38 297	223 492
91 - 120 days	30 383	206 652
121 - 365 days	677 158	197 359
	1 156 841	**1 827 324**

Water

Current (0 -30 days)	188 412	899 267
31 - 60 days	52 312	481 321
61 - 90 days	33 514	418 867
91 - 120 days	21 677	581 879
121 - 365 days	162 430	441 735
	458 345	**2 823 069**

Figures in Rand	2024	2023

12. Consumer debtors (continued)

Sewerage

Current (0 -30 days)	97 605	756 081
31 - 60 days	51 864	337 963
61 - 90 days	27 339	330 423
91 - 120 days	18 512	325 763
121 - 365 days	138 725	320 104
	334 045	**2 070 334**

Refuse

Current (0 -30 days)	58 435	255 869
31 - 60 days	31 160	261 360
61 - 90 days	27 339	231 480
91 - 120 days	18 512	226 940
121 - 365 days	106 410	438 497
	241 856	**1 414 146**

Interest on consumer debtors

Current (0 -30 days)	13 685	3 201 720
31 - 60 days	10 563	1 430 816
61 - 90 days	6 804	1 419 786
91 - 120 days	13 641	1 431 019
121 - 365 days	2 242 849	1 497 051
	2 287 542	**8 980 392**

Vat on consumer debtors

Current (0 -30 days)	87 687	217 961
31 - 60 days	39 175	194 154
61 - 90 days	15 968	177 158
91 - 120 days	9 799	195 913
121 - 365 days	476 092	171 977
	628 721	**957 163**

Figures in Rand	2024	2023

12. Consumer debtors (continued)

Summary of debtors by customer classification (gross)

Consumers		
Current (0 -30 days)	2 601 462	6 217 836
31 - 60 days	3 392 026	2 919 132
61 - 90 days	3 407 138	2 763 345
91 - 120 days	3 194 036	2 920 061
121 - 365 days	268 431 609	244 509 857
	281 026 271	**259 330 231**
Industrial/ commercial		
Current (0 -30 days)	282 527	2 817 362
31 - 60 days	967 464	1 200 856
61 - 90 days	914 595	1 143 491
91 - 120 days	1 177 540	1 022 140
121 - 365 days	40 541 367	26 206 823
	43 883 493	**32 390 672**
National and provincial government		
Current (0 -30 days)	474 077	1 222 993
31 - 60 days	360 639	215 823
61 - 90 days	200 064	183 911
91 - 120 days	167 766	163 088
121 - 365 days	8 027 211	9 168 001
	9 229 757	**10 953 816**
Total		
Current (0 -30 days)	3 358 066	10 258 191
31 - 60 days	4 720 130	4 335 811
61 - 90 days	4 521 797	4 090 747
91 - 120 days	4 548 342	4 105 289
121 - 365 days	310 749 883	279 884 681
	327 898 218	302 674 719
Less: Allowance for impairment	(321 850 618)	(276 517 205)
	6 047 600	**26 157 514**
Less: Allowance for impairment		
Current (0 -30 days)	-	(159 935)
31 - 60 days	-	(91 891)
61 - 90 days	-	(74 764)
91 - 120 days	-	(79 908)
121 - 365 days	(330 774 644)	(276 110 707)
	(330 774 644)	**(276 517 205)**
Reconciliation of allowance for impairment		
Balance at beginning of the year	(276 517 205)	(263 190 623)
Contributions to allowance	(54 257 439)	(13 326 582)
	(330 774 644)	**(276 517 205)**

Figures in Rand	2024	2023

12. Consumer debtors (continued)

Consumer debtors impaired

As of 30 June 2024, consumer debtors of R 336 822 244 (2023: R 302 674 719) were impaired and provided for.

The amount of the provision was R 330 774 644 as of 30 June 2024 (2023: R 276 517 205).

The municipality changed the estimates for the impairment provision and adopted a more stringent methodology. The change in the estimates which resulted in a significant change of the impairment loss was also done to match the liquidity barriers faced by the municipality. The general debt collection rate is very poor and that has devastating effects on the liquidity position of the municipality. The municipality therefore deemed it necesary to have an impairment rate that best reflects the poor collection rate.
This issue directly affects the going concern of the municipality and amplifies the existence of material uncertainty for the going concern.

The amount of the effect of the change in accounting estimates in the future periods could not be determined with sufficient reliability.

13. Cash and cash equivalents

Cash and cash equivalents consist of:

	2024	2023
Cash on hand	66	(120)
Bank balances	584 533	759 601
Short-term deposits	2 442 586	222
Other cash and cash equivalents	1 471 252	1 444 061
	4 498 437	**2 203 764**

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2024	30 June 2023	30 June 2022	30 June 2024	30 June 2023	30 June 2022
ABSA Bank - Main cheque account - 17 0000 0032	584 533	613 955	184 776	531 396	759 601	184 776
ABSA Bank - Call Account 4772-3221	22 247	20 518	19 439	22 247	20 517	19 439
ABSA Bank - Fixed deposit - 20 5937-3814	24 154	22 511	21 593	24 154	22 511	21 593
ABSA Bank - Call Account - 40 7406-9151	18 915	98	13 427	18 915	98	13 427
ABSA Bank - Call Account - 40 6946-5550	53	32	25 635	158	143	25 635
ABSA Bank - Cheque Account 40-7406-9020	7	3	6 705 094	7	3	6 705 094
ABSA Bank - Housing account 40-6045-1122	-	(125)	180 134	(125)	(125)	180 134
ABSA Bank - Call account - 90 9898-9605	37 549	13	1 998	37 549	13	1 998
ABSA Bank - Staff advances 41 0428 9259	195	90	-	195	90	-
ABSA Bank - Petty cash - 41 0428 9398	-	(190)	-	2 385 762	(190)	-
FNB Bank - Fixed deposit 71039175594	-	35 484	35 484	37 020	37 020	35 484
FNB - 32 day notice 74037426985	-	2 480	2 481	2 481	2 480	2 481
Sanlam - Investment account 49912548	-	1 118 380	1 118 380	1 118 380	1 118 380	1 118 380
Old Mutual account-5540771	-	243 151	243 151	243 151	243 151	245 151
Total	**687 653**	**2 056 400**	**8 551 592**	**4 421 290**	**2 203 692**	**8 553 592**

Figures in Rand	2024	2023

13. Cash and cash equivalents (continued)

Restricted cash balances

Old Mutual - account-5540771	243 151	245 151

The investment held with Old Mutual cannot be accessed by the municipality as it was opened a long time ago under a name Swurtregguns Municipalitet. A letter has been written to Old Mutual that these funds belong to the municipality and the matter is currently with Old Mutual.
No cash and cash equivalents were pledged as security.

14. Eskom Debt Relief Liability

15. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Municipal infrastructure grants	2 356 027	35 449
Water services infrastructure grant	31	31
Financial Management Grants	1 407 829	-
Library grant	890 360	448 455
	4 654 247	**483 935**

Movement during the year

Balance at the beginning of the year	483 935	6 151 433
Additions during the year	57 448 658	84 634 729
Income recognition during the year	(53 278 346)	(90 302 227)
	4 654 247	**483 935**

See note 24 for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

Figures in Rand	2024	2023

16. Provisions

Reconciliation of provisions - 2024

	Opening Balance	Utilised during the year	Total
Environmental rehabilitation	35 442 849	4 460 192	39 903 041

Reconciliation of provisions - 2023

	Opening Balance	Utilised during the year	Total
Environmental rehabilitation	30 165 770	5 277 079	35 442 849

The municipality has three dumping sites, each in Derby, Koster and Swartregguns. The provision arises from the legal obligation of the municipality to restore the sites after use according to the National Environmental Management: Waste Act, 2008 (Act no. 59 of 2008).

In terms of the licensing of the landfill refuse site, the municipality will incur licensing and rehabilitation costs of R39 903 041 (2023: R35 442 849) to restore the site at the end of its useful life, estimated to be between 2017 and 2024 for Koster Townlands landfill sites.

The provision has been for the net present value of this cost, using the 'effective discount rate'.

Assumptions: The life of a dumpsite can be acceptable up to a period of 30 years and seldom is it necessary to extend that. Periods longer than 30 years have only a marginal effect on the final value.

The valuation was performed by by One Pangea Expertise and Solutions, registered environmental management experts.

17. Revenue

	2024	2023
Service charges	77 776 357	58 466 591
Rental of facilities and equipment	178 726	376 340
Interest received (trading)	14 306 826	11 663 895
Licences and permits	8 286 318	7 645 258
Miscellaneous other revenue	372 493	379 966
Interest received - investment	358 779	154 577
Property rates	14 243 374	11 423 018
Government grants & subsidies	182 732 707	204 056 228
Fines, Penalties and Forfeits	383 600	11 607 233
	298 639 180	**305 773 106**

The amount included in revenue arising from exchanges of goods or services are as follows:

	2024	2023
Service charges	77 776 357	58 466 591
Rental of facilities and equipment	178 726	376 340
Interest received (trading)	14 306 826	11 663 895
Licences and permits	8 286 318	7 645 258
Miscellaneous other revenue	372 493	379 966
Interest received - investment	358 779	154 577
	101 279 499	**78 686 627**

Figures in Rand	2024	2023

17. Revenue (continued)

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue		
Property rates	14 243 374	11 423 018
Transfer revenue		
Government grants & subsidies	182 732 707	204 056 228
Fines, Penalties and Forfeits	383 600	11 607 233
	197 359 681	**227 086 479**

18. Service charges

Sale of electricity	63 427 462	44 970 930
Sale of water	6 735 401	5 924 245
Sewerage and sanitation charges	5 605 995	4 514 836
Refuse removal	2 007 499	3 056 580
	77 776 357	**58 466 591**

19. Rental of facilities and equipment

Premises		
Premises	163 114	348 049
Venue hire	15 612	28 291
	178 726	**376 340**

20. Fines, Penalties and Forfeits

Traffic fines	383 600	11 607 233

21. Licences and permits

Licences and permits	8 286 318	7 645 258

22. Investment revenue

Interest revenue		
Bank	358 779	154 577

23. Property rates

Rates received

Residential	14 243 374	11 423 018

Figures in Rand	2024	2023

24. Government grants & subsidies

Operating grants

Equitable share	129 460 000	113 754 000
Financial management grant	1 692 171	3 100 000
EPWP	944 361	1 000 000
Library grant	1 155 095	888 223
	133 251 627	**118 742 223**

Capital grants

Municipal infrastructure grant	25 864 422	29 020 275
Water services infrastructure grant	20 547 570	34 743 669
Provincial infrastructure grant	3 069 088	21 550 061
	49 481 080	**85 314 005**
	182 732 707	**204 056 228**

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	53 278 346	90 302 228
Unconditional grants received	129 460 000	113 754 000
	182 738 346	**204 056 228**

Municipal infrastructure grant

Balance unspent at beginning of year	35 449	6 073 724
Current-year receipts	28 185 000	29 056 000
Conditions met - transferred to revenue	(25 864 422)	(29 020 275)
Forfeited to treasury	-	(6 074 000)
	2 356 027	**35 449**

Conditions still to be met - remain liabilities (see note 15).

Expanded Public Works Programme

Current-year receipts	950 000	1 000 000
Conditions met - transferred to revenue	(950 000)	(1 000 000)
	-	**-**

Conditions still to be met - remain liabilities (see note 15).

Provide explanations of conditions still to be met and other relevant information.

Water services infrastructure grant

Balance unspent at beginning of year	31	31
Current-year receipts	20 547 571	33 986 191
Conditions met - transferred to revenue	(20 547 571)	(34 743 669)
Retention withheld by treasury	-	757 478
	31	**31**

Conditions still to be met - remain liabilities (see note 15).

Provide explanations of conditions still to be met and other relevant information.

Figures in Rand	2024	2023

24. Government grants & subsidies (continued)

Financial Management Grant

Current-year receipts	3 100 000	3 100 000
Conditions met - transferred to revenue	(1 692 171)	(3 100 000)
	1 407 829	**-**

Conditions still to be met - remain liabilities (see note 15).

Provide explanations of conditions still to be met and other relevant information.

Library grant

Balance unspent at beginning of year	448 455	77 678
Current-year receipts	1 597 000	1 336 678
Conditions met - transferred to revenue	(1 155 095)	(888 223)
Forfeited to treasury	-	(77 678)
	890 360	**448 455**

Conditions still to be met - remain liabilities (see note 15).

Provide explanations of conditions still to be met and other relevant information.

Provincial infrastructure grant

Current-year receipts	3 069 088	20 838 463
Conditions met - transferred to revenue	(3 069 088)	(20 838 463)
	-	**-**

Conditions still to be met - remain liabilities (see note 15).

Provide explanations of conditions still to be met and other relevant information.

25. Revenue In-kind

To promote good governance and intergovernment relations, the departmnet resolve to pay R 7 580 774,89 of the total outstanding debt of R12 653 022.59 as at 28 Febraury 2024 to alleviate the financial burden experienced by the municiplaity. The payment also seeks to avert court orders from creditors to allow for the untirrupted implementation of the financial recovery plan.

Figures in Rand	2024	2023

26. Employee related costs

Basic	55 294 984	54 025 613
Bonus	7 936 968	7 232 748
Medical aid - company contributions	5 629 266	4 777 472
UIF	509 732	514 554
WCA	-	30 445
SDL	709 077	687 179
Leave pay provision charge	1 147 630	(946 986)
Travel, motor car, accommodation, subsistence and other allowances	4 522 413	4 244 630
Overtime payments	1 361 126	1 377 525
Housing benefits and allowances	283 336	242 825
Conribution to pension fund	8 696 048	8 610 792
Standby and shift allowance	1 040 549	1 084 592
Telephone allowance	254 283	150 920
	87 385 412	**82 032 309**

Remuneration of municipal manager

Annual Remuneration	957 337	653 658
Travel Allowance	320 825	231 609
Skill Development Levy	-	11 146
UIF	-	1 771
Bargaining Council	-	86
Cellphone Allowance	11 000	8 769
Backpay	-	41 168
Leave paypout	-	225 547
	1 289 162	**1 173 754**

Remuneration of chief finance officer

Annual Remuneration	688 036	729 486
Travel Allowance	250 530	243 162
Leave Payout	-	208 764
Contributions to Medical	6 352	-
SDL	-	11 448
UIF	-	2 124
Bargaining Council	-	130
Cellphone Allowance	12 000	12 000
	956 918	**1 207 114**

Remuneration of Technical Services Director

Annual Remuneration	185 134	668 696
Travel Allowance	61 711	222 899
SDL	-	8 580
UIF	-	1 948
Bargaining Council	-	118
Cellphone Allowance	3 000	11 000
	249 845	**913 241**

Remuneration of community services director

Annual Remuneration	508 427	243 162
Travel Allowance	169 476	81 053
SDL	-	5 014
Contributions to UIF	-	885
Bargaining council	-	43

Figures in Rand	2024	2023

26. Employee related costs (continued)

Cellphone Allowance	8 000	4 000
Leave paypout	-	189 355
	685 903	**523 512**

Remuneration of LED director

Annual Remuneration	-	425 534
Travel Allowance	-	141 844
Skill Development Levy	-	6 863
Contributions to UIF	-	1 594
Bargaining Council	-	76
Cellphone allowance	-	7 000
Leave Payout	-	140 285
	-	**723 196**

Remuneration of corporate services director

Annual Remuneration	466 059	425 534
Travel Allowance	193 273	141 844
Skill Development Levy	-	6 863
Contributions to UIF	-	1 594
Bargaining Council	-	76
Cellphone Allowance	10 000	7 000
Leave Payout	-	140 282
	669 332	**723 193**

27. Remuneration of councillors

Executive Major	575 432	966 653
Chief Whip	398 979	849 145
Chairperson MPAC	-	420 028
Speaker	712 221	893 103
Councillors	4 708 068	2 023 174
Chairperson Infrastructure Development and Technical Services	-	420 037
Chairperson Finance and Human Resources	-	475 469
Chairperson Community Safety and Transport	-	412 852
	6 394 700	**6 460 461**

28. Depreciation and amortisation

Property, plant and equipment	31 979 857	27 494 224

29. Impairment loss

Reversal of impairments

Property, plant and equipment	-	2 094 000

Describe the events and circumstances that led to the recognition or reversal of the impairment loss. The recoverable amount [recoverable service amount] of the asset was based on its fair value less costs to sell or [its value in use.]

Figures in Rand	2024	2023

30. Finance costs

Trade and other payables	30 462 687	32 668 922
Fair value adjustments - Landfil site	4 460 192	-
Interest paid - Employee benefits	2 038 620	-
	36 961 499	**32 668 922**

31. Auditors' remuneration

Fees	8 014 713	5 117 932

32. Debt impairment

Contributions to debt impairment provision	65 188 369	29 457 649

33. General expenses

Advertising, printing and stationery	1 389 790	2 165 539
Auditors remuneration	8 014 713	5 117 932
Bank charges	381 179	369 584
Commission paid	6 568 918	-
Consulting and professional fees	921 562	4 613 977
Consumables	5 423 915	1 008 778
Entertainment	244 586	696 757
Gifts	-	332 128
Hire	23 320 246	335 020
Insurance	130 763	65 000
Mayoral games	79 965	103 930
Pest control	-	81 820
Fuel and oil	1 863 402	1 352 475
Postage and courier	232 448	171 579
Printing and stationery	290 007	-
Promotions	51 610	63 000
Protective clothing	1 898 759	61 305
Repairs and maintenance	3 095 633	2 448 182
Software expenses	6 825 895	3 309 970
Staff welfare	136 215	206 350
Subscriptions and membership fees	1 013 991	859 304
Training	1 274 680	4 760
Travel - local	(77 540)	2 091 692
Title deed search fees	12 984	24 032
Electricity	1 638 267	1 425 853
Expanded public works program expenses	1 659 412	1 143 173
Indigent subsidy free basic services	-	465 069
Ward committee stipend	536 000	817 521
Other expenses	21 524	145 800
	66 948 924	**29 480 530**

34. Bulk purchases

Electricity	59 697 615	43 568 781
Water	-	1 126 395
	59 697 615	**44 695 176**

Figures in Rand	2024	2023

34. Bulk purchases (continued)

Electricity losses

Units purchased	32 626 665	25 441 071
Units sold	(29 451 978)	(18 517 861)
Total loss	**3 174 687**	**6 923 210**

Comprising of:

Technical losses	3 174 687	6 923 210

Percentage Loss:

Technical losses	10 %	27 %

Water losses

Units purchased	2 327 342	3 108 739
Units sold	(421 418)	(372 045)
Total	**1 905 924**	**2 736 694**

Comprising of:

Technical losses	1 905 990	2 336 694

Percentage Loss:

Technical losses	82 %	75 %

35. Contracted services

Presented previously		
Information Technology Services	403 474	-
Outsourced Services		
Business and Advisory	7 090 478	14 012 417
Hygiene Services	-	1 500 005
Refuse Removal	1 334 176	5 548 957
Security Services	14 185 046	11 201 656
Sewerage Services	12 506 232	19 051 231
Traffic Fines Management	738 887	1 708 863
Water Tankering	3 941 281	8 203 286
Consultants and Professional Services		
Infrastructure and Planning	-	2 887 193
Legal Cost	5 210 614	5 457 019
Contractors		
Electrical Infrastructure	4 578 359	2 564 129
Maintenance of Roads and Stormwater Infastructure	1 318 932	1 148 710
	51 307 479	**73 283 466**

Figures in Rand	2024	2023

36. Cash generated from operations

	2024	2023
Deficit	(19 664 184)	(16 980 952)
Adjustments for:		
Depreciation and amortisation	31 979 857	27 494 224
Gain on sale of assets and liabilities	184 702	124 880
Fair value adjustments	(7 052 000)	(13 348 000)
Impairment deficit	-	2 094 000
Debt impairment	65 188 369	29 457 649
Movements in retirement benefit assets and liabilities	(2 883 203)	1 776 328
Movements in provisions	4 460 192	5 277 079
Other non-cash items	37 224 082	-
Changes in working capital:		
Inventories	(3 512)	(65 717)
Receivables from exchange transactions	1 218 397	(8 191 576)
Consumer debtors	(45 078 455)	(36 290 902)
Statutory receivables	10 080 230	4 579 970
Payables from exchange transactions	(38 434 474)	97 804 155
VAT	(2 934 962)	(19 115 349)
Unspent conditional grants and receipts	4 170 312	(5 667 498)
Consumer deposits	336 726	459 974
	38 792 077	**69 408 265**

37. Fair value adjustments

	2024	2023
Investment property (Fair value model)	7 052 000	13 348 000

38. Financial instruments disclosure

Categories of financial instruments

2024

Financial assets

	At amortised cost	Total
Receivables from exchange	7 912 171	7 912 171
Consumer debtors	6 047 600	6 047 600
Cash and cash equivalents	4 498 437	4 498 437
	18 458 208	**18 458 208**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	663 039 504	663 039 504

2023

Financial assets

	At amortised cost	Total
Receivables from exchange	9 130 568	9 130 568
Statutory receivables	10 080 230	10 080 230
Consumer debtors	26 157 514	26 157 514
Cash and cash equivalents	2 203 764	2 203 764

Figures in Rand	2024	2023

38. Financial instruments disclosure (continued)

	47 572 076	**47 572 076**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	636 248 738	636 248 738

39. Commitments

Authorised capital expenditure

	2024	2023
Already contracted for but not provided for		
• Property, plant and equipment	81 484 553	139 218 009
Total capital commitments		
Already contracted for but not provided for	81 484 553	139 218 009
Total commitments		
Total commitments		
Authorised capital expenditure	81 484 553	139 218 009

This committed expenditure relates to plant and equipment and will be financed by available bank facilities, retained surpluses, bank facilities, existing cash resources, funds internally generated.

40. Contingencies

1. L Letsholo vs Kgetlengrivier Local Municipality – A civil claim by an EPWP employee who got injured at the stadium which belongs to the municipality whilst on duty. The amount of the obligation cannot be measured with sufficient reliabilit

2. Thabo Eddie vs Kgetlengrivier Local Municipality – The applicant hit a pothole and sued the municipality for an amount of R150 114.72. The road belongs to the Department of Public Works and Roads.

3. Allumni Trading vs Kgetlengrivier Local Municipality – The case is for non-payment for a service provider for an amount of R12 000 000. The municipality claims the obligation to be illegal.

41. Related parties

Relationships

Accounting Officer	Refer to accounting officers' report note 5
Members of key management	Refer to note 26

All members of key management and councilors formally signed declaration of interests. CIPC search of associated companies was formally performed. There were no transactions and balances with related parties in the current year and prior year.

41. Related parties (continued)

Remuneration of councillors

Councillors

2024

Name	Basic salary	Backpay	Travel Allowance	Cellphone Allowances	Other benefits received	Total
Breet P	290 663	5 884	-	42 400	8 300	347 247
Jacobs TC - Mayor	585 527	11 093	229 618	42 400	114 812	983 450
Maphanga M	290 663	5 884	-	42 400	7 163	346 110
Matshela S	290 663	5 884	-	42 400	7 163	346 110
Mokone B	373 017	6 568	-	42 400	7 993	429 978
Molatole V	373 017	6 568	-	42 400	7 993	429 978
Molefe M - Speaker	734 780	9 569	-	42 400	121 307	908 056
Motaung T	380 554	21 643	-	42 400	65 017	509 614
Mutombene O	290 663	5 884	-	42 400	7 163	346 110
Potgieter J	290 663	5 884	-	42 400	7 163	346 110
Rocher W	290 663	62 992	-	42 400	7 163	403 218
Selaledi A - Chief Whip	431 233	6 568	168 852	42 400	86 094	735 147
Selaolane K	373 017	5 884	-	42 400	7 993	429 294
	4 995 123	**160 305**	**398 470**	**551 200**	**455 324**	**6 560 422**

2023

Name	Basic salary	Travel Allowance	Pension	Other benefits received	Total
Jacobs TC	583 098	228 666	102 899	51 989	966 652
Maphanga M	289 457	-	-	47 739	337 196
Matshela S	289 457	-	-	47 739	337 196
Mokone B	325 558	24 121	14 955	48 218	412 852
Molatole V	371 469	-	-	48 558	420 027
Molefe M	731 731	-	109 760	51 612	893 103

41. Related parties (continued)

Motaung T	371 469	-	55 720	48 280	475 469
Mutombene O	289 457	-	-	47 739	337 196
Potgieter J	289 457	-	-	47 739	337 196
Rocher W	289 457	-	-	47 739	337 196
Selaledi A	500 500	201 583	96 029	51 032	849 144
Selaolane K	371 469	-	-	48 569	420 038
Breet P	289 457	-	-	47 739	337 196
	4 992 036	**454 370**	**379 363**	**634 692**	**6 460 461**

42. 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:

The annual financial statements were retrospectively adjusted for certain errors in the 2023 financial period. The following errors that were discovered in 2024 relating to 2023 financial period were adjusted for.

Statement of financial position 2022

	Note	As previously reported	Correction of error	Restated
PPE - Community asset		23 982 074	(161 245)	23 820 829

42. Prior-year adjustments (continued)

2023

	Note	As previously reported	Correction of error	Re-classification	Restated
VAT receivable		51 328 838	9 184 146	-	60 512 984
Investment Property		46 213 000	32 770 000	12 259 000	91 242 000
Property, plant and equipment		618 618 531	(7 602 337)	-	611 016 194
Payables from exchange transactions		(565 836 952)	(70 411 786)	-	(636 248 738)
Employee benefits obligation - Current		-	-	(1 490 826)	(1 490 826)
Employee benefits obligation -Non-current		(21 533 328)	-	1 490 826	(20 042 502)
Accumulated surplus		(137 076 732)	23 800 978	-	(113 275 754)
		(8 286 643)	**(12 258 999)**	**12 259 000**	**(8 286 642)**

Statement of financial performance

2023

	Note	As previously reported	Correction of error	Re-classification	Restated
Revenue from exchange transactions		58 466 591	-	-	58 466 591
Finance cost		(27 391 843)	-	(5 277 079)	(32 668 922)
Fair Value adjustement		(5 277 079)	12 259 000	5 277 079	12 259 000
Contracted services		(69 428 073)	-	(3 855 393)	(73 283 466)
Operating cost		(33 335 923)	-	3 855 393	(29 480 530)
Surplus for the year		**(76 966 327)**	**12 259 000**	**-**	**(64 707 327)**

Cash flow statement

2023

	Note	As previously reported
Cash flow from operating activities		
Sale of goods and services		77 944 900
Grants		198 388 730
Interest income		154 577
Interest received - service charges		1 508 648
Employee costs		(95 026 883)
Suppliers		(84 658 266)
Finance costs		(27 391 843)
		70 919 863
Cash flow from investing activities		
Purchase of property, plant and equipment		(75 784 361)
Proceeds from sale of property, plant and equipment		10 548
		(75 773 813)
Cash flow from financing activities		
Net increase/(decrease) in cash and cash equivalents		(6 362 589)
Cash and cash equivalents at the beginning of the year		8 566 362
		2 203 773

Prior year- Errors

42. Prior-year adjustments (continued)

Prior period errors occurred during the year under review. All the

adjustments are on the narratives:

Property, Plant and equipments:
Material ,isstatements were identified for attached assets (rights) and valuation (unbundling) which were addressed during the current year by a consolidated prior period error adjustment of R7 602 337.

Payables from exchange transactions:
The population for payables was revisited to ensure the accuracy of the records. The opening balance for payables was restated by an amount of R70 411 786 to account for expenditure transactions for the prior years.

Employee benefits obligations:
In the prior year, an amount of R1 490 826 for employee benefits (current portion) was included in non-current liability. These transactions led to the understatement in current liability. There was a reclassification to split the current and the non-current obligations.

Investment Property:
Management performed a comprehensive valuation for investment properties. This process resulted in significantly different fair value which triggered a prior period error adjustment. As a result, an adjustment of R45 029 000 was made for investment property.

Irregular expenditure:
Various misstatements were identified for irregular expenditure during the audit for the previous financial year. As a result, management made a consolidated adjustment of R21 293 143 to account for the prior period errors

Fruitless and wasteful expenditure:
Various misstatements were identified for fruitless and wastful expenditure during the audit for the previous financial year. As a result, management made an adjustment of R19 211 941.68 to account for the prior period error

Commitments:
Material mistatement were identified on commitments during the previous audit. Contract amounts and expenditure amounts could not be confirmed. The contract amount and the expenditure amounts were corrected and the comparative figures were adjusted by an amount of R32 805 398.66

VAT receivable
The VAT on transactions was incorrectly accounted for. The opening balance for VAT receivable was adjusted to account for the VAT on the transactions from prior years.

Accumulated surplus
The adjustment for accumulated surplus is a resultant of the adjustments made to the other line items.

Finance costs
The unwinding of interest for the provision for rehabilitation was classified under fair value adjustments during the previous year. During the current year, the movement for the provision was reclassified under finance costs per the GRAP guidelines.

Fair value adjustment
The fair values for investment property were revised after a thorough revaluation process. The new fair values, combined with the effect of the reclassification of the movement for the rehabilitation provision, resulted in an adjustment of R17 536 079 for the fair value adjustment.

General expenses and Contracted services
Legal costs amounting to R3 855 393 were reclassified from general expenses to contracted services. General expenses were renamed to operating costs to comply with mSCOA.

Cashflow statement
The cashflow statement was recalculated to address the prior year misstatements.

43. Risk management

Financial risk management

43. Risk management (continued)

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

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.

The table below analyses the municipality’s financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 30 June 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
Trade and other payables	663 039 504	-	-	663 039 504
Consumer Deposits	-	3 801 151	-	3 801 151
Employee Benefits obligation	1 291 206	-	-	1 291 206

At 30 June 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	636 248 738			
Trade and other payables		-	-	636 248 738
Consumer Deposit	-	3 464 425	-	3 464 425
Employee Benefits Obligation	1 490 826	-	-	1 490 826

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2024	2023
Receivable from exchange transactions	7 912 171	9 130 568
Statutory Receivables	-	10 080 230
Vat receivables	63 447 946	60 512 984
Consumer Debtors	6 047 600	26 157 514
Cash and cash equivalents	4 498 437	2 203 764

Market risk

44. Going concern

While current liabilities exceed current assets by R364 506 980 and the muncipality incurred the deficit of R19 664 184, we draw attention to the fact that overall at 30 June 2024, the municipality had an accumulated surplus/ (deficit) of R 93 611 571 and that the municipality's total assets exceed its liabilities by R 93 611 571.

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

Figures in Rand	2024	2023

44. Going concern (continued)

The Accounting officer considers that the going concern basis of accounting is applicable due to the following:

The municipality will continue to receive grants which make up the bulk of revenue (over 59%). More than 64% of the cash inflows were made up of the grants.

The municipality is undergoing financial rescue and therefore there is support from Provincial Treasury to enhance the municipality’s revenue and cost containment measures will be put in place

There is a Joint Revenue Enhancement and LED Committee which is focusing on the disposal and development of land which could see the municipality boosting its financial performance. The municipality is in the process of identifying strategic investment properties in order to enter into market related rental agreements to enhance revenue.

The municipality is in the process of developing three (3) townships and that will enhance revenue when the stands are sold to the public. This is still work in progress.

The municipality has drafted revenue enhancement strategy and cost containment policy. The implementation of the policy has resulted in less contracted services for the financial year under review.

The municipality has submitted a motivation for the Eskom debt relief. As at year end, the municipality owed Eskom more than R34 million and the debt relief, if granted, will boost liquidity.

45. Events after the reporting date

There were no material events that required an adjustment to the annual financial statements after the reporting date.

46. Unauthorised expenditure

Opening balance as previously reported	317 505 462	224 653 456
Add: Unauthorised expenditure - current	174 721 114	92 852 006
Closing balance	**492 226 576**	**317 505 462**

The over expenditure incurred by municipal departments during the year is attributable to the following categories:

Non-cash	44 559 226	11 672 672
Cash	130 161 888	81 179 334
	174 721 114	**92 852 006**

Analysed as follows: cash

Employee related cost	19 936 920	17 298 319
Finance charges	35 460 879	23 274 843
Bulk Purchases	20 013 615	11 557 176
Contracted Services	9 324 048	22 348 073
General Expenditure	45 426 426	6 700 923
	130 161 888	**81 179 334**

Analysed as follows: non-cash

Depreciation	16 857	9 567 649
Depot impairment	44 542 369	-
	44 559 226	**9 567 649**

Figures in Rand	2024	2023

47. Fruitless and wasteful expenditure

Opening balance as previously reported	80 199 339	72 019 438
Add: Fruitless and wasteful expenditure identified - current	32 156 115	27 391 843
Add: Fruitless and wasteful expenditure identified - prior period	-	(19 211 942)
Closing balance	**112 355 454**	**80 199 339**

Figures in Rand	2024	2023

47. Fruitless and wasteful expenditure (continued)

Details of fruitless and wasteful expenditure in the current year

Disciplinary steps taken/criminal proceedings		
Interest on overdue account - AGSA	1 290 807	1 204 266
Interest on overdue account - Eskom	22 086 041	22 187 683
Interest on overdue acc - Department of Water	697 495	2 169 491
Interest on overdue account - ABSA Bank	67	-
Interest on overdue account - Driving Licence	6 685	-
Interest on overdue account - SARS	3 346 236	1 330 601
Interest on overdue account - Magalies Water	4 728 779	499 802
	32 156 110	**27 391 843**

48. Irregular expenditure

Opening balance as previously reported	450 257 664	345 620 408
Add: Irregular expenditure - current	57 509 084	117 536 796
Add: Irregular expenditure - prior period	-	(12 899 540)
Closing balance	**507 766 748**	**450 257 664**

Figures in Rand	2024	2023

48. Irregular expenditure (continued)

Incidents/cases identified/reported in the current year include those listed below:

Disciplinary steps taken/criminal proceedings

Competitive bidding not invited	Any exceptional case where it is impractical or impossible to follow the official procurement process	56 830 389	117 536 796
Three written quotations not invited	Any exceptional case where it is impractical or impossible to follow the official procurement process	678 695	-
		57 509 084	**117 536 796**

49. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Opening balance	6 849 217	6 065 862
Current year subscription / fee	839 088	883 355
Amount paid - current year	(1 000 000)	(100 000)
	6 688 305	**6 849 217**

Audit fees

Opening balance	10 887 614	6 613 835
Current year subscription / fee	5 934 073	5 885 622
Amount paid - current year	-	(1 611 843)
Amount paid - previous years - by PT	(7 580 775)	-
	9 240 912	**10 887 614**

Figures in Rand	2024	2023

49. Additional disclosure in terms of Municipal Finance Management Act (continued)

PAYE and UIF

	2024	2023
Opening balance	27 634 964	18 345 730
Current year subscription / fee	10 684 539	12 283 373
Amount paid - current year	(19 319 503)	(2 994 139)
	19 000 000	**27 634 964**

Pension and Medical Aid Deductions

	2024	2023
Opening balance	2 876 311	3 148 779
Current year subscription / fee	13 883 577	20 033 449
Amount paid - current year	(12 439 888)	(20 305 917)
	4 320 000	**2 876 311**

50. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

Description	2024	2023
Deviations as per section 36(1)(v) of SCM regulation: Exceptional case	529 652	322 061
Deviations as per section 36(1)(i) of SCM regulations. Emergency procurement	5 242 433	8 127 076
	5 772 085	**8 449 137**

Exceptional cases supplier	**Reason**	2024	2023
University of Pretoria	exceptional cases	200 250	41 711
Bell Equipment	exceptional cases	329 652	280 350
		529 902	**322 061**

Emergency procurement supplier	**Reasons**	2024	2023
Kabo ya Boago Trading	Emergency case	380 509	2 163 000
Motheo Trading	Emergency case	703 560	200 000
Leago Project	Emergency case	124 379	56 925
PHD House	Emergency case	391 240	25 300
Charms Holdings	Emergency case	2 534 195	584 755
Emthonjeni Electrical Engineering Pty Ltd	Emergency case	857 468	879 268
Lucky Lips	Emergency case	251 082	90 000
Vudo Printers	Emergency case	-	215 000
Mfalapitsa	Emergency case	-	245 000
Tipucab	Emergency case	-	235 795
Leago projects	Emergency case	-	227 137
NEFAMASA	Emergency case	-	190 233
Sharpridge	Emergency case	-	868 435
Kabo ya Boago	Emergency case	-	483 200
Omphi-Vik	Emergency case	-	1 183 000
Power House	Emergency case	-	65 125
Magnavolt Trading CC	Emergency case	-	157 401
Silver Platter Commodity	Emergency case	-	257 502
		5 242 433	**8 127 076**

51. Segment information General information Identification of segments

The municipality is organised and reports to management on the basis of nine major functional areas: Executive and Council, Finance and Administration, Community and Social Services, Sports and Recreation, Road Transport, Waste Water Management, Energy SOurces, Water Management and Waste Management. 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

51. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2024

	Executive and Council	Finance and Administration	Community and Social Services	Sport and Recreation	Road Transport	Waste Water Management	Energy Sources	Water Management	Waste Management	Total
Revenue										
Service charges	-	-	-	-	-	4 790 068	63 402 123	6 222 235	3 361 931	77 776 357
Rental of facilities and equipment	-	-	161 200	17 526	-	-	-	-	-	178 726
Interest on service charges	-	14 306 826	-	-	-	-	-	-	-	14 306 826
Licences and permits	-	-	-	-	8 286 318	-	-	-	-	8 286 318
Miscellenious other revenue	-	207 655	114 945	-	-	-	49 893	-	-	372 493
Interest received investments	-	358 779	-	-	-	-	-	-	-	358 779
Eskom Debt relief - Interest income	-	-	-	-	-	-	80 042 727	-	-	80 042 727
Property rates and taxes	-	14 243 374	-	-	-	-	-	-	-	14 243 374
Government grants and subsidies	129 460 000	1 692 171	27 969 517	-	-	-	-	23 611 019	-	182 732 707
Fines and penalties	-	-	-	-	383 600	-	-	-	-	383 600
Total segment revenue	**129 460 000**	**30 808 805**	**28 245 662**	**17 526**	**8 669 918**	**4 790 068**	**143 494 743**	**29 833 254**	**3 361 931**	**378 681 907**
Entity's revenue										**378 681 907**
Expenditure										
Employee related costs	17 466 766	34 072 117	4 476 091	2 796 024	15 112 397	3 405 446	2 841 868	5 525 158	5 540 705	91 236 572
Remuneration of councillors	6 394 700	-	-	-	-	-	-	-	-	6 394 700
Contracted services	6 481 625	18 694 508	220 987	3 872 053	802 878	677 784	3 622 308	16 935 336	-	51 307 479
Bulk purchases	-	-	-	-	-	-	59 697 615	-	-	59 697 615
Debt impairment	65 188 369	-	-	-	-	-	-	-	-	65 188 369
Depreciation and amortisation	-	-	1 235 353	1 072 540	18 659 031	-	2 656 962	8 355 971	-	31 979 857
Finance costs	-	36 961 499	-	-	-	-	-	-	-	36 961 499
General expenditure	6 357 400	26 375 823	74 164	17 024	20 127 305	335 443	11 448 378	1 889 887	323 500	66 948 924
Total segment expenditure	**101 888 860**	**116 103 947**	**6 006 595**	**7 757 641**	**54 701 611**	**4 418 673**	**80 267 131**	**32 706 352**	**5 864 205**	**409 715 015**
Total segmental surplus/(deficit)	**27 571 140**	**(85 295 142)**	**22 239 067**	**(7 740 115)**	**(46 031 693)**	**371 395**	**63 227 612**	**(2 873 098)**	**(2 502 274)**	**(31 033 108)**

Executive and Council	Finance and Administration	Community and Social Services	Sport and Recreation	Road Transport	Waste Water Management	Energy Sources	Water Management	Waste Management	Total

51. Segment information (continued)

Loss on disposal of asset & liabilities									(184 702)
Fair value Adjustment									7 052 000
Actuarial gains/losses									4 501 626
Entity's surplus (deficit) for the period									**11 368 924**

2023

	Executive and Council	Finance and Administration	Community and Social Services	Sport and Recreation	Road Transport	Waste Water Management	Energy Sources	Water Management	Waste Management	Total
Revenue										
Service charges	-	-	-	-	-	3 418 197	48 640 163	4 813 897	2 604 104	59 476 361
Rental of facilities and equipment	-	-	37 365	-	-	-	-	-	-	37 365
Interest on service charges	-	9 990 118	-	-	-	-	-	-	-	9 990 118
Licences and permits	-	-	-	-	2 380 889	-	-	-	-	2 380 889
Miscellenious other revenue	-	109 108	172 562	-	4 478	-	3 772	-	-	289 920
Interest received investments	-	117 599	-	-	-	-	-	-	-	117 599
Fair value adjustments	-	6 436 251	-	-	-	-	-	-	-	6 436 251
Property rates and taxes	-	6 663 287	-	-	-	-	-	-	-	6 663 287
Government grants and subsidies	105 336 000	3 100 000	19 967 970	-	-	-	-	51 033 193	-	179 437 163
Fines and penalties	-	-	-	-	14 566 500	-	-	-	-	14 566 500
Total segment revenue	**105 336 000**	**26 416 363**	**20 177 897**	**-**	**16 951 867**	**3 418 197**	**48 643 935**	**55 847 090**	**2 604 104**	**279 395 453**
Entity's revenue										**279 395 453**

51. Segment information (continued)

Expenditure										
Employee related costs	11 464 369	37 609 456	4 476 091	2 796 024	15 112 397	3 405 446	2 841 869	5 525 158	5 540 705	88 771 515
Remuneration of councillors	5 791 455	-	-	-	-	-	-	-	-	5 791 455
Contracted services	15 940 283	10 146 924	220 987	3 872 053	802 878	677 784	3 622 308	16 935 336	-	52 218 553
Bulk purchases	-	-	-	-	-	-	59 697 615	-	-	59 697 615
Depreciation and amortisation	-	-	1 235 353	1 072 540	18 659 031	-	2 656 962	8 355 971	-	31 979 857
General expenditure	6 260 097	16 093 496	74 164	17 024	20 127 305	335 443	11 448 378	1 889 887	323 500	56 569 294
Total segment expenditure	**39 456 204**	**63 849 876**	**6 006 595**	**7 757 641**	**54 701 611**	**4 418 673**	**80 267 132**	**32 706 352**	**5 864 205**	**295 028 289**
Total segmental surplus/(deficit)	**65 879 796**	**(37 433 513)**	**14 171 302**	**(7 757 641)**	**(37 749 744)**	**(1 000 476)**	**(31 623 197)**	**23 140 738**	**(3 260 101)**	**(15 632 836)**
Assets										
Inventories	-	-	1 469	-	-	-	-	38 590	-	40 059
Statutory receivables	-	4 673 243	-	14 660 200	-	-	-	-	-	19 333 443
VAT receivable	-	41 397 635	-	-	-	-	-	-	-	41 397 635
Cash and cash equivalents	-	8 386 321	180 040	-	-	-	-	-	-	8 566 361
Total segment assets	**-**	**54 457 199**	**181 509**	**14 660 200**	**-**	**-**	**-**	**38 590**	**-**	**69 337 498**
Total assets as per Statement of financial Position										**69 337 498**
Liabilities										
Payables from exchange transactions	-	424 274 719	16 302	-	-	-	-	-	-	424 291 021
Consumer deposits	-	485 456	-	-	-	-	2 518 995	-	-	3 004 451
Unspent conditional grants	-	2	6 151 402	-	-	-	-	30	-	6 151 434
Total segment liabilities	**-**	**424 760 177**	**6 167 704**	**-**	**-**	**-**	**2 518 995**	**30**	**-**	**433 446 906**
Total liabilities as per Statement of financial Position										**433 446 906**

52. Budget differences

Material differences between budget and actual amounts

52. Budget differences (continued)

Sale of goods

No revenue was earned from the revenue enhancement strategy as planned. The municipality is expecting to earn revenue in the near future.

Service charges

The increase was beyond the CPI. Increased consumption by the consumers.

Rental of facilities and equipment

Lesser rentals billed than expected due to reduced capacity.

Interest on service charges

More interest charged on overdue accounts than expected due to the very low collections. The debtors increased more than expected per the budget, there was more revenue from service charges.

Licenses and permits

The expected increase was not realised.

Miscellaneous other revenue

More grave fees than expected. Naturally driven.

Interest received – Investment

Higher interest received from the bank due to better rates and better cash flow movements.

Property rates

The increase in consumers resulted in the increase of property rates.

Property rates – penalties imposed

Amount considered to be trivial.

Government grants and subsidies

More revenue from conditional grants was recognized as more conditions were met than expected. The actual spending was more than budgeted expenditure.

Fines, penalties and forfeits

The municipality did not collect much because there was no service provider contracted to boost the traffic fines.

Other transfer revenue

The provincial treasury settled the audit fees for the municipality resulting in more revenue recognised than was expected.

Personnel

Inaccurate budgeting. The employee costs remained in the same range since the previous year.

Remuneration of councilors

There was no major difference between the expected amount and the actual amount.

52. Budget differences (continued) Depreciation and amortization

No major differences identified between the actual amount and the budget amount.

Finance costs

The budgeted amount of R1 500 000 had to be limited to the available budget.

Debt impairment

Change in accounting estimates - implementation of a more aggressive debt impairment methodology. Moreover, the budget amounts were limited to the available resources.

Bad debts written off

The process was limited to impairment losses instead of writing off the bad debts, with a very stringent impairment methodology.

Bulk purchases

The budgeted figure was limited to the available budget.

Contracted services

The budgeted figure was limited to the available budget.

Transfers and subsidies

Due to budget constraints, the municipality had less transfers and subsidies.

Inventory consumed

Less consumption for cost containment purposes.

General expenses

More plant hire than expected. The municipality's plant was attached, the municipality had to hire plant for service delivery. Moreover, the budgeted figure had to be limited to the available budget.

Cash & cash equivalents
The variance is due to improper budgeting.

Consumer debtors and receivables from exchange transactions
The variance is due to improper budgeting.
Statutory receivables
The variance is due to improper budgeting

Inventory: The variance is due to improper budgeting

VAT Receivables: The municipality incurred more expenditure than budgeted for resulting in more input tax.

Investment Property: The municipality secured the services for property valuation at discounted prices. New values were obtained which resulted in significant variances.

Propert, plant and equipment: There was less capital expenditure than expected resulting in a lower carrying value for property, plant and equipment.

Consumer deposits:The variance is due to improper budgeting

52. Budget differences (continued)

Payables from exchange transactions: The variance is due to improper budgeting

Net cash flow from investing activities: There was less capital expenditure than budgeted for. The municipality has cash flow constraints

Changes from the approved budget to the final budget

The changes between the approved and final budget are a consequence of changes in the overall budget parameters.

53. Accounting by principals and agents

The entity is a party to a principal-agent arrangement.

In terms of GRAP 109 Accounting for principal and agent relationships, the municipality is an agent of the Department of Transport and Community Services where the municipality issues license and permits on behalf of the department. The entity receives 20% of licensing and permits that it withholds and pays over the remaining 80% to the department. License and permits recognised as revenue amounted to R8 286 318 (2023: R7 645 258).

Resources (including assets and liabilities) of the entity under the custodianship of the agent

The resources have been recognised/have not been recognised by the agent in its financial statements. [Choose as appropriate]

The remittance of resources during the period [State details].

The expected timing of remittance of remaining resources by the agent to the entity, are [State timing and details]. The expected timing of remittance of remaining resources by the agent to third parties, are [State timing and details].

Resource or cost implications for the entity if the principal-agent arrangement is terminated, are [State information/discussion]. [Provide additional info as appropriate]

Fee paid

Resource and/or cost implications for the entity if the principal-agent arrangement is terminated

The resource and/or cost implications for the entity if the principal-agent arrangement is terminated, are [State information/discussion].

[Provide additional info as appropriate]