



MOSES KOTANE LOCAL MUNICIPALITY



2020/2021 ANNUAL REPORT

| Table of Contents | |
|---|------------------|
| 1.1..... | MAYOR'S |
| FOREWORD..... | 4 |
| 1.2 MUNICIPAL MANAGER'S OVERVIEW | 5 |
| 1.3. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW . | 7 |
| 1.4. GOOD GOVERNANCE | 8 |
| 1.5. SERVICE DELIVERY OVERVIEW..... | 12 |
| 1.6. FINANCIAL HEALTH OVERVIEW | 16 |
| 1.7. ORGANISATIONAL DEVELOPMENT OVERVIEW | 17 |
| 1.8. AUDITOR GENERAL REPORT | 19 |
| 1.9. STATUTORY ANNUAL REPORT PROCESS..... | 19 |
| CHAPTER 2 – GOVERNANCE | 26 |
| COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE | 26 |
| 2.1..... | POLITICAL |
| GOVERNANCE | 26 |
| A.COUNCIL HEREBY APPROVES THE PROJECT AND ACCEPTS THE DBSA'S | |
| GRANT FUNDING AND INFRASTRUCTURE PLANNING SUPPORT, AND | |
| SUPPORTS THE IMPLEMENTATION OF THE PROJECT AND THE TERMS OF THE | |
| AGREEMENT;..... | 41 |
| B. MUNICIPAL MANAGER IS HEREBY AUTHORISED TO SIGN THE AGREEMENT, | |
| AND TO SIGN AND/OR DISPATCH ALL DOCUMENTS AND NOTICES TO BE | |
| SIGNED AND/OR DISPATCHED IN CONNECTION WITH THE AGREEMENT..... | 42 |
| C. MUNICIPAL MANAGER TO PROVIDE THE DBSA WITH THE DESIGNATED AND | |
| AUTHORISED BANK SIGNATORIES, THE MUNICIPALITY;..... | 42 |
| D. THE MUNICIPALITY PROVIDES THE RELEVANT FICA DOCUMENTATION | |
| REQUIRED BY THE DBSA IN TERMS REGULATIONS 3,4,5 AND 6 OF FICA (THE | |
| FINANCIAL INTELLIGENCE CENTRE ACT, 38 OF 2011) | 42 |
| 2.2 ADMINISTRATIVE GOVERNANCE | 67 |
| COMPONENT B: INTERGOVERNMENTAL RELATIONS | 69 |
| COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION | 70 |
| 2.4 IDP PARTICIPATION AND ALIGNMENT..... | 72 |
| COMPONENT D: CORPORATE GOVERNANCE..... | 74 |
| 2.5 RISK MANAGEMENT | 74 |
| 2.6 ANTI-CORRUPTION AND FRAUD..... | 74 |
| 2.7 SUPPLY CHAIN MANAGEMENT | 74 |
| 2.8 BY-LAWS | 75 |
| 2.9 WEBSITES | 75 |

| | |
|---|-----|
| 2.10 PUBLIC SATISFACTION ON MUNICIPAL SERVICES | 75 |
| CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I) | 76 |
| COMPONENT A: BASIC SERVICES | 76 |
| 3.1. WATER PROVISION..... | 77 |
| 3.2 WASTE WATER (SANITATION) PROVISION | 81 |
| 3.3 ELECTRICITY | 82 |
| 3.4 WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)..... | 84 |
| 3.5 HOUSING | 92 |
| 3.6 TRANSPORT..... | 94 |
| COMPONENT C: PLANNING AND DEVELOPMENT | 95 |
| 3.10 PLANNING | 95 |
| 3.7 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES) | 96 |
| COMPONENT D: COMMUNITY & SOCIAL SERVICES..... | 100 |
| 3.8 LIBRARIES..... | 100 |
| 3.9. COMMUNITY FACILITIES | 102 |
| 3.10. CEMETERIES..... | 103 |
| 3.11. CHILD CARE; AGED CARE; SOCIAL PROGRAMMES | 103 |
| COMPONENT E: ENVIRONMENTAL PROTECTION..... | 103 |
| 3.12 POLLUTION CONTROL | 103 |
| COMPONENT F: PUBLIC SAFETY AND SECURITY | 104 |
| 3.13 PUBLIC SAFETY AND SECURITY | 104 |
| 3.14 OTHER (DISASTER MANAGEMENT) | 104 |
| COMPONENT H: SPORT AND RECREATION | 105 |
| COMPONENT H: CORPORATE POLICY OFFICES AND OTHER SERVICES..... | 106 |
| 3.15 FINANCIAL SERVICES | 106 |
| 3.16. HUMAN RESOURCE SERVICES..... | 106 |
| INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES | 106 |
| PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES | 107 |
| COMPONENT I: ORGANISATIONAL PERFORMANCE SCORECARD/ ANNUAL PERFORMANCE REPORT 2019/2020..... | 108 |
| COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL | 171 |
| 4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES | 171 |
| COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE | 173 |
| POLICIES | 173 |
| 4.4 PERFORMANCE REWARDS | 175 |

| | |
|---|-----|
| COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE | 175 |
| SKILLS DEVELOPMENT AND TRAINING | 175 |
| COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE | 177 |
| 4.6 EMPLOYEE EXPENDITURE | 177 |
| CHAPTER 5 – FINANCIAL PERFORMANCE | 178 |
| 5.1 STATEMENTS OF FINANCIAL PERFORMANCE..... | 178 |
| 5.2 GRANTS..... | 181 |
| 5.3 ASSET MANAGEMENT | 182 |
| RATIOS BASED ON KEY PERFORMANCE INDICATORS | 183 |
| COMPONENT B: SPENDING AGAINST CAPITAL BUDGET..... | 187 |
| COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS..... | 190 |
| 5.5 CASH FLOW | 190 |
| 5.6 BORROWING AND INVESTMENTS | 193 |
| COMPONENT D: OTHER FINANCIAL MATTERS | 197 |
| 5.7 SUPPLY CHAIN MANAGEMENT | 197 |
| 5.8 GRAP COMPLIANCE | 197 |
| CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS..... | 198 |
| CHAPTR 6 – ANNUAL FINANCIAL STATEMENTS | 208 |
| CHAPTER 6 – ACTION PLAN | 318 |
| GLOSSARY | 400 |
| APPENDIX A – COMMITTEES AND COMMITTEE PURPOSES..... | 403 |
| APPENDIX B –THIRD TIER ADMINISTRATIVE STRUCTURE | 404 |
| APPENDIX C..... | 405 |
| APPENDIX D – WARD REPORTING..... | 407 |
| APPENDIX F – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2020/2021 ... | 424 |

1.1. MAYOR'S FOREWORD


It takes great pleasure in presenting this draft Annual Report for 2021/2022 of the Moses Kotane local municipality's financial year.

This annual report highlights achievement as well as challenges experienced due to the surge of untimely Covid-19 which did not affect South Africa only but the world as a whole and affecting government plans/ activities.

Despite the outbreak of Covid-19, the municipality operating on one third workforce since last year March 2020, however as the Council of Moses Kotane Local Municipality we take pride in a lot of achievements obtained. For instance every month, Moses Kotane local municipality's council successfully managed to hold monthly ordinary council meetings through use of digital platforms that ensured as the municipality we continue to comply with all National Treasury regulations in place. Service delivery projects were continuously rolled out and implemented in various villages, this can be seen by various SOD-turning that was held at various wards. During this difficult period we have managed to deliver Water & Sanitation projects, internal roads, and community halls to our community.

As municipality, our focus as an institution is guided and driven by the integrated development plan (IDP), which is developed as a five (5) year plan and revised and updated annually detailing annual strategic objectives into account. As the municipality, we aim to ensure every effort is aligned to effective institutional performance which is reflected in this annual report.

This annual report is therefore intended to attest to the valued collective efforts of both municipal administration as well as oversight done by council. I want to thank both administration and council of Moses Kotane for regularly addressing progressively addressing expectations of our 107 villages and Two townships communities.



.....
CLLR RALESOLE DIALE

1.2 MUNICIPAL MANAGER'S OVERVIEW

I present the draft annual report for 2020/2021 financial year ending June 2021. Let me acknowledge the support received from Council of Moses Kotane Local Municipality for the sustenance of the functions I perform as the accounting officer.

The Accounting officer, as the head of administration, is embedded with the responsibility to continuously oversee the execution and performance of all Council programmes and to ensure that all policies are accordingly implemented.

It gives me great pleasure to reflect on the challenges and achievements this municipality has faced in the financial year period under review. Despite the challenges of Covid-19, the municipality managed to rollout and implement a number of service delivery projects such as water supply/augmentation, internal roads, High mast Lights, VIP Toilets and community halls. Most of the water projects started late in the year due to the late approval of technical reports by department of water and sanitation which resulted in the municipality rolling out projects late and it is anticipated that the projects will be completed in the first quarter of the next financial year. The installation of high mast lights was achieved and awaiting energizing by ESKOM, however there is an ongoing engagements with ESKOM to bring to speed the energizing.

Various service delivery projects successfully completed:

- ✚ Completed Sanitation (VIP) projects in the following villages:
 - Disake
 - Bojating
 - Mabeskraal ward 23 & 24
 - Losmetjerie
 - Mabele A Podi
 - Lerome Thabeng Section
- ✚ Completed internal roads projects in the following villages:
 - Mabodisa
 - Mmorogong
 - Montsana
 - Lugkraal

Despite all the hindrances and encounters experienced, the municipality have managed to maintain a Qualified Audit opinion in the 2019/2020 financial year

Alignment of services to IDP and council priorities

The current five (5) year IDP will soon come to an end and the administration have managed to deliver on what the current council had prioritized past years. Provision of sustainable services was mainly prioritized despite insufficient collection of revenue by the municipality. The municipality ensured that the service delivery performance is improved despite the surge of Covid-19 regulations which required the municipality to operate with only one-third of the workforce. Despite the

Policies aligned with current Covid-19 situation

Moses Kotane Local Municipality Council approved Covid-19 policy that will help administration to deal with the untimely Covid-19 outbreak which left the world in economically bad conditions. As the municipality, we had to ensure that service delivery is not compromised whilst at the same time putting the lives of our employees first.

Education and training

Education and training has continuously been prioritized, this can be seen by various Learnerships from Local Economic Development department that have been availed to our local youths so as to be skilled and gain competitive advantage in the corporate world. Internal employees have also not been left behind, municipality through LGSETA continues to offer 18 months MFMA course for middle management as well as LED programme for capacitating lower staff.

I would like to take this opportunity acknowledge the support that we have been getting from the council as the administration and also thank management and the employees of the Moses Kotane Local Municipality who have been working tirelessly to during this difficult time to ensure that our communities get water, sanitation and waste removal services.



Municipal Manager

1.3. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

INTRODUCTION TO BACKGROUND DATA

Moses Kotane Local Municipality was established in 2000 in terms of section 12 of the Local Government: Municipal Structures Act 117 of 1998 as a local Municipality.

The Municipality covers an area of approximately 5 719km² and is mostly rural in nature, comprising 107 villages and two formal townships of Mogwase and Madikwe with estimated population of 242 553. 2011 Census report's estimate that there are 75 193 households. The Municipality has predominantly African population, with fewer Indian, coloured and white groups.

MKLM is one of the five constituent local municipalities of Bojanala Platinum District Municipality in North West Province of the Republic of South Africa. It shares borders with Rustenburg, Kgetleng Rivier, Ramotshere Moiloa and Thaba Zimbi Local Municipalities. Its headquarters are based in Mogwase Township with satellite offices in Madikwe Township.

The economy of Moses Kotane is characterized mainly by tourism, mining, agriculture owing to its location within the major tourism and mining belt of the province, Pilanesberg and Sun City. Industries and social services also form critical part of the local economy.




The current fourth term of administration which started in August 2016 is expected to end in 2021.




The Municipality is an EXCO type with 34 Wards. It is led by Council made up of 68 Ward and Proportional Representative Councillors and 8 Dikgosi.

The Mayor is the chairperson of a six member EXCO made up of Portfolio Heads of the following Portfolio Committees:

-  Community Services and Public Safety
-  Local Economic Development
-  Finance and Corporate Services
-  Infrastructure & Technical Services
-  Planning & Development

The Administration arm of the municipality is headed by the Municipal Manager and is made up of the following six departments:

-  Office of the Municipal Manager
-  Corporate Services
-  Planning & Development

-
-  Budget and Treasury Office
 -  Infrastructure and Technical Services
 -  Community Services

1.4. Good governance

1.4.1 Political Governance - Municipal Council

The Municipality is led by Council, the Mayor, Speaker and the Executive Committee, with the Single Whip to ensure Councillor Participation in Municipal programmes. The Mayor is the Head of Executive Committee (EXCO) which comprises of five (10) Councillors who serve in departmental / portfolio committees. The current Municipal Council became in office after Local Government elections in August 2016. However, Councillors found annual IDP adopted by outgoing Councillors, hence, the plan was already in place and being implemented with a view of taking delivery to Moses Kotane communities. MKLM Councillors continue to instil the motto of Batho Pele Principle towards all 34 wards, 107 villages and 2 urban areas.

There were programmes made by the office of the premier on implementation of VTSD, where municipality was requested to develop rural economic development strategy to profile its communities. The aim was to ensure that rural development within the Municipality is aligned to the overall package of development plans. The objective is to provide a set of approaches, projects, and interventions aimed at encouraging the development of the rural economy and improving the quality of life and the economic prospects of the communities in the rural areas.

The leadership has been clear that it cannot live on past achievements but projects to be implemented towards their communities. Note has to be taken that wards increased from 31 to 34 with an increase of ward and proportional councillors who are 68 in numbers. During planning phase, it was indicated that developmental needs and programmes to also focus on youth; women; elderly and people living with disabilities. There was non-functionality of other Council committees which council established good governance committees to ensure operational effectiveness, efficiency and also to strengthen socio-economic needs of the local communities – encouraging plans and piloting VTSD (this also tried to check on what businesses are at local level).

The portfolio committees - section 79 and 80 committees have been crucial in the decision-making process since they critically analyse issues prior and in making recommendations to the Executive Committee before Council sitting. Another important aspect is to ensure functionality of Intergovernmental Relations (IGR) and focus on improving economic growth to create stakeholder value in decision making and projects implementation.

This will continually call for investor attraction and development of business plans for implementation of catalytic projects. The above will automatically grow municipal revenue base, while measures of debt collection are being set. Therefore, infrastructural development will be required, growth and development will be realised and the MKLM will continuously provide basic level of service and a better life to all 107 villages and two urban areas.

Moses Kotane Local municipality must ensure that anyone affected by or interested in a decision making processes should have the opportunity to participate. The process can happen be done in several ways – community members may be provided with information, asked for their opinion, given the opportunity to make recommendations or, in some cases, be part of the actual decision-making process, or by being allowed to make written comments to the municipality.

MKLM Council is the final decision-making body where crucial decisions are taken to lead the municipality to be service delivery oriented and to grow the economy. The Municipal Council is comprised 68 Councillors, 34 ward Councillors, with 34 Proportional Representative Councillors, and 8 Traditional Leaders serving in Council. Like any other institution, good corporate governance remains at the centre for day to day municipal operations. Municipal Council have been and will ensure that municipal Vision, Mission and ethical values underpinning good corporate governance are implemented as per below:

Municipal Vision

“A caring municipality underpinned by minerals, agricultural and eco-tourism economy for the advancement of sustainable services to our communities”

Municipal Mission




To be driven by skill/ed human capital, conducting high work and service standards incorporating our natural resources to achieve inclusive quality life for our communities.

Municipal Values

-  Integrity
-  Transparency
-  Accountability
-  Honesty
-  Excellence
-  Human Dignity

“A caring and responsive municipality that is best to live in, work for, and do business with”

Municipal Mission

-  Providing responsive, transparent and accountable leadership
-  Creating an environment for business growth and job creation
-  Providing sustainable services

1.4.2 Demographic Profile

The Moses Kotane Local Municipality population was reported at 242 553 by 2011 STATSSA Census compared to 237 175 in Census 2001. The Municipality has a predominantly African population with fewer Indian, Coloured and White groups who mostly reside in the Sun City Resort residential complex and Mogwase Unit 2. It should be noted that the recognized legal statistics by National Treasury to be used in development Integrated Development Plan (IDP) is from Census 2011. And below template provide statics of 31 wards instead of 34 after Local Government election August 2016. This is proof that statistics need to be updated and collected to inform proper planning within MKLM.

1.2.3 Ward level Population by Age Group and Gender

| AGE | 0 - 4 | | 5-14 | | 15 - 34 | | 35 64 | | 65 + | |
|----------|-------|--------|------|--------|---------|--------|-------|--------|------|--------|
| | Male | Female | Male | Female | Male | Female | Male | Female | Male | Female |
| 63705001 | 397 | 421 | 604 | 624 | 863 | 779 | 676 | 892 | 325 | 484 |
| 63705002 | 487 | 532 | 736 | 740 | 1064 | 1059 | 916 | 1102 | 340 | 555 |
| 63705003 | 401 | 370 | 579 | 609 | 845 | 1125 | 940 | 1005 | 313 | 466 |
| 63705004 | 717 | 680 | 1125 | 1113 | 1417 | 1496 | 1074 | 1416 | 370 | 589 |
| 63705005 | 521 | 630 | 840 | 826 | 2080 | 1845 | 1446 | 1445 | 270 | 498 |
| 63705006 | 409 | 397 | 579 | 555 | 1252 | 1015 | 973 | 996 | 316 | 454 |
| 63705007 | 396 | 454 | 461 | 426 | 1739 | 1260 | 1391 | 904 | 103 | 153 |
| 63705008 | 373 | 377 | 513 | 507 | 1488 | 1061 | 1087 | 1024 | 293 | 415 |
| 63705009 | 414 | 431 | 691 | 637 | 1737 | 1382 | 1364 | 1384 | 276 | 452 |
| 63705010 | 691 | 600 | 1015 | 975 | 2446 | 2183 | 1835 | 1867 | 167 | 269 |
| 63705011 | 422 | 373 | 634 | 681 | 1094 | 1075 | 664 | 785 | 165 | 260 |
| 63705012 | 360 | 352 | 507 | 490 | 964 | 926 | 665 | 754 | 204 | 374 |
| 63705013 | 306 | 270 | 465 | 416 | 1840 | 1254 | 1275 | 1068 | 74 | 92 |
| 63705014 | 367 | 356 | 495 | 482 | 1495 | 1265 | 1398 | 1319 | 251 | 240 |
| 63705015 | 452 | 391 | 572 | 573 | 1610 | 1305 | 1189 | 1243 | 93 | 135 |
| 63705016 | 628 | 643 | 897 | 914 | 1965 | 1835 | 1282 | 1400 | 150 | 223 |
| 63705017 | 515 | 543 | 803 | 755 | 1932 | 1605 | 1185 | 1406 | 251 | 353 |
| 63705018 | 462 | 434 | 697 | 695 | 1022 | 903 | 767 | 999 | 261 | 476 |
| 63705019 | 493 | 463 | 797 | 728 | 1171 | 1100 | 959 | 1161 | 231 | 406 |
| 63705020 | 418 | 417 | 727 | 650 | 1106 | 1096 | 930 | 1109 | 308 | 469 |
| 63705021 | 537 | 554 | 874 | 922 | 1272 | 1220 | 1019 | 1275 | 263 | 382 |

| AGE | 0 - 4 | | 5-14 | | 15 - 34 | | 35 64 | | 65 + | |
|----------|-------|--------|------|--------|---------|--------|-------|--------|------|--------|
| | Male | Female | Male | Female | Male | Female | Male | Female | Male | Female |
| 63705022 | 438 | 413 | 665 | 625 | 1464 | 1271 | 871 | 1018 | 189 | 277 |
| 63705023 | 472 | 469 | 685 | 695 | 1197 | 1167 | 1059 | 1189 | 333 | 576 |
| 63705024 | 241 | 212 | 395 | 356 | 689 | 643 | 551 | 662 | 163 | 344 |
| 63705025 | 389 | 388 | 672 | 683 | 1109 | 1238 | 965 | 1145 | 269 | 491 |
| 63705026 | 410 | 447 | 651 | 656 | 1353 | 1286 | 982 | 1108 | 286 | 404 |
| 63705027 | 512 | 544 | 806 | 788 | 1618 | 1386 | 1102 | 1153 | 300 | 446 |
| 63705028 | 547 | 588 | 841 | 799 | 1915 | 1752 | 1367 | 1479 | 119 | 173 |
| 63705029 | 608 | 535 | 837 | 811 | 1735 | 1618 | 1204 | 1264 | 242 | 391 |
| 63705030 | 411 | 450 | 598 | 577 | 1457 | 1332 | 1004 | 1066 | 163 | 304 |
| 63705031 | 485 | 394 | 658 | 665 | 1421 | 1270 | 994 | 1094 | 242 | 305 |

| Population '000 | | | | | | |
|-----------------|----------------------------|--------|-------|-----------------------------|--------|-------|
| Age | 2019/2020(Source: STATSSA) | | | 2020/2021 (Source: STATSSA) | | |
| | Male | Female | Total | Male | Female | Total |
| Age: 0 - 4 | 14279 | 14128 | 28407 | 14279 | 14128 | 28407 |
| Age: 5 - 14 | 21419 | 20973 | 42392 | 21419 | 20973 | 42392 |
| Age: 15-34 | 44360 | 39752 | 84112 | 44360 | 39752 | 84112 |
| Age: 35-64 | 33134 | 35732 | 68866 | 33134 | 35732 | 68866 |
| Age: 65+ | 7330 | 11456 | 18786 | 7330 | 11456 | 18786 |

| Natural Resources | |
|------------------------|---------------------------------------|
| Major Natural Resource | Relevance to Community |
| Platinum | Job creation and economic development |
| Chrome | Job creation and economic development |
| Cement | Job creation and economic development |
| Game | Tourism |

The Census 2011 reported a population growth of 0.2%. The current sources of data used for integrated development plan is not reliable, old and not accurate. The above plans lead to poor planning especially in instance where waste collection need to be done as household and development in various villages are massive. In planning we are not to project but to provide and use endorsed statistics known by national Treasury. The Electoral stats cannot be used as it is also not inclusive of ages from 0-17. The other challenge is indigent register which need to be updated annually when status of various households' changes.

1.5. SERVICE DELIVERY OVERVIEW

SERVICE DELIVERY INTRODUCTION

MKLM is a water services authority and get its water from Magalies – Vaalkop Dam. Water and Sanitation Unit is responsible for the provision of water and sanitation (VIP toilets) and urban areas of Mogwase and Madikwe. The Unit has been faced with challenges, including the worst of dry boreholes, lack of underground water in the previous years. We need to note that projects were implemented under such circumstances to ensure provision of quality water and sanitation services to our communities. Below are the municipal priorities;

| Municipal Priorities | Departmental and Parastatals Priorities |
|--|--|
| Water and Sanitation | Housing (RDP houses) and electrification of households |
| Roads and Storm water | Health and Social Development |
| Institutional Development | Education |
| Sports and Recreation | Transport and Traffic |
| Economic Development | Safety and Security |
| Solid Waste & Environment | Electricity (ESKOM) |
| Community Participation and Communication | Spoornet |
| Land & Housing (Land for residential purposes) | |
| Disaster Management | |

The first Key Performance Area of Basic Service Delivery met the needs of the community as priority no one (1) and most of the budget was allocated to access of water. Moses Kotane Local Municipality is a water strained municipality with limited financial resources to allocate and implement projects in all 107 villages and two urban areas.

- Below households statistics from 2011 indicated the numbers as reflected:
- Number of households in the Municipality **75 195**
- Number of billed households in the Municipality **21 300**
- Number of registered indigent households (Municipal Data) **10 580**
- Number of indigent households with access to free basic water **10 580**
- Number of indigent households with access to free basic electricity **10 580**

Municipal Challenges

Moses Kotane Municipality have encountered challenges and numerous achievements were made during the financial year. The main challenge faced by

MKLM is poor planning due to unreliable statistics looking into the growth happening in our 107 rural areas governed by Traditional Leaders. Developments are done without plans submitted to the Municipality and basic level of service is required during the middle of the financial year (which some impacted in communities wanting to close municipal offices). This development is ongoing in rural areas and no revenue is collected from them. Education is required through the assistance of Councillors to encourage rezoning and communities believing in having title deeds and this will grow municipal revenue base. Attempts of land invasions relating to the lack of housing was done but control was done by the relevant unit. Non-delivery of waste collection in some other areas due to bad roads and wrong household count. Water leakages and shortages also causes illegal yard connection. Development of integrated plans together with all our stakeholders is required (waste management plan etc.) to avoid duplication of services and promote project collaborations. The service delivery protests which occurred throughout the financial year, was a huge concern for Council, however numerous meetings were held with affected communities to resolve them. Some challenges may be as below:

- ✓ Indigent consumers who do not collect their Free Basic Electricity
- ✓ Consumers who are possibly indigent not coming forward to disclose their status
- ✓ Illegal housing occupation (houses sold by owners/ others having houses in other provinces)
- ✓ Delays in land tenure upgrade programmes
- ✓ Mushrooming of informal settlement (where mining development is earmarked)
- ✓ Housing accreditation and growth in 107 villages led by Traditional Authorities

The skills challenge that currently exists through all facets of our communities and addressing it requires co-ordinated and targeted intervention from all spheres of government, the private sector and society. The municipality need to develop a programme that will aim to respond to the need for a larger and more skilled workforce, while encouraging young professionals, artisans, etc., to stay within the municipality. The issue of skills is important in creating quality rate payers, debt reduction and in addressing the triple challenge of poverty; unemployment and inequality among our communities. In addition, lack of women in management positions is important in ensuring that women are integrated effectively into the workplace employment equity plan policy to be developed.

Then management of informal economy, especially street trading is a demanding task involving demarcation of trading areas, issuing of permits, organising traders into area committees that feed into the municipal plans which will also assist on an on-going collection of revenue and rentals for the municipality. No revenue base for the

municipality except in Mogwase and Madikwe. This will be necessary to enforce regulations and by-laws as adopted by Council. This programmes will assist in growing and supporting the informal economy through initiatives such as the provision of infrastructure support and development to informal trade, provision of advisory and information services to product owners and visitors, and to ensure competitiveness through gathering business intelligence and improving product quality.

The municipality lacks plans of special purpose vehicle to support, market and promote the local film and digital media industry as a new concept that we lacked in the previous financial years. The programme will boost tourism, job creation and the development of core skills for SMME's. As an institution we lack programmes that focusses on development initiatives that aim to grow the local film and television industries in order to create opportunities for future investment by either the public or private sectors. There are key outputs towards projects with the aim to ensure capacity building and skills development of local producers, directors and screenwriters, increased export quality products locally. The other aspect is the establishment of film and television studio infrastructure that will expedite the development of local producers, the attraction of national and international investors.

Programmes of enterprise development, where small businesses becomes vital contributors to the health of the economy and offer a diversity of opportunity in our communities. Small businesses boost productivity, increases competition and innovation, creates employment and prosperity, and revitalizes our communities. Through this programme a platform can be created for small enterprises to develop into sustainable businesses. There is also a lack of platform to be created for sector programme such as construction, tourism development, arts and crafts and the ICT sectors. The above can only happen through the resuscitation of Development Agency, Business Linkages Programme, and opportunities through preferential procurement policies and plans

The importance of tourism marketing as essential that communities are made aware of the importance of tourism. Many of our key cultural and historical places of significance are in disadvantaged areas and will need infrastructural as well as management and tourism training to nurture a new culture of tourism through EPWP type programmes like Working for Tourism etc. (considering "Our icon Moses Kotane whom his reburial was done in Pella Village". Lack of plans to prioritise such routes in order to create sustainable opportunities for a wider section of society and in so doing add to the tourism interest in cultural and social history of our communities.

Sun City in itself known nationally and internationally to be in Rustenburg whereas is in Moses Kotane Local Municipality – lack of marketing. We need to create and promote investment nodes and corridors with the aim to reverse the effect of Apartheid townships by creating an all-inclusive live, work and play environments within a racially segregated and integrated municipal area. The key to this programme will be inclusive settlements and sustainable residential densities. Another challenge may be development of the primary road just for the municipal entrance for attractions of investors when entering the Municipal building.

The municipality need to ensure development and implementation of township establishments. Looking into MKLM especially in Mogwase and Madikwe as urban areas, due to the apartheid legacy, the former township areas were developed as dormitory residential areas for Sun City with an insular focus with now non-functional industrial areas, shopping complex, minor retail activities and basic social services. This resulted in slow economic growth and weak and under-developed economies and are not well integrated into the existing economy. Land use management plans and built environment plans.

In MKLM 107 rural villages governed by Traditional Leaders, households are scattered, generally poor or lack access to socio-economic infrastructure and services, public amenities and government services. Other issues include low literacy, skills levels and migratory labour practices to developed cities to seek for greener pastures, child/woman headed households, family disputes. The other issues to be considered is unexploited opportunities in agriculture, tourism, mining and manufacturing / lack of strategies for implementation. The VTSD will also assist to package some rural livelihoods development programme on the principles of the Comprehensive Rural Development Programme of the Department of Rural Development and Land Reform, and in the pilot phase to unlock rural nodes and opportunity corridors which may hold potential towards our communities.

COMMENT ON ACCESS TO BASIC SERVICES:

Waste has been collected in all areas in the Municipality – especially in the two “towns”. Challenges have however been experienced at the villages where the waste removal trucks have not been able to access the households due to narrow roads.

The provision of sanitation has been low in relation to the number of households in the municipality because the RDP houses built are provided with sanitation services. Water connections to residential dwellings have been challenged by the dire shortage of water in the Municipality. This is compounded by the aged water infrastructure that the municipality together with the water provision partners i.e. Magalies Water board and Department of Water Affairs and Sanitation will be working on improving.

1.6. FINANCIAL HEALTH OVERVIEW

FINANCIAL OVERVIEW

The Moses Kotane Local Municipality is mostly dependent on grant income followed by rates and services income. The municipality's sustainability depends on the effective management of its resources, community effective contribution and participation in the budgeting process as well as by the payments of rates for services.

Illegal water connection and non-payments of rates and for services is a concern for the Municipality. It is a critical problem. The management's main focus is to ensure that all reasonable steps are taken to enhance debt collection. Better planning and control over expenditure and higher effectiveness of staff will also deliver results in

| Financial Overview: 2020/2021 | | | |
|-------------------------------|-----------------|-------------------|--------|
| Details | Original budget | Adjustment Budget | R' 000 |
| | | | Actual |
| Income: | | | |
| Grants | 467695 | 550002 | 203 |
| Taxes, Levies and tariffs | 335095 | 342615 | 365 |
| Other | 72991 | 73145 | 78 |
| Sub Total | 875781 | 965762 | 646 |
| Less: Expenditure | 854977 | 916970 | 645 |
| Net Total* | 20804 | 48792 | 1 |

| Operating Ratios | |
|------------------------------|-----|
| Detail | % |
| Employee Cost | 28% |
| Repairs & Maintenance | 2% |
| Finance Charges & Impairment | 21% |

| Total Capital Expenditure: Year 2018/2019 – 2020/2021 | | | |
|---|-----------|-----------|-----------|
| Detail | R'000 | | |
| | 2018/2019 | 2019/2020 | 2020/2021 |
| Original Budget | 241734 | 204802 | 203495 |

| | | | |
|-------------------|--------|---------|---------|
| Adjustment Budget | 252083 | 206219 | 253394 |
| Actual | 62181 | 164 628 | 213 603 |

1.7. ORGANISATIONAL DEVELOPMENT OVERVIEW

ORGANISATIONAL DEVELOPMENT PERFORMANCE

Implementing PMS

Alignment of IDP, Budget and PMS

The IDP, Budget and Performance Management System processes must be seamlessly integrated. Integrated Development Plan fulfils the planning stage of Performance Management. Performance Management System in turn, fulfils the implementation management, monitoring and evaluation of the Integrated Development Plan. The performance of an institution/organization is integrally linked to that of the employees or its staff. The employees need to ensure that they perform their duties to be able to realize their objectives. If employees do not perform, the institution will not achieve its intended objectives. The two are inseparable and that is why is the most critical and important to manage both at the same time.

National Key Performance Areas

The Municipality is trying to align its Key Performance Areas to the five National Key Performance Areas as articulated in the DPLG five-year strategy.

1. Basic Service Delivery and Infrastructure Development
2. Good governance and Public Participation
3. Municipal Transformation and Organizational Development
4. Local Economic development
5. Spatial Rationale
6. Financial Viability and Management

National Key Performance Indicators

Clear and effective Technical indicator are essential in the development and deployment of resources. The PMS policy and framework was developed to provide direction and guidance on the development, implementation, monitoring, reporting and feedback on the interventions identified in the SDBIP. The Technical Indicator are developed to harmonize and standardize the implementations of municipal indicators. Amongst others they will cover the following:

- ✓ A descriptive title
- ✓ Scope including functions performed, types of products to be used.

-
- ✓ Chart of the procedure followed.
 - ✓ Reporting frequency

Municipal Key Performance Areas (Strategic Goals),

Planning for Performance - Service Delivery and Budget Implementation plans (SDBIP)

MFMA of 2003 Section 53 (c) iii require municipalities to compile and submit SDBIPs to the Executive Mayor within 28 days after the adoption of the budget by Council.

The SDBIPs are directly translated from the adopted IDP and Budget. They are regarded as the management and implementation tools of the IDP.

The Mayor approves the SDBIPs and they will form the basis for Performance Management of individuals within Moses Kotane.

The SDBIPs will determine the development and signing of performance agreements for section 57 employees

Performance Monitoring, Measuring and Reviewing

Performance Monitoring is a continuous process that runs parallel with the implementation of the IDP. The IDP is regarded as forward planning. The process entails collection, storage, verification and analysis of performance data in order to compare current performance with previous financial years and baseline indicators.

The IDP is not meant for a specific department, but all departments within the municipality, sector departments (National/Provincial and District), and all other stakeholders and individuals within the Municipality. Every community member needs to take responsibility to collect relevant data/statistics to support the monitoring process. Site visits to projects or evidence of performance is gathered and presented to substantiate claims of meeting/not meeting performance standards as adopted by Council and promised to our communities.

Performance Reporting

MFMA No. 56 of 2003 Section 52 requires the Mayor to submit a report on the implementation of the budget and the financial state of affairs of the municipality to council within 30 days after the end of each quarter. All quarterly performance reports are due for submission to the PMS office seven days after the end of each quarter. This will enable the office to compile a consolidated report on time to meet the requirements of the Act.

The same quarterly performance reports will further be consolidated into an annual performance report to be considered by council within 9 months after the end of each financial year in order to meet the requirements of Section 121 of the MFMA.

1.8. AUDITOR GENERAL REPORT

AUDITOR GENERAL REPORT: 2020/2021

The Auditor-General's responsibility is to express an opinion on the financial statements based on conducting the audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the General Notice issued in terms thereof and International Standards on Auditing.

For 2020/2021 financial year, Moses Kotane Local Municipality received a Qualified Audit Opinion.

1.9. STATUTORY ANNUAL REPORT PROCESS

| N o. | Activity | Timeframe |
|------|--|----------------------|
| 1 | Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period | July |
| 2 | Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting). | |
| 3 | Finalise the 4th quarter Report for previous financial year | |
| 4 | Submit draft 2018/19 Annual Report to Internal Audit and Auditor-General | |
| 5 | Audit/Performance committee considers draft Annual Report of municipality | August |
| 6 | Mayor tables the unaudited Annual Report | |
| 7 | Municipality submits draft Annual Report including annual financial statements and performance report to Auditor General | |
| 8 | Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase | |
| 9 | Auditor General audits Annual Report including Annual Financial Statements and Performance data | September - December |
| 10 | Municipalities receive and start to address the Auditor General's comments | January-March |
| 11 | Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor-General's Report | |
| 12 | Audited Annual Report is made public and representation is invited | |
| 13 | Oversight Committee assesses Annual Report | |
| 14 | Council adopts Oversight report | March |
| 15 | Oversight report is made public | |
| 16 | Oversight report is submitted to relevant provincial councils | |
| 17 | Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input | April |

COMMENT ON THE ANNUAL REPORT PROCESS:

The IDP/PMS/ Budget Process Plan Adoption

It is required by legislation that a municipal council must adopt a process to guide the planning, drafting and adoption of its Integrated Development Plan (IDP).

a) MSA 28 stipulate that:

- (1) "Each municipal council...must adopt a process set out in writing to guide the planning,
Drafting, adoption and review of its integrated development plan."*
- (2) The Municipality must through appropriate mechanism, processes and procedures established in terms of chapter 4, consult the local community before adopting the process;*
- (3) A Municipality must give notice to the local community of particulars of the process in intends to follow.*

b) MSA 29 further requires the IDP Process Plan to provide for:

- a) Be in accordance with a predetermined programme specifying time frames for different steps;*
- b) Through appropriate mechanisms, processes and procedures establish in terms of Chapter 4 allow for-*
 - i The local community to be consulted on its development needs and priorities*
 - ii The local community to participate in the drafting of the integrated development plan, and*
 - iii Organs of state, including traditional authorities, and other role players to be identified and consulted on the drafting of the integrated development plan*
- c) Provide for the identification of all plans and planning requirements binding on the municipality in terms of national and provincial legislation, and*
- d) Be consistent with any other matters that may be prescribed by regulation*

Integrated Development Plan (IDP)

The Municipal Systems Act No.32 of 2000 (MSA) requires that local municipality need to develop and prepare Integrated Development Plans (IDP). The IDP serves as a tool for transforming local government towards facilitation and management of development within the municipal jurisdiction. The MSA identifies the IDP as a key component in entrenching developmental local government principles. The most important aspect of the IDP compilation process is to ensure that the communities and or stakeholders are always consulted and have ownership of all the developmental plans, programmes and projects. The development and production of

the IDP is managed internally through a structured and coordinated participation process adopted by Council annually during August month.

The municipality ensured that they embark on extensive public participation process of the IDP, Budget, and the Performance reporting to its communities taking into consideration necessarily COVID 19 regulation. Traditional Leaders are engaged through a virtual briefing session and letters will be send to Ward Councillors for visit of the Municipality to the villages as adopted by Council.

MSA continues; -

The Local Government: Municipal Systems Act, 32 of 2000 (MSA) and as amended, places the IDP at the top of municipal planning instruments by suggesting that an IDP, adopted by the Council of a Municipality 2017/22 is the key strategic planning tool for the municipality. According to the mentioned Act it states that, the IDP is:

35(1)

- (a) *“The principal strategic planning instrument which guides and informs all planning and development, and all decisions with regard to planning, management and development in the municipality”;*
- (b) *“Binds the municipality in the exercise of its executive authority...”*

a) Section 25 of the MSA further prescribes that:

“(1) Each municipal council must, within a prescribed period after the start of its elected term, adopt a single, inclusive and strategic plan for the development of the municipality which –

- (a) Links, integrates and co-ordinates plans and takes into account proposals for the development of the municipality;*
- (b) Aligns the resources and capacity of the municipality with the implementation of the plan;*
- (c) Forms the policy framework and general basis on which annual budgets must be based;*
- (d) Complies with the provisions of this Chapter; and*
- (e) Is compatible with national and provincial development plans and planning requirements binding on the municipality in terms of legislation.”*

In accordance with this legislation, Moses Kotane Local Municipality adhered to the above legislative requirement when it adopted its IDP 2017/2022.

Section 34 of the Municipal Systems Act further requires that the adopted IDP of a Council must be reviewed annually. The prescripts are as follows:

“A Municipal Council –

1. *Must review its integrated development plan-*

1. *Annually in accordance with the assessment of its performance measurements...*









2. *To the extent that changing circumstances so demand,”*

Community participation

Community Participation ensures stakeholder engagement in all decision making processes and is in line with the Constitution of the Republic of South Africa, section 152 (1). Moses Kotane public participation is facilitated by the IDP unit, Council and administration through various programmes, (i.e. Mayoral Imbizo etc.) to enable the Municipality to effectively engage communities in municipal plans and compilation.

The process will allow communities to effectively have ownership in all developmental programmes in their wards and municipal boundaries. The process is informed by the White Paper on Local Government, Section B paragraph 33. The National Development Plan (NDP) also aims to eliminate poverty and reduce inequality by 2030.

a) Legal prescripts that encourages Public Participation are:

-  To encourage the involvement of the community in terms of section 4 (2) of the Municipal Systems Act,
-  White Paper on Local Government and
-  The Constitution of the Republic of South Africa, Section 152 (1);
-  To enable the community to contribute in the decision making processes in terms of section 5 of the Municipal Systems Act;
-  To respond to the needs of the Public or Community in terms of section 6 (2) of the Municipal Systems Act;
-  To develop a culture of public participation that complements formal representative government with a system of participatory governance in terms of section 16 of the Municipal Systems Act;
-  To develop mechanisms, processes and procedures to enable local community to participate in the affairs of the Municipality, in terms of section 17(2) of the Municipal Systems Act and White Paper on Local Government; and
-  To communicate information concerning Community Participation in terms of section 18 of the Municipal Systems Act.

b) Why Community Engagements

-
- ✚ To inform and educate communities about government matters;
 - ✚ To allow public inputs on proposed policies and share decision-making with the communities; and
 - ✚ To plan and cooperation with communities to shape their developmental goals and ward priorities and needs analysis
 - ✚ To avoid silo operation and duplication of services in the same ward and villages
 - ✚ To get buy-in from organized stakeholders and general members of the public;
 - ✚ To provide opportunities for stakeholders to voice-out their opinions and play an active role in constructive decision making programmes and projects;
 - ✚ Providing democratic and accountable government for local citizens; and
 - ✚ Changing community behaviour patterns to strengthen local development.

c) Municipal Vision

"A caring and responsive municipality that is best to live in, work for, and do business with"

- ✚ The IDP also details and need to ensure the following as listed below:
- ✚ Development priorities and objectives, which contribute towards achieving this vision, over the Municipal Councils as their elected term of office
- ✚ Strategies, to ensure the means by which these objectives will be realized and achieved;
- ✚ IDP programmes and projects which link to the strategies and contribute to the achievement of the objectives.
- ✚ The IDP and Budget need to be developed, reviewed and amended in accordance with the requirements set out in the:
- ✚ Municipal Systems Act 32 of 2000, the Local Government: Municipal Planning and Performance Management Regulations 2001 and the
- ✚ Municipal Finance Management Act 56 of 2003.
- ✚ In terms of the Municipal Systems Act, a municipality is required to review its IDP annually. Annual reviews allow the municipality to re look into progress made and outstanding challenges that need to be done as planning for the next financial year. The refined plans and strategies will have to include additional issues and to ensure that these plans and strategies inform institutional - capacity issues as in human and resources and also financial planning.
- ✚ The review and amendment of the IDP thus, further develops the IDP and ensures that it remains the principal management tool and strategic instrument for the Municipality.

d) MSA 34 a Municipal Council –

“(a) must review its integrated development plan

- i) Annually in accordance with an assessment of its performance measurements and*
- ii) To the extent that changing circumstances so demand and*
 - (c) May amend its integrated development plan in accordance with a prescribed process”*

Chapter 2

CHAPTER 2 – GOVERNANCE

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

The Moses Kotane Local Municipality is a B-type municipality graded on level 4. It is operating on a collective executive system.

The municipality has a Council that has been elected by its community. The Council has the constitutional authority to ensure that there is development in its area of jurisdiction by providing sustainable services; promote social and economic development; promote safe and healthy environment and encourage the involvement of communities and community organisation in local government matters.

Politicians exercise oversight over service delivery implementation by interacting with administrative management and the relevant reports through the Portfolio Committees and the Executive Committee meeting.

2.1 POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE

The municipality is a collective executive type municipality where the Mayor is the Chairperson of the Executive Committee comprising of 10 executive councillors assigned responsibilities of overseeing administrative portfolios. Furthermore, there are committees established in terms of section 79 of the Municipal Structure's Act to provide oversight and report to the Council. The two committees established are Municipal Public Accounts Committee (MPAC) and Audit Committee. The MPAC serves as Council Oversight committee on the administration activities of the Municipality. The Audit Committee advises Council on matters relating to internal controls; risk management and governance process. The Municipality utilises the services of the Bojanala Platinum District Municipality Share Audit Committee Services and have played a pivotal role in performing an oversight role over financial and performance management during the financial year, including the annual report.

Chapter 2

POLITICAL STRUCTURE



MAYOR
Cllr Ralesole Diale



SPEAKER
Cllr Hazel Molefe



SINGLE WHIP
Cllr Maria Matshaba

Chapter 2

MAYORAL COMMITTEE/EXECUTIVE COMMITTEE

| Committee | Chairing Councillor |
|-------------------------------------|----------------------|
| Finance/BTO | Ralesole Diale |
| Planning & development | Tryphosa Botlhokwane |
| Local Economic Development | Nketu Nkotswe |
| Infrastructure & Technical services | Mosweu Manganye |
| Community services | Xolile Kheswa |
| Corporate services | Thapelo Thoboke |
| | Zippora Motswenyane |
| | Merriam Ramokoka |
| | Nthabiseng Mollo |

COUNCILLORS

There are 34 Ward Councillors who are directly elected by communities and 34 Proportional Representative Councillors and in addition there are 8 traditional leaders who serve in the Municipality as proportional Councillors and they also serve in the municipal portfolios. In total there are 76 Councillors.

Chapter 2

| Council Members | FULL/PART TIME | Committees Allocated | *Ward and/ or Party Represented |
|--|-----------------------|--|--|
| 1. Ralesole Abraham Diale (ANC Mayor) | Full Time | Mayor | ANC |
| 2. Hazel Molefe (ANC Speaker) | Full Time | Council Chairperson | ANC |
| 3. Maria Ziphora Matshaba (ANC Whip) | Full Time | Chairperson (Caucus) | ANC |
| 4. Victor Kheswa (ANC Community Service) | Full Time | Chairperson (Community Services & Public Safety Portfolio) | ANC |
| 5. Dithothi Tshethane (ANC Corporate Services) | Full Time | Chairperson (Corporate Services t Portfolio) | ANC |
| 6. Lawrence Kapari (ANC Financ/BTO and) | Full Time | Chairperson (Finance /BTO Portfolio) | ANC |
| 7. Mosweu Manganye (ANC ITS/Infrastructure) | Full Time | Chairperson (Infrastructure) | ANC |
| 8. Ezekiel Mashimo (ANC LED) | Full Time | Chairperson (Local Economic Development) | ANC |
| 9. Caroline Motshabi (ANC Planning & Development) | Full Time | Chairperson (Planning and Development) | ANC |
| 10. Zippora Motsoenyane(DA) | Full Time | Corporate Services | DA |
| 11. Mirriam Ramokoka (EFF) | Full Time | Finance/BTO | EFF |
| 12. Nthabiseng Mollo(EFF) | Full Time | EXCO Member | EFF |
| 13. Thomas Manganye (MPAC) | Full Time | Chairperson (MPAC) | ANC |
| 14. Lillian Lesomo (ANC) | Part Time | Community Services & Public Safety | ANC |

Chapter 2

| Council Members | FULL/PART TIME | Committees Allocated | *Ward and/ or Party Represented |
|-----------------------------|-----------------------|-------------------------------------|--|
| 15. Solomon Tladi (ANC) | Part Time | Corporate Services | ANC |
| 16. Bertha Ponosho (ANC) | Part Time | Infrastructure & Technical Services | ANC |
| 17. Thato Motshegare (ANC) | Part Time | Finance | ANC |
| 18. Aaron Ramokoka(ANC) | Part Time | Finance | ANC |
| 19. Patrick Tame(ANC) | Part Time | Planning & Development | ANC |
| 20. Lizzy Kgame(ANC) | Part Time | Planning & Development | ANC |
| 21. Solomon Mabitsela (ANC) | Part Time | Planning & Development | ANC |
| 22. Japhta Raphadu (ANC) | Part Time | LED | ANC |
| 23. Joyce Radiokana(ANC) | Part Time | MPAC | ANC |
| 24. Harry Kodongo(ANC) | Part Time | Infrastructure & Technical Services | ANC |
| 25. Tshepo Khumalo(ANC) | Part Time | Community Services_ | ANC |
| 26. Mita Khunou(ANC) | Part Time | LED | ANC |
| 27. Abish Magodiello(ANC) | Part Time | Infrastructure & Technical Services | ANC |
| 28. Johannes Mosito(ANC) | Part Time | MPAC | ANC |
| 29. Hendrick Sekao(ANC) | Part Time | Community Services & Public Safety | ANC |
| 30. Joseph Sibanda(ANC) | Part Time | Community Services & Public Safety | ANC |
| 31. Rose Lukhele(ANC) | Part Time | Infrastructure & Technical services | ANC |
| 32. Obed Mogapi (ANC) | Part Time | Planning & Development | ANC |
| 33. Kagiso Bubisi(ANC) | Part Time | Infrastructure & Technical services | ANC |

Chapter 2

| Council Members | FULL/PART TIME | Committees Allocated | *Ward and/ or Party Represented |
|--|-----------------------|--------------------------------------|--|
| 34. Orepa Gladys Kgarimetsa (ANC) | Part Time | Finance | ANC |
| 35. Diphetogo Mmolawa(ANC) | Part Time | Infrastructure & Technical services | ANC |
| 36. Dipuo Tau(ANC) | Part Time | Community services and Public Safety | ANC |
| 37. Tryphosa Botlhokwane(ANC) | Part Time | LED | ANC |
| 38. Thapelo Thobokoe(ANC) | Part Time | Community Services & Public Safety | ANC |
| 39. Nkotswe Nketu (ANC) | Part Time | Corporate Services | ANC |
| 40. Theresa Boikanyo (DA) | Part Time | MPAC | DA |
| 41. Nomawisile Deleki (ANC) | Part Time | Corporate Services | ANC |
| 42. Lucky Moate (ANC) | Part Time | Finance/BTO | ANC |
| 43. Martha Mokgatlhe(ANC) | Part Time | LED | ANC |
| 44. Kgomotso Gouwe(EFF) | Part Time | Planning & Development | EFF |
| 45. Herminah Kgouwe(EFF) | Part Time | Finance /BTO | EFF |
| 46. Tshepang Madisa(EFF) | Part Time | LED | EFF |
| 47. Rosina Masilo(EFF) | Part Time | Infrastructure & Technical Services | EFF |
| 48. Sarah Yende (AIC) | Part Time | Corporate Services | AIC |
| 49. Johannes Matjila(COPE) | Part Time | LED | COPE |
| 50. Phillip Matlakala(DA) | Part Time | Community Services & Public Safety | DA |
| 51. Ororiseng Motshegwe(EFF) | Part Time | Planning & Development | EFF |
| 52. Neo Ruele (UCDP) | Part Time | MPAC | UCDP |

Chapter 2

| Council Members | FULL/PART TIME | Committees Allocated | *Ward and/ or Party Represented |
|--------------------------------------|-----------------------|-------------------------------------|--|
| 53. Kgatoentle Kgalegi(EFF) | Part Time | Corporate Services | |
| 54. Jacobeth Segale(EFF) | Part Time | — | EFF |
| 55. Jonathan Sekomeng(DA) | Part Time | Infrastructure & Technical Services | DA |
| 56. Adel Sennelo(EFF) | Part Time | Finance | EFF |
| 57. Joyce Tukisi(EFF) | Part Time | Planning & Development | EFF |
| 58. Eva Ditshwene(EFF) | Part Time | Community Services | EFF |
| 59. Gerald Aphiri (EFF) | Part Time | Corporate Services | EFF |
| 60. Phadi Nqothula (ANC) | Part Time | Planning & Development | ANC |
| 61. Efesia Matshereng (ANC) | Part Time | Corporate Services | ANC |
| 62. George Moatshe (ANC) | Part Time | LED | ANC |
| 63. Rebeca Moeng (ANC) | Part Time | Community Services & Public Safety | ANC |
| 64. Karel Sedile (ANC) | Part Time | MPAC | ANC |
| 65. Ismael Siko (EFF) | Part Time | Community Services & Public Safety | EFF |
| 66. Boitumelo Dinga (EFF) | Part Time | LED | EFF |
| 67. Letta Modimokwane (ANC) | Part Time | Finance | ANC |

Chapter 2

POLITICAL DECISION-TAKING

The above resolutions are taken by Council through recommendations of EXCO. EXCO considers submissions made by the various Portfolio committees. Management sees to the implementation of the resolutions and the above resolutions have been implemented.

FINANCIAL YEAR 2020/2021

| MONTH | ITEM NO | ITEM DESCRIPTION | RESOLUTION |
|-------------------|------------|--|--|
| 31 August 2020 | 24/08/2020 | REPORT ON THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE UNAUTHORISED, IRREGULAR, FRUITLESS & WASTEFUL EXPENDITURE INVESTIGATIONS | RESOLVED <ol style="list-style-type: none"> That Council notes the UIFW investigations report 2016/2017. That MPAC continues with the investigations on other causes for the UIFW for periods 2012-2013, 2013-2014, 2014-2015, 2015-2016, 2016-2017 and 2017-2018. That Council note that some of the officials responsible are no longer employees of the municipality. That all irregular expenditures on the attached 2016/17 report relating to the SCM violations be written off. In the event that there is still incompetent staff in the BTO department, such staff be recommended for training and further skills. That in terms of section 32(2) (b) of the MFMA, Council should certify the expenditure of R 2 780 |

Chapter 2

| MONTH | ITEM NO | ITEM DESCRIPTION | RESOLUTION |
|-------|-------------|---|---|
| | | | 884.41 as irrecoverable and resolve that it be written off. |
| | 27/08/2020: | PROPOSED SCHEDULES FOR MEETING OF WARD COMMITTEES, PORTFOLIO COMMITTEES, EXCO AND COUNCIL FOR FINANCIAL YEAR 2020/2021 (3/2/2/1) | RESOLVED: (a) That the attached proposed schedules for meetings of Ward committees, Portfolio Committees, Executive Committee and Council for the financial year 2020/2021 be approved. |
| | 31/08/2020: | ADDITION OF COUNCILLORS TO PORTFOLIO COMMITTEES | RESOLVED a) That the report on the addition of four councillors to serve in portfolio committees be noted. b) That the Council approve the appointment of the following Councillors: 1. Cllr Jafta Raphadu to serve in the Local Economic Development Portfolio Committee 2. Cllr. Boitumelo Dingaen to serve in the Local Economic Development Portfolio Committee 3. Cllr Eva Ditshwene to serve in the Community Services Portfolio Committee. 4. Cllr Tshepo Khumalo to serve in the Community Services Portfolio Committee. |

Chapter 2

| MONTH | ITEM NO | ITEM DESCRIPTION | RESOLUTION |
|-------|-------------|--|--|
| | 13/08/2020: | APPROVAL OF ANTI-FRAUD AND CORRUPTION POLICY | RESOLVED: a) That Council approve the anti -fraud and corruption policy for the 2020/21 financial year. |
| | 14/08/2020: | APPROVAL OF RISK MANAGEMENT POLICY AND RISK MANAGEMENT STRATEGY | RESOLVED: a) That Council approve the risk management policy and risk management strategy for the 2020/21 financial year. |
| | 25/08/2020: | REPORT OF THE SHARED AUDIT COMMITTEE FOR THE SECOND AND THIRD QUARTELY 2019/2020 | RESOLVED a) That Council take note of the Shared Audit Committee's 2019/2020, second and third quarterly report. b) That Council take a resolution that management must develop an action plan which must be implemented and monitored on monthly basis. |
| | 26/08/2020 | APPOINTMENT OF THE AUDIT COMMITTEE MEMBERS | RESOLVED a) That Council takes note of the report. b) That Council approves the process for the appointment of Audit Committee members for the period of three years. c) That Council approves the appointment of the recommended candidates to serve as members of the MKLM Audit Committee. d) That Council approves the recommended candidate to serve as the Chairperson of the Audit Committee for MKLM. |

Chapter 2

| MONTH | ITEM NO | ITEM DESCRIPTION | RESOLUTION |
|-------|-------------|---|--|
| | 29/08/2020: | CONDONATION OF APPOINTMENT OF ACTING HOD: CORPORATE SERVICES AND EXTENSION THERETO | RESOLVED: <ul style="list-style-type: none"> (a) That the report be noted. (b) That Council condones the acting appointment of Mr Matome Makgoba for the month of August 2020. (c) That council extends the acting appointment of Mr Matome Makgoba by another month (September) whilst the recruitment process is unfolding (d) That the letter be written to the MEC for COGTA regarding this extension. |
| | 30/08/2020: | CONDONATION OF APPOINTMENT OF ACTING HOD: INFRASTRUCTURE AND TECHNICAL SERVICES AND EXTENSION THERETO | RESOLVED: <ul style="list-style-type: none"> (a) That the report be noted. (b) That Council condones the acting appointment of Mr. Boikanyo Maseloane for the months of June to August 2020. (c) That council extends the acting appointment of Mr. Maseloane by another month (September) whilst the recruitment process is unfolding. (d) That a letter to be written to the MEC for COGTA regarding this extension of acting |
| | 06/07/2020: | FINANCIAL QUARTERLY REPORT FOR THE QUARTER ENDING 30TH JUNE 2020 (7/15/1/2/1) | RESOLVED: <ul style="list-style-type: none"> a) That the financial quarterly report for the fourth quarter ending 30 June 2020 be accepted and noted. |
| | 07/07/2020: | SUPPLY CHAIN MANAGEMENT FOURTH | RESOLVED: <ul style="list-style-type: none"> (a) That the contents of the report be noted. |

Chapter 2

| MONTH | ITEM NO | ITEM DESCRIPTION | RESOLUTION |
|-------|--------------------|---|---|
| | | QUARTER REPORT FOR 2019/2020 | |
| | 08/07/2020: | DONATION TRAILER AUTOMATED NUMBER PLATE RECOGNITION (ANPR) SYSTEM | RESOLVED: a) That the report be noted b) That the donation be accepted as a tool of Trade to enhance road safety and revenue. c) That the donation be entered in the Municipal Assets Register d) That the trailer be registered and licensed |
| | 09/07/2020 | APPOINTMENT OF TRAFFIC WARDENS UNDER THE EXTENDED PUBLIC WORKS PROGRAMMES (EPWP) | RESOLVED: (a) That the report be noted. (b) That a Traffic Revenue Collection Team be established |
| | 10/07/2020: | REPORT ON DRAFT DISASTER MANAGEMENT PLAN LEVEL | RESOLVED: a) That the draft Disaster Management Plan be noted. b) That the draft Disaster Management Plan be adopted. c) That the draft plan be taken for stakeholder public engagement. d) That the final plan be submitted after completion of the engagement. |
| | 11/07/2020: | HOUSING DEBTORS WRITE OFF | RESOLVED: a) That Council notes the report on the write-off of the Housing Debtors. b) That Council approves the debt write-off in order for the municipal financial books to be adjusted accordingly. |

Chapter 2

| MONTH | ITEM NO | ITEM DESCRIPTION | RESOLUTION |
|-------|-------------|---|---|
| | 12/07/2020: | DRAFT CRIME PREVENTION PLAN AND STRATEGY | RESOLVED: <ul style="list-style-type: none"> a) That the Draft Crime Prevention Plan and Strategy be noted. b) That the Plan be adopted as the official document of the Municipality. c) That the plan be taken for community or public participation to solicit inputs and comments. d) That the final plan be submitted to council after the consultation process. |
| | 16/08/2020: | APPROVAL OF THE MOSES KOTANE INCENTIVES POLICY. | RESOLVED: <ul style="list-style-type: none"> a) That the item on the Incentives Policy be noted; b) That Council approves and adopt the Draft Moses Kotane Incentive Policy; |
| | 17/08/2020: | APPROVAL OF THE DRAFT MOSES KOTANE LOCAL MUNICIPALITY ADOPT-A-SPOT POLICY. | RESOLVED: <ul style="list-style-type: none"> a) That the item on the Adopt a spot Policy be noted; b) That Council approves the Draft Moses Kotane Adopt a Spot Policy. |
| | 18/08/2020: | APPROVAL OF THE DRAFT MOSES KOTANE STREETNAMING AND ADDRESSING POLICY. | RESOLVED: <ul style="list-style-type: none"> a) That the item be noted; b) That the Executive Committee recommends to Council approves and adopt the Draft Moses Kotane Street Naming and Addressing Policy. c) That Council authorize the formulation of a Committee required for implementation of Street Naming and Addressing in MKLM. |

Chapter 2

| MONTH | ITEM NO | ITEM DESCRIPTION | RESOLUTION |
|-------|-------------|--|---|
| | | | d) That further participation with the public and Dikgosi be undertaken. |
| | 19/08/2020: | APPROVAL OF THE DRAFT MOSES KOTANE ACCOMODATION AND GUESTHOUSE POLICY. | RESOLVED: a) That the item be noted; b) That Council approves and adopt the Draft Moses Kotane Accommodation and Guesthouse Policy; |
| | 20/08/2020: | SUPPLY CHAIN MANAGEMENT ANNUAL REPORT 2019/2020 | RESOLVED: (a) That the contents of the report be noted. |
| | 21/08/2020: | DRAFT IDP/BUDGET & PMS PROCESS PLAN FOR 2021/2022 FINANCIAL YEAR | RESOLVED: a) That the Council to note the draft IDP/Budget/PMS Process Plan for financial year 2021/2022, b) The Council to note the review of the 2021/2022 Integrated Development Plan review/amendment and budget processes plans, c) That the approved process plan be submitted to the North West provincial government as legislated. |
| | 22/08/2020: | FINANCIAL REPORT FOR JULY 2020 (7/15/1/2/1) | RESOLVED: a) That the financial report for July 2020 be accepted and noted |
| | 23/08/2020: | SUBMISSION OF 1ST DRAFT 2021/22 PLANNING TEMPLATE FOR HOUSING ALLOCATION | RESOLVED: a) That the report be noted. b) That council support proposed villages for inclusion in the Final HSDG plan. |

Chapter 2

| MONTH | ITEM NO | ITEM DESCRIPTION | RESOLUTION |
|-------------------------|-------------|---|---|
| 22 September 2020 | 42/09/2020: | RESCINDMENT OF ITEM 197:DATE OF VALUATION – NEW GENERAL VALUATION ROLL FOR 2021 TO 2026 LOCAL GOVERNMENT: MUNICIPAL PROPERTY RATES ACT 6 OF 2004, AS AMENDED (5/2/2) | RESOLVED: (a) That notice is taken of the report on determination of a date of valuation for the new general valuation roll in terms of the Local Government: Municipal Property Rates Act, 2004 as amended, for the period 1 July 2021 to 30 June 2026. (b) That the date of valuation for the new general valuation roll for 2021 to 2026 be determined as 1 October 2020 in terms of section 31 of the Act. |
| | 43/09/2020: | FINAL REPORT ON THE RECRUITMENT PROCESS OF THE HOD: INFRASTRUCTURE AND TECHNICAL SERVICES | RESOLVED: a) That Council notes the report on the interviews and competency assessments of the top three candidates for the position of HOD: Infrastructure & Technical Services of the Moses Kotane Local Municipality. b) That council approve and appoint the most appointable candidates from the recommended list with effect from November 2020 or earlier depending on the appointed candidate c) That council offer the remuneration package in terms of the current package of the post and seek approval from the Minister of CoGSTA regarding that d) That the MEC of CoGSTA in North West be notified of the appointment within 14 days e) That Mr. Boikanyo Maseloane be appointed as the HOD: Infrastructure and Technical Services |
| | 35/09/2020: | MOSES KOTANE LOCAL MUNICIPALITY SPECIAL ADJUSTMENT BUDGET (MBRR) 2020/2021 (15/1/1/2020/2021) | RESOLVED: a) That in terms of Section 28(2) of the Municipal Finance management Act, 2003 (Act 56 of 2003) the proposed 2019/2020 Adjustment Budget be approved as set out in the following tables as contained in Annexure B 4.1 Adjustments Budget summary. B1 |

Chapter 2

| MONTH | ITEM NO | ITEM DESCRIPTION | RESOLUTION |
|-------|-------------|--|---|
| | | | <p>4.2 Adjustments Budget Financial Performance. (standard classification)B2</p> <p>4.3 Adjustments Budget Financial Performance. (revenue and expenditure by municipal vote)B3</p> <p>4.4 Adjustments Budget financial performance. (revenue and expenditure)B4</p> <p>4.5 Adjustments Capital Expenditure Budget by vote and funding. B5</p> <p>4.6 Adjustments Budget Financial Position. B6</p> <p>4.7 Adjustment Budget Cash Flows. B7</p> <p>4.8 Cash backed reserves/accumulated surplus reconciliation. B8</p> <p>4.9 Asset Management. B9</p> <p>4.10 Basic service delivery measurement. B10</p> <p>4.11 The budget allocation in the SDBIP and IDP be Adjusted accordingly</p> |
| | 36/09/2020: | DBSA GRANT FUNDING FOR THE SPECIAL ECONOMIC ZONE MASTERPLAN | <p>RESOLVED:</p> <p>It is recommended that:</p> <p>a. Council hereby approves the Project and accepts the DBSA's grant funding and infrastructure planning support, and supports the implementation of the project and the terms of the Agreement;</p> |

Chapter 2

| MONTH | ITEM NO | ITEM DESCRIPTION | RESOLUTION |
|--------------------------------|--------------------|--|--|
| | | | <ul style="list-style-type: none"> b. Municipal Manager is hereby authorised to sign the Agreement, and to sign and/or dispatch all documents and notices to be signed and/or dispatched in connection with the Agreement. c. Municipal Manager to provide the DBSA with the Designated and Authorised bank Signatories, the Municipality; d. The municipality provides the relevant FICA documentation required by the DBSA in terms regulations 3,4,5 and 6 of FICA (the Financial Intelligence Centre Act, 38 of 2011) |
| 29 OCTOBER 2020 | 62/10/2020: | THE PLACEMENT OF THE PROVISION OF (PROOF OF RESIDENCE) FUNCTION IN THE HANDS OF WARDS COUNCILLORS | RESOLVED <ul style="list-style-type: none"> (a) That all ward Councillors be provided with stamps bearing their Ward information in order for them to issue appropriately stamped proof of residences. (b) That the Municipality embark on a mass communication campaign to inform communities where they can collect authentic proof of address near them. (c) That a register of all issued proof of address be made to enable better information handling and verification of information when needed. (d) All necessary resources be availed to ensure the success of the initiative. |
| | 59/10/2020: | PROGRESS REPORT ON THE UIFW (UNAUTHORISED EXPENDITURE) | RESOLVED <ul style="list-style-type: none"> a) That council takes note of the report b) Council approve the write-off of the unauthorized of non-cash items to the value of R395 106.79 c) That the council mandate the Municipal Manager and administration to ensure enough budget for non-cash items to avoid recurrence d) That Council note that MPAC will continue with the investigations of the UIFW |
| | 60/10/2020: | MUNICIPAL PUBLIC ACCOUNT COMMITTEE DRAFT ANNUAL WORK PLAN 2020/21 FINANCIAL YEAR | RESOLVED <ul style="list-style-type: none"> a) That the council approve the MPAC Annual work plan 2019/2020 b) That the accounting ensure that all scheduled meetings according to the approved annual plan 219/2020 be adhered to |

Chapter 2

| MONTH | ITEM NO | ITEM DESCRIPTION | RESOLUTION |
|-------|--------------------|--|--|
| | | | c) That all activities in the annual work plan be budgeted in the 2020/2021 financial year |
| | 57/10/2020: | REQUEST FOR CLOSURE OF MUNICIPAL OFFICE | RESOLVED <ul style="list-style-type: none"> a. That Council grants approval for closure of offices from the 22 December 2020 until 05 January 2021 (last working day being 22th December 2020 until and opening on 05 January 2021). b. That Essential Services of Council proceed to operate during the break. c. That a list of staff members required to be on duty during the break be submitted. d. That the staff required to work during the break be compensated with one day's leave for everyday worked or alternatively as per rate paid during lockdown level 2. e. That the staff required to be on stand-by be compensated with payment of stand-by allowance. f. That the relevant message be published in the local newspaper and be properly communicated to the community, clients and stakeholders. g. That officials take 2 days' annual leave (23&24) December 2020 and Council give officials a further 5 days leave (28, 29, 30 & 31 December 2020 and 04 January 2021). |
| | 58/10/2020: | TABLING THE UNAUDITED DRAFT ANNUAL REPORT 2019/2020 | RESOLVED: <ul style="list-style-type: none"> a) That the Council note the unaudited draft annual report 2019/20. |
| | 61/10/2020: | REPORT ON ASSET VERIFICATION RESULTS | RESOLVED <ul style="list-style-type: none"> (a) That accounting records be adjusted with the verification results (b) Assets held for sale be disposed of during the 2020/2021 financial year |
| | 63/10/2020: | APPOINTMENT OF ACTING HOD: CORPORATE SERVICES | RESOLVED: <ul style="list-style-type: none"> (a) That the report be noted. |

Chapter 2

| MONTH | ITEM NO | ITEM DESCRIPTION | RESOLUTION |
|-------|--------------------|---|---|
| | | | <ul style="list-style-type: none"> (b) That Council condones the acting appointment of Mr Matome Makgoba for the month of October 2020. (c) That council appoints another s56 Manager to act as Acting HOD Corporate Services for a period not exceeding 3months. (d) That the Municipal Manager be authorised to request COGTA North west to assist in the process to ensure the finalisation of the recruitment process owing to the lack of quorum. (e) That Council appoints Ms Gabonenwe Rida Madikela as acting HOD Corporate Services. |
| | 65/10/2020: | ELECTION OF THE SPEAKER OF MOSES KOTANE MUNICIPAL COUNCIL | RESOLVED <ul style="list-style-type: none"> (a) That the council elects a Speaker in terms of Section 36 of the Local Government: Municipal Structures Act, 117 of 1998 (b) That it be noted that the Speaker is a full time office bearer and should be remunerated as a full time Speaker in accordance to the provisions of the upper limits as adopted by council. |
| | 75/10/2019: | VEHICLE AND GOODS POUND BY -LAW WITHIN THE JURISDICTION OF MOSES KOTANE LOCAL MUNICIPALITY | RESOLVED: <ul style="list-style-type: none"> (a) That the By-law be noted. (b) That the Draft Vehicle and goods Pound By-Law be adopted by Council. (c) That the By-Law be taken to public and stakeholder participation. (d) That the final draft vehicle and goods by-law be submitted to Exco for approval. (e) That the By-Law be published and promulgated. |
| | 81/11/2019: | REPORT ON DRAFT EMERGENCY AND DISASTER MANAGEMENT CONTINGENCY PLAN | RESOLVED: <ul style="list-style-type: none"> a) That the report be noted. b) That the draft Emergency and Disaster Management and Contingency Plan be adopted. |

Chapter 2

| MONTH | ITEM NO | ITEM DESCRIPTION | RESOLUTION |
|-------|--------------|---|---|
| | 84/11/2019: | MUNICIPAL ENVIRONMENT AND WASTE MANAGEMENT FORUM | RESOLVED: a) That the Council approve the proposed establishment of the Municipal Environment and Waste Management Forum. |
| | 120/01/2020: | PROGRESS REPORT ON A NATIONAL RURAL YOUTH SERVICE CORPS PROGRAMME (NARYSEC) | RESOLVED: a) That the report be noted. |
| | 121/01/2020: | ANIMALS IMPOUNDING BY LAW WITHIN THE JURISDICTION OF MOSES KOTANE LOCAL MUNICIPALITY | RESOLVED: a) That the By-Law be adopted and approved by Council. b) That the By-Law be submitted for public participation after the adoption by Council. c) That the By-Law be published and promulgated. |
| | 34/08/2020: | PROGRESS REPORT ON MUNICIPAL INFRASTRUCTURE GRANT (MIG) PROJECTS AND WATER SERVICES INFRASTRUCTURE GRANT (WSIG) | RESOLVED: a. That the Council take note of the report. |
| | 46/10/2020: | FINANCIAL QUARTERLY REPORT FOR THE QUARTER ENDING 30TH SEPTEMBER 2020 (7/15/1/2/1) | RESOLVED: a) That the financial quarterly report for the fourth quarter ending 30 September 2020 be accepted and noted. |
| | 47/10/2020: | FINAL DRAFT INFORMAL TRADERS BY-LAW | RESOLVED: |

Chapter 2

| MONTH | ITEM NO | ITEM DESCRIPTION | RESOLUTION |
|-------|-------------|--|--|
| | | | a) That Council to approve final draft of municipal trader's By-law as a legislative tool for businesses. b) That the by-law be implemented after been approved. |
| | 48/10/2020: | FINAL DRAFT OF MOSES KOTANE LOCAL MUNICIPALITY BUSINESS LICENSING BY-LAW | RESOLVED a) That Council to approve final draft of municipal licencing By-law as a legislative tool for businesses. b) That the by-law be implemented after been approved. |
| | 49/10/2020: | SUPPLY CHAIN MANAGEMENT FIRST QUARTER REPORT FOR 2020/2021 | RESOLVED (a) That the contents of the report be noted. |
| | 50/10/2020: | REQUEST FOR COUNCIL TO ADVERTISE FOR PROPOSALS TO MANAGE MUNICIPAL FLATS (UNIT 8 FLATS) BY ACCREDITED SOCIAL HOUSING INSTITUTE ON LONG TERM LEASE | RESOLVED a) That the contents of this item be noted. b) That council approves leasing of the flats on a long term lease. c) That the lease be awarded to the accredited social housing institution. d) That Council give exemption to this item as it relates to resolution that was taken not to survey the land. Item be referred back, a comprehensive report is required. |
| | 51/10/2020: | APPLICATION FOR THE ALIENATION OF COUNCIL LAND (Portion of Portion of the farm KLIPFONTEIN 60 JQ) TO DR SOLLY MOKOANA | RESOLVED That Council of Moses Kotane Local Municipality recommend, for the alienation of 11 hectares of the farm Klipfontein 68 JQ for the purposes of developing a psychiatric Hospital and Doctors residence. a) That the contents of this item be noted. b) That the alienation of 11 hectares of a Portion of the farm Klipfontein 60JQ be approved for an amount to be determined by Municipal Evaluators in favour of Dr Solly Mokoana. |

Chapter 2

| MONTH | ITEM NO | ITEM DESCRIPTION | RESOLUTION |
|-------|-------------|--|---|
| | | | <ul style="list-style-type: none"> c) That the applicant will be responsible for all cost incurred as a result of this application; d) That the proposal be advertised and if any objections are received, a further report on such will be submitted to the Council; e) That the applicant submits site development plan and building plans to the Municipality for consideration prior the commencement of any construction work; f) That should there be a requirement for any additional infrastructure, all costs for the above-mentioned proposal will be carried by the applicant; g) That in the event of any servitude being affected this will take the form of a separate agreement between the relevant authority and the applicant. h) That Council give exemption to this item as it relates to resolution that was taken not to sell the land. |
| | 52/10/2020: | PROPOSED FIRST ROUND OF PUBLIC PARTICIPATION SCHEDULE FOR THE FINANCIAL YEAR 2021/2022 | <p>RESOLVED</p> <ul style="list-style-type: none"> (a) That Council to note the proposed community consultations schedule. (b) That Community consultations be done in line with COVID 19 Regulations and Protocols. (c) That Office of the Speaker assist IDP to coordinate stakeholder engagement (ward committees). (d) That the Community Needs Analysis from past consultations be released and shared to various wards for confirmation and /or amendments (e) That the session with Ward Representatives and Community Development Workers be held afterwards to consolidate the needs. (f) That Local Radio Stations and newspaper adverts be done to solicit comments and inputs from stakeholders and community members. |

Chapter 2

| MONTH | ITEM NO | ITEM DESCRIPTION | RESOLUTION |
|--------------------|-------------|--|--|
| 29 January 2020 | 76/01/2021: | APPOINTMENT OF ACTING HOD: CORPORATE SERVICES | RESOLVED: (a) That the report be noted. (b) That Council appoints Director S.S Kotsedi to act as Acting HOD Corporate Services for a period not exceeding 3 months. (c) That the Municipal Manager be authorised to request COGTA North west to assist in the process to ensure the finalisation of the recruitment process owing to the lack of quorum. |
| | 77/01/2021: | TABLING OF THE DRAFT ANNUAL REPORT 2019/2020 FINANCIAL YEAR | RESOLVED: a) That Council note 2019/2020 annual report that has not been completed due to incomplete audit process |
| | 73/01/2021: | FINANCIAL QUARTERLY REPORT FOR THE QUARTER ENDING 31ST DECEMBER 2020 (7/15/1/2/1) | RESOLVED: a) That the financial quarterly report for the second quarter ending 31 December 2020 be accepted and noted. |
| | 74/01/2021: | SUPPLY CHAIN MANAGEMENT SECOND QUARTER REPORT FOR 2020/2021 | RESOLVED: a) That the contents of the report be noted. |
| | 75/01/2021: | MID-YEAR BUDGET PERFORMANCE ASSESSMENT REPORT FOR THE PERIOD 31 DECEMBER 2020 | RESOLVED: a) Council notes the Mid-Year Budget and Performance Assessment Report for the 2020/2021 Financial Year in terms of S72 of the MFMA and the Supporting Documentation attached. b) Council considers the financial state of affairs of the Municipality as reflected in this report and take note of the low collection rate for the first six months of the year that leads to cash flow challenges. c) Council considers the tabling of an adjustment budget not later than 28 February 2021. |

Chapter 2

| MONTH | ITEM NO | ITEM DESCRIPTION | RESOLUTION |
|------------------|-------------|---|--|
| 26 February 2021 | 82/02/2021: | AMENDMENT OF THE REVIEWED IDP FOR 2020/2021 AND REVISED IDP GUIDELINES FOR THE YEAR 2020 | RESOLVED: <ul style="list-style-type: none"> (a) That the Council to note the attached content of the section of the IDP 2020/2021 as revised. (b) That municipal priority list is attached for noting (c) That the Council to note circular No.12 of 2020. (d) That the Municipality to ensure implementation of revised Integrated Development guidelines for 2020. (e) That Head of Department to submit status quo analysis of their department to ensure compliance per guidelines and avoid non-Compliance |
| | 83/02/2021: | MOSES KOTANE LOCAL MUNICIPALITY ADJUSTMENT BUDGET 2020/2021 (15/1/1/2020/2021) | RESOLVED: <ul style="list-style-type: none"> a) That in terms of Section 28(2) of the Municipal Finance management Act, 2003 (Act 56 of 2003) the proposed 2020/2021 Adjustment Budget be approved. |
| | 84/02/2021: | CONDONATION OF ACTING APPOINTMENT: MUNICIPAL MANAGER POSITION | RESOLVED <ul style="list-style-type: none"> (a) That Council notes the report. (b) That Council condones Mr. M. Makgoba's acting for the period 20th January to 25th February 2021. (c) That council approves further acting of Mr M. Makgoba from 26th February until 20th April 2021. |

Chapter 2

| MONTH | ITEM NO | ITEM DESCRIPTION | RESOLUTION |
|---------------|-------------|---|---|
| | 85/02/2021: | CONDONATION OF ACTING APPOINTMENT: MUNICIPAL MANAGER POSITION | RESOLVED <ul style="list-style-type: none"> (a) That Council notes the report. (b) That Council condones Mr. S. S. Kotsedi's acting for the period (05th January 2021 to 19 January 2021). |
| 30 March 2021 | 87/03/2021: | DRAFT MPAC PROCESS PLAN FOR THE PUBLIC HEARING PROCESSES ON THE ANNUAL REPORT 2019/2020 | RESOLVED <ul style="list-style-type: none"> a) That Council adopt the Draft MPAC Process Plan for the MPAC Public Hearing processes on the Annual Report 2019/2020. b) That Council notes that due to Covid-19 regulations all public hearing meetings will be held at a central place to ensure that the required number of people is not exceeded. |
| | 77/02/2021: | ANTI FRAUD AND CORRUPTION AWARENESS FOR COUNCILORS AND EMPLOYEES | RESOLVED <ul style="list-style-type: none"> a) That the Anti -Fraud and Corruption awareness to be conducted for the Municipality. b) That the Council to note the Anti-Fraud and Corruption awareness for Councilors and employees the 2020/21 financial year. |
| | 78/02/2021: | APPROVAL OF COVID 19 STRATEGIC RISK REGISTER AND PROJECT RISK REGISTER | RESOLVED <ul style="list-style-type: none"> a) That the Council approve the COVID-19 strategic risk register and Project Risk Register for the 2020/21 financial year. |
| | 79/02/2021: | APPROVAL ANTI -FRAUD AND CORRUPTION RISK REGISTER | RESOLVED <ul style="list-style-type: none"> a) That the Council approve the Anti-fraud and Corruption risk register the 2020/21 financial year. |
| | 80/02/2021: | AUDIT COMMITTEE CHARTER | RESOLVED <ul style="list-style-type: none"> (a) That the Council approves the 20/21 Audit Committee Charter. |

Chapter 2

| MONTH | ITEM NO | ITEM DESCRIPTION | RESOLUTION |
|-------|-------------|---|---|
| | 89/03/2021: | MIDYEAR PERFORMANCE ASSESSMENT REPORT FOR 2020/2021 FINANCIAL YEAR | RESOLVED a) That the Council note the 2020/2021 midyear performance report. |
| | 95/03/2021: | TABLING 2019/2020 ANNUAL REPORT | RESOLVED a) That the Council note the 2019/2020 Annual Report b) That the Council give directive to Municipal Public Accounts committee to facilitate oversight processes of the Annual Report, as required by section 127 (5) of the Municipal Finance Management Act c) That the 2019/2020 Annual Report be subject to public comments through a process to be led by MPAC d) That both EXCO and Management participate throughout the public hearings as required by the MFMA. e) That a notice be issued in the newspapers regarding the availability of the 2019/2020 Annual Report. |
| | 96/03/2021: | REVISED TOP LAYER SERVICES DELIVERY AND BUDGET IMPLEMENTATION PLAN (SIBIP) FOR 2020/2021 FINANCIAL YEAR | RESOLVED a) That Council approve the revised top layer Services Delivery and Budget Implementation Plan for 2020/2021 |
| | 99/03/2021: | RESCINDMENT OF COUNCIL RESOLUTION 39/08/2019 | RESOLVED a) That Council notes the report; b) That item number 39/08/2019 dated the 29 th August 2019 Resolved by Council be rescinded to allow the review of the deed of donation; c) That Moses Kotane Local Municipality and Wesizwe/Bakubung Mine engage in discussions on the review of the Deed of Donation for the water tankers to be utilized at the discretion of the Municipality. d) That the Municipality to continue to provide the community of ledig with water at the municipal capacity |

Chapter 2

| MONTH | ITEM NO | ITEM DESCRIPTION | RESOLUTION |
|-------|--------------|---|---|
| | 100/03/2021: | REPORT ON WATER QUALITY OF WATER SUPPLIED BY MAGALIES WATER BOARD | RESOLVED <ul style="list-style-type: none"> a) That Council notes the report; b) That Council request a discount from the Magalies on the service level agreement due to reasons given on the executive Summary. c) That an intervention from the with National Department of Water affairs & Sanitation, Provincial Treasury and COGTA be sought regarding poor quality of water provided by Magalies Water Board |
| | 37/08/2019: | REPORT ON FINAL MOSES KOTANE LOCAL MUNICIPALITY SECURITY POLICY | RESOLVED <ul style="list-style-type: none"> a) That the report be noted. b) That the Security Policy be approved. c) That the implementation plan be developed and implemented. d) That education and awareness campaigns be concluded to familiarize the employees with the policy. |
| | 50/10/2020: | REQUEST FOR COUNCIL TO ADVERTISE FOR PROPOSALS TO MANAGE MUNICIPAL FLATS (UNIT 8 FLATS) BY ACCREDITED SOCIAL HOUSING INSTITUTE FOR 20 YEARS | RESOLVED <ul style="list-style-type: none"> a) That the contents of this item be noted b) That the Municipal Manager embark on a month to month agreement with the current service providers until a report is tabled before council. c) That planning and development submit a report of the previous for the next council meeting. d) That a report of the current management company be provided for tabling in the next council. |
| | 53/10/2020: | PROPOSED ESTABLISHMENT OF A BUY-BACK CENTRE | RESOLVED <ul style="list-style-type: none"> a. That the Council approve the request for the establishment of a Buyback Centre on Municipal land through the R 4.1 00 000, 00 grant set aside by the National Department of Environment, Forestry and Fisheries(DEFF) b. That the Council in conjunction with the Portfolio Committee for Planning and Development note and approve the identified Municipal Land, Sandfontein adjacent to R510 (25° 12'51.86"S/27°15'44.97"E) c. That the Council note the attached: |

Chapter 2

| MONTH | ITEM NO | ITEM DESCRIPTION | RESOLUTION |
|-------|-------------|--|--|
| | | | <ul style="list-style-type: none"> Official project approval/authorization from the Office of the Municipal Manager, Budget and Treasury Office as well as the Department of Planning and Development. Detailed background information pertaining to the earmarked Waste Management Cooperative. |
| | 54/10/2020: | CONTROL OF PUBLIC TRANSPORT AND RELATED NUISANCES BY-LAW | RESOLVED <ul style="list-style-type: none"> a) That the report on the Control of Public Transport and Related Nuisance Bylaw be noted b) That the Bylaw be approved as Moses Kotane Local Municipality Control of Public Transport and Related Nuisances Bylaw c) That the process of Promulgating, publishing and gazetting of this Bylaw be finalised for legal effect. d) That a proper charge fee structure be developed and submitted to the magistrate court for approval |
| | 55/10/2020: | REPORT ON REVENUE ENHANCMENT: THE MEETING BETWEEN MOSES KOTANE LOCAL MUNICIPALITY AND THE DEPARTMENT OF COMMUNITY SAFETY AND TRANSPORT MANAGEMENT | RESOLVED <ul style="list-style-type: none"> a) That the report on a meeting between the Department and the municipality be noted b) That it be taken into account that revenue enhancement and service delivery are one of the 20/21 priorities of the municipality c) That the recruitment and appointment of Examiners and Management Representative be prioritized so that the Driving Learners Licence Centre in Tweelaagte can be operationalize d) It be noted that 100% of revenue collected for the Driving Leaners Licence Centre (DLTC) will not be shared with the Province and the whole revenue collected will belong to the municipality. |
| | 56/10/2020: | REVIEW OF THE MOSES KOTANE LOCAL MUNICIPALITY CEMETRIES BYLAW | RESOLVED <ul style="list-style-type: none"> a) That the report on the reviewed bylaw be noted. b) That the Draft Reviewed Moses Kotane Local Municipality Cemetery By-Law be adopted. c) That the bylaw be taken for public consultative and participatory process d) That the bylaw be submitted to council for approval after the finalization of public participation. |

Chapter 2

| MONTH | ITEM NO | ITEM DESCRIPTION | RESOLUTION |
|-------|-------------|---|--|
| | 88/03/2021: | WATER & SANITATION UNIT REPORTS FOR WEST AND EAST FEBRUARY 2021 | RESOLVED: (a) That Council notes the reports. |
| | 90/03/2021: | UNAUTHORISED EXPENDITURE 2016/2017, 2017/2018, 2018/2019 FINANCIAL YEARS AND CASH ITEMS FOR THE 2019/2020 FINANCIAL YEAR (5/17/2) | RESOLVED (a) That notice is taken of the report on the unauthorized expenditure. (b) That the following unauthorised expenditure regarding non-cash items be approved and authorised 2016/2017 financial year R 38 126 082 2017/2018 financial year R110 295 632 2018/2019 financial year R192 965 582 (c) That the following unauthorised expenditure regarding cash items be approved and authorised 2017/2018 Financial Year VIP Toilets R 7 834 618 2018/2019 Financial Year VIP Toilets R 250 397 (d) That the following unauthorised expenditure regarding cash items be referred to MPAC for investigation 2016/2017 Financial Year R21 669 019 2017/2018 Financial Year R30 428 989 2018/2019 Financial Year R 7 353 168 2019/2020 Financial Year R39 840 538 (e) That council resolution 59/10/2020 MPAC Progress Report on the UIFW (Unauthorised Expenditure) dated 29 October 2020 be rescinded as the audited figures has changed with the compilation |

Chapter 2

| MONTH | ITEM NO | ITEM DESCRIPTION | RESOLUTION |
|-------|--------------------|--|--|
| | | | <p>and submitting of the final set of the AFS to the Auditor-General at the end of February 2021.</p> <p>(f) That the council mandate the Municipal Manager and administration to ensure enough budget for non-cash items to avoid recurrence.</p> |
| | 91/03/2021: | SPECIAL ADJUSTMENTS BUDGET TO AUTHORISE UNAUTHORISED EXPENDITURE FOR THE 2019/2020 FINANCIAL YEAR | RESOLVED <p>(a) That the special adjustment budget for the 2019/2020 financial year be approved to authorize the unauthorized expenditure as follows:</p> <p>Non-Cash Items R61 152 741</p> <p>Cash Items VIP Toilets R 2 039 972</p> <p>(b) That council resolution 59/10/2020 MPAC Progress Report on the UIFW (Unauthorised Expenditure) dated 29 October 2020 be rescinded as the audited figures has changed with the compilation and submitting of the final set of Financial Statements to the Auditor-General at the end of February 2021.</p> |
| | 92/03/2021: | PROGRESS REPORT ON MUNICIPAL INFRASTRUCTURE GRANT (MIG) PROJECTS AND WATER SERVICES INFRASTRUCTURE GRANT (WSIG) | RESOLVED <p>a) That the Council take note of the report;</p> |
| | 93/03/2021: | DRAFT BUDGET AND MEDIUM TERM EVENUE AND EXPENDITURE FRAMEWORK 2021/2022 TO 2023/2024(5/1/1-2021/2022) | DRAFT RECOMMENDATIONS <p>a) That the draft annual budget of the municipality for the financial year 2021/2022 and the multi-year and single-year capital appropriations asset out in the attached tables be approved.</p> |

Chapter 2

| MONTH | ITEM NO | ITEM DESCRIPTION | RESOLUTION |
|-------|-------------|--|--|
| | 94/03/2021: | DRAFT IDP/BUDGET REVIEW FOR FINANCIAL YEAR 2021/2022 | RESOLVED <ul style="list-style-type: none"> (a) That the Council to note the Draft IDP/Budget for financial year 2021/2022. (b) That the Council to note the schedule for 2nd session IDP Public Participation. (c) That the Council to note the adjustments on the capital projects as reflected in the IDP/Budget for financial year 2020/2021. (d) That the Finance /BTO AND Planning and Development Portfolio committee be combined before the final IDP is presented. (e) That the IDP/Budget Public Participation for financial year 2021/2022 be conducted using media platforms. |
| | 97/03/2021: | APPLICATION FOR DISPOSAL COUNCIL LAND TO MR DANIEL MARAKALLA. | RESOLVED <p>In view of the above it is recommended that the Council of Moses Kotane Local Municipality to adopt the following resolutions:</p> <ul style="list-style-type: none"> a) That the report be noted; b) That sells 5 hectares to Mr Marakalla at a market related cost of AS PER Valuation. c) Applicant should commence with development within 3 years of approval. d) That the applicant should constantly communicate progress of development to the Council. e) That failure to develop the land within 3 years be reverted back to the Council at same cost of purchased. |
| | 98/03/2021: | APPLICATION FOR THE DISPOSAL OF COUNCIL LAND (A PORTION OF THE REMAINDER OF ERF 985 MOGWASE UNIT 3 | RESOLVED <p>In view of the above, it is recommended that the Council of Moses Kotane Local Municipality, for the alienation of a portion of the</p> |

Chapter 2

| MONTH | ITEM NO | ITEM DESCRIPTION | RESOLUTION |
|----------------------|---------------------|--|--|
| | | TO SEGAOLE DRIVING SCHOOL | <p>Remainder of erf 985 Mogwase Unit 3 to Segaole Driving School for the purposes of extending driving School;</p> <ul style="list-style-type: none"> a) That the contents of this item be noted; b) That the alienation of a portion of the remainder of erf 985 Mogwase Unit 3, measuring 1 Hectare be approved in favour of Segaole Driving School. c) That the applicant will be responsible for all cost incurred as a result of this application; d) That the proposal be advertised and if any objections are received, a further report on such will be submitted to the Council; e) That a separate application for the subdivision of the remainder of Erf 985 Mogwase Unit 3 be submitted by the applicant in terms of MKLM Spatial Planning and Land Use Management By-Law; f) That the applicant submits site development plan and building plans to the Municipality for consideration prior the commencement of any construction work; g) That should there be a requirement for any additional infrastructure, all costs for the above-mentioned proposal will be carried by the applicant; h) That the applicant acknowledges that the application property has is subject to access and egress to the Municipality Stores that no structure/s will be erected on the said property. i) That failure to develop the land within 3 years be reverted back to the Council at same cost of purchased. |
| 29 April 2021 | 116/04/2021: | MUNICIPAL PUBLIC ACCOUNTS COMMITTEE OVERSIGHT REPORT ON THE ANNUAL REPORT 2019/2020 FINANCIAL YEAR RESOLVED | <p>RESOLVED</p> <ul style="list-style-type: none"> a) That Council takes note of the Oversight Report for the year under review 2019/2020. b) That Council implement all recommendations set hereunder by the Municipal Public Accounts Committee. c) That the Oversight Report be made public in accordance with section 123 (3) of the MFMA. |

Chapter 2

| MONTH | ITEM NO | ITEM DESCRIPTION | RESOLUTION |
|-------|---------|------------------|--|
| | | | <p>d) That the Oversight Report be submitted to the Provincial Legislature in accordance with section 132 (2) of the MFMA.</p> <p>e) That Council note that the municipality has once more received a qualified audit opinion with few matters of emphasis than in 2018/2019.</p> <p>f) That Council through the department of corporate services develop a policy to regulate employee allowances as it related to the risks involved in the execution of certain tasks to avoid situations brought about by the Covid-19 allowances paid to certain employees.</p> <p>g) That the incoming council be encouraged to fill all critical posts especially the following:</p> <ul style="list-style-type: none"> • HEAD OF DEPARTMENT CORPERATE SERVICES. • HEAD OF SUPPLY CHAIN MANAGEMENT. <p>h) That Council take steps to minimise the ever growing irregular expenditure.</p> <p>i) That Council note the significant improvement on Property Plant and Equipment (PPE) as this has been a recurring finding.</p> <p>j) That Council note that ICT still forms the biggest item in terms of the irregular expenditure.</p> <p>k) That the disciplinary board be strengthened to be able to deal with cases that are brought before for through investigations.</p> <p>l) That Council implement urgent measures to improve revenue collection as currently council is solely dependent on grants.</p> <p>m) That Council together with Magalies Water Board finalise their dispute around the water coloring which affects especially</p> |

Chapter 2

| MONTH | ITEM NO | ITEM DESCRIPTION | RESOLUTION |
|-------|--------------|---|--|
| | | | <p>residents of Mogwase leading to poor services payment which affects revenue collection.</p> <p>n) That the Municipality seek Provincial and National Government's clarity on the billing of consumers in rural areas.</p> <p>o) That the Municipality ensures it relinquishes all ownership of RDP houses in its name to respective individual beneficiaries as a matter of urgency.</p> <p>p) That the LED department capacitate the majority of SMME'S to ensure that they are skilled to avoid unskilled entrepreneurs masquerading as business forums that hijacks projects and causes delay in the implementation of such project.</p> <p>q) That Councillors led by the office of the Speaker together with the MPAC embark on an awareness campaign to teach our people the difference between MPAC public hearings and IDP community consultations.</p> <p>r) That Council approves the Oversight report.</p> |
| | 118/04/2021: | EXTENTION OF ACTING APPOINTMENT: HOD CORPORATE SERVICES. | <p>RESOLVED</p> <p>(a) That Council notes the report.</p> <p>(b) That Council approves the three months extension of acting for Mr. S. S. Kotsedi for the period 1st May to 31 July 2021</p> <p>(c) That the Council's request be submitted to the MEC's office as required by applicable legislation.</p> |
| | 119/04/2021 | CONDONATION OF ACTING APPOINTMENT: MUNICIPAL MANAGER POSITION | <p>RESOLVED</p> <p>(a) That Council notes the report.</p> |

Chapter 2

| MONTH | ITEM NO | ITEM DESCRIPTION | RESOLUTION |
|-------------|-------------|---|---|
| | | | (b) That Council condones the acting of Mr. M. R. Mkhize as a Municipal Manager for the period 21st April to 03rd May 2021 |
| 26 May 2021 | 133/05/2021 | AMMENDMEENT OF SECTION 81 OF THE LOCAL GOVERNMENT:MUNICIPAL STRUCTURES ACT,ACT NO.117 OF 1998 | RESOLVED <ul style="list-style-type: none"> (a) That note is taken of the report on the amendment of the Municipal Structures Act, 1998. (b) That Council implement the amended legislation in order to comply as soon as the Framework has been developed by the MEC for COGTA. (c) That the Rules of Order of the Moses Kotane Local Municipality be amended accordingly and submitted to Council for approval. |
| | 115/04/2021 | FINANCCIAL QUATERLY REPORT FOR THE QUARTER ENDING 31ST MARCH 2021(7/15/1/2/1) | RESOLVED <ul style="list-style-type: none"> a) That the financial quarterly report for the third quarter ending 31 March 2021 be accepted and noted. |
| | 128/05/2021 | FINAL BUDGET AND MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2021/2022 TO 2023/2025 (5/1/1-2021/2022 | RESOLVED <p>4.1 That the final annual budget of the municipality for the financial year 2021/2022 and the multi-year and single-year capital appropriations as set out in the attached tables be approved.</p> <p>4.2 That the Council Moses Kotane Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2021:</p> <ul style="list-style-type: none"> 4.2.1 That the tariffs for property rates – as set out in Annexure B 4.2.2. That the tariffs for the supply of water – as set out in Annexure A 4.2.3 That the tariffs for sanitation services – as set out in Annexure A |

Chapter 2

| MONTH | ITEM NO | ITEM DESCRIPTION | RESOLUTION |
|--------------|------------------|---|---|
| | | | <p>4.2.4 That the tariffs for solid waste services – as set out in Annexure A</p> <p>4.2.5 That the tariffs for other services – as set out in Annexure A</p> <p>4.3 That the amendments to the Budget related policies be approved as indicated in the policy documents hereto attached.</p> |
| | 129/05/2021 | ADOPTION OF THE FINAL REVIEWD IDP/BUDGET FOR THE FINANCIAL YEAR 2021/2022 | <p>RESOLVED</p> <p>a) That Council note the Final Reviewed IDP/Budget for the financial year 2021/2022</p> |
| | 130/05/2021 | COVID 19 EMPLOYEE RELATED COSTS EXPENDITURE | <p>RESOLVED</p> <p>a) That Council notes and condones the COVID 19 related employee costs expenditure for the municipal financial books to be adjusted accordingly.</p> <p>b) That Council put in abeyance payments relating to COVID 19 allowance from the 1st of July 2021 up until such a time the internal COVID 19 policy is approved.</p> <p>c) That Corporate Services Department be mandated to develop COVID19 related policy and present it to Council for approval within a period of 3 months</p> |
| | 131/05/2021 | SUPPLY CHAIN MANAGEMENT THIRD QUARTER REPORT FOR 2020/2021 | <p>RESOLVED</p> <p>a) That the contents of the report be noted</p> |
| 29 JUNE 2021 | ITEM 140/06/2021 | REPORT OF THE AUDIT COMMITTEE FOR THE FIRST QUARTER ENDING 30 SEPTEMBER 2020 | <p>RESOLVED</p> <p>a) That Council take note of the Audit Committee's 2020-2021, 1st quarter report.</p> <p>b) That Council take a resolution that management must develop an action plan which must be implemented and monitored on monthly basis.</p> |

Chapter 2

| MONTH | ITEM NO | ITEM DESCRIPTION | RESOLUTION |
|-------|--------------|---|---|
| | | | |
| | 141/06/2021 | REPORT OF THE AUDIT COMMITTEE FOR THE REPORTING PERIOD ENDING JUNE 2020 | RESOLVED <ul style="list-style-type: none"> a) That Council take note of the Audit Committee's 2019-2020 annual report for period ending June 2020. b) That Council take a resolution that management must develop an action plan which must be implemented and monitored on monthly basis. |
| | 50/10/2020: | REQUEST FOR COUNCIL TO ADVERTISE FOR PROPOSALS TO MANAGE MUNICIPAL FLATS (UNIT 8 FLATS) BY ACCREDITED SOCIAL HOUSING INSTITUTE ON LONG TERM LEASE | RESOLVED: <ul style="list-style-type: none"> a) That the contents of this item be noted. b) That executive committee approves leasing of the flats on a long term lease. c) That the lease be awarded to the accredited social housing institution. d) That executive committee give exemption to this item as it relates to resolution that was taken not to survey the land. |
| | 107/04/2021: | MOSES KOTANE LOCAL MUNICIPALITY, LOCAL INTEGRATED TRANSPORT PLAN.BUSINESS PLAN 2020 | RESOLVED: <ul style="list-style-type: none"> a) That the report on LITP-Business Plan be noted. b) That the Business Plan be approved. |
| | 108/04/2021: | REPORT ON DRAFT DISASTER MANAGEMENT PLAN LEVEL 1 | RESOLVED: <ul style="list-style-type: none"> a) That Council note the Report on Disaster Management Plan. b) That the Disaster Management Plan LEVEL 1 be approved as a framework for the Municipality |

Chapter 2

| MONTH | ITEM NO | ITEM DESCRIPTION | RESOLUTION |
|-------|--------------|---|---|
| | | | c) That the plan be known as Moses Kotane Local Municipality Disaster Management Plan Level 1 |
| | 109/04/2021: | REQUEST TO APPROVE MOSES KOTANE LOCAL MUNICIPALITY LOCAL INTEGRATED TRANSPORT PLAN (LITP) | RESOLVED: a) That Council note the report. b) That the Local Integrated Transport Plan be approved c) That plan be known as Moses Kotane Local Municipality Local Integrated Transport Plan. (LITP) |
| | 110/04/2021: | MOSES KOTANE LOCAL MUNICIPALITY IMPOUNDMENT OF ANIMALS BYLAW | RESOLVED: a) That Council note the report. b) That the Bylaw be approved as Moses Kotane Local Municipality impoundment of animals Bylaw. c) That the bylaw be promulgated and published in the gazette. d) That the Bylaw be implemented after being gazetted. |
| | 111/04/2021: | MOSES KOTANE LOCAL MUNICIPALITY VEHICLE AND GOODS POUND BYLAW/ STANDARD OPERATING PROCEDURE OF THE IMPOUNDMENT OF VEHICLE AND GOODS | RESOLVED: a) That the report of the Moses Kotane Local Municipality Vehicle and Goods Pound bylaws be noted. b) That the Bylaw be approved as Moses Kotane Local Municipality Good Pound Bylaws c) That the Bylaw be promulgated and published d) That the bylaw be implemented after being gazette. |
| | 123/05/2021: | PROGRESS REPORT ON MUNICIPAL | RESOLVED: |

Chapter 2

| MONTH | ITEM NO | ITEM DESCRIPTION | RESOLUTION |
|-------|--------------|--|--|
| | | INFRASTRUCTURE GRANT (MIG) PROJECTS AND WATER SERVICES INFRASTRUCTURE GRANT (WSIG) | a. That Council note the report |
| | 124/05/2021: | MOSES KOTANE LOCAL MUNICIPALITY LOCAL ECONOMIC DEVELOPMENT STRATEGY | RESOLVED: a) That the item be noted. b) That Council approves the Local Economic Development Strategy |
| | 125/05/2021: | MOSES KOTANE LOCAL MUNICIPALITY ARTS AND CULTURE MASTER PLAN. | RESOLVED: a) That the item be noted. b) That the Executive Committee approves the Arts and Culture Master Plan. |
| | 126/05/2021: | PHASE 1 OF THE PRESIDENTIAL EMPLOYMENT STIMULUS | RESOLVED: a) That the item be noted. b) That the Presidential Employment Stimulus is an ambitious plan to create and support over 800,000 jobs within the next six months. This is the first phase of a medium-term plan that will build on the lessons learned and capabilities created to innovate further – and to reach even greater scale. |
| | 127/05/2021: | MOSES KOTANE LOCAL MUNIC AMERICAN AND CSIR MUNICI CAPACITY | RESOLVED: a) That the item be noted. b) That the implementation plan on support be supported (Annexure A) |

Chapter 2

| MONTH | ITEM NO | ITEM DESCRIPTION | RESOLUTION |
|-------|---------------------|---|---|
| | | DEVELOPMENT PROGRAMME. | c) That the Municipal Manager be allowed to sign the proposed memorandum of agreement (Annexure B) |
| | 132/05/2021: | DRAFT AND REVIEWED HR POLICIES | RESOLVED: a) That the draft policies be noted. b) That all draft policies be submitted for Council approval. c) That all Councillors be workshopped with all policies. |
| | 134/06/2021: | MOSES KOTANE LOCAL MUNICIPALITY SPECIAL ADJUSTMENT BUDGET 2020/2021 (15/1/1/2020/2021) | RESOLVED: a) That in terms of Section 28(2) of the Municipal Finance management Act, 2003 (Act 56 of 2003) the proposed 2020/2021 Special Adjustment Budget be approved. b) That Council note the adjustment on the approved IDP/Budget for financial year 2020/2021. |
| | 138/06/2021: | REVISED TOP LAYER SERVICE DELIVERY AND 2020/2021 FINANCIAL YEAR | RESOLVED: (a) That Council approves the revised top layer Service Delivery and Budget Implementation Plan for 2020/2021 financial year. (b) That communities affected by revised SDBIP be informed and brought to speed with catch up plan with regard to affected Capital Projects. |
| | 139/06/2021: | PERFORMANCE MANAGEMENT SYSTEM FRAMEWORK FOR 2021/2022 | RESOLVED: (a) That council adopt the Performance Management System Framework for 2021/2022. |

Chapter 2

| MONTH | ITEM NO | ITEM DESCRIPTION | RESOLUTION |
|-------|--------------|--|--|
| | 142/06/2021: | DRAFT BOJANALA DISTRICT DEVELOPMENT MODEL (BDDM) ONE PLAN AND ITS MUNICIPALITIES | RESOLVED <ul style="list-style-type: none"> a) That Council note the report. b) That Council approves the participation of Moses Kotane Local Municipality in the Bojanala Platinum District Development Model- One Plan. c) That Council approves the draft District Development Model One Plan. d) That Council note the resolution B123/2021 of the Bojanala Platinum District. |
| | 143/06/2021 | REMOVAL FROM OFFICE OF THREE COUNCILLORS OF THE CURRENT EXCO OF MOSES KOTANE LOCAL MUNUCIPALITY | RESOLVED <ul style="list-style-type: none"> a) That Council notes the Report of the Mayor as the Chairperson of EXCO b) That Council approves the reshuffling as proposed by the Mayor c) That the following Councillors be elected into EXCO as detailed hereunder: <ul style="list-style-type: none"> 1. Cllr Ralesole Diale (Mayor) 2. Cllr Lawrence Kapari (Finance) 3. Cllr Ezekiel Mashimo (Local Economic Development) 4. Cllr Caroline Motshabi (Planning & Development) 5. Cllr Dithothi Tshetlhane(Corporate Services) 6. Cllr Victor Kheswa (Community Services) 7. Cllr Mosweu Manganye (Infrastructure & Technical Services) 8. Cllr Nthabiseng Mollo 9. Cllr Merriam Ramokoka 10. Cllr Ziphora Motswenyane d) That the MEC for COGTA and SALGA in the North West Province be informed of the changes accordingly within a period of 5 working day |

Chapter 2

2.2 ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

Section 82 of the Municipal Structure Act 117 of 1998 amended that the Municipality must appoint the Municipal Manager, who is the head of Administration and therefore Accounting Officer.

Section 51(i) of the Systems Act states that the municipality must organise its administration in a manner that enables it to hold the Municipal Manager accountable for the overall performance of the municipality.

Municipal Manager must manage the communication between the political structure and office-bearers and the administration (S 55(1) (j) of the Systems Act). The Municipal Manager has to exercise responsibilities subject to the policy directions of the Council. As the Accounting Office, the Municipal Manager is also responsible for all income and expenditure, all assets and discharge of liabilities of the municipality and the compliance with the municipal finance management legislation.

In terms of section 55 of the Local Government: Municipal Systems Act 32 of 2000, as amended the Municipal Manager as head of administration is subject to policy directives of the Municipal Council responsible for the formation and development of an efficient, economical, effective and accountable administration and must manage the municipality in accordance with all legislation and policies pertaining to Local Government. In terms of Section 54 of Local Government: Municipal Systems Act 32 of 2000, as amended, the Council in consultation with the Municipal Manager must appoint managers who are directly responsible to the Municipal Manager and who must have the relevant and requisite skills and expertise to perform the duties associated with the posts they each occupy.

The Municipal Manager and Head of Departments form the Senior Management core and all Head of Departments are accountable to the Municipal Manager in terms of strategic management and oversight of their departments. All budget expenditure in each department is managed by the relevant Head of Departments in order to ensure that service delivery matters are handled quickly.

Chapter 2










| TOP STRUCTURE | | |
|---|--|--|
| | Mr M.V Letsoalo Municipal Manager | As head of administration and Accounting Officer of the municipality the Municipal Manager is subject to the policy directions of the municipal Council and is responsible and accountable for duties and responsibilities outlined under Section 55 of the Local Government: MSA, Act 32 of 2000, as amended and any other relevant duties as may be delegated by the Mayor and Council |
| Mr S. Kotsedi Acting Head of Department: Corporate Services | The Acting Head of Department is responsible for establishing and maintaining structures, with the parameters of legality and good governance, that will provide Administration that is appropriately relevant, Legal Support, Human Resource Management; and IT | |
| Mr M Mkhize Chief Financial Officer | This Department is responsible for ensuring effective and efficient strategic management of the finance portfolio, which includes budgetary management, financial accounting management, SCM, Credit Control Management, investment and banking, treasury management, and risk management. | |
| Mr B. Maseloane Head of Department : Infrastructure & Technical services | This Department is responsible for all Water, Sanitation, Electricity and Roads Services of the Municipality as well as well-established and well maintained infrastructure that will stimulate growth, resulting in a broader income base, and that will encourage taxpayers to sustain payments because of well-established and well-maintained infrastructure | |
| Mr S. Kotsedi Head of Department: Community Services | This Department is responsible for Environmental and Waste Management, Traffic, Security and Library Services | |
| Mr M. Makgoba Head of Department: Planning & Development | This Department is responsible for Housing, Town Planning LED Services | |
| Ms R. Madikela Head of Department Local Economic Development | This department is responsible for Local Economic Development | |

Chapter 2

COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

The municipality shares platform with and at the following forums:

-  Provincial sector departments and private sector stakeholders through (but not limited to) the IDP representative forums. Other engagements are held as and when necessary.
-  SALGA working committee groups where respective councillors attend;
-  Provincial Municipal Managers' forum;
-  District IGR forum
-  Provincial Communicators' forum
-  Mining Community Development forum
-  Mining Leadership forum
-  Provincial IDP Rep forum
-  District Representative forum

The municipality was identified as one of 7 pilot municipalities by the Department of Local Government and Traditional Affairs for the LG Management Improvement Model assessment, which is a self-assessment process on the management practices and work place capabilities, moderated by the Provincial Department.

Chapter 2

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

MPAC is established in terms of section 79 of the Municipal Structures Act and performs an oversight function on behalf of Council.

MPAC undertakes and manages similar functions and responsibilities for the municipalities, as undertaken by the Standing Committee of Public Account in the national and provincial legislatures, except for certain powers regarding subpoena of individuals. In the case of any irregular expenditure or any fruitless and wasteful expenditure incurred by the municipality or municipal entities, the MPAC has the right to call upon the Accounting Officer of the Municipality or the Chairperson of the municipal entity's board of Directors to appear before it to provide information or clarity.

The MPAC may engage directly with the public and consider public comments when received and are entitled to access documents or evidence from the Acting Municipal Manager.

Section 129(4) of the MFMA further provides for the issuance of guidance on the manner in which municipal councils should consider annual reports and conduct public hearing, and the functioning and composition of any public accounts or oversight committees established by the council to assist it to consider an annual report.

Chapter 2

2.3 PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS

Public communication and participatory initiatives

The adopted communication strategy has an action plan that makes provision for communication with all internal and external stakeholders. Current communication forums initiatives are as below:

Internally the following mechanisms are used:

- ✚ Internal memo for notices, announcements
- ✚ Short message service
- ✚ Emails
- ✚ Notice boards
- ✚ Policy workshops, information sharing sessions and training

For external communication we use the following channels

- ✚ Public notices
- ✚ Municipal Newsletter which reflects on council decisions, programmes public participation and events
- ✚ Loud hailing
- ✚ Media liaison - MKLM uses both the electronic/ print media, both mainstream and community for effective communication with communities and stakeholders. However there is only one community radio station within the municipal jurisdiction. As a result, the municipality has to use national and community media which can hamper communication efforts.

The municipality's website has been revamped and populated with information though there are still challenges relating to timeous updating thereof especially with regard to legislative prescriptions.

No opinion surveys have been conducted.

LGMSA 2000, Chapter 5 and Section 28(1) and 29 indicate the following:

Preparation of a Process Plan for annual review is reflected below:

2.1.1 Section 28 (1) each municipal council within a prescribed period after the start of its elected term, must adopt a process set out in writing to guide the planning, drafting, adoption and review of its Integrated Development Plan.

- Chapter 4 indicates that the municipality must through appropriate mechanisms, processes and procedures consult its local community before adopting the process.
- The Municipality must also give notice to the local community of particulars of the process it intends to follow.

Chapter 2

2.1.2 Section 29 (1) indicates the process to be followed by a municipality to draft its integrated development plan, including its consideration and adoption of the draft plan must:

- (a) Be in accordance with a predetermined programme specifying timeframes for different steps
- (b) Through appropriate mechanisms process and procedures establish in terms of chapter 4, as follows:
 - I. The local community to participate in the drafting of the integrated development plan, and
 - II. Organs of state, including traditional authorities and other role players to be identified and consulted on the drafting of the IDP
 - III. The local community to be consulted on its developmental needs analysis and priorities
- (c) To provide for the identification of all plans and planning requirements binding on municipality in terms of national and provincial legislation, and
- (d) Be consistent with any other matter that may be prescribed by regulation

Sessions for public consultation are held twice in a year in all 109 villages. The 34 wards are grouped in 8 clusters where wards are grouped in one venue for needs analysis and priority projects discussions around the first consultations.

2.4 IDP PARTICIPATION AND ALIGNMENT

| IDP Participation and Alignment Criteria* | Yes/No |
|--|--------|
| Does the municipality have impact, outcome, input, output indicators? | Yes |
| Does the IDP have priorities, objectives, KPIs, development strategies? | Yes |
| Does the IDP have multi-year targets? | Yes |
| Are the above aligned and can they calculate into a score? | Yes |
| Does the budget align directly to the KPIs in the strategic plan? | Yes |
| Do the IDP KPIs align to the Section 57 Managers | Yes |
| Do the IDP KPIs lead to functional area KPIs as per the SDBIP? | Yes |
| Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes | Yes |
| Were the indicators communicated to the public? | Yes |
| Were the four quarter aligned reports submitted within stipulated time frames? | Yes |
| * Section 26 Municipal Systems Act 2000 | |

Chapter 2

CHALLENGES FACED BY NON IMPLEMENTATION OF NEEDS ANALYSIS

There are various challenges that causes IDP unit frustration during public participation processes.

- ✚ Under allocation of budget / Municipal Financial constraint
- ✚ Increase on ad hoc requests by growth in rural areas
- ✚ Not meeting the targets for establishment of Vulnerable Groups
- ✚ Lack of policy and strategy development and lack of capacity
- ✚ Lack of skills audit and Staff shortages;
- ✚ Misalignment of strategic plans and implementation
- ✚ The new demarcation after local government elections resulted in an increase in the number of wards hence there is also a need for an increase in the number of community mobilisers serving the wards
- ✚ Overtime within the IDP unit due to long sessions held with the community and sector department not participating during consultations (spheres of government)
- ✚ IDP unit coordinates, facilitates all sectors and units and it sometimes becomes difficult to achieve our set target as we rely on information from departments
- ✚ Limited and lack of budget provision by council departments for community mobilisation activities
- ✚ Lack of vehicles and support from or vehicle shortages serve as a hindrance with service delivery and mobilisation of communities to participate on IDP consultations
- ✚ Poor attendance and minimal attendance by communities

MITIGATION

- ✓ Motivate, support for more budget during the adjustment period during the implementation of the budget for the financial year 2018/19.
- ✓ Council to note that the unit will be preparing IDP for the financial year 2019/2020 towards National Elections and more budget will be required for community mobilisation about government services

Chapter 2

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

There is an established Municipal Public Accounts Committee and a shared Audit Committee in place and functional. There is compliance with legislation and regulations that govern the municipality. The municipality ensures that there is accountability and transparency in the running of its affairs. The municipality also engages its stakeholders in identification of their needs during public participation.

2.5 RISK MANAGEMENT

RISK MANAGEMENT

The municipality conducted a strategic risk assessment for 2018/19 financial, subsequent to that a strategic risk register was compiled. Risk management policy strategy and implementation plan are at the draft stage. The fraud prevention and anti-corruption policy 2018/19 was approved during budget speech 2018 and 2019/ 20, was approved during the budget speech (31 May 2019). The fraud strategy, whistle blowing policy, fraud prevention implementation plan, are still at the draft stage. The Municipality conducted a fraud prevention and anti-corruption workshop for municipal councillors, officials and stakeholders on the 14th -15th August 2019, it was coordinated together with Office of the Premier and COGTA.

2.6 ANTI-CORRUPTION AND FRAUD

FRAUD AND ANTI-CORRUPTION STRATEGY

The Municipality has been reporting to COGTA, regarding the implementation of fraud prevention and anti-corruption and ethics. The matters of governance are paramount and with the support from COGTA we will improve towards governance issues.

2.7 SUPPLY CHAIN MANAGEMENT

OVERVIEW SUPPLY CHAIN MANAGEMENT

Four out of five employees are fully compliant with minimum competency levels for Supply Chain Management, however one employee is currently undergoing training to ensure compliance.

Chapter 2

2.8 BY-LAWS

COMMENT ON BY-LAWS:

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

2.9 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 | Yes | |
| All current budget-related policies | Yes | |
| The previous annual report (2017/18) | No | |
| The annual report (2017/18) published/to be published | No | |
| All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (2017/18) and resulting scorecards | Yes | |
| All service delivery agreements (2017/18) | No | |
| All long-term borrowing contracts (2017/18) | No | |
| All supply chain management contracts above a prescribed value (give value) for 2017/18 | 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 2017/18 | No assets Disposed | |
| Contracts agreed in 2017/18 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 2017/18 | No | |
| All quarterly reports tabled in the council in terms of section 52 (d) during 2017/18 | No | |

2.10 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

PUBLIC SATISFACTION LEVELS

No public satisfaction surveys were conducted on municipal service delivery for the year under review.

Chapter 3






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

COMPONENT A: BASIC SERVICES

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

INTRODUCTION TO BASIC SERVICES








The Municipality, through the Infrastructure and Technical Services is responsible for development, operational and maintenance of basic Municipal Infrastructure assets which includes the following:

-  Water
-  Sanitation
-  Roads and Storm water
-  Community Facilities (Halls etc.)
-  Community Lighting (Street Lights and High Mast Lights)

Over and above the Basic Services, the Municipality also is responsible for the provision of Free Basic Services such as Water, electricity, sewer for consumers who are registered as Indigents.

CHALLENGES ENCOUNTERED IN RENDERING THE BASIC SERVICES

As much as the municipality is striving very hard to render basic services, however, there are still challenges that are facing the Municipality.

-  Ageing of Infrastructure
-  Insufficient funding to carry out maintenance
-  Shortage of skilled personnel
-  Theft and Vandalism(borehole equipment)
-  Boreholes Drying out in other areas
-  Water Loss (Through Illegal connections and
-  Continuous development of stands in Tribal owned land without engaging with municipal sharing of drinking water with livestock in other villages.

Chapter 3

3.1. WATER PROVISION

INTRODUCTION TO WATER PROVISION

Moses Kotane Local Municipality is both a Water Service Authority and a Water Service Provider. The Municipality's water supply consists of 75% surface water from Magalies Water and Municipal Plants (Pella & Madikwe) and 25% of underground water. The bulk of the water is from the Vaalkop Water Treatment Plant which is operated by the Magalies Water Board and supplies the areas on the eastern side (Mankwe) of the Municipality. The western side (Madikwe) of the municipality is mostly reliant on underground water, as well as both Madikwe and Pella dams.

The Municipality has developed water master plan. The master plan has covered the entire municipal area in terms of bulk water needs and proposed water plans.

The municipality also caters for indigent population by providing subsidised water and sanitation services.

| Total Use of Water by Sector (cubic meters) | | | | | |
|---|-------------|----------|------------|------------|----------------------------|
| | Agriculture | Forestry | Industrial | Domestic | Unaccountable water losses |
| 2012/2013 | 628 672 | 0 | 754 406 | 9 336 335 | 1 886 017 |
| 2013/2014 | 565 391 | 0 | 972 484 | 9 233 891 | 1 696 176 |
| 2014/2015 | 390 138 | 0 | 780 276 | 9 414 621 | 1 170 414 |
| 2015/2016 | 470 731 | 0 | 752 552 | 9 406 911 | 1 411 036 |
| 2016/2017 | 586 354 | 0 | 1 026 120 | 10 847 559 | 2 198 829 |
| 2017/2018 | 771 652 | 0 | 1 543 309 | 10 031 485 | 3 086 611 |
| 2018/2019 | 810 627 | 0 | 1 621 255 | 9 727 547 | 4 053 137 |
| 2019/2020 | 785 840 | 0 | 1 571 679 | 9 430 078 | 3 174 297 |
| 2020/2021 | 737 277 | 0 | 2 211 833 | 7 372 779 | 4 423 667 |

Chapter 3

COMMENT ON WATER USE BY SECTOR:

The municipality has a high volume of unaccountable water loss due to unmetered stand pipes, hydrants and illegal connections.

| Water Service Delivery Levels | | |
|---|---------------|-------------------------|
| Description | 2019/2020 | Households 2020/2021 |
| | Actual No. | |
| Water: (above min level) | | |
| Piped water inside dwelling | 6 482 | 6 482 |
| Piped water inside yard (but not in dwelling) | 19 269 | 20 188 |
| Using public tap (within 200m from dwelling) | 38 758 | 46 475 |
| Other water supply (within 200m) | 6 000 | 5 535 |
| <i>Minimum Service Level and Above sub-total</i> | 70 509 | 75 327 |
| <i>Minimum Service Level and Above Percentage</i> | 88% | 88% |
| Water: (below min level) | | |
| Using public tap (more than 200m from dwelling) | 2 750 | 2 750 |
| Other water supply (more than 200m from dwelling) | 5 200 | 5 200 |
| No water supply | 1 502 | 2 000 |
| <i>Below Minimum Service Level sub-total</i> | 9 452 | 9 950 |
| <i>Below Minimum Service Level Percentage</i> | 12% | 12% |
| Total number of households* | 79 798 | 80 654 |

| Households - Water Service Delivery Levels below the minimum | | | |
|--|---------------------------|------------------------|---------------|
| Description | Households 2020//2021 | | |
| | Original Budget No. | Adjusted Budget No. | Actual No. |
| Formal Settlements | | | |
| Total households | 80654 | | 80654 |
| Households below minimum service level | 0 | 0 | 0 |
| Proportion of households below minimum service level | 0% | 0 | 0 |
| Informal Settlements | | | |
| Total households | 24 572 | 14 572 | 24 572 |
| Households below minimum service level | 5 750 | 2 750 | 5 750 |
| Proportion of households below minimum service level | 23.4% | 19% | 23.4% |

Chapter 3

| Water Service Objectives Taken from IDP | | | | | | |
|---|---|------------------------|------------------------|------------------------|------------------------|------------------------|
| Service Objectives <i>Service Indicators</i> | Outline Service Targets | 2019/2020 | | 2020/2021 | | |
| | | Target | Actual | Target | | Actual |
| | | *Previous Year | | *Previous Year | *Current Year | |
| Households without minimum water supply | Number of hh provided with water below RDP standard | 5 000 | 10 000 | 5 000 | 5 000 | 11 798 |
| Ensure water supply | Number of boreholes drilled and equipped | 30 | 7 | New | 4 | 4 |
| Ensure water quality | Compliance on Blue Drop | Results not issued yet | Results not issued yet | Results not issued yet | Results not issued yet | Results not issued yet |
| | | | | | | |

| Access to Water | | | |
|-----------------|--|---------------------------------------|--------------------------------|
| | Households with access to water points | Households with access to piped water | Households receiving 6 kl free |
| 2014/2015 | 73 598 | 55 300 | 61 800 |
| 2015/2016 | 75 000 | 55 330 | 61 800 |
| 2018/2019 | 79 798 | 78 000 | 75 500 |
| 2019/2020 | 79798 | 80654 | 80654 |
| 2020/2021 | 80 654 | 78 000 | 80 654 |

| Employees: Water Services | | | | | |
|---------------------------|------------|------------|------------|----------------------------------|-----------------------------------|
| Job Level | 2020/2021 | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | Employees | | | | |
| | No. | No. | No. | No. | % |
| 1-5 | 125 | 201 | 125 | 76 | 62% |
| 5-8 | 0 | 0 | 0 | 0 | 0% |
| 8-11 | 7 | 6 | 7 | 1 | 17% |
| 10-12 | 14 | 16 | 14 | 2 | 13% |
| 12-14 | 12 | 14 | 12 | 2 | 14% |
| 15-16 | 6 | 8 | 6 | 2 | 25% |
| 17-18 | 3 | 6 | 3 | 3 | 50% |
| 19-25 | 1 | 4 | 1 | 2 | 50% |
| Total | 168 | 261 | 168 | 88 | 64% |

Chapter 3

| Project | Ward | Adjusted Budget 2020/2021 | Special Adjustment 2020/2021 | Actual Expenditure 2020/2021 |
|--|----------|------------------------------|---------------------------------|---------------------------------|
| WATER | | | | |
| Rolled Over Projects | | | | |
| Sandfontein Water Supply | 10 | 1 006 789,00 | 241 678,25 | 241 678,25 |
| Maologane Water Supply | 27 | 1 000 000,00 | 0,00 | 0,00 |
| Ledig Water Supply (Various sections) | 14/28/30 | 6 582 080,00 | 4 962 978,00 | 1 999 461,00 |
| Upgrading of Madikwe Water Treatment Plant (Phase I Refurbishment)) | 19 | 6 000 000,00 | 6 000 000,00 | 10 567 298,70 |
| Upgrading of Madikwe Water Treatment Plant (Phase II - Bulk Water Supply)) | 19 | 15 000 000,00 | 15 000 000,00 | |
| Letlhakane / Kortkloof Water Supply (Design) | 18 | 1 120 000,00 | 1 120 000,00 | 1 089 735,73 |
| Pitsedisulejang Water Supply | 2 | 7 515 415,76 | 8 147 988,00 | 8 728 298,84 |
| Lossmytjerrie - Goedeheop Water Supply (Designed) | 1 | 1 260 000,00 | 627 428,00 | 627 427,92 |
| Letsheng Section Water Supply | 32 | 8 000 000,00 | 8 664 761,00 | 866 276 430,00 |
| Refurbishment of Makoshong Water Supply | 24/26 | 4 809 249,57 | 4 809 250,00 | 4 786 339,22 |
| Refurbishment of Tweelaagte Water Supply | 26 | 4 000 000,00 | 4 391 838,00 | 4 352 182,79 |
| Sub Total | | 56 293 534,33 | 53 965 921,25 | 898 668 852,45 |

COMMENT ON WATER SERVICES PERFORMANCE OVERALL:

The Municipality has managed to reach various villages that had challenges with regard to water shortages through the implementation of the underground water optimization project, this programme has seen about 8 villages being assisted with additional boreholes and reticulation. As part of ensuring proper planning in future the Municipality has managed to develop a water master plan.

Chapter 3

3.2 WASTE WATER (SANITATION) PROVISION

INTRODUCTION TO SANITATION PROVISION

The municipality provides sanitation services of high level of service to two townships of Madikwe and Mogwase. About 5 802 households and industrial are catered by the Mogwase and Madikwe Waste Water Treatment Plants.

| Project | Ward | Adjusted Budget 2020/2021 | Special Adjustment 2020/2021 | Actual Expenditure 2020/2021 |
|-----------------------------|------|---------------------------|------------------------------|------------------------------|
| SANITATION | | | | |
| | | | | |
| Uitkyk | 4 | 0,00 | | |
| Disake | 5 | | 2 611 395,00 | 2 384 965,00 |
| Makgope | 27 | | 7 221 761,00 | 6 625 773,00 |
| Ramokokastad | 12 | 10 123 570,00 | 11 003 531,00 | 5 925 842,00 |
| Bojating | 11 | 1 522 590,00 | 1 522 590,00 | 807 551,00 |
| Sub Total | | 11 646 160,00 | 22 359 277,00 | 15 744 131,00 |
| Rolled Over Projects | | | | |
| Makoshong | 24 | | | |
| Losmytjerrie | 1 | 2 954 926,89 | 2 954 926,89 | 2 894 327,26 |
| Mabela a Podi | 13 | 5 764 404,00 | 2 828 189,43 | 3 293 827,00 |
| Mabeskraal | 23 | | 4 264 195,00 | 4 008 929,00 |
| Mabeskraal | 24 | | 4 146 525,00 | 462 882,00 |
| Sandfontein | 10 | | 5 680 695,91 | 6 453 892,00 |
| Lerome (Thabeng Section) | 15 | | 3 125 273,00 | 3 205 524,00 |
| Sub Total | | 8 719 330,89 | 22 999 805,23 | 20 319 381,26 |

Chapter 3

3.3 ELECTRICITY

INTRODUCTION TO ELECTRICITY

The Electricity Unit is not providing electricity at household level. The Municipality is not licensed to distribute electricity, however, we do facilitates for household electrification through engaement with Eskom and DOE. The Municipality also provides community lighting infrastructure (high mast lights) and streetlights.

| Employees: Electricity Services | | | | | |
|--|-------------------|------------------|-------------------|---|--|
| Job Level | 2018/2019 | 2020/2021 | | | |
| | Employee s | Posts | Employee s | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 1-5 | 4 | 5 | 4 | 1 | 20% |
| 12-14 | 3 | 4 | 3 | 1 | 25% |
| 15-16 | 1 | 2 | 1 | 1 | 50% |
| Total | 8 | 11 | 8 | 3 | 27% |

| Capital Expenditure Year 2020/2021: Streetlight | | | | | |
|--|---------------|--------------------------|---------------------------|--------------------------------------|----------------------------|
| | | | | | R' 000 |
| Assistance is required for the portion below | | | | | |
| Capital Projects | Year 0 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | 13 635 | 18 598 | 13 666 | 0% | |
| STREET LIGHTING | 13 635 | 18 598 | 13 666 | 0% | |
| July 2020 to June 2021 | 11 238 131 | 11 238 131 | 9 749 095 | 0% | |

Chapter 3

| Project | Ward | Adjusted Budget 2020/2021 | Special Adjustment 2020/2021 | Actual Expenditure 2020/2021 |
|---|----------|---------------------------|------------------------------|------------------------------|
| High-Mast Light | | | | |
| Goede Hoop Electrical Connection | 1 | 61 245,02 | 61 245,02 | 20 745,74 |
| Sesobe Electrical Connection | 2 | 61 245,02 | 61 245,02 | 31 118,55 |
| Motlhabe Electrical Connection | 6 | 122 490,04 | 122 490,04 | 0,00 |
| Moruleng Electrical Connection | 9 | 183 735,06 | 183 735,06 | 0,00 |
| Leroleng, Phola Park Lerome Mositwane Electrical Connection | 17 | 551 205,18 | 551 205,18 | 0,00 |
| Moruleng Electrical Connection | 32 | 306 225,10 | 306 225,10 | 0,00 |
| Phadi Electrical Connection | 11 | 244 980,08 | 244 980,08 | 0,00 |
| Greater Ledig (Wards 14,28,30) Electrical Connection | 14,28,30 | 428 715,14 | 428 715,14 | 0,00 |
| Losmytjerrie Electrical Connection | 1 | 244 980,08 | 244 980,08 | 0,00 |
| Ramokokastad | 12 | 993 225,00 | 993 225,00 | 0,00 |
| Khayakulu Electrical Connection | 2 | 428 715,14 | 401 876,17 | 0,00 |
| Energizing of High Masts Lights and Community Halls constructed in prior years (Various Villages) | | | 2 817 913,00 | 354 430,00 |
| Sub Total | | 3 626 760,86 | 6 417 834,89 | 406 294,29 |
| Rolled Over Project | | | | |
| Mmopyane | 34 | 1 727 796,00 | 1 727 796,00 | 1 727 796,00 |
| Ramothajwe | 2 | 1 629 155,02 | 1 629 155,02 | 1 390 630,60 |
| David Katnagel | 2 | 1 836 744,07 | 1 836 744,07 | 155 616,57 |
| Pitsedisulejang | 2 | 1 962 762,51 | 1 962 762,51 | 1 332 404,38 |
| Letlhakeng | 2 | 1 727 796,00 | 1 727 796,00 | 1 727 796,00 |
| Ramokgolela | 2 | 1 360 652,59 | 1 360 652,59 | 690 967,77 |
| Sub Total | | 10 244 906,19 | 10 244 906,19 | 7 025 211,32 |

COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL:

The installation of High Mast Lights within villages is of utmost importance for the reduction of crime and improving visibility at night. The Municipality has managed to install 28 high mast lights in 2020/21, however the Municipality faces challenges in reaching its targets due to delays in energizing of high mast lights by Eskom.

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

INTRODUCTION TO WASTE MANAGEMENT

Waste Management remains one of the fundamental Municipal Legislative functions as made provision in the National Environmental Management Waste Act 59 of 2008. In order to give effect to the requirements of the National Environmental Management Waste Act 59 of 2008 in line with the National Waste Management Strategy 2011, in 2017 the Environment and Waste Management Unit initiated the process of the development of the Municipal Integrated Waste Management Plan (IWMP) as well as Air Quality Management Plan (AQMP).

Poor or irregular household waste collection is one of the significant contributors of solid-waste mismanagement, within the Municipality. It has also been noted that illegal dumping could also be a result of inadequate environmental awareness as well as limited access to waste management infrastructure in remote areas within the Municipality.

In an effort to address the depicted waste management setbacks, it is within the foremost plans of the Unit y to improve contractual obligations with contracted service providers for waste management (Collection and Disposal) and subsequently intensify monitoring across all Municipal clusters.

Appropriate Access to Municipal Waste Management Infrastructure promotes a clean, healthy and well secured environment for the local community members in line with Section 24 Act 108 Constitution of Republic of South Africa 1998. As a result, the Municipality has two licensed operational Landfill sites situated in Madikwe and Mogwase. The latter is classified as GMB while Madikwe as GSB making provision for General Waste only in terms of the National Environmental Management: Waste Act 59 : National Norms and Standards for Disposal of Waste to Landfill (R636).

Mogwase Landfill site is managed accordingly, in conformity with the Norms and Standards for Waste Storage. However, the seepage of leachate and migration of contaminated runoff water especially during rainy seasons at Mogwase Landfill site may in due course result in significant underground water pollution given the site's sensitivity in relation to geotechnical and geo-hydrological properties. However, at this point, there has not been any evidence of underground contamination from the water quality monitoring results.








Most of the irregularities depicted on site with respect to the requirements of the operational license arise as result of inadequate infrastructural components from the construction phase of the site.

Chapter 3

Madikwe Landfill is informally operating through an Operational License issued under the Transitional Council of Madikwe 1996/09/10. The Municipality, through the usage of an Environmental Consultant has undertaken Environmental Impact Assessments in effort to attain a revised Waste Management Licence with the Provincial Department of Rural Environment and Agricultural Development. It is within the foremost plan of the Municipality to have the landfill site upgraded and equipped with necessary infrastructural components upon receipt of the revised Waste Management Licence (WML).

In villages with far less volume of waste produced, there has been a need for the Municipality to erect Transfer Stations/ Drop off Centres which must be strategically placed across the Municipality. The Municipality currently has no recycling initiatives in place, as result, the erection of such Recycling Facilities will allow the Municipality to accelerate waste recycling, separation at source and in turn create green job opportunities.

Key performance objectives

-  To pursue progressive waste reduction, reuse, recycling and recovering initiatives
-  Ensure and encourage the provision of effective waste management services to all the communities;
-  Encourage the prevention and minimization of environmental pollution to air, water and land by conducting environmental awareness campaigns, workshops and seminars.
-  To maintain and improve the health and safety of the public;
-  Support the rehabilitation of polluted water and land areas (Borrow Pits)
-  To preserve cultural heritage; balance the need to enhance the built environment with measures which reduce the environmental impact of development
-  Provide environmental education and training to communities and all staff members

Chapter 3

| Solid Waste Service Delivery Levels | | | | |
|--|---------------|---------------|---------------|-------------------------|
| Description | 2017/2018 | 2018/2019 | 2019/2020 | Households 2020/2021 |
| | Actual No. | Actual No. | Actual No. | Actual No. |
| <u>Solid Waste Removal: (Minimum level)</u> Removed at least once a week | 75 193 | 75 193 | 75 193 | 80 654 |
| <u>Solid Waste Removal: (Below minimum level)</u> Removed less frequently than once a week Using own refuse dump No rubbish disposal | | | | |
| Total number of households | 75 193 | 75 193 | 75 193 | 80 654 |

| Households - Solid Waste Service Delivery Levels below the minimum | | | | | | |
|--|---------------|---------------|---------------|---------------------------|---------------------------|---------------|
| Description | 2017/2018 | 2018/2019 | 2019/2020 | Households 2020/2021 | | |
| | Actual No. | Actual No. | Actual No. | Original Budget No. | Adjusted Budget No. | Actual No. |
| Formal Settlements | | | | | | |
| Total households | 0 | 0 | 0 | 0 | 0 | 0 |
| Households below minimum service level | | | | | | |
| Proportion of households below minimum service level | | | | | | |
| Informal Settlements (included above) | 0 | 0 | 0 | 0 | 0 | 0 |

Chapter 3

| Waste Management Service Policy Objectives Taken From IDP | | | | | | | | | |
|---|--|---|--|--|---|--|--|---|--------------------------------|
| Service Objectives <i>Service Indicators</i> (i) | Outline Service Targets (ii) | 2016-2017 | | 2017-2018 | | | 2018-2019 | 2020-2021 | |
| | | Target | Actual | Target | | Actual | Target | | |
| | | *Current Year (vi) | (vii) | *Previous Year (v) | | | *Current Year (viii) | *Current Year (ix) | *Following Year (x) |
| <i>Provision of weekly collection service per household (HH)</i> | Provide waste collection to all wards | 75 193 | 75 193 | 75 193 | 75 193 | 75 193 | 80 654 | 80 654 | 80 654 |
| <i>Proportion of waste that is recycled</i> | Operation of the buyback centre | The buyback centre fully operational | The buyback centre fully operational | The buyback centre fully operational | The buyback centre fully operational | The buyback centre fully operational | Operation of the buyback centre | Operation of the buyback Centre Mogwase Landfill Site | Calibration of the weighbridge |
| <i>Proportion of landfill sites in compliance with the Environmental Conservation Act 1989.</i> | 1. Closure and rehabilitation of the old Mogwase landfill site 2. Operation of the new Mogwase landfill site 3. Fencing of Madikwe landfill site | Rehabilitation of the old Mogwase landfill site | 1. Closure and rehabilitation of old landfill site 2. Operation of new Mogwase landfill | Contractor awaiting appointment for second phase for rehabilitation of the landfill site | Rehabilitation of the old Mogwase landfill site | 1. Closure and rehabilitation of old landfill site 2. Operation of new Mogwase landfill | Completion of Phase 4 of the Rehabilitation of Old Mogwase Landfill Site | Rehabilitation completed | Rehabilitation completed |

Chapter 3

| Waste Management Service Policy Objectives Taken From IDP | | | | | | | | | |
|--|-------------------------------------|-----------------------|--|-----------------------|--|--|---|---|---|
| Service Objectives <i>Service Indicators</i> (i) | Outline Service Targets (ii) | 2016-2017 | | 2017-2018 | | | 2018-2019 | 2020-2021 | |
| | | Target | Actual | Target | | Actual | Target | | |
| | | *Current Year (vi) | (vii) | *Previous Year (v) | | | *Current Year (viii) | *Current Year (ix) | *Following Year (x) |
| | | | 3. Madikwe landfill fencing 4. Environmental signboard installation | | | 3. Madikwe landfill fencing 4. Environmental signboard installation | | | |
| | 4. Madikwe Landfill upgrade | | | | | | Madikwe Landfill site upgrade Preliminary Detailed design reports submitted | Environmental Assessments Conducted, Awaiting Variated Waste Management License from the Provincial Department of Rural Environment and Agricultural Development Received partially | An application for re-submission to be lodged in line with the requirements of the ROD(Record of Decision) |

Chapter 3

| Waste Management Service Policy Objectives Taken From IDP | | | | | | | | | |
|---|---|-----------------------|--------|---|---|---|--|---|---|
| Service Objectives <i>Service Indicators</i> (i) | Outline Service Targets (ii) | 2016-2017 | | 2017-2018 | | | 2018-2019 | 2020-2021 | |
| | | Target | Actual | Target | | Actual | Target | | |
| | | *Current Year (vi) | (vii) | *Previous Year (v) | | | *Current Year (viii) | *Current Year (ix) | *Following Year (x) |
| | | | | | | | | approved variation. | |
| <i>To reduce and/or prevent adverse pollution as per section 24N NEMA 1998</i> | Borrow pit rehabilitation and fencing | | | The rehabilitation and fencing of the Lerome borrow pit | Lerome borrow pit was fully rehabilitated and subsequently fenced | Lerome borrow pit was fully rehabilitated and subsequently fenced | Rehabilitation assessment done and proposed estimates compiled, Department to request MIG funding for the project. | Successfully fenced Sandfontien and Lerome borrow pits. Proposals for the Rehabilitation the Borrow Pits drafted, No funds in place to have them implement | The national department of Forestry, Fisheries and Environment has availed funds for the construction of a Buyback in Sandfontien, Borrow Pit in an attempt to rehabilitate the site. |
| <i>To raise awareness around issues pertaining pollution prevention-illegal dumps eradication</i> | Billboards and sign boards installation | | | The installation of sign boards around Mogwase | The installation of sign boards around Mogwase | The installation of sign boards around Mogwase | Installation of signboards Ledig, Sandfontien, Mabeskraal, Lesetlheng, Lerome, Mahobieskraal, Mabalstad, Legkraal, | Installation of signboards at the following areas: Lerome south, Tweelagte, Mapaputle, Nkogole, Mopyane, Molore. | Signed boards were successfully installed in most of the areas |

Chapter 3

| Waste Management Service Policy Objectives Taken From IDP | | | | | | | | | |
|---|-------------------------------------|-----------------------|--------|--|--|--|-------------------------|---|---|
| Service Objectives <i>Service Indicators</i> (i) | Outline Service Targets (ii) | 2016-2017 | | 2017-2018 | | | 2018-2019 | 2020-2021 | |
| | | Target | Actual | Target | | Actual | Target | | |
| | | *Current Year (vi) | (vii) | *Previous Year (v) | | | *Current Year (viii) | *Current Year (ix) | *Following Year (x) |
| | | | | | | | Tweelagte, Letlhakeng | Mogwase Unit 2 &8, Maologane, Mokgaloane ng, Losmeitjerie, Obakeng, Se shibitswe, Vrede, Madikwe, | |
| <i>The purpose of IEMP is to resolve or lessen any negative development process</i> | Environmental plans and policies | | | The tender for integrated environmental management plan was advertised | The evaluating team for the tender yet to sit down | The evaluating team for the tender yet to sit down | | Implementation and enforcement to take place | Not fully implemented due to the municipal budget constraints |

Chapter 3

| Employees: Solid Waste Management Services | | | | | |
|--|-------------|-------------|-----------|----------------------------------|-----------------------------------|
| Job Level | (2019/2020) | (2020/2021) | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 1-5 | 0 | 16 | 0 | 16 | 100% |
| 6-8 | 0 | 4 | 0 | 4 | 0% |
| 10-12 | 0 | 9 | 0 | 9 | 0% |
| 12-14 | 0 | 10 | 1 | 9 | 100% |
| 15 - 16 | 4 | 5 | 5 | 0 | 100% |
| 17 – 18 | 0 | 3 | 0 | 3 | 0% |
| 18 - 25 | 0 | 1 | 0 | 1 | 0% |
| Total | 4 | 48 | 6 | 42 | 90% |

| Employees: Waste Disposal and Other Services | | | | | |
|--|-----------|-----------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2018/2019 | 2020/2021 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| Total | 0 | 48 | 6 | 42 | 14% |
| The service is outsourced | | | | | |

COMMENT ON WASTE MANGEMENT SERVICE PERFORMANCE OVERALL:

Phase 4 of the rehabilitation has been fully implemented in the 2018/2019 financial year. Received partially approved variation for Madikwe landfill site upgrade. Re-submission applications are underway to allow for the approval of all activities.

Chapter 3

3.5 HOUSING

INTRODUCTION TO HOUSING

Everyone has the right to have access to adequate housing. Key to the roles and responsibilities of Local Government is to ensure the provision of services to communities in a sustainable manner. Priority of Moses Kotane is to eradicate informal settlements and mud houses in our villages. Housing has been a cornerstone of Moses Kotane since 2003. The objectives of human settlements are:

1. Quality control and assurance of housing development
2. Accelerate access to housing through availing land for housing development and development of Community Rental Units for those who do not qualify for housing subsidies.
3. Have the municipality accredited as a housing developer?

The municipality's challenge arises from the fact that implementation of housing is mandated to the provincial human settlement, and not the municipality. Ever rising backlog, illegal occupation of land and RDP houses.

| Percentage of households with access to basic housing | | | |
|---|--|-------------------------------------|--|
| Year end | Total households (including in formal and informal settlements) | Households in formal settlements | Percentage of HHs in formal settlements |
| 2018/19 | 75 193 | 14 427 | 19.2% |
| 2019/20 | 75 193 | 14 427 | 19.2% |
| 2020/2021 | 75 193 | 14 427 | 19.2% |

Chapter 3

COMMENT ON THE PERFORMANCE OF THE HOUSING SERVICE OVERALL:

The role of the Municipality is to facilitate access to housing while top structure construction is the priority of the Provincial Department of Local Government and Human Settlement.

INTRODUCTION TO ROAD TRANSPORT

The municipality does not implement road transport programmes. Road development and maintenance is carried out as part of the infrastructure grant and operational (internal funding) respectively

| Project | Ward | Adjusted Budget 2020/2021 | Special Adjustment 2020/2021 | Actual Expenditure 2020/2021 |
|--|------|---------------------------|------------------------------|------------------------------|
| ROADS AND STORMWATER | | | | |
| Mabodisa | 32 | | 7 466 665,24 | 6 366 915,53 |
| Mmorogong | 11 | 6 450 673,95 | 6 450 673,95 | 5 638 569,85 |
| Montsana | 2 | 464 822,00 | 518 178,09 | 518 178,00 |
| Leruleng | 17 | 6 059 206,00 | 6 059 206,00 | 4 979 872,03 |
| Moruleng Stormwater Management | 9/32 | | 6 100 000,00 | 5 929 499,00 |
| Sub Total | | 12 974 701,95 | 26 594 723,28 | 23 433 034,41 |
| Rolled Over Projects | | | | |
| Legkraal Internal Roads | | 1 315 655,78 | 1 315 655,78 | 1 206 866,00 |
| Tlokweng internal Roads | 20 | 16 896 159,20 | 14 996 159,20 | 14 996 159,20 |
| Madikwe Internal Roads (China Section) | 19 | | 15 000 000,00 | 11 238 071,00 |
| Vrede Stormwater management | 21 | | 2 000 000,00 | 1 999 995,00 |
| Ramoga Internal Roads | 9 | | 11 425 000,00 | 1 136 009,25 |
| Lerome (Thabeng Section) Internal Roads | 15 | | 3 125 273,00 | 3 205 524,00 |
| Rehabilitation of Matau Internal Roads | 3 | | | 17 000 000,00 |
| Tlokweng Internal Roads | 20 | | | 13 000 000,00 |
| Rehabilitation of Welverdiend Internal Roads | | | | 18 000 000,00 |
| Sub Total | | 18 211 814,98 | 47 862 087,98 | 81 782 624,45 |

Chapter 3

3.6 TRANSPORT

INTRODUCTION TO TRANSPORT

The municipality is responsible for planning and contracting for public transport services and implementation. The operational licensing is function of the province but can be assigned to municipalities by the Provincial MEC.

According to the National Land Transport Act 5 of 2009, the Municipalities are responsible for:

- ✚ Integrated Transport Plan to be prepared by the municipality
- ✚ Developing land transport policy and strategy for their areas
- ✚ In their capacity as planning authorities, preparing, implementing and monitoring transport in their areas (ITPs)
- ✚ Financial planning for land transport in their areas
- ✚ Managing the movement of persons and goods in their areas
- ✚ Planning, implementing and managing of modally integrated transport networks and travel corridors within the municipal area and liaising with neighbouring municipalities
- ✚ Service level planning for passenger rail in consultation with PRASA

Public Transport Projects that were conducted within the municipality are as follows:

- ✚ Survey on Public Transport Facilities – by the Province
- ✚ Integrated Public Transport network (IPTN) – by the District Municipality
- ✚ Rural Roads Assets Management System (RRAMS) – by the District Municipality
- ✚ District Integrated Transport Plan (in the process) – by the District

Employees: Public Transport

- ✚ The Municipality has one employees for the purpose of coordination with stakeholders.

Challenges:

- ✚ Devolution of Public Transport functions to the Municipality
- ✚ Lack of personnel
- ✚ Budget

Chapter 3

Comment on the performance of Public transport

The National Land Transport Act 5 of 2009 requires that local Municipality to prepare for their local Integrated Transport Plan, therefore in this case Public Transport is a core function of the Provincial Department of Community Safety and Transport Management, Bojanala Platinum District Municipality and Local Municipality as a planning authority is doing the coordination in the implementation of the plans for Public Transport services.

COMPONENT C: PLANNING AND DEVELOPMENT

This component includes: planning; and local economic development.

INTRODUCTION TO PLANNING AND DEVELOPMENT

The Municipality's planning and development consist of municipal planning which deal with the following:

- ✚ Spatial Development Framework
- ✚ Provides information and guidance in regards to planning dealing with issues/queries related to planning and future developments which are linked to the IDP.

A challenge facing the municipality is where land is under tribal control and as such the Municipality cannot generate revenue to assist in the development of bulk infrastructure. Due to lack of funding the municipality cannot develop their own properties.

3.10 PLANNING

INTRODUCTION TO PLANNING

Following the enactment of Spatial Planning and Land Use Management Act 16 of 2013 (SPLUMA), Municipalities are required to redress the past spatial and regulatory imbalances. To explicate this notion, Municipality are obligated to regulate its areas of jurisdiction in entirety. Town Planning as the custodian of SPLUMA in Municipalities, is responsible for:

- Development of the Municipal Spatial Development Framework to conform to the principles of spatial justice, spatial sustainability, efficiency, spatial resilience and finally the principle of good administration.

Chapter 3

- Development of the Municipal Land Use Management Scheme to promote economic growth, social inclusion, efficient land development and minimal impact on public health, the environment and national resources.

The Town Planning as a unit also deals with Land Use Management, application procedures and matters related to the following:

- ✚ Rezoning of land,
- ✚ Special Consent,
- ✚ Relaxation of building lines,
- ✚ Subdivision and consolidation of land,
- ✚ Township Establishment or the extension of the boundaries of a township
- ✚ Division or phasing of a township,
- ✚ Removal, amendment or suspension of a restrictive or obsolete condition, servitude or reservation registered against the title of the land,
- ✚ Approval of the constitution of an owner's association or an amendment of the constitution of the owner's association,
- ✚ Permanent closure of any public place,
- ✚ Spatial planning and land use management by-laws and policies
- ✚ Regulation of outdoor advertisement.
- ✚ Geographical Information System function

To improve the Unit's performance, the Municipality is currently reviewing its Spatial Development Framework and also the Land Use Management Scheme to conform to the requirements of the Spatial Planning and Land Use Management Act. Furthermore, the Municipality is required to develop policies such as the; Guesthouse Policy, Tarven Policy, Street Trading Policy etc to fully regulate development with its jurisdictional area.

COMMENT ON THE PERFORMANCE OF PHYSICAL PLANNING OVERALL:

The unit is unable to perform as expected due to shortage of permanent staff.

3.7 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

INTRODUCTION TO ECONOMIC DEVELOPMENT

The Municipality has a number of economic opportunities that range from agriculture, mining, tourism and rural development. Job creation has been facilitated through the establishment and supporting of cooperatives and marketing its municipality through its information centre. Skills transfer through tourism buddies. Monitoring the implementation of SLPs in the mining sector.

COMMENT ON LOCAL JOB OPPORTUNITIES:

The mining sector is a very important sector that contributes significantly towards both the employment and economic growth of the local municipality. This sector was identified as having a comparative advantage and it was classified as being the current strength of the local economy.

The mining sector is the main contributor towards the total GGP for the local municipality. The finance sector (19.5%), the transport sector (10.9%) and the general government sector (10.0%) are also significant contributors to the local economy.

In order to improve upon the local procurement of the mines, a review of the main products purchased by the mines should be conducted. Whilst it is acknowledged that the local municipality would not be able to provide all the required goods and services to the mines, there are number of consumable goods as well as services that can be provided from the local municipal area.

The tourism sector is unfortunately not classified as a sector on its own, and thus the contribution that tourism makes towards the local municipality cannot be easily quantified. It is one of the key economic sectors which gives the Municipality a comparative advantage over the other municipalities within the NW Province. 3 international icons (Sun City, Madikwe and Pilanesberg Game Reserves) are housed within the municipalities and as such have an impact in terms of job creation of local people. The sector contributes highly to the country's GDP and plays a crucial role in municipal economic growth. It is in this sector where you find street traders / crafters who produce artefacts which are sold to tourists and locals. Most of these traders are located within the game reserves and around the CBD. The traders' activities are done on a full time basis and used to sustain their livelihoods. It is therefore imperative to formalise these traders so as to implement proper regulatory framework/mechanisms for them. Some of the crafters are generating enough income and fall within taxable bracket.

The agricultural sector within the Moses Kotane Local Municipality experienced erratic economic growth during the 1995 – 2010 period. Employment within the agricultural sector has experienced a downturn over the years as employment between the 1995 – 2009 period shrank at an estimated average rate of -9.1%.

Farming activities within the local municipality are subsistence farming activities and the main agricultural produce within the local municipality is: maize, sorghum, and sunflower, game farming and livestock farming (cattle & goats)

Chapter 3

The reason for the limited contribution and relatively poor performance of the agricultural sector is the limited water supply within the local municipality. Furthermore, the constraints facing the agricultural sector include: market & marketing information, transport, storage facilities, and grading and product standards. The lack of agricultural infrastructure prohibits/restricts the type of agricultural activities that can occur within the local municipality.

The following opportunities have been identified for the agricultural sector within the local municipality that could lead to economic growth:

- Support commercialization of small-scale/subsistence farming activities, and
- Support the development of a vibrant agro-processing sector.

These could be achieved through the establishment and support of cooperatives.

The manufacturing sector within the Moses Kotane LM has been growing at an average annual growth rate of 1.0% during the 1995 – 2009 period, whilst the level of employment has been decreasing at an average annual rate of 3.4%.

The main area in which manufacturing activities occur within the Moses Kotane LM is the Bodirelo Industrial Park. There is no real clustering of activities within the Bodirelo Industrial area. It is encouraging that some businesses linked to the mining sectors are located within this industrial area. It should be noted that a number of stands within the local municipality are vacant and the attraction of investment to these areas could be further investigated.

The trade sector in the Moses Kotane LM appears to be underdeveloped. This is illustrated by limited growth in this sector whilst the decline in employment also highlights the challenges experienced within this sector.

Key elements that could be implemented to further develop MKLM economy:

- Agriculture, mining, manufacturing, tourism and utilities are the key sectors that could assist in the development of the local economy,
- The key to ensuring greater economic development is increasing linkages between the various sectors, businesses and communities,
- Government has a key role to play through skills development, information sharing and partnership building

Chapter 3

The key to ensuring greater economic growth and development is increasing linkages between the various sectors of the economy.

| Job creation through EPWP* projects | |
|-------------------------------------|------|
| Jobs created through EPWP projects | |
| Details | No. |
| 2017/18 | 82 |
| 2018/19 | 57 |
| 2019/20 | 1299 |
| 2020/2021 | 686 |

Chapter 3

COMPONENT D: COMMUNITY & SOCIAL SERVICES

3.8 LIBRARIES

INTRODUCTION TO LIBRARIES

The library function has devolved to the Moses Kotane Local Municipality through the annual memorandum of agreement with the Department of Arts, Culture Sports & Recreation and the municipality is hosting four libraries (Mabieskraal, Mogwase, Tlokweng, Manamela libraries) and the department is still responsible for the function.

The library strives to provide, in cooperation with the relevant governing bodies on local and provincial level, dynamic library and information services that meet the educational, informational, cultural, economical, technological and recreational needs of the community at large. Each person must have free access to resources and facilities for information, lifelong learning, culture and recreation.

The service aims to promote the library service and instill a reading culture, improving literacy levels and provide free and open access to information as well as survival information. Present programs include story hours, book talks, life skill training course, literacy training and free public internet access.

Reading of literature is promoted to contribute to the upliftment of the community e.g. (Toy programmes and reading awareness programmes etc.)

Library staff receives relevant training and attends workshops and libraries hosts workshops relevant to the community needs.

SERVICE STATISTICS FOR LIBRARIES;

Number of books 30500

Number of users- 93500

Toy programmes - 12 per year

Library awareness & marketing programs- 8 per year

COMMENT ON THE PERFORMANCE OF LIBRARIES

The municipality through MIG provides community facilities and through its operational budget undertakes maintenance, renovations and repairs to Municipal Facilities. Most community halls and municipal buildings and facilities required structural analysis and assessment to comply with the national building regulations and building standards and other pieces of legislations.

SERVICE STATISTICS FOR COMMUNITY FACILITIES

During the period under review the municipality carried out routine maintenance in Community Halls, Parks, and Sports Facilities. The Municipality has 106 facilities (inclusive of municipal offices, community halls, sports facilities and libraries).

3.9. COMMUNITY FACILITIES

INTRODUCTION TO COMMUNITY FACILITIES

The municipality through MIG provides community facilities and through its operational budget undertakes maintenance, renovations and repairs to Municipal facilities.

SERVICE STATISTICS FOR COMMUNITY FACILITIES

During the period under review the municipality carried out routine maintenance in Community Halls, Parks, and Sports Facilities. The Municipality has 106 facilities (inclusive of municipal offices, community halls, sports facilities and libraries). The Municipal Buildings & Facilities undertakes or provide routine maintenance. The Municipal Buildings maintenance plan has been developed for Municipal offices, excluding community and sports facilities, however the structural Assessment for Community halls and facilities has been done.

3.10. CEMETERIES

INTRODUCTION TO CEMETERIES

The municipality provides for and maintains gravesites in Mogwase and Madikwe. The municipality gives service in the rural villages as may be requested from time to time with particular reference to fencing of graveyards.

3.11. CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

INTRODUCTION TO CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

The municipality through the Mayoral special programmes provides support to the aged, the disabled, people living with HIV/Aids, orphans and other vulnerable groups.

SERVICE STATISTICS FOR CHILD CARE

The child care function is the responsibility of the Department of Social Development. However, the Municipality assists annually with school uniforms and food parcels for vulnerable children.

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

Mayoral support is provided to all vulnerable groups through the special projects programme.

COMPONENT E: ENVIRONMENTAL PROTECTION

INTRODUCTION TO ENVIRONMENTAL PROTECTION





3.12 POLLUTION CONTROL

INTRODUCTION TO POLLUTION CONTROL

The Municipality has a constitutional mandate to ensure that it guarantees everyone the right to an environment that is not harmful to their health or wellbeing and to have the environment protected for the benefit of present and future generation through reasonable legislative and other measures that prevent pollution, ecological degradation, promote conservation and secure ecologically sustainable development and use of natural resources while promoting justifiable economic and social development.

Chapter 3

The Municipality achieves this through

-  Waste Management
-  Biodiversity Management
-  Environmental Education and Awareness
-  Enforcement and compliance

COMPONENT F: PUBLIC SAFETY AND SECURITY

This component includes: disaster management coordination and relief materials public nuisances, etc.

3.13 PUBLIC SAFETY AND SECURITY





INTRODUCTION TO PUBLIC SAFETY AND SECURITY

Promotion of road safety through effective law enforcement and road safety education.
Provision of Security services in all Municipal facilities and buildings
Coordination of disaster management programs

3.14 OTHER (DISASTER MANAGEMENT)



INTRODUCTION TO DISASTER MANAGEMENT

The Disaster Management Services part of responsibilities are as follows:

-  Provide and undertake a consultation, training, research, project management, client services for the disaster management of the municipality (institutional Capacity)
-  Ensure effective and quick response to incident / disaster affecting vulnerable communities
-  Ensure minimization of risk measures in the municipality through risk reduction programme
-  Compile contingency plan for events as required Disaster Management Act 57 of 2002 and National Disaster Management Framework.

POSSIBLE INCIDENTS IN THE MUNICIPALITY

The following are hazards prevails in the municipality though can be classified into different categories: natural disaster, man-made situations and technological:

-  Natural Disasters i.e. House Fires, Drought and Flash Floods
-  Severe weather- Heavy storm

Chapter 3

- ✚ Explosions and Bomb threats
- ✚ Vehicle accidents
- ✚ Stampeding at stadium during events
- ✚ Health Hazards i.e. Food and water contamination, Poisoning
- ✚ Political stability: Terrorist, Hostage situation, political attacks
- ✚ Crime: looting Robbery, Hijacking
- ✚ Power and communication Failures
- ✚ Interruption of water supply and electrical outages
- ✚ Chemical spillages - hazardous incidents

COMMENT ON THE PERFORMANCE OF DISASTER MANAGEMENT

Disaster Management is a core function of the District Municipality though Moses Kotane Local Municipality facilitates the implementation of the Disaster Management KPI's in line with the District Disaster Management Plan.

The Disaster Management relief that we assist the vulnerable communities are as follows:

- ✚ Tents
- ✚ Salvage sheets
- ✚ Mattresses
- ✚ Liaise with other line department (SASSA) for social relief of distress.
- ✚ Blankets

COMPONENT H: SPORT AND RECREATION

This component includes: community parks; sports field; stadiums and swimming pools

INTRODUCTION TO SPORT AND RECREATION

This component supports and promotes sport within the municipality. It has formed a sports council and been involved in the development of netball teams where leagues compete on weekends and a team represents Moses Kotane at provincial and national levels. The athletics club is affiliated to Athletics North west North

COMMENT ON THE PERFORMANCE OF SPORT AND RECREATION OVERALL:

No capital expenditure was incurred during the financial year. Apart from salaries expenditure incurred was mainly for maintenance of the Mogwase and Madikwe stadiums.

Chapter 3

COMPONENT H: CORPORATE POLICY OFFICES AND OTHER SERVICES

3.15 FINANCIAL SERVICES

INTRODUCTION FINANCIAL SERVICES

Moses Kotane Local Municipality remains committed to prudent financial management by strengthening the balance sheet, tightening the credit control and continued improved revenue collection or enhancement strategy.

3.16. HUMAN RESOURCE SERVICES

INTRODUCTION TO HUMAN RESOURCE SERVICES

The human resources unit is responsible for the provision of effective HR to the entire municipality. The priorities were recruitment of staff, occupational health and safety, labour relations and training and development. Appointment of temporary workers and other HR staff was done to improve performance.

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

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

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

The unit is responsible for the support function of ICT to the entire municipality. Provision of ICT equipment and computer networks. An ICT assessment was conducted and the strategy was developed and approved by council.

Chapter 3

PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

The legal service is responsible for provision of legal services for the municipality. This would include development of by- laws, service level agreements, legal opinions and compilation and maintenance of a valuation roll. Supplementary valuation roll was reviewed and implemented during the year under review. There were no measures taken as no underperformance was experienced.

Chapter 4

COMPONENT I: ORGANISATIONAL PERFORMANCE SCORECARD/ ANNUAL PERFORMANCE REPORT 2019/2020

4.1.1. LEGISLATIVE REQUIREMENTS

Outlined in Section 40 of the Municipal Systems Act of 2000 (MSA), Municipalities must establish mechanisms to monitor and review its Performance Management System (PMS) so as to measure, evaluate and improve performance at organisational, departmental and employee levels. Section 34 of the MSA furthermore point out that the Integrated Development Plan (IDP) has to be reviewed on an annual basis, and that during the IDP review process the Key Performance Areas, Key Performance Indicators and Performance Targets be reviewed and this review will form the basis for the review of the Organisational Performance Management and Performance Contracts of Senior Managers.

The Municipal Planning and Performance Management Regulations (2001) stipulates that a “municipality’s performance management system entails a framework that describes and represents how the municipality’s cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role-players” (Chapter 3, Section 7, Municipal Planning and Performance Management Regulations, 2001).

Section 46 of the Municipal Systems Act (Act 32 of 2000), inter alia stipulates the following: -

46. (1) A municipality must prepare for each financial year an annual report consisting of - (a) a performance report reflecting;
- (i) The municipality’s, and any service providers, performance during that financial year, also in comparison with targets of and with performance in the previous financial year;
 - (ii) The development and service delivery priorities and the performance targets set by the municipality for the following financial year;
 - (iii) Measures that were or are to be taken to improve performance

4.1.2. PURPOSE OF THE INSTITUTIONAL ANNUAL PERFORMANCE REPORT

This Annual Performance Report Seeks to attain the following purposes;

- a. The provision of a report on performance in service delivery and budget implementation plan for the 2020/2021 financial year.
- b. To promote transparency and accountability for the activities and programmes of the municipality implemented within all six key performance areas.
- c. To provide a record of activities of the municipality for the 2020/2021 financial year to which this report relates.

4.1.3. MUNICIPAL PERFORMANCE ANALYSIS

The Municipality has 7 departments, including the office of the Municipal Manager, during the period under review. Those Directorates were (1) Budget and Treasury Office; (2) Corporate Services; (3) Community Services, (4) Local Economic Development; (5) Technical and Infrastructure Services; (6) Planning and Development and (7) Office of the Municipal Manager. All the seven directorates cumulatively contributed to the annual performance report of the Municipality for the period under review. The SDBIP and Annual Performance Report 2020/2021 is arranged in terms of the six Key Performance Areas of Local Government namely;

1. Basic Service Delivery and Infrastructure Development
2. Municipal Transformation and Institutional Development
3. Local Economic Development;
4. Spatial Rationale
5. Good Governance and Public participation
6. Municipal Financial Viability

Chapter 4

4.1.4 OVERALL PERFORMANCE

| 2020/2021 Moses Kotane Local Municipality | | | | | |
|---|------------|-----------|--------------|------------|----------------|
| Department | Total KPIs | Achieved | Not Achieved | Achieved % | Not Achieved % |
| Infrastructure and Technical Services | 54 | 26 | 28 | 48% | 52% |
| Community Services | 10 | 6 | 4 | 60% | 40% |
| Planning and Development | 4 | 2 | 2 | 50% | 50% |
| Local Economic Development | 6 | 6 | 0 | 100% | 0% |
| Corporate Services | 20 | 4 | 16 | 20% | 80% |
| Budget and Treasury Office | 9 | 7 | 2 | 78% | 22% |
| Office of the Municipal Manager | 16 | 16 | 0 | 100% | 0 |
| Total | 119 | 67 | 52 | 57% | 43% |

Chapter 4

| 2020/2021 Moses Kotane Local Municipality | | | | | |
|--|-------------------|-----------------|---------------------|-------------------|-----------------------|
| Key Performance Area | Total KPIs | Achieved | Not Achieved | Achieved % | Not Achieved % |
| Municipal Transformation Institutional Development | 15 | 4 | 11 | 27% | 73% |
| Basic Service and Infrastructure development | 64 | 32 | 32 | 50% | 50% |
| Local Economic Development | 6 | 6 | 0 | 100% | 0% |
| Spatial Planning and Rationale | 4 | 2 | 2 | 50% | 50% |
| Good Governance and Public Participation | 21 | 16 | 5 | 76% | 24% |
| Municipal Financial Viability | 9 | 7 | 2 | 78% | 22% |
| 2020/2021 Institutional Performance | 119 | 67 | 52 | 57% | 43% |

4.1.5. CHALLENGES AND CORRECTIVE MEASURES

Challenges

1. Late appointment of service providers due to COVID regulations which affected rates for material which exceeded the allocated budgets.
2. Slow progress on site by contractors.
3. Late approval of WULA and EIA by sector departments (e.g. DWS, READ, DEDECT) on water and storm water projects
4. Delay due to confirmation of bulk water supply from Magalies Water Board for approval to be granted by DWS.

Corrective measures

1. Service providers has fast-tracked works on site, scope of work on rates that exceeded allocated budget to be reviewed to fall within allocated budget.
2. Matter raised with National Department of Corporate Governance and Traditional Affairs for intervention, currently approval granted by DWS and DEDECT. Service provider increased resources on site to recover time lost.
3. Engagement held with Magalies Water Board with no result. Municipality currently exploring ground water exploration as an alternative.

Chapter 4

4.1.6. PERFORMANCE ASSESSMENT OF EXTERNAL SERVICE PROVIDER

In line with Section 46 1 (a) (i) of the Municipal Systems Act, performance of the external service provider will for 2020/2021 financial year will be assessed using the below rating scale;

| LEVEL | TERMINOLOGY | DESCRIPTION |
|-------|---|---|
| 5 | Excellent/Outstanding Performance | Performance far exceeds the standard expected of the service provider at this level. The appraisal indicates that the service provider has achieved above fully effective results against all performance criteria and indicators as specified in the awarded contract. |
| 4 | Very Good/Performance significantly above expectation | Performance is significantly higher than the standard expected in the job awarded. The appraisal indicates that the service provider has achieved above the fully effective results against more than half of the performance criteria and indicators and fully achieved all others throughout the period of the contract awarded. |
| 3 | Good/fully effective | Performance fully meets the standard expected in all areas of the job awarded. The appraisal indicates that the service provider has fully achieved effective results against all significant performance criteria and indicators as specified in the awarded contract. |
| 2 | Fair /not effective | Performance is below the standard required for the specified job. Performance meets some of the standards expected for the job and the assessment indicates that the service provider has achieved below fully effective results against more than half of the key performance criteria and indicators as specified in the awarded contract |

Chapter 4

| LEVEL | TERMINOLOGY | DESCRIPTION |
|-------|--------------------|---|
| 1 | Poor /unacceptable | Performance does not meet the standard expected for the job awarded. The assessment indicates that the service provider has achieved below fully effective results against all of the performance criteria and indicators as specified in the awarded contract. Further that the service provider failed to demonstrate the commitment or ability to bring performance up to the level expected in the job despite management efforts to encourage improvement. |

**Moses Kotane Local Municipality
2020/2021 Annual Performance Report**

| Key Performance indicator | 2020/2021 Annual Targets | 2019-2020 Baseline | 2020/2021 Actual Performance | Achieved/ Not Achieved | Annual Budget | YTD Expenditure | Challenges | Corrective Measures | Portfolio of Evidence |
|--|---|--------------------------------------|--|------------------------|---------------|-----------------|---|--|----------------------------------|
| KPA 1: Basic Service Delivery and Infrastructure Development | | | | | | | | | |
| Strategic objective: To develop and maintain infrastructure to provide basic services | | | | | | | | | |
| Department: Infrastructure and Technical Services | | | | | | | | | |
| KPI 1. Upgrading(refurbishment) of Madikwe Water Treatment plant works (phase 1), phase 2 (bulk water supply augmentation) | Upgrading(refurbishment) of Madikwe Water Treatment plant works (phase 1), phase 2 (bulk water supply augmentation) by 30 June 2021 | Existing works: old water treatment | Phase 1 Completed and Phase 2 still under planning stage | Not Achieved | R21 000 000 | R10 567 298,70 | Delay was due to finalization of specialized works for Phase 2 | Service provider has fast-tracked the specialized works for Phase 2, the project will be implemented as a multiyear under the 2021/22 FY | Practical completion certificate |
| KPI 2. % of water supply constructed in Pitsedisulejang | 100% water supply constructed in Pitsedisulejang by 30 June 2021 | Existing works: water infrastructure | 92% completion of water supply project | Not Achieved | R8 147 988 | R8 728 298 ,84 | Delays were due to the supply of elevated steel tank by the manufacture | Steel tank has been delivered on site, currently busy with the installation. | Progress Report |
| KPI 3. % of water supply Constructed in Letsheng | 100% water supply constructed in Letsheng by 30 June 2021 | Existing works: water infrastructure | 95% completion of water supply project | Not Achieved | R8 664 763 | R8 662 764 ,30 | Late appointment of contractor | The service provider to increase resources on site, Project to be completed 30 July 2021 | Progress Report |

Chapter 4

| | | | | | | | | | |
|---|--|--------------------------------------|---|--------------|-------------|-----------------|--|---|----------------------------------|
| KPI 4. % of water supply refurbished in Makoshong | 100% water supply refurbished in Makoshong by 30 June 2021 | Existing works: water infrastructure | 80% completion of water supply project | Not Achieved | R4 809 250 | R4 786 339 ,22 | Slow progress on site by contractor | The service provider committed to increase his resources on site, Project to be completed 30 July 2021 | Progress Report |
| KPI 5. % of water supply refurbished in Tweelagte | 100% water supply refurbished in Tweelagte by 30 June 2021 | Existing works: water infrastructure | 100% water supply refurbished | Achieved | R4 391 838 | R4 352 182 ,79 | None | None | Practical Completion Certificate |
| KPI 6. % of bulk water augmentation constructed in Lerome | 100% bulk water augmentation constructed in Lerome by 30 June 2021 | Existing works: water infrastructure | 55% completion of bulk water augmentation project | Not Achieved | R11 422 140 | R11 371 10 5,93 | Delay of materials supply due to Covid 19 limitation | Material has been delivered on site and the service provider to increase resources on site to recover time lost | Progress Report |
| KPI 7. % of bulk water augmentation constructed in Pella | 100% bulk water augmentation constructed in Pella by 30 June 2021 | Existing works: water infrastructure | 97% completion of bulk water augmentation project | Not Achieved | R18 658 923 | R17 057 11 0,64 | Late approval of WULA by DWS which delayed the installation of river crossing steel pipeline | Approval granted by DWS, the service provider is currently busy with installation of the river crossing steel pipeline. | Progress Report |

Chapter 4

| | | | | | | | | | |
|---|--|--------------------------------------|---|--------------|-------------|----------------|--|---|-----------------|
| KPI 8. % of rural bulk water supply constructed in Seolong | 100% rural bulk water supply constructed in Seolong by 30 June 2021 | Existing works: water infrastructure | 90% completion of rural bulk water supply project | Not Achieved | R10 000 000 | R8 565 319 ,31 | Late approval of EIA and WULA delayed the commencement of the project | Approvals granted by DEDECT and DWS,the service provider will increase his resources on site to recover time lost. | Progress Report |
| KPI 9. Designs for Letlhakane/Kortkloof water supply finalized | Designs for Letlhakane/Kortkloof of water supply finalized by 30 June 2021 | New | Designs report Completed | Achieved | R1 120 000 | R1 089 735 ,73 | None | None | Design reports |
| KPI 10. Designs for Losmytjerrie/Goedehoop water supply finalized | Designs for Losmytjerrie/Goedehoop water supply finalized by 30 June 2021 | New | Designs report Completed | Achieved | R627 428 | R627 427,92 | None | None | Design reports |
| KPI 11. Designs for Sandfontein water supply finalized | Designs for Sandfontein water supply finalized by 30 June 2021 | New | Designs at 70% Complete | Not Achieved | R1 006 789 | R241 678,25 | Delay due to confirmation of bulk water supply from Magalies Water Board for approval to be granted by DWS | Engagement held with Magalies Water Board with no result. Municipality currently doing ground water exploration as an alternative | Design reports |
| KPI 12. Designs for Maologane water supply finalized | Designs for Maologane water | New | Designs at 100% Complete | Achieved | R1 000 000 | R0 | None | none | Design reports |

Chapter 4

| | | | | | | | | | |
|--|--|---|--|-----------------|----------------|------------|--|---|--|
| | supply finalized by 30 June 2021 | | | | | | | | |
| KPI 13. % of Ledig water supply constructed (Various sections) | 10% of Ledig water supply constructed (Various sections) by 30 June 2021 | New | 0% of Ledig water supply constructed (Project at Tender Stage) | Not Achieved | R6 582 080 | R1 999 461 | Delay of appointment due to escalation of rates due to Covid-19 which exceeded the allocated budget | The Scope of work will be reviewed as per the allocated budget and re- advertise the project. The project will be implemented under the 2021/22 FY | Tender Advert |
| KPI 14. Madikwe Water safety plan approved by council | Madikwe Water safety plan approved by council by 30 June 2021 | | Draft water safety plan | Not Achieved | R100 000 | R0 | Awaiting completion of Madikwe water treatment plant and hand over | Handover of equipment manuals for the project to be submitted together in water safety plan | Council resolution |
| KPI 15. Number of households with access to basic level of water | 75 186 households with access to basic level of water 30 June 2021 | 75 186 households with access to basic level of water | 75 186 households with access to water service | Achieved | R75 000 000 | R0 | None | None | Report on water consumed per household |

Chapter 4

| | | | | | | | | | |
|--|--|-----|---|--------------|-------------|------------|---------------------------------|---|---|
| KPI 16. Number of (Rural sanitation) VIP toilets constructed in Makgophe | 283 (Rural sanitation) VIP toilets constructed in Makgophe by 30 June 2021 | New | 180 Rural sanitation VIP toilets completed. | Not Achieved | R7 221 761 | R6 625 773 | Late appointment of contractor | Service provider to increase resources on site to recover time lost | Practical Completion Certificate/ Progress Report |
| KPI 17. Number of (Rural sanitation) VIP toilets constructed in Disake | 115 (Rural sanitation) VIP toilets constructed in Disake by 30 June 2021 | New | 115 (Rural sanitation) VIP toilets constructed. | Achieved | R2 611 395 | R2 384 965 | None | None | Completion Certificate |
| KPI 18. Number of (Rural sanitation) VIP toilets constructed in Ramokokastad | 464 (Rural sanitation) VIP toilets constructed in Ramokokastad by 30 June 2021 | New | 272 Rural Sanitation VIP toilets constructed. | Not Achieved | R11 003 351 | R5 925 842 | Late appointment of contractor. | Service provider will increase his resources on site. The project will be completed by 31 August 2021 | Completion Certificate/ Progress report |
| KPI 19. Number of (Rural sanitation) VIP toilets constructed In Bojating | 205 (Rural sanitation) VIP toilets constructed In Bojating by 30 June 2021 | New | 205 Rural Sanitation VIP toilets constructed. | Achieved | R1 522 590 | R807 551 | None | None | Completion Certificate |
| KPI 20. Number of (Rural sanitation) VIP toilets constructed in Mabeskraal (ward 23) | 212 (Rural sanitation) VIP toilets constructed in Mabeskraal (ward 23) by 30 June 2021 | New | 212 Rural sanitation VIP toilets constructed | Achieved | R4 262 195 | R4 008 929 | None | None | Practical completion certificate |

Chapter 4

| | | | | | | | | | |
|--|--|-----|---|--------------|------------|----------------|--------------------------------|---|---|
| KPI 21. Number of (Rural sanitation) VIP toilets constructed in Losmetjerie | 137 (Rural sanitation) VIP toilets constructed in Losmetjerie by 30 June 2021 | New | 137 Rural sanitation VIP toilets constructed. | Achieved | R2 954 648 | R2 894 327 ,26 | None | None | Practical completion certificate |
| KPI 22. Number of (Rural sanitation) VIP toilets constructed in Mabele a Podi | 141 (Rural sanitation) VIP toilets constructed in Mabele a Podi by 30 June 2021 | New | 141 Rural sanitation VIP toilets constructed. | Achieved | R2 828 190 | R3 293 827 | None | None | Practical Completion Certificate |
| KPI 23. Number of (Rural sanitation) VIP toilets constructed in Mabeskraal (ward 24) | 207 (Rural sanitation) VIP toilets constructed in Mabeskraal (ward 24) by 30 June 2021 | New | 207 Rural sanitation VIP toilets constructed. | Achieved | R4 146 525 | R4 262 882 | None | None | Practical Completion Certificate |
| KPI 24. Number of (Rural sanitation) VIP toilets constructed in Sandfontein | 285 (Rural sanitation) VIP toilets constructed in Sandfontein by 30 June 2021 | New | 135 Rural sanitation VIP toilets constructed. | Not Achieved | R5 680 696 | R6 453 892 | Late appointment of contractor | Service provider will increase his resources on site. The project will be completed by 31 August 2021 | Practical Completion Certificate/ Progress Report |
| KPI 25. Number of (Rural sanitation) VIP toilets constructed in Lerome (Thabeng Section) | 182 (Rural sanitation) VIP toilets constructed in Lerome (Thabeng Section) by 30 June 2021 | New | 182 Rural sanitation VIP toilets constructed. | Achieved | R3 125 273 | R 3 205 524 | None | None | Practical Completion Certificate |

Chapter 4

| | | | | | | | | | |
|---|---|-----|--|--------------|-------------|-------------|---|--|-----------------|
| KPI 26. Number of km of paved internal roads constructed in Madikwe (China Section) | 3 km of paved internal roads constructed in Madikwe (China Section) by 30 June 2021 | New | 0 km (Site Establishment Complete; Box Cutting Complete; Roadbed Complete; Subbase Complete; Base Complete and Kerbing Incomplete) | Not Achieved | R15 000 000 | R11 238 071 | Delay due to supply of material by the supplier | Alternative supplier sourced, the service provider will increase his resources on site to cover the time lost. | Progress Report |
|---|---|-----|--|--------------|-------------|-------------|---|--|-----------------|

Chapter 4

| | | | | | | | | | |
|--|--|-----|---|--------------|-------------|-----------------|--|---|-----------------|
| KPI 27. Number of km of paved internal roads constructed in Ramoga | 3 km of paved internal roads constructed in Ramoga by 30 June 2021 | New | 0 km (Site Establishment Complete; Setting Out Complete; Excavation Complete; Roadbed Complete; Subbase Complete; Base Complete; Culverts Complete; Paving Blocks with Bedding sand Incomplete; Edge beam Complete; Kerbing Complete; V Drain and Channels Incomplete and Road Sign and marking Incomplete) | Not Achieved | R12 425 000 | R11 360 00 9,25 | Slow progress of the contractor on site. | Contractor instructed to increase resources on site and recover time lost | Progress Report |
|--|--|-----|---|--------------|-------------|-----------------|--|---|-----------------|

Chapter 4

| | | | | | | | | | |
|--|---|-----|---|--------------|-------------|-----------------|--------------------------|--|------------------------|
| PKI 28. Number of km of paved internal roads constructed in Tlokweng | 3 km of paved internal road constructed in Tlokweng by 30 June 2021 | New | 0 km (Site Establishment Complete; Setting Out Complete; Excavation Complete; Roadbed Complete; Subbase Complete; Base Complete; Culverts Complete; Paving Blocks with Bedding sand Incomplete; Edge beam Complete; Kerbing Complete; V Drain and Channels Incomplete and Road Sign and marking Incomplete) | Not Achieved | R16 896 159 | R14 996 15 9,15 | Delay due to heavy rains | Service provider to increase resources on site, Project will be completed in the first quarter of the 2021-2022 financial year | Progress Report |
| KPI 29. Number of km of paved internal roads constructed in Mabodisa | 2.4 km of paved internal road constructed in | New | 2.4 km of paved internal road constructed. | Achieved | R7 466 665 | R6 366 915 ,53 | None | None | Completion Certificate |

Chapter 4

| | | | | | | | | | |
|---|--|----------------------------|---|----------|------------|----------------|------|------|-----------------------------------|
| | Mabodisa by 30 June 2021 | | | | | | | | |
| KPI 30. Number of km of paved internal roads constructed in Mmorogong | 2.9 km of paved internal road constructed in Mmorogong by 30 June 2021 | New | 2.9 km of paved internal road constructed. | Achieved | R6 450 674 | R5 638 596 ,85 | None | None | Completion Certificate |
| KPI 31. Number of km of paved internal roads constructed in Montsana | 3 km of paved internal road constructed in Montsana by 30 June 2021 | New | 3 km of paved internal road constructed. | Achieved | R518 178 | R518 178 | None | None | Completion Certificate |
| KPI 32. Number of km of paved internal roads constructed in Leruleng | 2.7 km of paved internal road constructed in Leruleng by 30 June 2021 | New | 2.7 km of paved internal road constructed. | Achieved | R6 059 206 | R4 979 872 ,03 | None | None | Completion Certificate |
| KPI 33. Number of km of paved internal roads constructed in Lugkraal | 1.95 km of paved internal road constructed in Lugkraal by 30 June 2021 | New | 1.95 km of paved internal road constructed. | Achieved | R1 315 656 | R1 206 866 | None | None | Completion Certificate |
| KPI 34. Greater Moruleng storm water master plan developed | Greater Moruleng storm water master plan developed by 30 June 2021 | New | Master Plan has been completed | Achieved | R6 100 000 | R5 929 499 | None | None | Master Plan |
| KPI 35. Vrede storm-water designs approved by DEDECT | Vrede Storm-water design approved by DEDECT by 30 June 2021 | 12 km paved internal roads | Design approved by DWS and DEDECT | Achieved | R2 000 000 | R1 999 995 | None | None | Approval Letter by DWS and DEDECT |

Chapter 4

| | | | | | | | | | |
|---|--|-----|---|----------|------------|---------------|--|--|-----------------------|
| KPI 36. Number of high-mast lights installed in Mopyane | 5 high-mast lights installed in Mopyane by 30 June 2021 | New | 5 high-mast lights installed in Mopyane | Achieved | R1 727 796 | R1 727 796 | High Mast Lights have been erected, only awaiting quotation from Eskom to Energize | The Municipality will regularly follow up with Eskom | Practical certificate |
| KPI 37. Number of high-mast lights installed in Ramothhajwe | 4 high-mast lights installed in Ramothhajwe by 30 June 2021 | New | 4 high-mast lights installed in Ramothhajwe | Achieved | R1 629 155 | R1 390 630,60 | High Mast Lights have been erected, only awaiting quotation from Eskom to Energize | The Municipality will regularly follow up with Eskom | Practical certificate |
| KPI 38. Number of high-mast lights installed in David Katnagel | 4 high-mast lights installed in David Katnagel by June 2021 | New | 4 high-mast lights installed in David Katnagel | Achieved | R1 836 744 | R1 558 616,57 | High Mast Lights have been erected, only awaiting quotation from Eskom to Energize | The Municipality will regularly follow up with Eskom | Practical certificate |
| KPI 39. Number of high-mast lights installed in Pitsedisulejang | 5 high-mast lights installed in Pitsedisulejang by June 2021 | New | 5 high-mast lights installed in Pitsedisulejang | Achieved | R1 962 763 | R1 332 404,38 | High Mast Lights have been erected, only awaiting quotation from Eskom to Energize | The Municipality will regularly follow up with Eskom | Practical certificate |

Chapter 4

| | | | | | | | | | |
|---|--|------------------------------|--|--------------|------------|---------------|--|--|-----------------------|
| KPI 40. Number of high-mast lights installed in Letlhakeng | 5 high-mast lights installed in Letlhakeng by June 2021 | New | 5 high-mast lights installed in Letlhakeng | Achieved | R1 727 796 | R1 727 796,02 | High Mast Lights have been erected, only awaiting quotation from Eskom to Energize | The Municipality will regularly follow up with Eskom | Progress Report |
| KPI 41. Number of high-mast lights installed in Ramokgolelwa | 3 high-mast lights installed in Ramokgolelwa by June 2021 | New | 3 high-mast lights installed in Ramokgolelwa | Achieved | R1 360 653 | R690 967,77 | High Mast Lights have been erected, only awaiting quotation from Eskom to Energize | The Municipality will regularly follow up with Eskom | Practical certificate |
| KPI 42. Number of high-mast lights installed in Ramokokastad | 2 high-mast lights installed in Ramokokastad by June 2021 | New | 2 high-mast lights installed in Ramokokastad | Achieved | R720 000 | R950 493,53 | High Mast Lights have been erected, only awaiting quotation from Eskom to Energize | The Municipality will regularly follow up with Eskom | Practical certificate |
| KPI 43. Number of high-mast lights energized in Moruleng (ward 9) | 3 high-mast lights energized in Moruleng (ward 9) by June 2021 | 3 high mast lights installed | 0 high-mast lights energized | Not Achieved | R183 735 | R0 | Applications submitted to Eskom and awaiting for quotation from Eskom. | The Municipality will regularly follow up with Eskom | Progress Report |

Chapter 4

| | | | | | | | | | |
|--|---|------------------------------|------------------------------|--------------|----------|------------|--|--|-----------------|
| KPI 44. Number of high-mast lights energized in Goedehoop | 1 high-mast light energized in Goedehoop by June 2021 | 1 high mast light installed | 0 high-mast light energized | Not Achieved | R61 245 | R20 745,74 | Quotation has been paid only awaiting for Eskom to allocate a contractor to energise lights. | The Municipality will regularly follow up with Eskom | Progress Report |
| KPI 45. Number of high-mast lights energized in Sesobe | 1 high-mast light energized in Sesobe by June 2021 | 1 high mast light installed | 0 high-mast light energized | Not Achieved | R 61 245 | R31 118,55 | Quotation has been paid only awaiting for Eskom to allocate a contractor to energise lights. | The Municipality will regularly follow up with Eskom | Progress Report |
| KPI 46. Number of high-mast lights energized in Motlhabe | 2 high-mast lights energized in Motlhabe by June 2021 | 2 high mast lights installed | 0 high-mast lights energized | Not Achieved | R122 490 | R0 | Applications submitted to Eskom and awaiting for quotation from Eskom | The Municipality will regularly follow up with Eskom | Progress Report |
| KPI 47. Number of high-mast lights energized in Moruleng (ward 32) | 5 high-mast lights energized in Moruleng (ward 32)by 30 June 2021 | 5 high mast lights installed | 0 high-mast lights energized | Not Achieved | R306 225 | R0 | Applications submitted to Eskom and awaiting for quotation from Eskom | The Municipality will regularly follow up with Eskom | Progress Report |

Chapter 4

| | | | | | | | | | |
|--|---|------------------------------|------------------------------|--------------|----------|----|---|--|-----------------|
| KPI 48. Number of high-mast lights energized in Leruleng, Phola park and Mositwane | 9 high-mast lights energized in Leruleng, Phola park and Mositswane | 9 high mast lights installed | 0 high-mast lights energized | Not Achieved | R551 205 | R0 | Applications submitted to Eskom and awaiting for quotation from Eskom | The Municipality will regularly follow up with Eskom | Progress Report |
| KPI 49. Number of high-mast lights energized in phadi | 4 high-mast lights energized in phadi by 30 June 2021 | 4 high mast lights installed | 0 high-mast lights energized | Not Achieved | R244 980 | R0 | Application completed and Awaiting for quotation from Eskom | The Municipality will regularly follow up with Eskom | Progress Report |
| KPI 50. Number of high-mast lights energized in greater Ledig | 7 high-mast lights energized in greater Ledig by 30 June 2021 | 7 high mast lights installed | 0 high-mast lights energized | Not Achieved | R428 715 | R0 | Application submitted to Eskom and Awaiting for quotation from Eskom | The Municipality will regularly follow up with Eskom | Progress Report |
| KPI 51. Number of high-mast lights energized in Losmetjerie | 4 high-mast lights energized in Losmetjerie by 30 June 2021 | 4 high mast lights installed | 0 high-mast lights energized | Not Achieved | R244 980 | R0 | Application submitted to Eskom and Awaiting for quotation from Eskom | The Municipality will regularly follow up with Eskom | Progress Report |
| KPI 52. Number of high-mast lights energized in Ramokokastad | 5 high-mast lights energized in Ramokokastad by 30 June 2021 | 5 high mast lights installed | 0 high-mast lights energized | Not Achieved | R273 000 | R0 | Application completed and Awaiting Quotation from Eskom | The Municipality will regularly follow up with Eskom | Progress Report |

Chapter 4

| | | | | | | | | | |
|--|--|---|--|--------------|------------|-------------|---|--|-----------------|
| KPI 53. Number of high-mast lights energized in Khayakhulu | 7 high-mast lights energized in Khayakhulu by 30 June 2021 | 7 high mast lights installed | 0 high-mast lights energized | Not Achieved | R428 715 | R401 876,17 | Delays were due to late quotations received from Eskom and contractor started energising lights after year-end. | The Municipality will regularly follow up with Eskom and the contractor has started energising lights. | Progress Report |
| KPI 54. % of energising of high-mast lights and community halls constructed in prior years | 40% of energising of high-mast lights and community halls constructed in prior years by 30 June 2021 | Existing high-mast lights and community halls | 20% complete for energizing of high-mast and community halls | Not Achieved | R2 000 000 | R354 430,00 | Delays were due to late quotations received from Eskom currently they supplied us with the connection point | The Municipality will regularly follow up with Eskom | Progress Report |

Chapter 4

| Moses Kotane Local Municipality 2020/2021 Annual Performance Report | | | | | | | | | |
|---|---|---|--|-----------------------|---------------|-----------------|--|---|--------------------------------|
| Key Performance indicator | 2020/2021 Annual Targets | 2019-2020 Baseline | 2020/2021 Actual Performance | Achieved/Not achieved | Annual Budget | YTD Expenditure | Challenges | Corrective Measures | Portfolio of Evidence |
| KPA 1: Basic Service Delivery and Infrastructure Development | | | | | | | | | |
| Strategic Objective: To develop and improve community infrastructure facilities, public safety, disaster emergencies and healthy environment | | | | | | | | | |
| KPI 55 Contingency Disaster Management Plan approved by Council | Contingency Disaster Management Plan approved by Council by June 2021 | New | Disaster Management Plan approved by council | Achieved | Operational | R 0 | None | None | Council Resolution |
| KPI 56 Crime Prevention Plan approved by council | Crime Prevention Plan approved by Council by June 2021 | New | Crime Prevention Plan approved by council | Achieved | R 200 000 | R 0 | None | None | Council Resolution |
| KPI 57 Number of road safety awareness campaigns conducted | 12 road safety awareness campaigns conducted by 30 June 2021 | 12 road safety awareness campaigns | 12 road safety awareness campaigns conducted | Achieved | R 200 000 | R 0 | None | None | Attendance Register and Report |
| KPI 58 % upgrade of Madikwe Landfill Site(Ward 19) | 60% upgrade of Madikwe Landfill Site by June 2021 | Rehabilitation of Mogwase Landfill Site Phase | 0% upgrade of Madikwe Landfill site | Not Achieved | R 3 000 000 | R 0 | The appointed service provider submitted non-compliant designs. Termination of Contract in Progress, due to underperformance | Termination letter to be issued. Appointment of service provider in the next financial year | Progress Report |

Chapter 4

| Moses Kotane Local Municipality 2020/2021 Annual Performance Report | | | | | | | | | |
|---|---|-----------------------------------|---|-----------------------|---------------|-----------------|--|---|--------------------------------|
| Key Performance Indicator | 2020/2021 Annual Targets | 2019-2020 Baseline | 2020/2021 Actual Performance | Achieved/Not achieved | Annual Budget | YTD Expenditure | Challenges | Corrective Measures | Portfolio of Evidence |
| KPA 1: Basic Service Delivery and Infrastructure Development | | | | | | | | | |
| Strategic Objective: To develop and improve community infrastructure facilities, public safety, disaster emergencies and healthy environment | | | | | | | | | |
| | | | | | | | by service provider. | | |
| KPI 59 Number of households which have access to solid waste removal | 75 186 of households which have access to solid waste removal by June 2021 | Solid Waste Removal | Waste collection has been provided to nine clusters however there is no substantive evidence in terms of number of households | Not Achieved | R180 000,00 | R 0 | The municipality does not have the capacity and resources to verify the number of households per villages within the municipality area | To verify with traditional leadership on number of households per village | Solid Waste Removal Report |
| KPI 60 Number of safe and clean-up campaigns conducted | 12 safe and clean-up campaigns conducted by June 2021 | 12 campaigns conducted | 12 safe and clean-up campaigns conducted | Achieved | R 100 000 | R 0 | None | None | Attendance Register and Report |
| KPI 61 Number of Landfill site external environmental audits conducted in Mogwase and Madikwe | 2 Landfill site external environmental audits conducted in Mogwase and Madikwe by June 2021 | 8 Landfill site audits conducted | 0 Landfill site external environmental audits conducted | Not Achieved | R65 124,96 | R 0 | Landfill site external environmental audit conducted but report not yet received | Report to be submitted by service provider | Environmental Audit Report |
| KPI 62 Mogwase | Mogwase Sports park | Mogwase multi-purpose sports park | Mogwase multi-purpose sports park completed | Achieved | R 11 455 409 | R 9 858 962 | None | None | Completion Certificate |

Chapter 4

| Moses Kotane Local Municipality 2020/2021 Annual Performance Report | | | | | | | | | |
|---|---|--------------------------------------|--|-----------------------|---------------|-----------------|--------------------|---------------------|--------------------------------|
| Key Performance Indicator | 2020/2021 Annual Targets | 2019-2020 Baseline | 2020/2021 Actual Performance | Achieved/Not achieved | Annual Budget | YTD Expenditure | Challenges | Corrective Measures | Portfolio of Evidence |
| KPA 1: Basic Service Delivery and Infrastructure Development | | | | | | | | | |
| Strategic Objective: To develop and improve community infrastructure facilities, public safety, disaster emergencies and healthy environment | | | | | | | | | |
| Sports park upgraded | upgraded by June 2021 | | | | | | | | |
| KPI 63 Number of Municipal Buildings Repaired | 4 Municipal Buildings Repaired by June 2021 | 6 municipal buildings and facilities | 4 Municipal Buildings Repaired | Achieved | R200 000,00 | R 0 | Budget Constraints | | Attendance Register and Report |
| KPI 64 Approved Library business plan submitted to Department of Arts and Culture | Library business plan approved submitted to Department of Arts and Culture by June 2021 | Library Business Plan | Library business plan approved submitted to Department of Arts and Culture | Achieved | Operational | R 0 | None | None | Business plan approved |

Chapter 4

Moses Kotane Local Municipality 2020/2021 Annual Performance Report

| Key Performance indicator | 2020/2021 Annual Targets | 2019-2020 Baseline | 2020/2021 Actual Performance | Achieved/Not Achieved | Annual Budget | YTD Expenditure | Challenges | Corrective Measures | Portfolio of Evidence |
|---|---|------------------------------------|---|-----------------------|---------------|-----------------|--------------------------------------|--|---------------------------------|
| KPA 2: Municipal Transformation and Organizational Development | | | | | | | | | |
| Strategic Objective: To Promote Accountability, Efficiency and Professionalism within the organization | | | | | | | | | |
| KPI 65 Communication strategy Approved by council | Communication strategy approved by council by 30 June 2021 | 2019-2020 Communication strategy | Strategy reviewed but await approval by council | Not achieved. | Operational | R 0 | Portfolio meetings not taking place | Strategy will be submitted in the first Quarter of 2021/22 | Draft communication strategy |
| KPI 66 Number of Newsletters Published per quarter | 4 newsletters published by 30 June 2021 | 3 newsletters | 4 report newsletter published | Achieved. | Operational | R 0 | None | None | Copy of the Newsletter attached |
| KPI 67 Employment Equity Report submitted to Department of Labour | 1 report submitted to the Department of Labour by 15 January 2021 | 2019-2020 Employment Equity Report | No report was submitted to DOL | Not Achieved. | Operational | R 0 | Employment Equity Plan not developed | Plan to be developed in the first quarter 2021/22 | Acknowledgement Letter from DoL |

Chapter 4

Moses Kotane Local Municipality 2020/2021 Annual Performance Report

| Key Performance indicator | 2020/2021 Annual Targets | 2019-2020 Baseline | 2020/2021 Actual Performance | Achieved/Not Achieved | Annual Budget | YTD Expenditure | Challenges | Corrective Measures | Portfolio of Evidence |
|---|---|-------------------------|--|-----------------------|---------------|-----------------|--|--|---|
| KPA 2: Municipal Transformation and Organizational Development | | | | | | | | | |
| Strategic Objective: To Promote Accountability, Efficiency and Professionalism within the organization | | | | | | | | | |
| KPI 68 Work Skills Plan submitted to LG_SETA | WSP submitted LG SETA by April 2021 | 2019-2020 WSP submitted | WSP and ATR were submitted to the LG_SETA | Achieved. | Operational | None | None | None | Acknowledgement letter from LGSETA |
| KPI 69 Number of Local Labour Forum meetings held | 4 LLF meetings held by June 2021 | 2 LLF meetings | 0 LLF meeting held | Not Achieved. | Operational | None | Meeting was postponed due to Covid-19 Compliance matters | The meeting will take place in the first quarter 2021/22 | Agenda, attendance register and minutes |
| KPI 70 Percentage of grievances resolved within 30 days | 100% of grievances resolved within 30 days by June 2021 | New | 0% grievance received but was not resolved within 30 days. Still in progress | Not achieved. | Operational | None | The last step of the grievance procedure could not be finalised to due to the health status on the Municipal Manager | Fast track the grievance procedure in the first quarter | Agenda, Attendance register and minute |

Chapter 4

Moses Kotane Local Municipality 2020/2021 Annual Performance Report

| Key Performance indicator | 2020/2021 Annual Targets | 2019-2020 Baseline | 2020/2021 Actual Performance | Achieved/Not Achieved | Annual Budget | YTD Expenditure | Challenges | Corrective Measures | Portfolio of Evidence |
|---|--|-------------------------|--|-----------------------|---------------|-----------------|---|---|-------------------------------|
| KPA 2: Municipal Transformation and Organizational Development | | | | | | | | | |
| Strategic Objective: To Promote Accountability, Efficiency and Professionalism within the organization | | | | | | | | | |
| KPI 71 Organisational Structure approved by council | Organizational structure approved by council by March 2021 | Reviewed organisational | Organisational structure approved by council | Achieved | Operational | None | None | None | Council resolution |
| KPI 72 Number of the OHS meetings held | 4 OHS meetings held by June 2021 | 4 OHS meetings | 2 meetings held | Not Achieved | Operational | None | Meetings could not be held due to Covid-19 restrictions | The meetings planned to take place in the first quarter 2021/22 | Minutes, agenda , reports |
| KPI 73 Percentage of fleet management budget spent | 100% of fleet management budget spent by June 2021 | New | 30% Spent | Not Achieved. | Operational | R1 829 917.36 | None | None | Quarterly expenditure reports |
| KPI 74 Percentage of ICT budget | 100% of ICT budget spent by June 2021 | 100% budget spent | 12% spent | Not Achieved. | Operational | R1 652 677.73 | Late submission and | Fast track timeous | Quarterly expenditure reports |

Chapter 4

| Moses Kotane Local Municipality 2020/2021 Annual Performance Report | | | | | | | | | |
|---|--------------------------|--------------------|------------------------------|-----------------------|---------------|-----------------|---------------------|-------------------------|-----------------------|
| Key Performance indicator | 2020/2021 Annual Targets | 2019-2020 Baseline | 2020/2021 Actual Performance | Achieved/Not Achieved | Annual Budget | YTD Expenditure | Challenges | Corrective Measures | Portfolio of Evidence |
| KPA 2: Municipal Transformation and Organizational Development | | | | | | | | | |
| Strategic Objective: To Promote Accountability, Efficiency and Professionalism within the organization | | | | | | | | | |
| spent by June 2021 | | | | | | | payment of invoices | submission of invoices. | |

Chapter 4

| Moses Kotane Local Municipality 2020/2021 Annual Performance Report | | | | | | | | | |
|---|---|---|--|-----------------------|---------------|-----------------|------------|---------------------|-----------------------|
| Key Performance indicator | 2020/2021 Annual Targets | 2019-2020 Baseline | 2020/2021 Actual Performance | Achieved/Not achieved | Annual Budget | YTD Expenditure | Challenges | Corrective Measures | Portfolio of Evidence |
| KPA 2: Municipal Transformation and Organizational Development | | | | | | | | | |
| Strategic Objective: To Promote Accountability, Efficiency and Professionalism Within the Organization | | | | | | | | | |
| KPI 75 2021/2022 institutional performance management framework approved by Council | 2021/2022 institutional performance management framework approved by Council by June 2021 | 2020/2021 Performance Management framework approved | Performance management framework Approved by council | Achieved | Operational | R 0 | None | None | Council Resolution |
| KPI 76 2019/2020 annual performance report submitted to Auditor General | 2019-2020 annual performance report submitted to Auditor General by August 2020 | 2018/2019 annual performance report | 2019-2020 annual performance report submitted to Auditor General | Achieved | Operational | R 0 | None | None | Council Resolution |
| KPI 77 2019/2020 Annual report approved by Council | 2019/2020 annual report approved by council by January 2021 | 2017/2018 Annual Report | 2019/2020 annual report approved by council | Achieved | Operational | R 0 | None | None | Council Resolution |
| KPI 78 Number of 2020/2021 | 7 2020/2021 performance | 6 signed 2019/2020 | | Achieved | Operational | R 0 | None | None | Copies of signed |

Chapter 4

| Moses Kotane Local Municipality 2020/2021 Annual Performance Report | | | | | | | | | |
|---|---|------------------------|---------------------------------|-----------------------|---------------|-----------------|------------|---------------------|------------------------|
| Key Performance indicator | 2020/2021 Annual Targets | 2019-2020 Baseline | 2020/2021 Actual Performance | Achieved/Not achieved | Annual Budget | YTD Expenditure | Challenges | Corrective Measures | Portfolio of Evidence |
| KPA 2: Municipal Transformation and Organizational Development | | | | | | | | | |
| Strategic Objective: To Promote Accountability, Efficiency and Professionalism Within the Organization | | | | | | | | | |
| performance agreements signed by Municipal Manager and Section 56 managers | agreements signed by Municipal Manager and Section 56 managers by July 2010 | Performance Agreements | 7 signed performance agreements | | | | | | Performance Agreements |

Chapter 4

| Moses Kotane Local Municipality 2020/2021 Annual Performance Report | | | | | | | | | |
|--|--|--|--|---------------|-----------------------|-----------------|------------|---------------------|--|
| Key Performance indicator | 2020/2021 Annual Targets | 2019-2020 Baseline | 2020/2021 Actual Performance | Annual Budget | Achieved/Not achieved | YTD Expenditure | Challenges | Corrective Measures | Portfolio of Evidence |
| KPA 3: Local Economic Development | | | | | | | | | |
| Strategic Objective: To create an enabling environment for social development and economic growth | | | | | | | | | |
| KPI 79 LED strategy approved by council | LED strategy approved by council by June 2021 | 2011 LED strategy | LED Strategy adopted by council | R3 000 000 | Achieved | R295 000 | None | None | Council resolution |
| KPI 80 Arts and Culture Masterplan approved by council | Arts and Culture Masterplan approved by council by end June 2021 | Provincial & National policy guideline | Arts and Culture Masterplan adopted | R3 000 000 | Achieved | R295 000 | None | None | Council resolution |
| KPI 81 Number of job opportunities created through EPWP and capital projects | 340 Job opportunities created through EPWP and capital projects by June 2021 | 187 Job opportunities created | 686 Jobs created through EPWP and capital projects | R1 827 000 | Achieved | R1 825 286 | None | None | Beneficiaries' list and contracts/ EPWP system reports |
| | | 200 jobs | | Operational | Achieved | Operational | None | None | |

Chapter 4

| Moses Kotane Local Municipality 2020/2021 Annual Performance Report | | | | | | | | | |
|--|--|--------------------|---|---------------|-----------------------|-----------------|------------|---------------------|---|
| Key Performance indicator | 2020/2021 Annual Targets | 2019-2020 Baseline | 2020/2021 Actual Performance | Annual Budget | Achieved/Not achieved | YTD Expenditure | Challenges | Corrective Measures | Portfolio of Evidence |
| KPA 3: Local Economic Development | | | | | | | | | |
| Strategic Objective: To create an enabling environment for social development and economic growth | | | | | | | | | |
| KPI 82 Number jobs created through municipality's local economic development initiatives | 200 jobs created through municipality's local economic development initiatives by June 2021 | | 584 jobs created through municipality's local economic development initiatives | | | | | | Beneficiaries list and comprehensive report |
| KPI 83 Feasibility study for establishment of fresh produced market (Vegetable Market) conducted | Feasibility study for establishment of fresh produced market (Vegetable Market) conducted by June 2021 | New | Feasibility study for establishment of fresh produced market (Vegetable Market) conducted | R7,223 512 | Achieved | R480 000 | None | None | Feasibility study report |
| KPI 84 Number of LED projects financially supported | 6 LED projects financially supported by June 2021 | 04 projects | 6 LED projects financially supported | R2 350 000 | Achieved | R16 682 881 | None | None | Comprehensive Report |

Chapter 4

| Moses Kotane Local Municipality 2020/2021 Annual Performance Report | | | | | | | | | |
|--|--|--------------------|------------------------------|---|-----------------------|-----------------|---|---|-----------------------------|
| Key Performance indicator | 2020/2021 Annual Targets | 2019-2020 Baseline | 2020/2021 Actual Performance | Annual Budget | Achieved/Not Achieved | YTD Expenditure | Challenges | Corrective Measures | Portfolio of Evidence |
| KPA 4: Spatial Rationale | | | | | | | | | |
| Strategic Objectives: To establish economically, socially and environmentally integrated sustainable land use and human settlement. | | | | | | | | | |
| KPI 85 Mogwase Unit 6 Township establishment approved | Mogwase Unit 6 Township establishment by June 2021 | New | Application is approved | Human Settlement Development Grant (HSDG) | Achieved | None | None | None | Approval letter |
| KPI 86 Mogwase Unit 7 Township establishment approved | Approval of Mogwase Unit 7 Township establishment by June 2021 | New | Application is approved | Human Settlement Development Grant (HSDG) | Not Achieved | None | The Municipality registered an objection towards the application during the public participation period. Therefore, the application can only be considered by the Municipal Planning Tribunal which is yet to be appointed. | Expedite the appointment of the Municipal Planning Tribunal | Application Approval letter |

Chapter 4

| Moses Kotane Local Municipality 2020/2021 Annual Performance Report | | | | | | | | | |
|--|--|--------------------|---|---------------|--------------------------------------|-----------------|--|---------------------|-------------------------|
| Key Performance indicator | 2020/2021 Annual Targets | 2019-2020 Baseline | 2020/2021 Actual Performance | Annual Budget | Achieved/Not Achieved | YTD Expenditure | Challenges | Corrective Measures | Portfolio of Evidence |
| KPA 4: Spatial Rationale | | | | | | | | | |
| Strategic Objectives: To establish economically, socially and environmentally integrated sustainable land use and human settlement. | | | | | | | | | |
| KPI 87 % of Building inspections attended to within 24 hours of request | 100% of building inspections attended to within 24 working hours of request by June 2021 | New | 100% of inspections attended to | Operational | Not achieved (Insufficient Evidence) | | No inspection requests were registered | | Inspection Report |
| KPI 88 % of Building plans approved within 4 weeks of request | 100% of Building plans approved within 4 weeks of request by June 2021 | New | 100% Building Plans were approved within 4 weeks of request | Operational | Achieved | None | None | None | Building Plans Register |

Chapter 4

| Moses Kotane Local Municipality 2020/2021 Annual Performance Report | | | | | | | | | |
|--|--|--------------------|------------------------------|-----------------------|---------------|-----------------|---|---|-----------------------|
| Key Performance indicator | 2020/2021 Annual Targets | 2019-2020 Baseline | 2020/2021 Actual Performance | Achieved/Not achieved | Annual Budget | YTD Expenditure | Challenges | Corrective Measures | Portfolio of Evidence |
| KPA No 5: Good governance and Public Participation | | | | | | | | | |
| Strategic Objective: To ensure an ethical and transparent governance that is responsive to community needs and encourage public participation | | | | | | | | | |
| KPI 89. Number of Mayoral Imbizo held | 1 Mayoral Imbizo held by 30 June 2021 | New | 0 Mayoral Imbizo was held | Not Achieved. | R340 000.00 | R0 | Not held due covid-19 restrictions | Imbizo to be prioritised in the next financial year | None |
| KPI 90. Number of letsema programmes conducted | 2 letsema programmes conducted by 30 June 2021 | New | 0 programme was implemented | Not achieved. | R100 000.00 | R0 | Letsema programmes not implemented due to Lockdown Regulation | Programmes to be done in the next financial year | None |
| KPI 91. Number of Physically/Disabled challenged meetings held | 2 Physically/Disabled challenged meetings held by 30 June 2021 | New | 0 meeting was held | Not achieved. | R200 000.00 | R 0 | Meetings could not be arranged due to lockdown regulations | Meetings will take place in the next financial year subject to changes in Regulations | None |

Chapter 4

| Moses Kotane Local Municipality 2020/2021 Annual Performance Report | | | | | | | | | |
|--|---|---|--|-----------------------|---------------|-----------------|------------------------|---|---|
| Key Performance indicator | 2020/2021 Annual Targets | 2019-2020 Baseline | 2020/2021 Actual Performance | Achieved/Not achieved | Annual Budget | YTD Expenditure | Challenges | Corrective Measures | Portfolio of Evidence |
| KPA No 5: Good governance and Public Participation | | | | | | | | | |
| Strategic Objective: To ensure an ethical and transparent governance that is responsive to community needs and encourage public participation | | | | | | | | | |
| KPI 92. Number of Council committee meetings held | 6 council committee meetings by 30 June 2021 | 6 council committee meetings held | 6 Council Meetings held | Achieved. | Operational | R 0 | None | None | Agenda, Attendance register and minutes |
| KPI 93. Numbers of EXCO meeting held per quarter | 12 EXCO Meetings held by 30 June 2021. | 12 meetings held | 2 EXCO Meetings held | Not Achieved. | Operational | R 0 | No items were received | Send reminder for adherence to schedule | Agenda, attendance register and minutes |
| KPI 94. 2020-2021 Risk Based Audit Plan (RBAP) approved by audit committee | 2020-2021 Risk Based Audit Plan (RBAP) approved by audit committee by 30 September 2020 | 2019/2020 Approved Risk Based Audit Plan (RBAP) | 2020/2021 Risk Based Audit Plan approved | Achieved | Operational | R 0 | None | None | Agenda, Minutes and Attendance Register |
| KPI 95. Number of audit committee meetings held | 4 audit committee | 4 audit committee meetings | 4 audit committee meetings held | Achieved | Operational | R 0 | None | None | Agenda, minutes and |

Chapter 4

| Moses Kotane Local Municipality 2020/2021 Annual Performance Report | | | | | | | | | |
|--|---|---------------------------------------|--|-----------------------|---------------|-----------------|------------|---------------------|------------------------|
| Key Performance indicator | 2020/2021 Annual Targets | 2019-2020 Baseline | 2020/2021 Actual Performance | Achieved/Not achieved | Annual Budget | YTD Expenditure | Challenges | Corrective Measures | Portfolio of Evidence |
| KPA No 5: Good governance and Public Participation | | | | | | | | | |
| Strategic Objective: To ensure an ethical and transparent governance that is responsive to community needs and encourage public participation | | | | | | | | | |
| | meetings held by 30 June 2021 | | | | | | | | attendance register. |
| KPI 96. Number of audit committee reports submitted to Council | 2 audit committee reports submitted to Council by 30 June 2021 | 2 audit committee reports | 2 audit committee reports submitted to Council | Achieved | Operational | R 0 | None | None | Council Resolution |
| KPI 97. 2020/2021 valuation roll approved by Council | 2020/2021 valuation roll approved by Council by 30 June 2021 | Approved valuation roll for 2019/2020 | 2020/2021 valuation roll approved by Council | Achieved | Operational | R 0 | None | None | Council Resolution |
| KPI 98. Turnaround time for providing legal opinion on by-laws upon request within 14 days | 100% of legal n by laws provided within 14 days by 30 June 2021 | Legal opinion Register | No requests received. | Achieved | Operational | R 0 | None | None | Legal opinion Register |

Chapter 4

| Moses Kotane Local Municipality 2020/2021 Annual Performance Report | | | | | | | | | |
|--|--|--|---|-----------------------|---------------|-----------------|------------|---------------------|-----------------------------------|
| Key Performance indicator | 2020/2021 Annual Targets | 2019-2020 Baseline | 2020/2021 Actual Performance | Achieved/Not achieved | Annual Budget | YTD Expenditure | Challenges | Corrective Measures | Portfolio of Evidence |
| KPA No 5: Good governance and Public Participation | | | | | | | | | |
| Strategic Objective: To ensure an ethical and transparent governance that is responsive to community needs and encourage public participation | | | | | | | | | |
| KPI 99. Turnaround time for development of service level agreements upon request | 100% of Service level agreement developed within 14 days by 30 June 2021 | 100% of Service level agreement developed within 14 days | 13 SLA's: 1. JBFE Consulting; 2. MISA; 3. Lease IEC; 4. Mchriben; 5. PMU Sifunda; 6. Fiksmo Trading; 7. Brave Channel; 8. Khetse Trading; 9. Thuto Khetse; 10. True Motives; 11. Baithusi; 12. 2Boys2Girls; 13. Deed of Sale: Mankwe Developments . | Achieved | Operational | R 0 | None | None | Service level agreements register |
| KPI 100. 2021/2022 Draft IDP and approved by Council | 2021/2022 Draft IDP and approved by Council by 31 March 2021 | 2020/2021 Draft IDP | 2021/2022 Draft IDP and approved by Council | Achieved | Operational | R 0 | None | None | Council Resolution |

Chapter 4

| Moses Kotane Local Municipality 2020/2021 Annual Performance Report | | | | | | | | | |
|--|---|--|---|-----------------------|---------------|-----------------|--|---------------------|--------------------------------|
| Key Performance indicator | 2020/2021 Annual Targets | 2019-2020 Baseline | 2020/2021 Actual Performance | Achieved/Not achieved | Annual Budget | YTD Expenditure | Challenges | Corrective Measures | Portfolio of Evidence |
| KPA No 5: Good governance and Public Participation | | | | | | | | | |
| Strategic Objective: To ensure an ethical and transparent governance that is responsive to community needs and encourage public participation | | | | | | | | | |
| | | | | | | | | | |
| KPI 101. 2021/2022 Final IDP approved by Council | 2021/2022 Final IDP approved by Council by 30 May 2021 | 2020/2021 Amended IDP | 26 May 2021 (adoption) and 08 June 2021(Final advert) | Achieved | Operational | R 0 | None | None | Council Resolution |
| KPI 102. 2020/2021 IDP,PMS and Budget process plan and approved by Council | 2020/2021 IDP,PMS and Budget process plan and approved by Council by 31 August 2020 | 2020/2021 Approved Process Plan | 2020/2021 IDP,PMS and Budget process plan and approved by Council | Achieved | None | R 0 | None | None | Council Resolution |
| KPI 103. Number IDP public participation meetings held | 2 IDP public participation meetings held by 30 June 2021 | 2020/2021 IDP public participation meetings held | 2 IDP public participation meetings | Achieved | None | R 0 | Interview done online not effective for community inputs due to COVID 19 | None | Attendance register and report |

Chapter 4

| Moses Kotane Local Municipality 2020/2021 Annual Performance Report | | | | | | | | | |
|--|--|--|--|-----------------------|---------------|-----------------|---|---------------------|--------------------------------|
| Key Performance indicator | 2020/2021 Annual Targets | 2019-2020 Baseline | 2020/2021 Actual Performance | Achieved/Not achieved | Annual Budget | YTD Expenditure | Challenges | Corrective Measures | Portfolio of Evidence |
| KPA No 5: Good governance and Public Participation | | | | | | | | | |
| Strategic Objective: To ensure an ethical and transparent governance that is responsive to community needs and encourage public participation | | | | | | | | | |
| KPI 104. Number of IDP representative forum held by 30 June 2021 | 3 IDP representative forum held 30 June 2021 | 2020/2021 IDP representative forums held | 3 IDP representative forums held | Achieved | Operational | R 0 | Lack of effective stakeholder Engagements | Stakeholder list | Agenda and Attendance register |
| KPI 105. Risk Management Strategy approved by council | Risk Management Strategy approved by council by 30 June 2021 | New | Risk Management Strategy approved by council | Achieved | Operational | R 0 | None | None | Council Resolution |
| KPI 106. Risk Management Policy approved by council | Risk Management Policy approved by council 30 June 2021 | New | Risk Management Policy approved by council | Achieved | Operational | R 0 | None | None | Council Resolution |
| | | New | | Achieved | Operational | R 0 | None | None | |

Chapter 4

| Moses Kotane Local Municipality 2020/2021 Annual Performance Report | | | | | | | | | |
|--|---|--------------------|---|-----------------------|---------------|-----------------|------------|---------------------|-------------------------------------|
| Key Performance indicator | 2020/2021 Annual Targets | 2019-2020 Baseline | 2020/2021 Actual Performance | Achieved/Not achieved | Annual Budget | YTD Expenditure | Challenges | Corrective Measures | Portfolio of Evidence |
| KPA No 5: Good governance and Public Participation | | | | | | | | | |
| Strategic Objective: To ensure an ethical and transparent governance that is responsive to community needs and encourage public participation | | | | | | | | | |
| KPI 107. Prevention of Fraud & Corruption Policy approved by council | Prevention of Fraud & Corruption Policy approved by council by 30 June 2021 | | Prevention of Fraud & Corruption Policy approved by council | | | | | | Council Resolution |
| KPI 108. Fraud Prevention Strategy approved by council | Fraud Prevention Strategy approved by council by 30 June 2021 | New | Fraud Prevention Strategy approved by council | Achieved | Operational | R 0 | None | None | Council Resolution |
| KPI 109. Whistle-blowing Policy approved by council | Whistle-blowing Policy approved by council by June 2021 | New | Whistle-blowing Policy approved by council | Achieved | Operational | R 0 | None | None | Council Resolution |
| KPI 110. Risk Identification & Assessment conducted | Risk Identification & Assessment conducted by 30 June 2021 | New | Risk Identification & Assessment conducted | Achieved | Operational | R 0 | None | None | Strategic risk register, Fraud risk |

Chapter 4

| Moses Kotane Local Municipality 2020/2021 Annual Performance Report | | | | | | | | | |
|---|--------------------------|--------------------|------------------------------|-----------------------|---------------|-----------------|------------|---------------------|-----------------------|
| Key Performance indicator | 2020/2021 Annual Targets | 2019-2020 Baseline | 2020/2021 Actual Performance | Achieved/Not achieved | Annual Budget | YTD Expenditure | Challenges | Corrective Measures | Portfolio of Evidence |
| KPA No 5: Good governance and Public Participation | | | | | | | | | |
| Strategic Objective: To ensure an ethical and transparent governance that is responsive to community needs and encourage public participation | | | | | | | | | |
| | | | | | | | | | and ICT Register |

Chapter 4

| Moses Kotane Local Municipality 2020/2021 Annual Performance Report | | | | | | | | | |
|--|---|-----------------------------------|--|-----------------------|---------------|-----------------|------------|---------------------|-----------------------|
| Key Performance Indicator | 2020/2021 Annual Targets | 2019-2020 Baseline | 2020/2021 Actual Performance | Achieved/Not achieved | Annual Budget | YTD Expenditure | Challenges | Corrective Measures | Portfolio of Evidence |
| KPA 6: Municipal Financial Viability | | | | | | | | | |
| Strategic Objective: To provide efficient, effective and sustainable financial resource management services for the municipality | | | | | | | | | |
| KPI 111. 2021/2022 Draft budget approved by Council | 2021/2022 Draft budget approved by Council by 31 March 2021 | 2020/2021 Draft Budget | 2021/2022 Draft budget approved by Council | Achieved | Operational | R 0 | None | None | Council Resolution |
| KPI 112. 2021/2022 Final budget approved by Council | 2021/2022 Final budget approved by Council by 31 May 2021 | 2020/2021 Final Budget | 2021/2022 Final budget approved by Council | Achieved | Operational | R 0 | None | None | Council Resolution |
| KPI 113. 2019/2020 Annual Financial statements submitted to Auditor General by | 2019/2020 Annual Financial statements submitted to Auditor General by August 2021 | 2019/2020 Financial statements | 2019/2020 Annual Financial statements submitted to Auditor General | Achieved | Operationa | R 0 | None | None | Acknowledge Letter |
| KPI 114. Number of MFMA Section 52 Reports approved Council | 4 MFMA Section 52 Reports approved by Council by June 2021 | 2019/2020 MFMA Section 52 reports | 4 MFMA Section 52 Report approved by Council | Achieved | Operational | R 0 | None | None | Council Resolution |

Chapter 4

| Moses Kotane Local Municipality 2020/2021 Annual Performance Report | | | | | | | | | |
|---|--|--|---|-----------------------|---------------|------------------|--|---|---------------------------------|
| Key Performance Indicator | 2020/2021 Annual Targets | 2019-2020 Baseline | 2020/2021 Actual Performance | Achieved/Not achieved | Annual Budget | YTD Expenditure | Challenges | Corrective Measures | Portfolio of Evidence |
| KPA 6: Municipal Financial Viability | | | | | | | | | |
| Strategic Objective: To provide efficient, effective and sustainable financial resource management services for the municipality | | | | | | | | | |
| KPI 115. Percentage of competitive bids awarded within 90 days of advert | 100% of competitive bids awarded within 90 days of advert by June 2021 | 100% of competitive bids awarded within 90 days of advert by June 2020 | 100% advertised bids awarded within 90 days of advert | Achieved | Operational | R 212 647 742,00 | None | N/A | Adverts and appointment letters |
| KPI 116. Percentage of RFQ bids awarded within 30 days of advert | 100% of RFQ bids awarded within 30 days of advert by June 2021 | 100% of RFQ bids awarded within 30 days of advert by June 2020 | 0% of RFQ bids awarded within 30 days of advert | Not achieved | Operational | R 1 286 096,11 | Late submission of delegate forms that impedes the whole process of evaluation | Bid specification forms will only be approved if accompanied by a signed delegation form with evaluation date | Adverts and purchase orders |
| KPI 117. % of indigent register updated | 100 % of indigent register updated by June 2021 | new | 9% of indigent register updated | Not achieved | Operational | R851 819.49 | Lack community participation due to COVID 19 restrictions | To communicate with community members through local radio stations | Updated indigent register |
| | | | | Achieved | Operational | R36 108 557 | | | |

Chapter 4

| Moses Kotane Local Municipality 2020/2021 Annual Performance Report | | | | | | | | | |
|--|--------------------------------------|-----------------------------|------------------------------|-----------------------|---------------|-----------------|---|--|----------------------------|
| Key Performance Indicator | 2020/2021 Annual Targets | 2019-2020 Baseline | 2020/2021 Actual Performance | Achieved/Not achieved | Annual Budget | YTD Expenditure | Challenges | Corrective Measures | Portfolio of Evidence |
| KPA 6: Municipal Financial Viability | | | | | | | | | |
| Strategic Objective: To provide efficient, effective and sustainable financial resource management services for the municipality | | | | | | | | | |
| KPI 118. % revenue growth | 10% increase in revenue by June 2021 | 2019/2020 Revenue collected | 41% increase in revenue | | | | Non-renewal of Indigent applications and collections of FBE 50kwh of electricity at Eskom | Ward Committees are currently busy with assisting in new registration of Indigents | 90-day age analysis report |

Chapter 4

6. ASSESSMENT OF EXTERNAL SERVICE PROVIDERS

| 2020/2021 ASSESSMENT OF EXTERNAL SERVICE PROVIDERS | | | | | | | | |
|--|--|---|--------------------------------|---------------------|---|--|---|---|
| NO | PROJECT NAME | APPOINTED SERVICE PROVIDERS | VALUE FOR THE CONTRACT AWARDED | EXPENDITURE TO DATE | ACTUAL PERFORMANCE (COMPLETED OR UNCOMPLETED) | REASON FOR NON-COMPLETION | SERVICES PROVIDERS PERFORMANCE (i.e. Poor, fair, good etc.) | COMMENTS AND RECOMMENDATION |
| 1 | Upgrading (refurbishment) of Madikwe Water Treatment plant works (phase 1), phase 2 (bulk water supply augmentation) | MWB Consulting Engineers (Turnkey) | R21 000 M000,00 | R10 567 298,70 | Incomplete | Phase 1 Completed and Phase 2 still under implementation | Good | Delays was due to finalization of specialized work for Phase2. Service provider has fast-tracked the specialized work for phase 2 the project will be implemented as a multiyear under the 2021/22 FY |
| 2 | % of water supply constructed in Pitsedisulejang | Mboyana and Associates Engineers & Lacamorra Trading | R8 147 988,00 | R8 728 298,84 | Incomplete | Delays were due to the supply of elevated steel tank by the manufacturer | fair | Steel tank has been delivered on site, currently busy with the installation. |
| 3 | % of water supply Constructed in Letsheng | Maswika Consulting Engineers & Thina ZJ Construction and Projects | R8 664 763,00 | R8 662 764,30 | Incomplete | Late appointment of contractor | Good | The service provider to increase resources on site, Project to be completed 30 July 2021 |
| 4 | % of water supply refurbished in Makoshong | Hlanganani Engineers and Project Managers & Mmolawa Investments | R 4 809 250 | R4 786 339,22 | Incomplete | Slow progress on site by contractor | Good | The service provider committed to increase his resources on site, Project to be completed 30 July 2021 |

Chapter 4

| 2020/2021 ASSESSMENT OF EXTERNAL SERVICE PROVIDERS | | | | | | | | |
|--|--|---|--------------------------------|---------------------|---|--|---|---|
| NO | PROJECT NAME | APPOINTED SERVICE PROVIDERS | VALUE FOR THE CONTRACT AWARDED | EXPENDITURE TO DATE | ACTUAL PERFORMANCE(COMPLETE OR UNCOMPLETED) | REASON FOR NON-COMPLETION | SERVICES PROVIDERS PERFORMANCE (i.e. Poor, fair, good etc.) | COMMENTS AND RECOMMENDATION |
| 5 | % of water supply refurbished in Tweelagte | Hlanganani Engineers and Project Managers & Bengu Trading and Project | R4 391 838,00 | R4 352 182,79 | Complete | None | Good | none |
| 6 | % of bulk water augmentation constructed in Lerome | Marumo Consulting Engineers | R11 422 140,00 | R11 371 105,93 | Incomplete | Delay of material supply due to Covid 19 limitation | fair | Material has been delivered on site and the service provider to increase resources on site to recover time lost |
| 7 | % of bulk water augmentation constructed in Pella | Maswika Consulting Engineers & Lethabo Solutions and Project | R18 658 923,00 | R17 057 110,64 | Incomplete | Late approval of WULA by DWS which delayed the installation of river crossing steel pipeline | Good | Approval granted by DWS, the service provider is currently busy with installation of the river crossing steel pipeline. |
| 8 | % of rural bulk water supply constructed in Seolong | Phatwe Consulting Engineers | R10 000 000,00 | R8 565 319,31 | Incomplete | Late approval of EIA and WULA which delayed the commencement of the project | Good | Approvals granted by DEDECT and DWS, the service provider will increase his resources on site to recover time lost. |
| 9 | Designs for Letlhakane/Kortkloof water supply finalized | Mboyana and Associates Engineers | R1 120 000 | R1 089 735,73 | Complete | None | Good | none |
| 10 | Designs for Lossmytjerrie/Goedehoop water supply finalized | Tlou Integrated Tech | R627 428,00 | R627 427,94 | Complete | None | Good | none |

Chapter 4

| 2020/2021 ASSESSMENT OF EXTERNAL SERVICE PROVIDERS | | | | | | | | |
|--|---|--|--------------------------------|---------------------|---|--|---|---|
| NO | PROJECT NAME | APPOINTED SERVICE PROVIDERS | VALUE FOR THE CONTRACT AWARDED | EXPENDITURE TO DATE | ACTUAL PERFORMANCE(COMPLETE OR UNCOMPLETED) | REASON FOR NON-COMPLETION | SERVICES PROVIDERS PERFORMANCE (i.e. Poor, fair, good etc.) | COMMENTS AND RECOMMENDATION |
| 11 | Designs for Sandfontein water supply finalized | MER Consulting Engineers | R1 006 789,00 | R241 678,25 | Incomplete | Delay due to confirmation of bulk water supply from Magalies Water Board for approval to be granted by DWS | Good | Engagement held with Magalies Water Board with no result. Municipality currently doing ground water exploration as an alternative |
| 12 | Designs for Maologane water supply finalized | Marumo Consulting Engineers | R1 000 000,00 | R0,00 | Complete | None | Good | none |
| 13 | % of Ledig water supply constructed (Various sections) | Phamela Consulting Engineers | R6 582 080,00 | R1 999 461,38 | Incomplete | Delay of appointment due to escalation of rates on pipes owing to Covid-19 which exceeded the allocated budget | Good | The Scope of work will be reviewed as per the allocated budget and re-advertise the project. The project will be implemented under the 2021/22 FY |
| 14 | 283(Rural sanitation) VIP toilets constructed in Makgophe | MER Consulting Engineers, Baithusi Trading 119 & Thuto Kgetse JV | R7 221 761.00 | R6 625 773.14 | Complete | Late appointment of contractor | Good | Completion Certificate and Progress Report |

Chapter 4

| 2020/2021 ASSESSMENT OF EXTERNAL SERVICE PROVIDERS | | | | | | | | |
|--|--|---|--------------------------------|---------------------|---|--------------------------------|---|--|
| NO | PROJECT NAME | APPOINTED SERVICE PROVIDERS | VALUE FOR THE CONTRACT AWARDED | EXPENDITURE TO DATE | ACTUAL PERFORMANCE (COMPLETED OR UNCOMPLETED) | REASON FOR NON-COMPLETION | SERVICES PROVIDERS PERFORMANCE (i.e. Poor, fair, good etc.) | COMMENTS AND RECOMMENDATION |
| 15 | 115 (Rural sanitation) VIP toilets constructed in Disake | MER Consulting Engineers | R2 611 395.00 | R 2 384 965.00 | Complete | None | Good | Completion Certificates |
| 16 | 466 (Rural sanitation) VIP toilets constructed in Ramokokastad | MER Consulting Engineers & Baithusi Trading 119 | R11 003 351 | R5 925 842. | Incomplete | Late appointment of contractor | Good | Service provider will increase his resources on site. The project will be completed 31 August 2021 |
| 17 | 205 (Rural sanitation) VIP toilets constructed In Bojating | MER Consulting Engineers & Retshepaone Trading and Projects | R1 522 590 | R807 551.00 | Complete | None | Good | Completion Certificate |
| 18 | Number of (Rural sanitation) VIP toilets constructed in Mabeskraal (ward 23) | Phatwe Consulting Engineers & True Motives 1262 | R4 262 195,00 | R4 008 929,00 | Complete | None | Good | none |
| 19 | Number of (Rural sanitation) VIP toilets constructed in Losmetjerie | Phatwe consulting Engineers & Philip Petlele trading | R2 954 648,00 | R2 894 327,26 | Complete | None | Good | None |
| 20 | 141 (Rural sanitation) VIP toilets constructed in Mabele a Podi | MER Consulting Engineers & Baithusi Trading 119 | R2 828 190.00 | R3 293 827.00 | complete | None | Good | Completion Certificates |
| 21 | Number of (Rural sanitation) VIP toilets constructed in | Phatwe consulting Engineers & True Motives 1262 | R4 146 525,00 | R4 262 882,00 | Complete | None | Good | None |

Chapter 4

| 2020/2021 ASSESSMENT OF EXTERNAL SERVICE PROVIDERS | | | | | | | | |
|--|--|--|--------------------------------|---------------------|---|---|---|---|
| NO | PROJECT NAME | APPOINTED SERVICE PROVIDERS | VALUE FOR THE CONTRACT AWARDED | EXPENDITURE TO DATE | ACTUAL PERFORMANCE (COMPLETED OR UNCOMPLETED) | REASON FOR NON-COMPLETION | SERVICES PROVIDERS PERFORMANCE (i.e. Poor, fair, good etc.) | COMMENTS AND RECOMMENDATION |
| | Mabeskraal (ward 24) | | | | | | | |
| 22 | Number of (Rural sanitation) VIP toilets constructed in Sandfontein | Phatwe Consulting Engineers & RRM Marketing & Two boys Two girls | R5 680 696,00 | R6 453 892,00 | Complete | None | Good | None |
| 23 | Number of (Rural sanitation) VIP toilets constructed in Lerome (Thabeng Section) | Phatwe Consulting Engineers & RRM Marketing & Two boys Two girls | R3 125 273,00 | R3 205 524,00 | Complete | None | fair | none |
| 24 | Number of km of paved internal roads constructed in Madikwe (China Section) | Mahiduve Pty Ltd & Toro ya Bakwena | R15 000 000,00 | R11 238 071,00 | Incomplete | Delay due to supply of Material by the Contractor | fair | Alternative supply sourced, the service provider will increase his resources on site to cover the time lost |
| 25 | 1.5km of paved internal roads constructed in Ramoga | Kabe Consulting Engineers and Salani Group | R12 425 000 | R11 360 009.25 | Incomplete | Slow progress of the contractor on site. | Poor | Contractor instructed to increase resources on site and recover time lost |
| 26 | Number of km of paved internal roads constructed in Tlokweng | Morero Caonsulting Eng | R16 896 159,00 | R14 996 159,15 | Incomplete | Delay due to heavy rains | Good | none |
| 27 | Number of km of paved internal roads constructed in Mabodisa | LSO Consulting Eng / Toro Ya Bakwena | R7 466 665,00 | R6 366 915,53 | Complete | None | Good | none |

Chapter 4

| 2020/2021 ASSESSMENT OF EXTERNAL SERVICE PROVIDERS | | | | | | | | |
|--|--|---|--------------------------------|---------------------|---|---|---|--|
| NO | PROJECT NAME | APPOINTED SERVICE PROVIDERS | VALUE FOR THE CONTRACT AWARDED | EXPENDITURE TO DATE | ACTUAL PERFORMANCE(COMPLETE OR UNCOMPLETED) | REASON FOR NON-COMPLETION | SERVICES PROVIDERS PERFORMANCE (i.e. Poor, fair, good etc.) | COMMENTS AND RECOMMENDATION |
| 28 | 2.9 km of paved internal roads constructed in Mmorogong | Tlou Integrated Tech & Thina ZJ Construction and Projects | R6 450 674 | R5 638 596.85 | Complete | None | Good | Completion Certificate |
| 29 | Number of km of paved internal roads constructed in Montsana | Morula Consulting Engineers & Salani Group | R518 178,00 | R518 178,00 | Complete | None | Good | None |
| 30 | 2.7 km of paved internal roads constructed in Leruleng | Aseda Consulting Engineers & Ndhuna Civil Engineering Services | R6 059 206.00 | R4 979 872.03 | Complete | None | Good | Completion Certificate |
| 31 | Number of km of paved internal roads constructed in Legkraal | Dikgabo Consulting Engineer& Thina ZJ Construction and Projects | R1 315 656,00 | R1 206 866,00 | Complete | none | Good | none |
| 32 | Greater Moruleng storm water master plan developed | LSO | R6 100 000,00 | R5 929 499,00 | Complete | none | Good | Master plan |
| 33 | Vrede storm-water designs approved by DEDECT | Maranje Consulting | R 2 000 000 | R 1 999 995 | Complete | None | Good | Approval Letter by DEDECT |
| 34 | Number of high-mast lights installed in Mopyane | Math Engineering cc(Turnkey) | R1 727 796,00 | R1 727 796,00 | Complete | High Mast has been erected only awaiting quotation from Eskom to Energize | Good | The municipality will regularly follow up with Eskom |

Chapter 4

| 2020/2021 ASSESSMENT OF EXTERNAL SERVICE PROVIDERS | | | | | | | | |
|--|---|--|--------------------------------|---------------------|---|---|---|--|
| NO | PROJECT NAME | APPOINTED SERVICE PROVIDERS | VALUE FOR THE CONTRACT AWARDED | EXPENDITURE TO DATE | ACTUAL PERFORMANCE(COMPLETE OR UNCOMPLETED) | REASON FOR NON-COMPLETION | SERVICES PROVIDERS PERFORMANCE (i.e. Poor, fair, good etc.) | COMMENTS AND RECOMMENDATION |
| 35 | Number of high-mast lights installed in Ramotlhajwe | Booda Consulting Engineers & 018 Bokamoso Engineers (PTY)LTD | R1 629 155,00 | R1 390 630,60 | Complete | High Mast has been erected only awaiting quotation from Eskom to Energize | Good | The municipality will regularly follow up with Eskom |
| 36 | Number of high-mast lights installed in David Katnagel | Booda Consulting Engineers & 018 Bokamoso Engineers (PTY)LTD | R1 836 744,00 | R1 558 616,57 | Complete | High Mast has been erected only awaiting quotation from Eskom to Energize | Good | The municipality will regularly follow up with Eskom |
| 37 | Number of high-mast lights installed in Pitsedisulejang | Booda Consulting Engineers & 018 Bokamoso Engineers (PTY)LTD | R1 962 763,00 | R1 332 404,38 | Complete | High Mast has been erected only awaiting quotation from Eskom to Energize | Good | The municipality will regularly follow up with Eskom |
| 38 | Number of high-mast lights installed in Letlhakeng | Math Engineering cc(Turnkey) | R1 727 796,00 | R1 727 796,02 | Complete | High Mast has been erected only awaiting quotation from Eskom to Energize | Good | The municipality will regularly follow up with Eskom |

Chapter 4

| 2020/2021 ASSESSMENT OF EXTERNAL SERVICE PROVIDERS | | | | | | | | |
|--|---|--|--------------------------------|---------------------|---|---|---|--|
| NO | PROJECT NAME | APPOINTED SERVICE PROVIDERS | VALUE FOR THE CONTRACT AWARDED | EXPENDITURE TO DATE | ACTUAL PERFORMANCE(COMPLETE OR UNCOMPLETED) | REASON FOR NON-COMPLETION | SERVICES PROVIDERS PERFORMANCE (i.e. Poor, fair, good etc.) | COMMENTS AND RECOMMENDATION |
| 39 | Number of high-mast lights installed in Ramokgolelwa | Booda Consulting Engineers & 018 Bokamoso Engineers (PTY)LTD | R1 360 653,00 | R690 967,77 | Complete | High Mast has been erected only awaiting quotation from Eskom to Energize | Good | The municipality will regularly follow up with Eskom |
| 40 | Number of high-mast lights installed in Ramokokastad | Math Engineering cc(Turnkey) | R720 000,00 | R950 493,53 | Complete | High Mast has been erected only awaiting quotation from Eskom to Energize | Good | The municipality will regularly follow up with Eskom |
| 41 | Number of high-mast lights energized in Moruleng (ward 9) | Booda Consulting Engineers & 115 solution | R183 735,00 | R0,00 | Incomplete | Awaiting for quotation from Eskom | Good | The municipality will regularly follow up with Eskom |
| 42 | Number of high-mast lights energized in Goedeheop | Booda Consulting Engineers & Green 8 Trading and Project cc | R61 245,00 | R20 745,74 | Incomplete | Awaiting for quotation from Eskom | Good | The municipality will regularly follow up with Eskom |
| 43 | Number of high-mast lights energized in Sesobe | Booda Consulting Engineers & Green 8 Trading and Project cc | R61 245,00 | R31 118,55 | Incomplete | Awaiting for quotation from Eskom | Good | The municipality will regularly follow up with Eskom |
| 44 | Number of high-mast lights energized in Motlhabe | Booda Consulting Engineers & MNP Engineering | R122 490,00 | R0,00 | Incomplete | Awaiting for quotation from Eskom | Good | The municipality will regularly follow up with Eskom |

Chapter 4

| 2020/2021 ASSESSMENT OF EXTERNAL SERVICE PROVIDERS | | | | | | | | |
|--|--|---|--------------------------------|---------------------|---|-----------------------------------|---|--|
| NO | PROJECT NAME | APPOINTED SERVICE PROVIDERS | VALUE FOR THE CONTRACT AWARDED | EXPENDITURE TO DATE | ACTUAL PERFORMANCE(COMP L E T E D OR UNCOMPL E T E D) | REASON FOR NON-COMPLETION | SERVICES PROVIDERS PERFORMANCE (i.e. Poor, fair, good etc.) | COMMENTS AND RECOMMENDATION |
| 45 | Number of high-mast lights energized in Moruleng (ward 32) | Booda Consulting Engineers & 115 solution | R306 225,00 | R0,00 | Incomplete | Awaiting for quotation from Eskom | Good | The municipality will regularly follow up with Eskom |
| 46 | Number of high-mast lights energized in Leruleng, Phola park and Mositwane | Booda Consulting Engineers & 115 solution | R551 205,00 | R0,00 | Incomplete | Awaiting for quotation from Eskom | Good | The municipality will regularly follow up with Eskom |
| 47 | Number of high-mast lights energized in phadi | Math Engineering & Tshwatshwa construction | R244 980,00 | R0,00 | Incomplete | Awaiting for quotation from Eskom | Good | The municipality will regularly follow up with Eskom |
| 48 | Number of high-mast lights energized in greater Ledig | Booda Consulting Engineers & MNP Engineering | R428 715,00 | R0,00 | Incomplete | Awaiting for quotation from Eskom | Good | The municipality will regularly follow up with Eskom |
| 49 | Number of high-mast lights energized in Losmetjerie | Booda Consulting Engineers & Green 8 Trading and Project cc | R244 980,00 | R0,00 | Incomplete | Awaiting for quotation from Eskom | Good | The municipality will regularly follow up with Eskom |
| 50 | Number of high-mast lights energized in Ramokokastad | Math Engineering & Tshwatshwa construction | R273 000,00 | R0,00 | Incomplete | Awaiting for quotation from Eskom | Good | The municipality will regularly follow up with Eskom |
| 51 | Number of high-mast lights energized in Khayakhulu | Math Engineering & Mmolawa JV Tshikamota | R428 715,00 | R401 876,17 | Incomplete | Awaiting for quotation from Eskom | Good | The municipality will regularly follow up with Eskom |

Chapter 4

| 2020/2021 ASSESSMENT OF EXTERNAL SERVICE PROVIDERS | | | | | | | | |
|--|---|---|--------------------------------|---------------------|---|-----------------------------------|---|--|
| NO | PROJECT NAME | APPOINTED SERVICE PROVIDERS | VALUE FOR THE CONTRACT AWARDED | EXPENDITURE TO DATE | ACTUAL PERFORMANCE(COMPLETE OR UNCOMPLETED) | REASON FOR NON-COMPLETION | SERVICES PROVIDERS PERFORMANCE (i.e. Poor, fair, good etc.) | COMMENTS AND RECOMMENDATION |
| 52 | . % of energising of high-mast lights and community halls constructed in prior years | | R2 000 000,00 | R354 430,00 | Incomplete | Awaiting for quotation from Eskom | Good | The municipality will regularly follow up with Eskom |
| 53 | Supply And Changing Of Sanitary Bins, Wipes, Chemicals Deep Cleaning Of Urine Basin ,Maintenance Of Wall Air Dryer, Supply Of Hand Soap Holder ,Refill Of Automated Air Freshener And Maintenance For A Period Of 24 Months | Sithabisile Trading | rate based | R0 | Multi year | Long term contract | Good | N/A |
| 54 | Appointment of a professional service provider to conduct external landfill sites audit for a period of 3 years on as and when required bases | Environment and sustainability solutions cc | R 91 344,96 | R401 876,17 | Multi year | Long term contract | Good | N/A |

Chapter 4

| 2020/2021 ASSESSMENT OF EXTERNAL SERVICE PROVIDERS | | | | | | | | |
|--|---|--|---|---------------------|---|---------------------------|---|-----------------------------|
| NO | PROJECT NAME | APPOINTED SERVICE PROVIDERS | VALUE FOR THE CONTRACT AWARDED | EXPENDITURE TO DATE | ACTUAL PERFORMANCE(COMPLETE OR UNCOMPLETED) | REASON FOR NON-COMPLETION | SERVICES PROVIDERS PERFORMANCE (i.e. Poor, fair, good etc.) | COMMENTS AND RECOMMENDATION |
| 55 | Repairs and maintenance of 6 hp high volume printers for 36 months on as when required basis | Phomane holding | rate based (as and when required basis) | R 51 646,50 | Multi year | Long term contract | Good | N/A |
| 56 | Supply ,embroidery and delivery of personal | Tau Sebata trading | rate based | R 1 752 461,00 | Multi year | Long term contract | Good | N/A |
| 57 | Request for proposal for operation of municipal call centre for a period of 3 years | Ikageng web service and graphic designs solutions | R24 300000.00 | R 9 178 650,13 | Multi year | Long term contract | Good | N/A |
| 58 | Invitation to submit proposals for municipal waste collection service for a period of 3 years within MKLM | Katlego Baphiring enterprise JV Lethabo projects solutions | R77 495 793.50(overall contract amount) | R 28 576 932,52 | Multi year | Long term contract | Good | N/A |
| 59 | Invitation to submit proposals for mogwase landfill site operations and maintenance and | Ingwe waste management | R17 595 000.00 | R 6 073 940,64 | Multi year | Long term contract | Good | N/A |

Chapter 4

| 2020/2021 ASSESSMENT OF EXTERNAL SERVICE PROVIDERS | | | | | | | | |
|--|---|--|---|---------------------|---|---------------------------|---|-----------------------------|
| NO | PROJECT NAME | APPOINTED SERVICE PROVIDERS | VALUE FOR THE CONTRACT AWARDED | EXPENDITURE TO DATE | ACTUAL PERFORMANCE (COMPLETED OR UNCOMPLETED) | REASON FOR NON-COMPLETION | SERVICES PROVIDERS PERFORMANCE (i.e. Poor, fair, good etc.) | COMMENTS AND RECOMMENDATION |
| | payback centre for a period of 3 years | | | | | | | |
| 60 | Appointment of panel of service providers for emergency repairs of water and sewer reticulation within the municipal area for a period of 36 months on as and when required basis | Sefanyetso construction, blink Africa group, intelligence trading and projects ,excellence business academy ,nare ya phela trading and projects, setshabelo trading 647 cc andzama manzi service pty ltd | rate based /on as and when required basis | R 7 201 776,64 | Multi year | Long term contract | Good | N/A |
| 61 | Supply and delivery of water treatment chemicals and conducting monthly tests at Moses Kotane local municipality treatment plants for a period of 24 | Metsi Chem | rate based | R 856 725,38 | Multi year | Long term contract | Good | N/A |

Chapter 4

| 2020/2021 ASSESSMENT OF EXTERNAL SERVICE PROVIDERS | | | | | | | | |
|--|---|---|---|---------------------|--|---------------------------|---|-----------------------------|
| NO | PROJECT NAME | APPOINTED SERVICE PROVIDERS | VALUE FOR THE CONTRACT AWARDED | EXPENDITURE TO DATE | ACTUAL PERFORMANCE(COMP LPLETED OR UNCOMPL ETED) | REASON FOR NON-COMPLETION | SERVICES PROVIDERS PERFORMANCE (i.e. Poor, fair, good etc.) | COMMENTS AND RECOMMENDATION |
| | months on as and when required basis | | | | | | | |
| 62 | Appointment of a panel service providers for repairs and maintenance of municipal vehicle for a period of 36 months on as and when required basis | Fortucraft pty ltd, GCF tourque tuning and Perfomance and maleka ke makgona trading and projects T/A rustenburg auto fix, mjapani trading | rate based | R 12 415 958,72 | Multi year | Long term contract | Good | N/A |
| 63 | proposal for short term insurance and risk management for a period of 3 years | Kunene Makopo risk solutions pty ltd | R1 798 160.72 | R 3 140 408,60 | Multi year | Long term contract | Good | N/A |
| 64 | appointment of a service provider to conduct auctioneering service for Moses Kotane local municipality for a period of 3 years | Asset management &disposal corporation | 7.5% sellers commission and 10% buyers commission | R 75 750,00 | Multi year | Long term contract | Good | N/A |
| 65 | Appointment of panel of advertising agencies for Moses Kotane local municipality for a | 1. Tshwantsiso trading and projects 2. NKTT Trading and logistics 3.Ngethi trading enterprise 4. | Rate based | R 2 547 228,18 | Multi year | Long term contract | Good | N/A |

Chapter 4

| 2020/2021 ASSESSMENT OF EXTERNAL SERVICE PROVIDERS | | | | | | | | |
|--|---|--|--------------------------------|---------------------|---|---------------------------|---|-----------------------------|
| NO | PROJECT NAME | APPOINTED SERVICE PROVIDERS | VALUE FOR THE CONTRACT AWARDED | EXPENDITURE TO DATE | ACTUAL PERFORMANCE (COMPLETED OR UNCOMPLETED) | REASON FOR NON-COMPLETION | SERVICES PROVIDERS PERFORMANCE (i.e. Poor, fair, good etc.) | COMMENTS AND RECOMMENDATION |
| | period of 36 months as and when required basis | Whodoo media advertising | | | | | | |
| 66 | Supply and delivery of water material for a period of 36 months as when required basis | Face of earth trading 154 JV thaba tumo | rate based | R 6 856 750,89 | Multi year | Long term contract | Good | N/A |
| 67 | Request for proposal for VAT recovery/reviews for a period of 3 years | PK financial consultants | 13.5% | R 8 806 314,91 | Multi year | Long term contract | Good | N/A |
| 68 | Request for proposal for preparation and review of financial statement in accordance with GRAP accounting standards and and assist with technical inquiries for a period of 36 months | Rushreeds holding pty ltd | rate based | R 12 423 572,70 | Multi year | Long term contract | Good | N/A |
| 69 | Appointment of a panel of service providers for supply and delivery of | 1. Sithabisile trading 2. sentshieng trading and project 3. sir sound pty ltd | rate based | R 438 234,41 | Multi year | Long term contract | Good | N/A |

Chapter 4

| 2020/2021 ASSESSMENT OF EXTERNAL SERVICE PROVIDERS | | | | | | | | |
|--|---|--|--------------------------------|---------------------|---|---------------------------|---|-----------------------------|
| NO | PROJECT NAME | APPOINTED SERVICE PROVIDERS | VALUE FOR THE CONTRACT AWARDED | EXPENDITURE TO DATE | ACTUAL PERFORMANCE(COMP L E T E D OR UNCOMPL E T E D) | REASON FOR NON-COMPLETION | SERVICES PROVIDERS PERFORMANCE (i.e. Poor, fair, good etc.) | COMMENTS AND RECOMMENDATION |
| | office stationery for a period of 3 years on as and when required basis | 4.tlhabologang business and projects 4.zainab shaikang T/A comp-u- cell 5.legacy stationers holding 6. JK rams trading pty ltd 7. two boys two girls pty ltd 8.purple tech civil | | | | | | |
| 70 | hiring & maintenance of high capacity digital photocopies for a period of 3 years | Mcriben holding | R6 3000 319.97 | R 729 538,81 | Multi year | Long term contract | Good | N/A |
| 71 | Request for proposal for repairs and maintenance of the municipal ict network infrastructure for 3 years on as and required basis | PEO information technologies pty ltd | R4 877 397.00 | R 1 315 880,00 | Multi year | Long term contract | Good | N/A |
| 72 | Supply, delivery and installation of information and communication | Mo kasi Eullafied jv | appointed on rates | R 180 781,75 | Multi year | Long term contract | Good | N/A |

Chapter 4

| 2020/2021 ASSESSMENT OF EXTERNAL SERVICE PROVIDERS | | | | | | | | |
|--|--|------------------------------|--------------------------------|---------------------|---|---------------------------|---|-----------------------------|
| NO | PROJECT NAME | APPOINTED SERVICE PROVIDERS | VALUE FOR THE CONTRACT AWARDED | EXPENDITURE TO DATE | ACTUAL PERFORMANCE(COMPLETE OR UNCOMPLETED) | REASON FOR NON-COMPLETION | SERVICES PROVIDERS PERFORMANCE (i.e. Poor, fair, good etc.) | COMMENTS AND RECOMMENDATION |
| | technology(ict) equipment for 3 years on as when required basis | | | | | | | |
| 73 | request for proposal for provision of remote and offsite backup solutions | Sithabile technology | R866 535.86 | R 243 140,52 | Multi year | Long term contract | Good | N/A |
| 74 | Supply, delivery and offloading of cold carbon asphalt for a period of 36 months on as when required basis | Mineco mining and consulting | R79.00/Bag of 25 kg | R 513 500,00 | Multi year | Long term contract | Good | N/A |
| 75 | Supply and delivery of electrical material for a period of 36months as and when required basis | Tshipi international pty ltd | R164 507 .57 | R 997 810,90 | Multi year | Long term contract | Good | N/A |
| 76 | Rendering of security services for mkml facilities for a period of 36 months | White leopard security | R1 992 627.20/month | R 14 589 743,96 | Multi year | Long term contract | Good | N/A |

Chapter 4

| 2020/2021 ASSESSMENT OF EXTERNAL SERVICE PROVIDERS | | | | | | | | |
|--|---|-----------------------------|--|---------------------|--|---------------------------|---|-----------------------------|
| NO | PROJECT NAME | APPOINTED SERVICE PROVIDERS | VALUE FOR THE CONTRACT AWARDED | EXPENDITURE TO DATE | ACTUAL PERFORMANCE(COMP LPLETED OR UNCOMPL ETED) | REASON FOR NON-COMPLETION | SERVICES PROVIDERS PERFORMANCE (i.e. Poor, fair, good etc.) | COMMENTS AND RECOMMENDATION |
| 77 | Drinking water and waste water compliance monitoring for a period of 36 months | Sweet angel water (pty) ltd | R4 669.00(price per item total) | R 2 290 850,60 | Multi year | Long term contract | Good | N/A |
| 78 | Request for proposal for appointment of municipal value for compilation and maintenance of the general valuation roll :July 2021 t0 June 2026 | TT property consultants | R1 085 646.00 (compilation of GV roll excluding supplementary valuation) | R 1 132 712,20 | Multi year | Long term contract | Good | N/A |
| 79 | Appointment of a service provider to conduct training for the creative industry | Brave channel (pty) ltd | R431 000.00 | R431 000.01 | Multi year | Long term contract | Good | N/A |
| 80 | Request for proposal for compilation of GRAP compliant asset register | JBFE consulting (pty) ltd | R9 784 634.98 | R 3 161 205,20 | Multi year | Long term contract | Good | N/A |

Chapter 4

INTRODUCTION

Turnover experienced in scarce skills areas such as town planning due to the municipality's inability to compete with alternative opportunities in terms of benefits. The matter will be addressed through the benchmarking exercise.

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

| Employees | | | | |
|---------------------------------------|------------------|--------------------------|------------------|------------------|
| Description | 2019/2020 | 2020/2021 | | |
| | Employees No. | Approved Posts No. | Employees No. | Vacancies No. |
| Water | 26 | 38 | 31 | 7 |
| Waste Water (Sanitation) | 92 | 286 | 149 | 137 |
| Electricity | 3 | 35 | 9 | 26 |
| Waste Management | 43 | 35 | 6 | 29 |
| Housing | 5 | 8 | 5 | 3 |
| Roads (Storm water Drainage) | 30 | 54 | 25 | 29 |
| Transport | 23 | 39 | 13 | 36 |
| Planning | 5 | 23 | 8 | 15 |
| Local Economic Development | 5 | 8 | 5 | 3 |
| Planning (Strategic & Regulatory) | 0 | 22 | 14 | 8 |
| Local Economic Development | 10 | 22 | 6 | 16 |
| Community & Social Services | 86 | 22 | 13 | 9 |
| Budget and Safety | 89 | 145 | 83 | 62 |
| Security and Safety | 3 | 47 | 3 | 44 |
| Sport and Recreation | 17 | 10 | 6 | 4 |
| Corporate Policy Offices and Other | 137 | 165 | 86 | 79 |
| Totals | 574 | 959 | 462 | 507 |

Chapter 4

| Vacancy Rate: 2020/2021 | | | |
|---|--|--|--|
| Designations | *Total Approved Posts No. | *Vacancies (Total time that vacancies exist using fulltime equivalents) No. | *Vacancies (as a proportion of total posts in each category) % |
| Municipal Manager | 1 | 0 | 0 |
| CFO | 5 | 2 | 40 |
| Other S57 Managers (excluding Finance Posts) | 1 | 0 | 0 |
| Senior management: Levels 13-15 (excluding Finance Posts) | 25 | 5 | 20 |
| Highly skilled supervision: levels 9-25 (excluding Finance posts) | 27 | 12 | 44 |
| Highly skilled supervision: levels 9-25 (Finance posts) | 5 | 2 | 40 |
| Total | 64 | 21 | 32,81 |
| 4.1.2 | | | |

| Turn-over Rate | | | |
|----------------|---|---|-----------------|
| Details | Total Appointments as of beginning of Financial Year No. | Terminations during the Financial Year No. | Turn-over Rate* |
| 2018/2019 | 14 | 15 | 107% |
| 2019/2020 | 15 | 13 | 87% |
| 2020/2021 | 53 | 18 | 34% |
| 4.1.3 | | | |

Chapter 4

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

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

The municipality had00 an Employment Equity Plan which seeks to address the above.

The only underachievement relates to the employment of persons with disabilities.

POLICIES

| HR Policies and Plans | | | | |
|-----------------------|---|-------------|------------|--|
| | Name of Policy | Completed % | Reviewed % | Date adopted by council or comment on failure to adopt |
| 1. | Leave | 100 | 100 | Policy reviewed are still in a draft and not yet approved by Council |
| 2. | Occupational Health and Safety | 100 | 100 | Policy reviewed are still in a draft and not yet approved by Council |
| 3. | Recruitment, Selection and Appointments | 100 | 100 | Policy reviewed are still in a draft and not yet approved by Council |
| 4. | Policy on imprisoned employees | 100 | 100 | Policy reviewed are still in a draft and not yet approved by Council |
| 5. | Travelling & Subsistence policy | 100 | 100 | Policy reviewed are still in a draft and not yet approved by Council |
| 6. | Bursary policy | 100 | 100 | Policy reviewed are still in a draft and not yet approved by Council |
| 7. | Policy on attendance | 100 | 100 | Policy reviewed are still in a draft and not yet approved by Council |
| 8. | Legal aid policy | 100 | 100 | Policy reviewed are still in a draft and not yet approved by Council |

Chapter 4

COMMENT ON INJURY AND SICK LEAVE:

The municipality did not experience any permanent disability or death as a result of injury on duty. The municipality does not have an appointed Medical doctor however when a need arises the approval of the municipal manager for any referrals is done.

Chapter 4

4.4 PERFORMANCE REWARDS

COMMENT ON PERFORMANCE REWARDS:

No performance bonuses have been awarded by the municipality

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

The municipality budgets 1% of its workforce as required and employees are taken through skills development programmes. The municipality budgets for Bursaries over and above this budget. Opportunities presented by SALGA are also utilized for workforce capacity development.

SKILLS DEVELOPMENT AND TRAINING

| 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)) | Consol idated: 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 | | | | | | |
| <i>Accounting officer</i> | 1 | 0 | 1 | 0 | 1 | 0 |
| <i>Chief financial officer</i> | 1 | 0 | 1 | 0 | 1 | 0 |

Chapter 4

| 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)) | Consol idated: 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)) |
| <i>Senior managers</i> | 3 | 0 | 3 | 0 | 3 | 3 |
| <i>Any other financial officials</i> | 41 | 0 | 41 | 0 | 0 | 29 |
| Supply Chain Management Officials | | | | | | 0 |
| <i>Heads of supply chain management units</i> | 0 | 0 | 0 | 0 | 0 | 0 |
| <i>Supply chain management senior managers</i> | 2 | 0 | 2 | 2 | 0 | 2 |
| TOTAL | 48 | 0 | 48 | 2 | 5 | 34 |

Chapter 4

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

The municipality does plan for training in that it submits a WSP every year. The only challenge is that accommodation for training is also funded in the same budget. This affects the achievement of training planned for the year. Expenditure normally exceeds the budget. We did not manage to spend all what we budgeted due to non-availability of funds.

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

INTRODUCTION TO WORKFORCE EXPENDITURE

It is important to manage the workforce so that the municipality does not waste financial resources at the expense of service delivery. The procedure for filling of vacancies ensures that only budgeted positions are filled. This is done by filling a request which should be confirmed on the budget for the expected position by the budget and treasury department and approval by the municipal manager.

4.6 EMPLOYEE EXPENDITURE

COMMENT ON WORKFORCE EXPENDITURE:

The municipality has no positions budgeted for resulting in savings. A high number of positions resulted from the review of the structure in 2017. Positions will be filled as per priority list.

Chapter 5

CHAPTER 5 – FINANCIAL PERFORMANCE

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

| Description R thousands | Year 2020/2021 | | | | | | | | | | |
|--|-----------------|---|--------------------------|--|---|--------------|----------------|--------------------------|----------|-------------------------------------|--|
| | Original Budget | Budget Adjustments (i.t.o. s28 and s31 of the MFMA) | Final adjustments budget | Shifting of funds (i.t.o. s31 of the MFMA) | Virement (i.t.o. Council approved policy) | Final Budget | Actual Outcome | Unauthorised expenditure | Variance | Actual Outcome as % of Final Budget | Actual Outcome as % of Original Budget |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| Financial Performance | | | | | | | | | | | |
| Property rates | 148 602 | 6 000 | 154 602 | | | 154 602 | | | | | |
| Service charges | 186 493 | 1 410 | 188 013 | | | 188 013 | | | | | |
| Investment revenue | 5 400 | (1 000) | 4 400 | | | 4 400 | | | | | |
| Transfers recognised - operational | 467 695 | 82 307 | 550 002 | | | 550 002 | | | | | |
| Other own revenue | 67 591 | 1 155 | 68 746 | | | 68 746 | | | | | |
| Total Revenue (excluding capital transfers and contributions) | 875 781 | 89 872 | 965 763 | | | 965 763 | | | | | |
| Employee costs | (270 831) | 871 | (269 960) | | | (269 960) | | | | | |
| Remuneration of councillors | (24 819) | (1 544) | (26 363) | | | (26 363) | | | | | |
| Debt impairment | (133 503) | | (133 503) | | | (133 503) | | | | | |
| Depreciation & asset impairment | (3 044) | | (3 044) | | | (3 044) | | | | | |
| Finance charges | (86 827) | (4 633) | (91 460) | | | (91 460) | | | | | |
| Materials and bulk purchases | – | | – | | | – | | | | | |
| Transfers and grants | – | – | – | | | – | | | | | |
| Other expenditure | (335 952) | (56 687) | (392 639) | | | (392 639) | | | | | |
| Total Expenditure | (854 976) | (61 992) | (916 969) | | | (916 969) | | | | | |
| Surplus/(Deficit) | 20 804 | 27 880 | 48 794 | | | (122 239) | | | | | |
| MTransfers recognised - capital | 202 495 | 50 399 | 252 894 | | | 252 894 | | | | | |

Chapter 5

| Description R thousands | Year 2020/2021 | | | | | | | | | | |
|--|-----------------|---|--------------------------|--|---|--------------|----------------|--------------------------|----------|-------------------------------------|--|
| | Original Budget | Budget Adjustments (i.t.o. s28 and s31 of the MFMA) | Final adjustments budget | Shifting of funds (i.t.o. s31 of the MFMA) | Virement (i.t.o. Council approved policy) | Final Budget | Actual Outcome | Unauthorised expenditure | Variance | Actual Outcome as % of Final Budget | Actual Outcome as % of Original Budget |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| Contributions recognised - capital & contributed assets | | | | | | | | | | | |
| Surplus/(Deficit) after capital transfers & contributions | 88 367 | 28 027 | 116 394 | | | 116 394 | | | | | |
| Share of surplus/ (deficit) of associate | | | | | | | | | | | |
| Surplus/(Deficit) for the year | 223 300 | 78 278 | 301 688 | | | 116 394 | | | | | |
| Capital expenditure & funds sources | | | | | | | | | | | |
| Capital expenditure | | | | | | | | | | | |
| Transfers recognised - capital | 202 495 | 50 399 | 252 894 | | | 252 894 | | | | | |
| Public contributions & donations | | | | | | | | | | | |
| Internally generated funds | 1 000 | (500) | 500 | | | 500 | | | | | |
| Total sources of capital funds | 203 495 | 49 899 | 253 394 | | | 253 394 | | | | | |
| Cash flows | | | | | | | | | | | |
| Net cash from (used) operating | 208 842 | 155 012 | 363 854 | | | 363 854 | | | | | |
| Net cash from (used) investing | (202 495) | (50 399) | (252 894) | | | (252 894) | | | | | |
| Net cash from (used) financing | (5 300) | (8 700) | (14 000) | | | (14 000) | | | | | |
| Cash/cash equivalents at the year end | 1 328 | 142 288 | 143 616 | | | 15 817 | | | | | |

Chapter 5

| Financial Performance of Operational Services | | | | | | |
|---|-------------------|--------------------|-----------------------|----------------|--------------------|-----------------------|
| R '000 | | | | | | |
| Description | Year 2019/2020 | 2020/2021 | | | Year 0 Variance | |
| | Actual | Original Budget | Adjustments Budget | Actual | Original Budget | Adjustments Budget |
| Operating Cost | | | | | | |
| Water | 26 485 | 272 589 | 263 882 | 363 864 | 25,08% | 27,48% |
| Waste Water (Sanitation) | 8 541 | 19 928 | 22 970 | 50 891 | 60,84% | 54,87% |
| Electricity | 12 355 | 7 599 | 7 469 | 8 597 | 11,61% | 13,12% |
| Waste Management | 14 232 | 41 881 | 48 140 | 52 604 | 20,38% | 8,49% |
| Housing | 6 542 | 6 677 | 6 075 | 5 574 | -19,79% | -8,99% |
| Component A: sub-total | 68 155 | 348 674 | 348 534 | 481 529 | 27,59% | 27,62% |
| Waste Water (Stormwater Drainage) | 5 643 | – | – | – | 0,00% | 0,00% |
| Roads | 5 643 | 61 128 | 65 468 | 57 548 | -6,22% | -13,76% |
| Transport | 5 322 | 18 272 | 18 273 | 15 935 | -14,67% | -14,67% |
| Component B: sub-total | 16 607 | 79 400 | 83 741 | 73 483 | -8,05% | -13,96% |
| Planning | 1 254 | | | | 0,00% | 0,00% |
| Local Economic Development | 2 516 | 12 388 | 11 838 | 10 643 | -16,40% | -11,24% |
| Component B: sub-total | 3 769 | 12 388 | 11 838 | 10 643 | -16,40% | -11,24% |
| Planning | 12 546 | 5 854 | 6 027 | 4 266 | -37,21% | -41,26% |
| Local Economic Development | | | | | | |
| Component C: sub-total | 12 546 | 5 854 | 6 027 | 4 266 | -37,21% | -41,26% |
| Community & Social Services | 4 565 | 121 283 | 120 631 | 126 396 | 4,05% | 4,56% |
| Environmental Protection | 5 649 | – | – | – | 0,00% | 0,00% |
| Health | 5 649 | – | – | – | 0,00% | 0,00% |
| Security and Safety | 5 649 | 19 898 | 21 074 | 21 746 | 8,50% | 3,09% |
| Sport and Recreation | 5 649 | 39 415 | 36 528 | 42 247 | 6,70% | 13,54% |
| Corporate Policy Offices and Other | 5 649 | 228 065 | 288 597 | 233 680 | 2,40% | -23,50% |
| Component D: sub-total | 32 808 | 408 661 | 466 830 | 424 070 | 3,63% | -10,08% |
| Total Expenditure | 133 885 | 854 977 | 916 970 | 993 990 | 13,99% | 7,75% |

Chapter 5

5.2 GRANTS

| Description | 2019/2020 | 2020/2021 | | | Year 0 Variance | |
|--|---------------|----------------|-----------------------|----------------|---------------------------|------------------------------|
| | Actual | Budget | Adjustments Budget | Actual | Original Budget (%) | Adjustments Budget (%) |
| <u>Operating Transfers and Grants</u> | | | | | | |
| National Government: | 21 565 | 461 689 | 544 094 | 544 094 | 15,15% | 0,00% |
| Equitable share | 21 565 | 459 989 | 542 394 | 542 394 | 15,19% | 0,00% |
| Municipal Systems Improvement | – | – | – | – | 0,00% | 0,00% |
| Department of Water Affairs | | | | | 0,00% | 0,00% |
| Levy replacement | | | | | 0,00% | 0,00% |
| Finance | | | | | 0,00% | 0,00% |
| Management Grant | | 1 700 | 1 700 | 1 700 | | |
| Provincial Government: | 4 568 | 1 827 | 2 729 | 2 473 | 26,13% | -10,34% |
| Health subsidy | | | | | 0,00% | 0,00% |
| Housing | | | | | 0,00% | 0,00% |
| Ambulance subsidy | | | | | 0,00% | 0,00% |
| Sports and Recreation | 4 568 | – | 766 | 568 | 100,00% | -34,82% |
| Expanded Public Works Programme | | 1 827 | 1 963 | 1 905 | 0,00% | 0,00% |
| District Municipality: | – | – | – | – | 0,00% | 0,00% |
| <i>[insert description]</i> | | | | | 0,00% | 0,00% |
| | | | | | 0,00% | 0,00% |
| Other grant providers: | – | 4 179 | 3 179 | 3 094 | -35,06% | -2,74% |
| <i>Project Management Unit</i> | | 4 179 | 3 179 | 3 094 | -35,06% | -2,74% |
| Total Operating Transfers and Grants | 26 133 | 467 695 | 550 002 | 549 661 | 14,91% | -0,06% |

Chapter 5

| R' 000 | | | | | | |
|---|---------------|----------------|--------------------|----------------|---------------------|------------------------|
| Description | 2019/2020 | 2020/2021 | | | Year 0 Variance | |
| | Actual | Budget | Adjustments Budget | Actual | Original Budget (%) | Adjustments Budget (%) |
| Operating Transfers and Grants | | | | | | |
| National Government: | 21 565 | 461 689 | 544 094 | 544 094 | 15,15% | 0,00% |
| Equitable share | 21 565 | 459 989 | 542 394 | 542 394 | 15,19% | 0,00% |
| | | | | | 0,00% | 0,00% |
| Municipal Systems Improvement | – | – | – | – | | |
| Department of Water Affairs | | | | | 0,00% | 0,00% |
| Levy replacement | | | | | 0,00% | 0,00% |
| Finance Management Grant | | 1 700 | 1 700 | 1 700 | 0,00% | 0,00% |
| Provincial Government: | 4 568 | 1 827 | 2 729 | 2 473 | 26,13% | -10,34% |
| Health subsidy | | | | | 0,00% | 0,00% |
| Housing | | | | | 0,00% | 0,00% |
| Ambulance subs | | | | | 0,00% | 0,00% |
| | | | | | 100,00% | -34,82% |
| Sports and Recreation | 4 568 | – | 766 | 568 | | |
| Expanded Public Works Programme | | 1 827 | 1 963 | 1 905 | 0,00% | 0,00% |
| | | | | | 0,00% | 0,00% |
| District Municipality: | – | – | – | – | | |
| <i>[insert description]</i> | | | | | 0,00% | 0,00% |
| | | | | | 0,00% | 0,00% |
| Other grant providers: | – | 4 179 | 3 179 | 3 094 | -35,06% | -2,74% |
| <i>Project Management Unit</i> | | 4 179 | 3 179 | 3 094 | -35,06% | -2,74% |
| | | | | | 0,00% | 0,00% |
| Total Operating Transfers and Grants | 26 133 | 467 695 | 550 002 | 549 661 | 14,91% | -0,06% |

5.3 ASSET MANAGEMENT

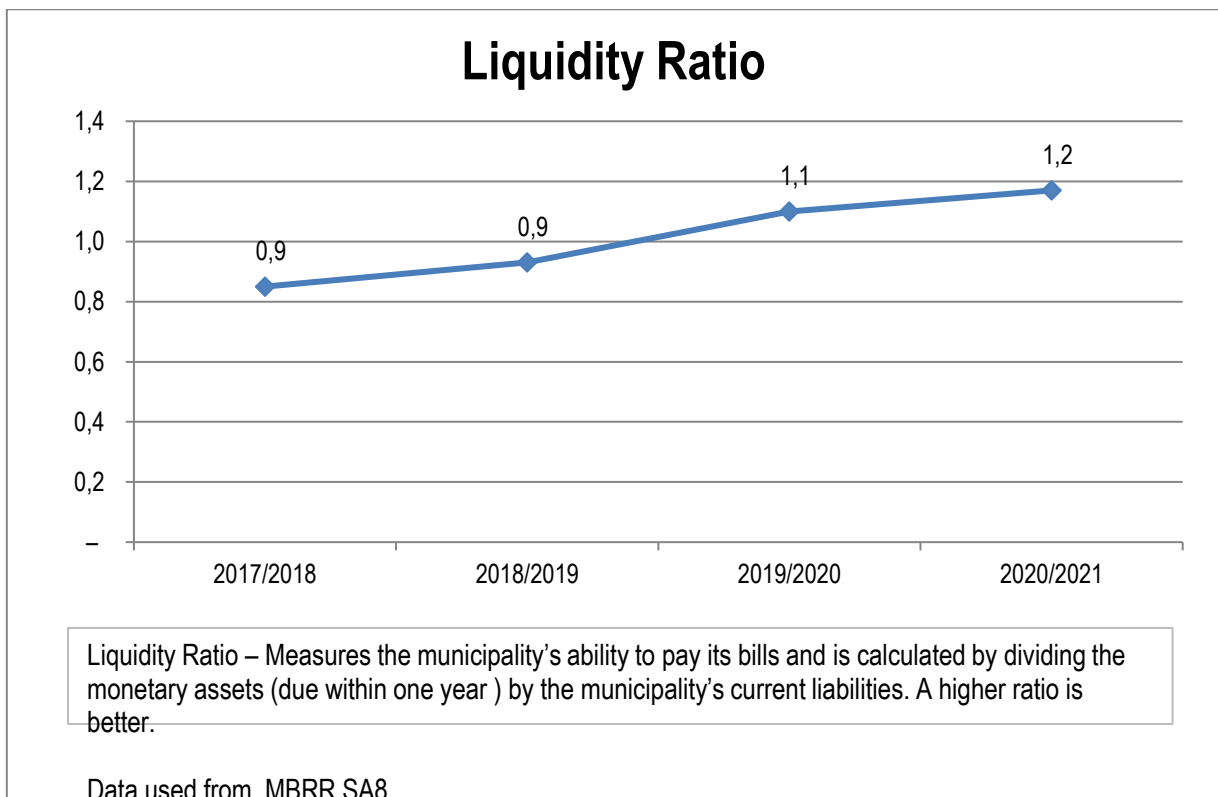
INTRODUCTION TO ASSET MANAGEMENT

Over the years Moses Kotane Local Municipality has been dependent in the service providers for the performance of this function. In the year under review with an environment that is vast in nature containing ±30 000 assets in the registers the municipality only allocated two officials to manage the assets. That did not yield good result in the municipality compelling management to review the structure and create dedicated unit that will be entrusted with the assets management function. The appointment could not be made due to the moratorium issued by the office of the premier. Once the moratorium is lifted the Municipality fill vacant positions, capacitate this unit by ensuring hands on training and other relevant training that are necessary for the assets management such as GRAP trainings.

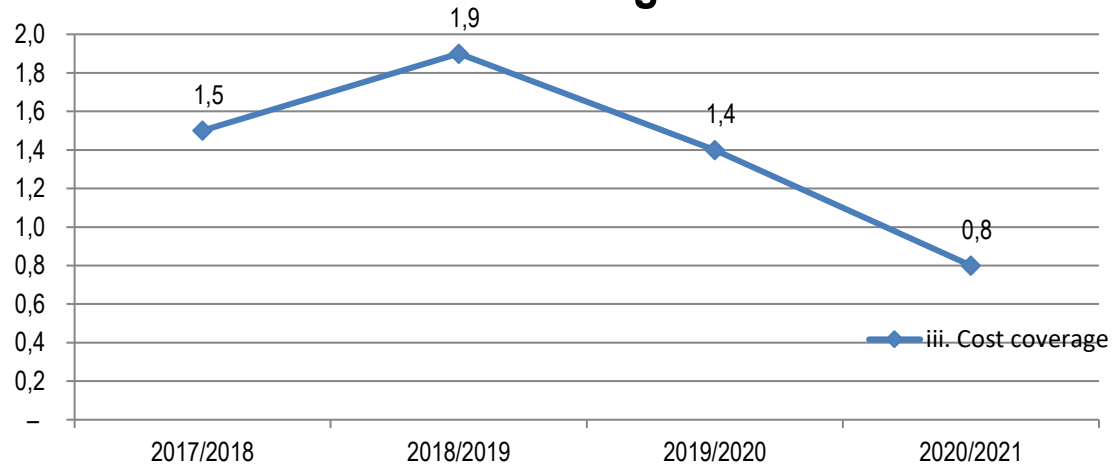
Chapter 5

| Repair and Maintenance Expenditure: Year 0 | | | | |
|--|-----------------|-------------------|---------------|-----------------|
| R' 000 | | | | |
| | Original Budget | Adjustment Budget | Actual | Budget variance |
| Repairs and Maintenance Expenditure | 125 | 57 026 000,00 | 53 817 889,00 | -43054211% |

RATIOS BASED ON KEY PERFORMANCE INDICATORS FINANCIAL



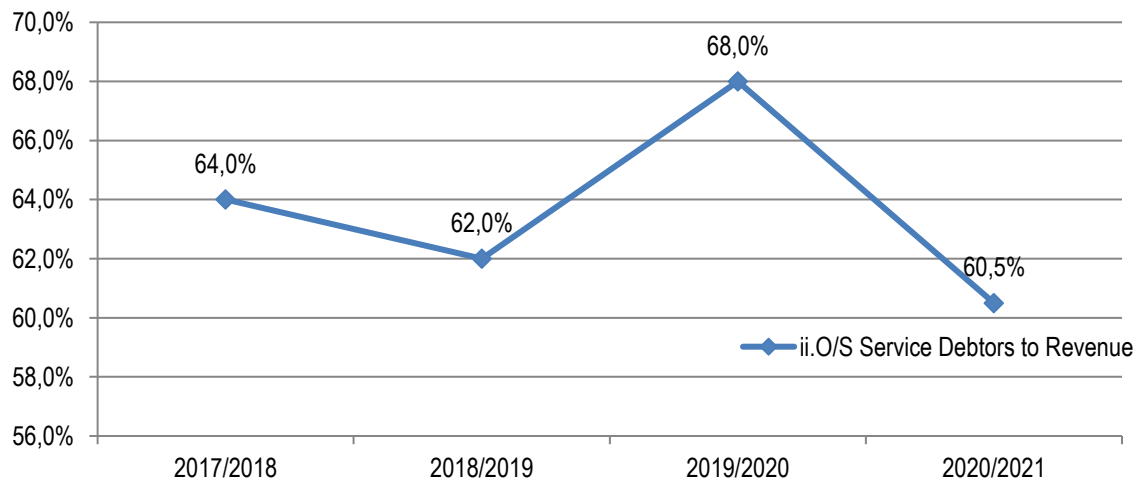
Cost Coverage



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

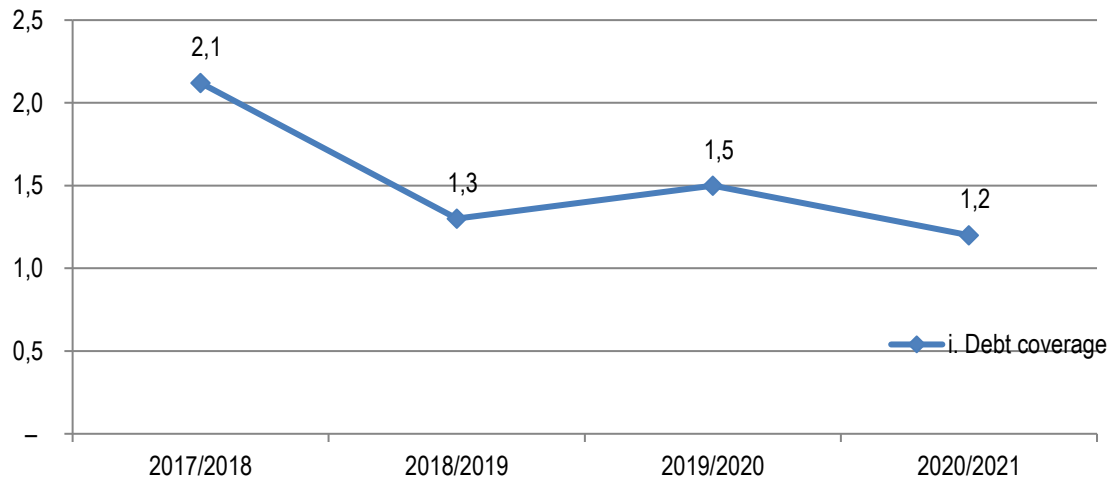
Data used from MBRR SA8

Total Outstanding Service Debtors



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

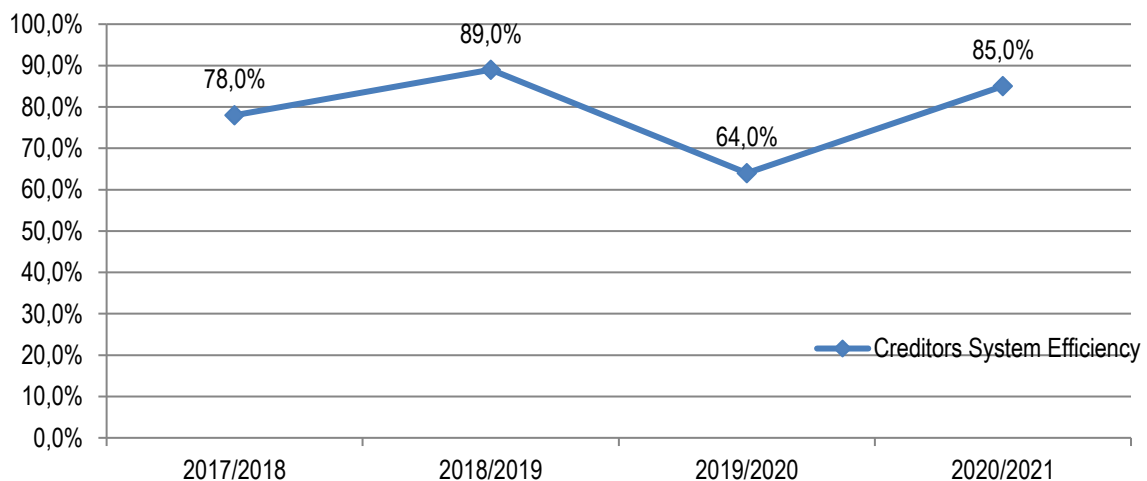
Debt Coverage



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

Data used from MBRR SA8

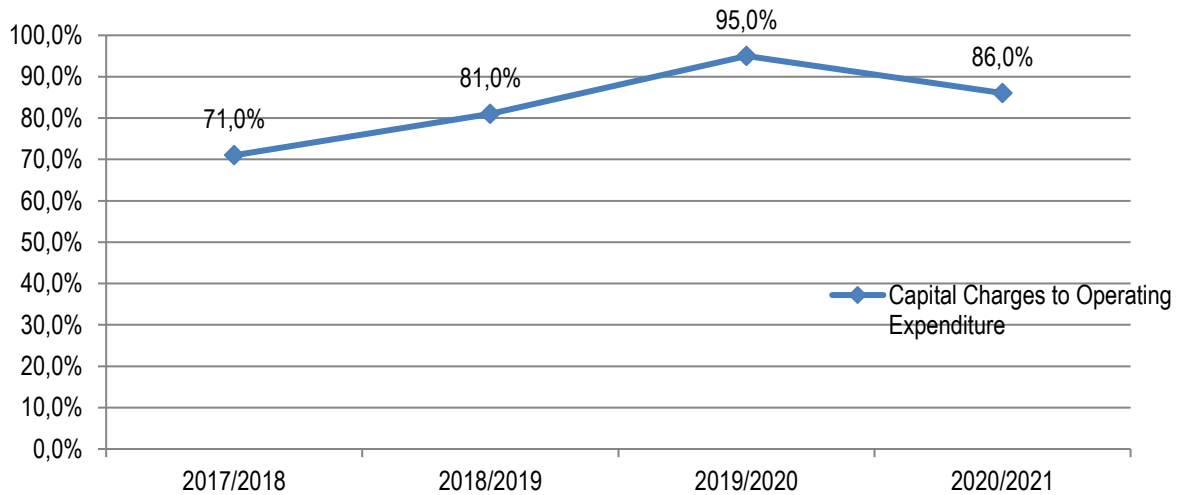
Creditors System Efficiency



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

Data used from MBRR SA8

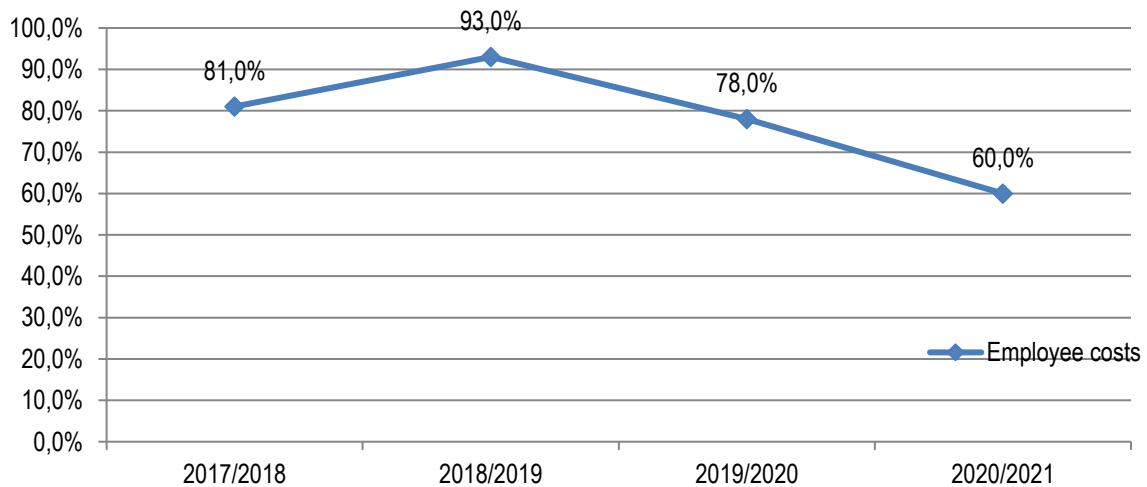
Capital Charges to Operating Expenditure



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

Data used from MBRR SA8

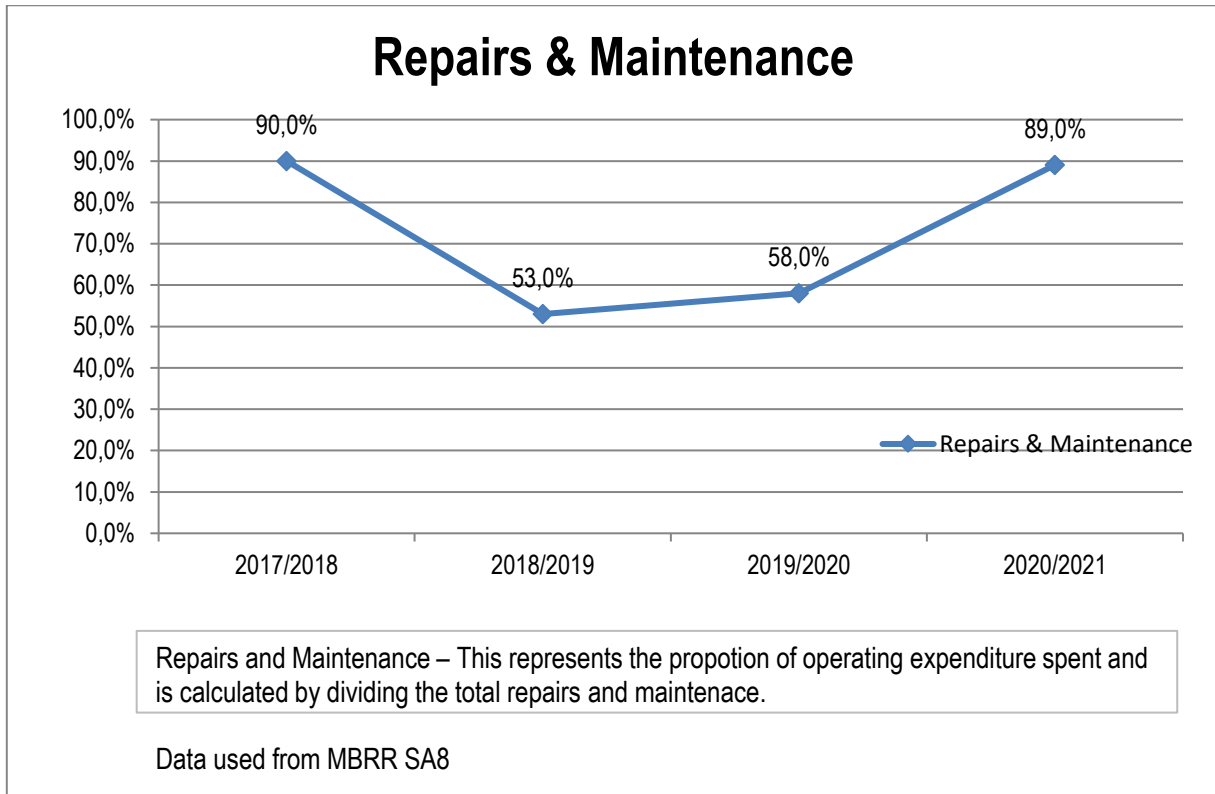
Employee Costs



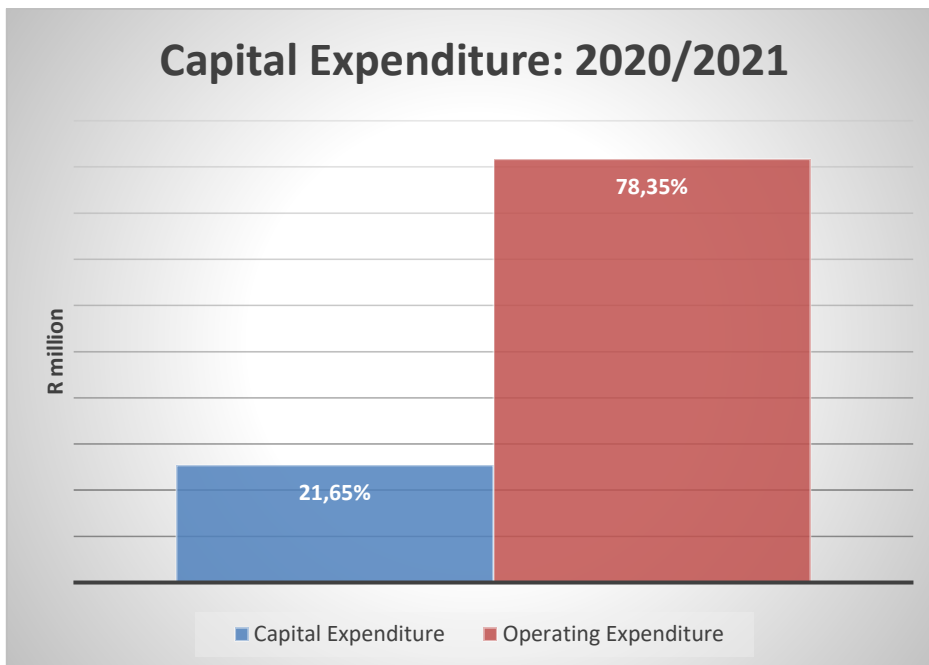
Employee cost – Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.

Data used from MBRR SA8

Chapter 5



COMPONENT B: SPENDING AGAINST CAPITAL BUDGET



The municipality is currently financing its capital projects through loans, grants and leases. The projects emanate from a 5 year IDP which runs on a 3 year MTREF. There are no capital programmes done outside these and are done without confirmed funding.

Chapter 5

| Capital Expenditure of 5 largest projects* | | | | | |
|---|--|-------------------|--------------------|-----------------------|-------------------------|
| R' 000 | | | | | |
| Name of Project | Current: 2020/2021 | | | Variance: 2020/2021 | |
| | Original Budget | Adjustment Budget | Actual Expenditure | Original Variance (%) | Adjustment variance (%) |
| Tlokweng internal Roads | 15 000 | 16 896 | 14 996 | 0% | -13% |
| Madikwe Internal Roads (China Section) | 15 000 | 15 000 | 11 238 | 25% | 0% |
| Ramoga Internal Roads | 12 425 | 12 425 | 11 361 | 9% | 0% |
| LeromeWater Supply - Phase II | 12 000 | 18 659 | 11 700 | 3% | -55% |
| Bulk Water Augmentation | 15 375 | 0 | 15 718 | -2% | 100% |
| * Projects with the highest capital expenditure 2020/2021 | | | | | |
| TLOKWENG INTERNAL ROADS | | | | | |
| Objective of Project | To provide and maintain roads & storm water Infrastructure | | | | |
| Delays | Delay due to heavy rains | | | | |
| MADIKWE INTERNAL ROADS (CHINA SECTION) | | | | | |
| Objective of Project | To provide and maintain roads & storm water Infrastructure | | | | |
| Delays | Delay due to supply of material by the supplier | | | | |
| RAMOGA INTERNAL ROADS | | | | | |
| Objective of Project | To provide and maintain roads & storm water Infrastructure | | | | |
| Delays | Slow progress of the contractor on site. | | | | |
| LEROMEWATER SUPPLY - PHASE II | | | | | |
| Objective of Project | To provide new, improve and maintain existing water supply infrastructure so as to minimize interruptions of services, water loss and ensure compliance with Drinking Water and Waste Water Quality standards (blue drop system) | | | | |
| Delays | Delay of materials supply due to Covid 19 limitation | | | | |

Chapter 5

| Capital Expenditure of 5 largest projects* | | | | | |
|--|--|-------------------|--------------------|-----------------------|-------------------------|
| R' 000 | | | | | |
| Name of Project | Current: 2020/2021 | | | Variance: 2020/2021 | |
| | Original Budget | Adjustment Budget | Actual Expenditure | Original Variance (%) | Adjustment variance (%) |
| BULK WATER AUGMENTATION | | | | | |
| Objective of Project | To provide new, improve and maintain existing water supply infrastructure so as to minimize interruptions of services, water loss and ensure compliance with Drinking Water and Waste Water Quality standards (blue drop system) | | | | |
| Delays | Delay of materials supply due to Covid 19 limitation | | | | |

Chapter 5

5.4 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

The Municipality experiences service backlogs in water, electrification of households by Eskom, internal and external roads by provincial departments. This is a moving target due to the increase in the number of households in different areas.

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

5.5 CASH FLOW

| Cash Flow Outcomes | | | | |
|--|-----------------|-----------------|-----------------|----------|
| R'000 | | | | |
| Description | 2019/2020 | 2020/2021 | | |
| | Audited Outcome | Original Budget | Adjusted Budget | Actual |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Receipts | | | | |
| Ratepayers and other | | 143 523 | 145 084 | |
| Government - operating | | 467 695 | 550 340 | |
| Government - capital | | 202 495 | 252 894 | |
| Interest | | 4 000 | 4 400 | |
| Dividends | | – | | |
| Payments | | | | |
| Suppliers and employees | | (605 827) | (585 820) | |
| Finance charges | | (3 044) | (3 044) | |
| Transfers and Grants | | | | |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | – | 208 842 | 363 854 | – |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Receipts | | | | |

Chapter 5

| Cash Flow Outcomes | | | | |
|---|-----------------|------------------|------------------|----------|
| R'000 | | | | |
| Description | 2019/2020 | 2020/2021 | | |
| | Audited Outcome | Original Budget | Adjusted Budget | Actual |
| | | | | |
| Proceeds on disposal of PPE Decrease (Increase) in non-current debtors Decrease (increase) other non-current receivables Decrease (increase) in non-current investments Payments Capital assets | | | | |
| | | (202 495) | (252 894) | |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | – | (202 495) | (252 894) | – |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Receipts | | | | |
| Short term loans | | | | |
| Borrowing long term/refinancing | | | | |
| Increase (decrease) in consumer deposits | | | | |
| Payments | | | | |
| Repayment of borrowing | | (5 300) | (14 000) | |

Chapter 5

| Cash Flow Outcomes | | | | |
|---|-----------------|-----------------|-----------------|--------|
| R'000 | | | | |
| Description | 2019/2020 | 2020/2021 | | |
| | Audited Outcome | Original Budget | Adjusted Budget | Actual |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | – | (5 300) | (14 000) | – |
| NET INCREASE/ (DECREASE) IN CASH HELD | – | 1 047 | 96 960 | – |
| Cash/cash equivalents at the year begin: | | 281 | 46 656 | 46 656 |
| Cash/cash equivalents at the year-end: | | 1 328 | 143 616 | 46 656 |

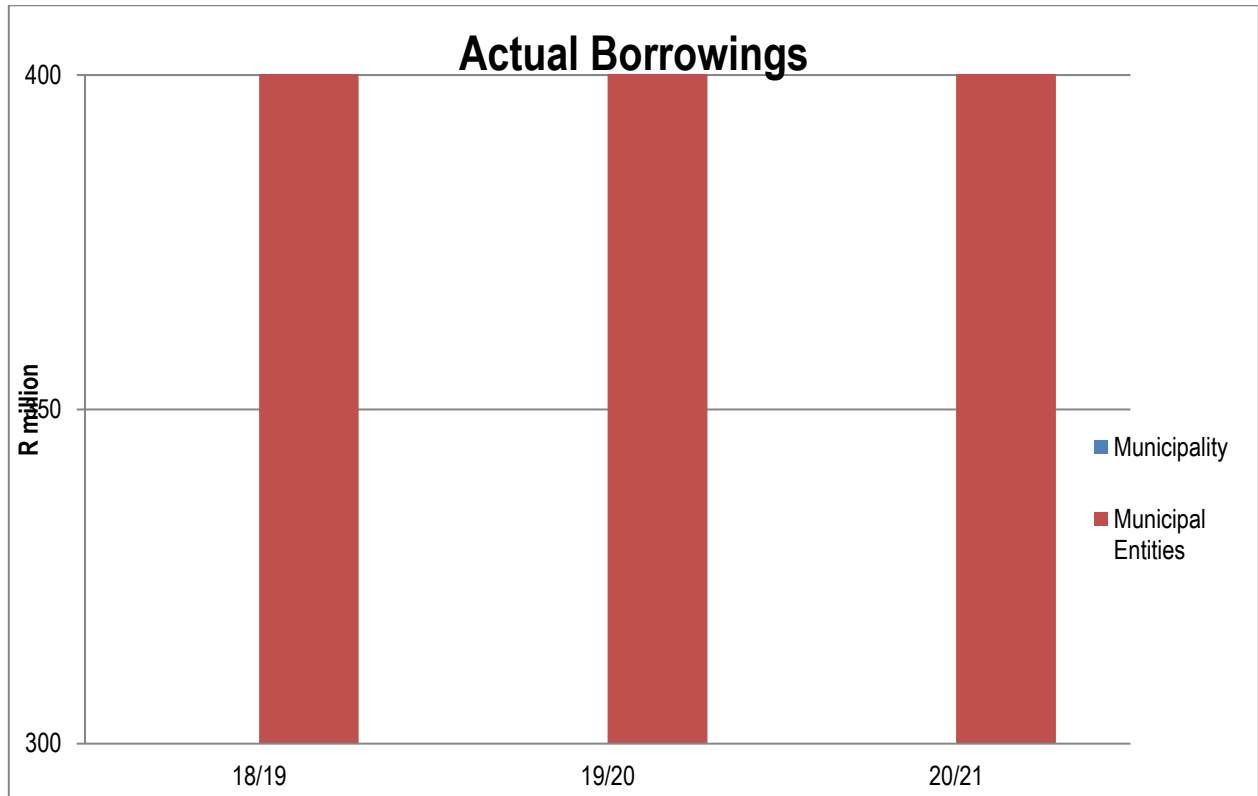
Chapter 5

5.6 BORROWING AND INVESTMENTS

The municipality is currently financing its capital projects through loans, grants, own revenue and leases. No new borrowings have been incurred in the current year except the reclassification of the previously recorded loans to the finance leases.

| Actual Borrowings: Year 2019//2020 to 2020/2021 | | | |
|---|---------------|---------------|---------------|
| | R' 000 | | |
| Instrument | 18/19 | 19/20 | 20/21 |
| Municipality | | | |
| Long-Term Loans (annuity/reducing balance) | 52824 | 14377 | 17713 |
| Long-Term Loans (non-annuity) | | | |
| Local registered stock | | | |
| Instalment Credit | | | |
| Financial Leases | | | |
| PPP liabilities | | | |
| Finance Granted By Cap Equipment Supplier | | | |
| Marketable Bonds | | | |
| Non-Marketable Bonds | | | |
| Bankers Acceptances | | | |
| Financial derivatives | | | |
| Other Securities | | | |
| Municipality Total | 52 824 | 14 377 | 17 713 |
| Municipal Entities | | | |
| Long-Term Loans (annuity/reducing balance) | | | |
| Long-Term Loans (non-annuity) | | | |
| Local registered stock | | | |
| Instalment Credit | | | |
| Financial Leases | | | |
| PPP liabilities | | | |
| Finance Granted By Cap Equipment Supplier | | | |
| Marketable Bonds | | | |
| Non-Marketable Bonds | | | |
| Bankers Acceptances | | | |
| Financial derivatives | | | |
| Other Securities | | | |
| Entities Total | 0 | 0 | 0 |

Chapter 5



Chapter 5

| Municipal and Entity Investments | | | |
|--|--------|--------|--------|
| | | | R' 000 |
| Investment* type | 18/19 | 19/20 | 20/21 |
| | Actual | Actual | Actual |
| <u>Municipality</u> | | | |
| Securities - National Government | | | |
| Listed Corporate Bonds | | | |
| Deposits - Bank | | | 41065 |
| 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 | | | |
| Municipality sub-total | 0 | 0 | 41065 |
| | | | |
| <u>Municipal Entities</u> | | | |
| 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: | 0 | 0 | 41065 |

Chapter 5

COMMENT ON BORROWING AND INVESTMENTS:

The municipality's investments were done in accordance to Cash and Management Policy of the Municipality however the investment portfolio has not been diversified, the Municipality believes that ABSA is a safe and secure institution for municipal investment.

Chapter 5

COMPONENT D: OTHER FINANCIAL MATTERS

5.7 SUPPLY CHAIN MANAGEMENT

SUPPLY CHAIN MANAGEMENT

All bid committees were functional during the financial year under review, for the first time all tender documents were submitted for audit purposes. There were no councillors that are part of any SCM committees in the year under review. The SCM officials are all competent in terms of the regulations.

5.8 GRAP COMPLIANCE

GRAP COMPLIANCE

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

The financial statements were prepared in terms of GRAP standards and practices

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

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

Report on the audit of the financial statements

Qualified opinion

I have audited the financial statements of the Moses Kotane Local Municipality set out on pages 208 to 317, which comprise the statement of financial position as at 30 June 2021, and the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Moses Kotane Local Municipality as at 30 June 2021, 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 4 of 2020 (DoRA).

Basis for qualified opinion

General expenses

During 2020, I was unable to obtain sufficient appropriate audit evidence for IT expenses as the municipality did not maintain adequate supporting documentation to confirm whether some of the goods and services paid for were received. I was unable to determine whether any adjustment to IT expenses of R58 671 049 included in general expenditure as disclosed to the financial statements was necessary. My audit opinion on the financial statements for the period ended 30 June 2020 was modified accordingly. I was still unable to confirm this expense by alternate means. Consequently, my opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures.

Irregular expenditure

Section 125 of the MFMA requires the disclosure of irregular expenditure incurred. The municipality did not disclose irregular expenditure in the correct period as irregular expenditure incurred in the previous year was only disclosed in the current year. Consequently, the corresponding figure of irregular expenditure as disclosed in note 48 to the financial statements was understated by R17 098 177. My opinion on the current year financial statements is modified because of the effect of this matter on the comparability of irregular expenditure for the current period.

Chapter 5

Context for the opinion

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

As disclosed in note 45 of the financial statements the municipality is experiencing cash flow challenges as a results of low debtors collection rate which has an impact on the municipality's ability to pay creditors timeously. This, along with other matters disclosed in the note, results in a material uncertainty for the municipality to continue as a going concern as it has to rely on grants in order to meet the working capital.

Emphasis of matters

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

Unauthorised and fruitless and wasteful expenditure

As disclosed in note 46 to the financial statements, unauthorised expenditure of R133 233 930 was incurred in the current year and the unauthorised expenditure of R99 291 714 in respect of prior years have not yet been dealt with in accordance with section 32 of the MFMA

As disclosed in note 47 to the financial statements, fruitless and wasteful expenditure of R2 822 000 was incurred in the current year and the fruitless and wasteful expenditure of R111 943 868 in respect of prior years have not yet been dealt with in accordance with section 32 of the MFMA

Other matters

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

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 thereon.

Chapter 5

Unaudited supplementary schedules

The supplementary information set out on pages XX to XX does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

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 it 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 Moses Kotane Local 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 there is no realistic alternative but to do so.

Auditor-general's responsibilities 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 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 the 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.

| |
|---|
| <h2>Report on the audit of the annual performance report</h2> |
|---|

Introduction and scope

In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipality's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included

Chapter 5

as part of the reported performance information. Accordingly, my findings do not extend to these matters.

I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objectives presented in the annual performance report of the municipality for the year ended 30 June 2021:

| Objectives | Pages in the annual performance report |
|--|--|
| KPA 3: Basic service delivery and infrastructure development | 115-132 |

I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

The material findings in respect of the usefulness and reliability of the selected objective are as follows:

KPA 3: Basic service delivery and infrastructure development

Various indicators

The indicators and targets listed below were changed without the necessary approval.

| Indicator number | SDBIP | APR | Reported achievement |
|------------------|---|---|----------------------|
| KPI 26 | Number of km of internal roads constructed in Madikwe (China Section) | Number of km of paved internal roads constructed in Madikwe (China section) | Not achieved - 0 km |
| KPI 27 | Number of km of internal roads constructed in Ramoga | Number of km of paved internal roads constructed in Ramoga | Not achieved - 0 km |
| KPI 28 | Number of km of internal roads constructed in Tlokweng | Number of km of paved internal roads constructed in Tlokweng | Not achieved - 0 km |
| KPI 29 | Number of km of internal roads constructed in Mabodisa | Number of km of paved internal roads constructed Mabodisa | Achieved – 2.4 km |
| KPI 30 | Number of km of internal roads constructed in Mmorogong | Number of km of paved internal roads constructed in Mmorogong | Achieved – 2.9 km |
| KPI 31 | Number of km of internal roads constructed in Montsana | Number of km of paved internal roads constructed in Montsana | Achieved – 3 km |
| KPI 32 | Number of km of internal roads constructed in Leruleng | Number of km of paved internal roads constructed in Leruleng | Achieved – 2.7 km |
| KPI 33 | Number of km of internal roads constructed in Lugkraal | Number of km of paved internal roads constructed in Lugkraal | Achieved – 1.95 km |

Chapter 5

Various indicators

I was unable to obtain sufficient appropriate audit evidence that clearly defined the predetermined source information and method of collection or that related systems and processes were established to enable consistent measurement and reliable reporting of the actual achievement of the indicators listed below. This was due to a lack of measurement definitions and processes. I was unable to confirm that the indicators are well-defined and verifiable by alternative means. As a result, I was unable to audit the reliability of the achievements reported in the annual performance report of the listed indicators.

| Indicator number | Indicator description | Target | Reported achievement |
|------------------|---|--|--|
| KPI 15 | Number of households with access to basic level of water | 75 186 households with access to basic level of water 30 June 2021 | Achieved - 75 186 households with access to water service |
| KPI 59 | Number of households which have access to solid waste removal | 75 186 of households which have access to solid waste removal by June 2021 | Not Achieved - Waste collection has been provided to nine clusters however there is no substantive evidence in terms of number of households |

KPI 6: Percentage of bulk water augmentation constructed in Lerome

The reported achievement in the annual performance report of “55% completion of bulk water augmentation project” for this indicator against the target of “100% bulk water augmentation constructed in Lerome” did not agree to the supporting evidence provided and materially differed from the reported achievement.

KPI 5: Percentage of Makoshong water supply refurbished

The reported achievement in the annual performance report for this indicator was not consistent with the planned indicator and target of “percentage of Makoshong water supply refurbished”, as the reported achievement referred to “percentage completion of water supply project”.

Other matter

I draw attention to the matter below.

Achievement of planned targets

Refer to the annual performance report on pages 110 to 101 for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 201 to 202 of this report.

Chapter 5

Report on audit of compliance with legislation

Introduction and scope

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

The material findings on compliance with specific matters in key legislation are as follows:

Financial statements

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 disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, but the uncorrected material misstatements resulted in the financial statements receiving a qualified audit opinion.

Expenditure management

Reasonable steps were not taken to prevent irregular expenditure, in contravention of section 62(1)(d) of the MFMA. The full extent of the irregular expenditure could not be quantified as indicated in the basis for modified opinion paragraph. The majority of the disclosed irregular expenditure was caused by management non-compliance with competitive bidding process. This non-compliance was also reported in the prior year.

Reasonable steps were not taken to prevent unauthorised expenditure of R133 238 930 as disclosed in note 46 to the financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by overspending on certain votes within the budget. This non-compliance was also reported in the prior year.

Reasonable steps were not taken to prevent fruitless and wasteful expenditure of R2 822 000 as disclosed in note 47 to the financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the fruitless and wasteful expenditure was caused by interest being charged on overdue accounts for bulk water purchases. This non-compliance was also reported in the prior year.

Consequence management

Unauthorised, irregular and 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(a) and (b) of the MFMA.

Procurement and contract management

Some of the contracts were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM Regulation 13(c). Similar non-compliance was also reported in the prior year.

Some of the contracts were awarded to providers whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of SCM Regulation 43. Similar non-compliance was also reported in the prior year.

Chapter 5

Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM Regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM Regulation 36(1).

Some of the contracts were made to bidders other than those recommended by the bid evaluation committee without ratification by the accounting officer, as required by SCM Regulation 29(5)(b). Similar non-compliance was also reported in the prior year. This non-compliance was identified in the procurement processes for the Turnkey Lerome Bulk Water Scheme and Pella Water Supply Phase

Other information

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

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

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

If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for qualified of opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.

- The municipality's leadership did not exercise adequate oversight over financial and performance reporting, compliance monitoring and related internal controls. The municipality did not have sufficient monitoring and reviewing controls to ensure that financial and performance reports submitted for audit were accurate and complete and that action plans developed were adequately and timeously implemented to address all prior year audit findings
- Management's internal controls and processes over the preparation and presentation of financial statements, performance reports and compliance monitoring were not able to ensure that the reports were free from material

Chapter 5

misstatements and material deviations from legislation. Management's did not adequately implement controls to comply with laws and regulations as well as to ensure reliable and accurate financial and performance reporting

- Management of the municipality did not follow up on the recommendations by internal audit and the audit committee, as a number of material misstatements were identified during the audit which could have been prevented had proper oversight been implemented. The reviews performed were not adequate to prevent and identify material misstatements prior to the submission of the financial statements and performance report.

Other reports

I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. This report did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

Investigations

An allegation of fraud that occurred in the 2018-19 financial year was referred to the Directorate for Priority Crime Investigation (DPCI) for investigation. The investigation was still in progress at the date of this report.

Auditor General

Rustenburg

30 November 2021



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected objectives and on the municipality’s compliance with respect to the selected subject matters.

Financial statements

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

identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality’s internal control.

evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.

conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Moses Kotane Local Municipality’s ability 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 the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor’s report. However, future events or conditions may cause a municipality to cease to continue as a going concern.

evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and 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.

Chapter 5

I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and where applicable, related safeguards.

Chapter 5

CHAPTR 6 – ANNUAL FINANCIAL STATEMENTS



Moses Kotane Local Municipality
Annual Financial Statements
for the year ended 30 June 2021

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

General Information

| | |
|--|---|
| Nature of business and principal activities | <p>The municipality is, within its financial and administrative capacity to:</p> <ul style="list-style-type: none">-Provide democratic and accountable government for the community;-To ensure the provision of services to the community in a sustainable manner;-To promote social and economic development;-To promote a safe and healthy environment; and- To encourage the involvement of the community and community organisations in the matters of the municipality. |
| Executive committee | |
| Mayor | Cllr. R. Diale |
| Councillors | Cllr G Moatshe (Acting Speaker) July 2020- September 2020 Cllr Hazel Molefe (Speaker) from October 2020 Cllr. M. Matshaba (Single Whip) Cllr. T. Manganye (Chair of MPAC) Cllr. T. Botlhokwane (Portfolio Head of Planning and Development) Cllr. MN Nkotswe (Portfolio Head of Local Economic Development) Cllr. T. Thobokwe (Portfolio Head of Corporate services) Cllr. L. Kapari (Portfolio Head of Finance) Cllr. X. Kheswa (Portfolio Head of Community Services and Public Safety) Cllr. MS. Manganye (Portfolio Infrastructure Technical Services) |
| Registered office | Stand No.933 Station Road Unit 3 Mogwase Shopping Complex Mogwase 0314 |
| Business address | Stand No.933 Station Road Unit 3 Mogwase Shopping Complex Mogwase 0314 |
| Postal address | Private Bag X1011 Mogwase 0314 |
| Bankers | Standard bank ABSA |
| Auditors | The Auditor General of South Africa |

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Index

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

| | Page |
|---|----------|
| Accounting Officer's Responsibilities and Approval | 4 |
| Audit Committee Report | 5 |
| Accounting Officer's Report | 6 |
| Statement of Financial Position | 7 |
| Statement of Financial Performance for the period ended 30 June 2021 | 8 |
| Statement of Changes in Net Assets for the period ended 30 June 2021 | 9 |
| Cash Flow Statement for the year ended 30 June 2021 | 10 |
| Statement of Comparison of Budget and Actual Amounts | 11 - 12 |
| Appropriation Statement | 13 - 12 |
| Accounting Policies | 13 - 38 |
| Notes to the Annual Financial Statements | 39 - 102 |
| Appendixes: | |
| Appendix A: Schedule of External loans | 104 |
| Appendix B: Analysis of Property, Plant and Equipment | 105 |
| Appendix E(2): Actual versus Budget (Acquisition of Property, Plant and Equipment) | 109 |
| Appendix F: Disclosure of Grants and Subsidies in terms of the Municipal Finance Management Act | 110 |

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Index

| | |
|---------|--|
| COID | Compensation for Occupational Injuries and Diseases |
| CRR | Capital Replacement Reserve |
| DBSA | Development Bank of Southern Africa |
| SA GAAP | South African Statements of Generally Accepted Accounting Practice |
| GRAP | Generally Recognised Accounting Practice |
| GAMAP | Generally Accepted Municipal Accounting Practice |
| IPSAS | International Public Sector Accounting Standards |
| ME's | Municipal Entities |
| MEC | Member of the Executive Council |
| MFMA | Municipal Finance Management Act |
| MIG | Municipal Infrastructure Grant (Previously CMIP) |
| MMC | Member of Mayoral Committee |
| SALGA | South Africa Local Government Association |
| RBIG | Regional Bulk Infrastructure Grant. |

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (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 period 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 municipalities and municipal entities must submit their annual financial statements on 31 August 2021.

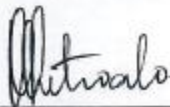
The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting 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 2022 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

The annual financial statements set out on pages 6 to 95, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2021 and were signed by:



Mr M.V. Letsoalo
Municipal Manager

Mogwase

Tuesday, 31 August 2021

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Audit Committee Report

We are pleased to present the Audit Committee's report for the financial period ended 30 June 2021.

Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet 4 times per annum as per its approved audit committee charter and section 166 (4) (b) of the MFMA . During the financial year 4 meetings were held.

| Name of member | Number of meetings attended |
|----------------------------|-----------------------------|
| Mr B Seabela (Chairperson) | 4 |
| Mr T Zororo | 3 |
| Ms L Moyo | 4 |
| Mr I Mogotsi | 4 |
| Ms A Mtyelwa | 1 |

Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from section 166(2) of the MFMA and Treasury Regulation 3.1.

The audit committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee charter, which codifies specific responsibilities entrusted and delegated to it by the municipal Council, and details the manner in which the Audit committee operates

We confirm that the Audit committee has reviewed the unaudited Annual Financial Statements and Annual Performance report for the 2020/2021 financial year.

The Audit committee is satisfied that the Internal audit is operating efficiently and effectively, and that they were involved in addressing the risks pertinent to the municipality. The Internal audit activity was also afforded the opportunity to review the unaudited Annual Financial Statements and Annual Performance report.



Chairperson of the Audit Committee

Date: 31/08/2021

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Accounting Officer's Report

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

1. Review of activities

Main business and operations

The municipality is engaged in local service delivery to the surrounding community of Moses Kotane and operates under the Bojanala Platinum District Municipality.

Net surplus of the municipality was R 157 458 998 (2020: deficit R 7 175 617).

2. Going concern

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

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

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 prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

5. Accounting Officer

The accounting officer of the municipality during the year and to the date of this report was:

Mr. M.V. Letsoalo

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 exercise the Municipality's executive and legislative authority within the constitutional system of cooperative governance envisaged in Section 41 of the Constitution, as stated in the Local Government Municipal Systems Act. The accounting officer discuss the responsibilities of management in this respect, at Council meetings and monitor the municipality's compliance with the MSA on a three monthly basis.

Remuneration

The upper limits of the remuneration, allowances and benefits of the Accounting Officer, the Head of Departments and the Councillors of the municipality, as disclosed in note 25 and in note 26 of the financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution, read with the Remuneration of the Public Office Bearers Act and the Minister of the Provincial and Local Governments determination in accordance with the Act.

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Statement of Financial Position as at 30 June 2021

| Figures in Rand | Note(s) | 2021 | 2020 Restated* |
|--|---------|----------------------|----------------------|
| Assets | | | |
| Non-Current Assets | | | |
| Investment property | 3 | 151 431 312 | 151 028 113 |
| Property, plant and equipment | 4 | 2 042 789 268 | 2 020 294 197 |
| Intangible assets | 5 | 13 463 274 | 13 984 567 |
| Heritage assets | 6 | 14 000 | 14 000 |
| Receivables from non-exchange transactions | 10 | 2 166 687 | 1 791 297 |
| | | 3 109 864 541 | 3 087 112 174 |
| Current Assets | | | |
| Inventories | 8 | 11 505 002 | 9 751 478 |
| Receivables from exchange transactions | 9 | - | - |
| Receivables from non-exchange transactions | 10 | 2 368 195 | 1 507 034 |
| VAT receivable | 11 | 23 512 251 | 16 943 620 |
| Consumer debtors | 12 | 129 471 547 | 66 737 117 |
| Non current assets held for sale | 36 | 691 040 | 2 335 533 |
| Cash and cash equivalents | 13 | 61 596 731 | 48 779 535 |
| | | 229 144 766 | 146 054 317 |
| Total Assets | | 3 339 009 307 | 3 233 166 491 |
| Liabilities | | | |
| Non-Current Liabilities | | | |
| Other financial liabilities | 15 | 14 635 612 | 22 656 329 |
| Employee benefit obligation | 7 | 15 705 000 | 14 626 000 |
| Provisions | 16 | 21 989 821 | 16 302 154 |
| | | 52 330 433 | 53 584 483 |
| Current Liabilities | | | |
| Other financial liabilities | 15 | 8 063 281 | 13 331 560 |
| Payables from exchange transactions | 17 | 229 080 183 | 259 609 057 |
| Employee benefit obligation | 7 | 2 109 000 | 2 025 000 |
| Unspent conditional grants and receipts | 14 | 27 731 961 | 42 631 424 |
| Provisions | 16 | 1 840 995 | 1 590 515 |
| | | 268 825 420 | 319 187 556 |
| Total Liabilities | | 321 155 853 | 372 772 039 |
| Net Assets | | 3 017 853 454 | 2 860 394 452 |
| Accumulated surplus | | 3 017 853 454 | 2 860 394 462 |

* See Note 43 & 42

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Statement of Financial Performance for the period ended 30 June 2021

| Figures in Rand | Note(s) | 2021 | 2020 Restated* |
|---|---------|----------------------|----------------------|
| Revenue | | | |
| Revenue from exchange transactions | | | |
| Service charges | 19 | 174 238 298 | 175 925 498 |
| Interest received (trading) | 20 | 50 055 259 | 46 338 795 |
| Commissions received | | 90 997 | 195 294 |
| Rental income | | 73 926 | 83 677 |
| Sale of stands | | - | 19 111 |
| Other income | 22 | 1 221 009 | 2 388 074 |
| Total revenue from exchange transactions | | 225 677 489 | 224 950 449 |
| Revenue from non-exchange transactions | | | |
| Taxation revenue | | | |
| Property rates | 23 | 144 972 077 | 141 020 578 |
| Interest - Taxation revenue | 21 | 21 686 192 | 21 114 771 |
| Transfer revenue | | | |
| Government grants & subsidies | 24 | 763 503 942 | 599 073 120 |
| Fines, Penalties and Forfeits | | 1 209 250 | 5 600 000 |
| Total revenue from non-exchange transactions | | 931 371 461 | 766 808 469 |
| Total revenue | 18 | 1 157 048 950 | 991 758 918 |
| Expenditure | | | |
| Employee related costs | 25 | (256 227 462) | (237 032 918) |
| Remuneration of councillors | 26 | (28 103 988) | (27 006 683) |
| Depreciation and amortisation | 27 | (139 516 825) | (147 817 597) |
| Finance costs | 29 | (4 241 520) | (5 347 470) |
| Lease rentals on operating lease | | (760 870) | (1 703 225) |
| Debt Impairment | 30 | (204 695 480) | (199 248 841) |
| Repairs and maintenance | 34 | (53 468 293) | (43 542 922) |
| Bulk purchases | 31 | (104 944 858) | (106 261 836) |
| Contracted services | 32 | (55 760 269) | (42 507 961) |
| General Expenses | 33 | (147 252 456) | (178 879 448) |
| Total expenditure | | (994 972 021) | (989 348 901) |
| Operating surplus | | 162 076 929 | 2 410 017 |
| Loss on disposal of assets and liabilities | | (4 864 548) | (6 704 291) |
| Fair value adjustments | | 945 500 | - |
| Impairment loss | 28 | (243 726) | (2 828 061) |
| Inventories losses/write-downs | | (455 157) | (53 282) |
| | | (4 617 931) | (9 585 634) |
| Surplus (deficit) for the year | | 157 458 998 | (7 175 617) |

* See Note 43 & 42

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Statement of Changes in Net Assets for the period ended 30 June 2021

| Figures in Rand | Accumulated surplus | Total net assets |
|---|----------------------|----------------------|
| Opening balance as previously reported | 2 875 489 492 | 2 875 489 492 |
| Adjustments | | |
| Prior year adjustments | (7 919 413) | (7 919 413) |
| Balance at 01 July 2019 as restated* | 2 867 570 079 | 2 867 570 079 |
| Changes in net assets | | |
| Surplus/(Deficit) for the year | (597 542) | (597 542) |
| Correction of prior year error | (6 578 075) | (6 578 075) |
| Restated* Surplus for the year | (7 175 617) | (7 175 617) |
| Restated* Balance at 01 July 2020 | 2 860 394 456 | 2 860 394 456 |
| Changes in net assets | | |
| Surplus for the year | 157 458 998 | 157 458 998 |
| Total changes | 157 458 998 | 157 458 998 |
| Balance at 30 June 2021 | 3 017 853 454 | 3 017 853 454 |
| Note(s) | | |

* See Note 43 & 42

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Cash Flow Statement for the year ended 30 June 2021

| Figures in Rand | Note(s) | 2021 | 2020 Restated* |
|---|---------|-----------------------------|-----------------------------|
| Cash flows from operating activities | | | |
| Receipts | | | |
| Receipts | | 100 663 877 | 147 561 616 |
| Grants | | 748 820 815 | 580 617 296 |
| Interest income | | 4 171 425 | 5 586 510 |
| Other Income | | 1 385 932 | 2 686 156 |
| | | <u>855 042 049</u> | <u>736 451 578</u> |
| Payments | | | |
| Cash paid to suppliers and employees | | (631 101 753) | (599 172 613) |
| Finance costs | | (3 033 419) | (3 944 610) |
| | | <u>(634 135 172)</u> | <u>(603 117 223)</u> |
| Net cash flows from operating activities | 35 | <u>220 906 877</u> | <u>133 334 355</u> |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 4 | (194 448 474) | (141 695 942) |
| Proceeds from sale of property, plant and equipment | 4 | 585 819 | 290 000 |
| Purchase of other intangible assets | 5 | (1 948 033) | - |
| Net cash flows of non current assets held for sale | | <u>1 010 000</u> | <u>-</u> |
| Net cash flows from investing activities | | <u>(194 800 688)</u> | <u>(141 405 942)</u> |
| Cash flows from financing activities | | | |
| Repayment of other financial liabilities | | (13 288 996) | (7 842 015) |
| Net increase/(decrease) in cash and cash equivalents | | <u>12 817 193</u> | <u>(15 913 602)</u> |
| Cash and cash equivalents at the beginning of the year | | 48 779 535 | 64 693 149 |
| Cash and cash equivalents at the end of the year | 13 | <u>61 596 728</u> | <u>48 779 547</u> |

* See Note 43 & 42

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual Amounts

| | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reference |
|---|----------------------|--------------------|----------------------|------------------------------------|--|------------------------------|
| Figures in Rand | | | | | | |
| Statement of Financial Performance | | | | | | |
| Revenue | | | | | | |
| Revenue from exchange transactions | | | | | | |
| Service charges | 186 492 720 | 1 410 000 | 187 902 720 | 174 236 298 | (13 666 422) | 52.1 |
| Interest received (trading) | 49 018 300 | - | 49 018 300 | 50 055 259 | 1 036 959 | 52.2 |
| Commissions received | 180 000 | - | 180 000 | 90 997 | (89 003) | Difference below R 1 000 000 |
| Rental income | 30 000 | 45 000 | 75 000 | 73 926 | (1 074) | Difference below R 1 000 000 |
| Other income - (rollup) | 1 900 500 | 220 000 | 2 120 500 | 1 221 009 | (899 491) | Difference below R 1 000 000 |
| Total revenue from exchange transactions | 237 621 520 | 1 675 000 | 239 296 520 | 225 677 489 | (13 619 031) | |
| Revenue from non-exchange transactions | | | | | | |
| Taxation revenue | | | | | | |
| Property rates | 148 602 075 | 6 000 000 | 154 602 075 | 144 972 077 | (9 629 998) | 52.3 |
| Interest, Dividends and Rent on Land | 18 862 250 | - | 18 862 250 | 21 686 192 | 2 823 942 | 52.2 |
| Transfer revenue | | | | | | |
| Government grants & subsidies-operational | 670 190 000 | 132 705 488 | 802 895 488 | 763 503 942 | (39 391 546) | 52.4 |
| Fines, Penalties and Forfeits | 3 000 000 | - | 3 000 000 | 1 209 250 | (1 790 750) | 52.5 |
| Total revenue from non-exchange transactions | 840 654 325 | 138 705 488 | 979 359 813 | 931 371 461 | (47 988 352) | |
| Total revenue | 1 078 275 845 | 140 380 488 | 1 218 656 333 | 1 157 048 950 | (61 607 383) | |
| Expenditure | | | | | | |
| Personnel | (270 831 407) | 5 540 373 | (265 291 034) | (256 227 462) | 9 063 572 | 52.6 |
| Remuneration of councillors | (24 819 114) | (4 645 706) | (29 464 820) | (28 103 988) | 1 360 832 | 52.7 |
| Depreciation and amortisation | (133 503 316) | - | (133 503 316) | (139 516 825) | (6 013 509) | 52.8 |
| Finance costs | (3 043 808) | - | (3 043 808) | (4 241 520) | (1 197 712) | 52.9 |
| Lease rentals on operating lease | (3 000 000) | 2 835 000 | (165 000) | (760 870) | (595 870) | Difference below R 1 000 000 |
| Debt Impairment | (194 602 817) | - | (194 602 817) | (204 695 480) | (10 092 663) | 52.10 |
| Repairs and maintenance | - | (57 026 000) | (57 026 000) | (53 468 293) | 3 557 707 | 51.11 |
| Bulk purchases | (75 000 000) | 17 000 000 | (58 000 000) | (104 944 858) | (46 944 858) | 52.12 |
| Contracted services | (91 709 200) | 41 141 200 | (50 568 000) | (55 760 269) | (5 192 269) | 52.13 |

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

| | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reference |
|---|--------------------|--------------|---------------|--|---|------------------------------|
| Figures in Rand | | | | | | |
| General Expenses | (58 467 600) | (66 837 533) | (125 305 133) | (147 252 456) | (21 947 323) | 52.14 |
| Total expenditure | (854 977 262) | (61 992 666) | (916 969 928) | (994 972 021) | (78 002 093) | |
| Operating surplus | 223 298 583 | 78 387 822 | 301 686 405 | 162 076 929 | (139 609 476) | |
| Loss on disposal of assets and liabilities | - | - | - | (4 864 548) | (4 864 548) | 52.15 |
| Impairment loss | - | - | - | (243 726) | (243 726) | Difference below R 1 000 000 |
| Fair value adjustments | - | - | - | 945 500 | 945 500 | Difference below R 1 000 000 |
| Inventories losses/write-downs | - | - | - | (455 157) | (455 157) | Difference below R 1 000 000 |
| | - | - | - | (4 617 931) | (4 617 931) | |
| Surplus before taxation | 223 298 583 | 78 387 822 | 301 686 405 | 157 458 998 | (144 227 407) | |
| Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement | 223 298 583 | 78 387 822 | 301 686 405 | 157 458 998 | (144 227 407) | |

Differences below R 1 000 000 have been considered to be immaterial.

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1. Presentation of Annual Financial Statements

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

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

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

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Significant judgements and sources of estimation uncertainty

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

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

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

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

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 the 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. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors.

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

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.

Useful lives of waste and water network and other assets

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

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the recoverable amount. Significant debtors are individually assessed for impairment and insignificant debtors are grouped and impaired as a portfolio.

1.4 Investment property

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

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

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

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

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

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

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

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.4 Investment property (continued)

Fair value

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

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

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

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

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

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

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

1.5 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.5 Property, plant and equipment (continued)

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

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

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

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

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.

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

| Item | Depreciation method | Estimated useful life |
|----------------------------------|---------------------|-----------------------|
| Land | Straight line | Infinite |
| Buildings | Straight line | 5 - 100 years |
| Infrastructure - Electricity | Straight line | 10 - 100 years |
| Infrastructure - Roads | Straight line | 5- 100 years |
| Infrastructure - Water | Straight line | 5-100 years |
| Infrastructure- Stormwater | Straight line | 5-50 years |
| Infrastructure - Sewerage | Straight line | 15 -100 years |
| Infrastructure- ICT | Straight line | 10-50 years |
| Infrastructure - Airports | Straight line | 20 years |
| Access control security measures | Straight line | 3 - 5 years |
| Recreation facilities | Straight line | 10 -100 years |
| Furniture and fittings | Straight line | 7 years |
| Motor vehicles | Straight line | 5 - 15 years |
| Office equipment | Straight line | 5 - 7 years |
| Plant and equipment | Straight line | 4 - 15 years |

For the detailed useful lives of assets, refer to the municipality's asset management policy

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.

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.5 Property, plant and equipment (continued)

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 the correction of these errors resulted in the following effects.

1.6 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

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

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

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

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.6 Intangible assets (continued)

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

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

| Item | Depreciation method | Average useful life |
|-------------------|---------------------|---------------------|
| Computer software | Straight line | 1-15 years |

Intangible assets are derecognised:

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

1.7 Heritage assets

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

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

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

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

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

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

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

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

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.7 Heritage assets (continued)

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

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

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

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

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

Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

After recognition as an asset, a class of heritage assets, whose fair value can be measured reliably, is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses.

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

If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, 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 heritage asset.

Impairment

The municipality assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

1.8 Financial instruments

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

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.8 Financial instruments (continued)

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

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

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

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

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

A financial asset is:

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

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

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

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

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

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

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.

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.8 Financial instruments (continued)

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

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

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

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

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

Classification

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

| Class | Category |
|--|--|
| Receivables from exchange transactions | Financial asset measured at amortised cost |
| Receivables from non exchange transactions | Financial asset measured at amortised cost |
| Consumer debtors | Financial asset measured at amortised cost |
| Cash and cash equivalents | Financial asset measured at amortised cost |

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

| Class | Category |
|---|--|
| Other financial liabilities | Financial liability measured at amortised cost |
| Trade and other payables from exchange transactions | Financial liability measured at amortised cost |

Initial recognition

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

The entity recognises financial assets using trade date accounting.

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.8 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

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

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

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

Impairment and uncollectibility of financial assets

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

Financial assets measured at amortised cost:

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

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

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.8 Financial instruments (continued)

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

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

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

The obligation for retentions is considered to have expired when the retention is unclaimed for more than 3 years from the date the defect liability period expired.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Presentation

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

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

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

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

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

Statutory receivables (continued)

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

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

The transaction amount (for purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

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 as per GRAP 13 appendix 1.

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

Finance leases - lessee

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

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.

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.10 Inventories (continued)

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 Impairment of cash-generating assets

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

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

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

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

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

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

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

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

Useful life is either:

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

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.11 Impairment of cash-generating assets (continued)

Value in use

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

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

Discount rate

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

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.11 Impairment of cash-generating assets (continued)

Reversal of impairment loss

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

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

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

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

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

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

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

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

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

Redesignation

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

1.12 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.

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

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

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.

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.

Identification

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

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

Irrespective of whether there is any indication of impairment, the entity also test 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.

Chapter 5

Value in use

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

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

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

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

Reversal of an impairment loss

The municipality assess 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.

Chapter 5

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.

1.13 Employee benefits

Short-term employee benefits

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

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

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

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.13 Employee benefits (continued)

Defined benefit plans

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

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

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

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

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

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

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

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

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

Defined contribution plans

Fixed contributions are paid into a separate entity (a fund) and the municipality will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions meet the definition of a defined contribution plan.

Recognition and measurement

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

(a) as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity shall recognise 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
(b) as an expense

1.14 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.

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.14 Provisions and contingencies (continued)

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

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

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

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

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

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

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

Provisions are not recognised for future operating surplus.

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

A constructive obligation to restructure arises only when an entity:

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

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

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

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 39.

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.14 Provisions and contingencies (continued)

Decommissioning, restoration and similar liability

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

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity test the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.11 and 1.12.

If the related asset is measured using the revaluation model:

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

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

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

1.15 Commitments

Capital commitments are disclosed in the financial statements and they represent the balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.16 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.

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.16 Revenue from exchange transactions (continued)

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

Measurement

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

Sale of goods

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

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

Rendering of services

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

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

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

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

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

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.16 Revenue from exchange transactions (continued)

Interest, royalties and dividends

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

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

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

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

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

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

1.17 Revenue from non-exchange transactions

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

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

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

Measurement

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

Rates, including collection charges and penalties interest

Revenue from rates, including collection charges and penalty interest, is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- there has been compliance with the relevant legal requirements.

Changes to property values during a reporting period are valued by a suitably qualified valuator and adjustments are made to rates revenue, based on a time proportion basis. Adjustments to rates revenue already recognised are processed or additional rates revenue is recognised.

Fines

Revenue from the issuing of fines 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.

The municipality has two types of fines: spot fines and summons. The revenue from summonses is recognised on issue.

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.17 Revenue from non-exchange transactions (continued)

Government grants

Government grants are recognised as revenue when:

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

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

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

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

1.18 Investment income

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

1.19 Borrowing costs

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

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

1.20 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote and
- expenditure not in accordance with the purpose of a vote.

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

1.21 Fruitless and wasteful expenditure

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

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

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.22 Irregular expenditure

Irregular expenditure as defined in section 1 of the MFMA as follows:

Irregular expenditure is defined in section 1 of the MFMA as follows:

"irregular expenditure", in relation to a municipality or municipal entity, means—

- (a) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of this Act, and which has not been condoned in terms of section 170;
- (b) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;
- (c) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998); or
- (d) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law, but excludes expenditure by a municipality which falls within the definition of "unauthorised expenditure".

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

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

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

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

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

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

1.23 Segment information

A segment is an activity of an entity:

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

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.23 Segment information (continued)

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

Measurement

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

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

1.24 Budget information

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

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

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

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

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

The 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.

1.25 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

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

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.25 Related parties (continued)

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

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

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

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

1.26 Events after reporting date

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

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

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

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

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|-----------------|------|------|
|-----------------|------|------|

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

| Standard/ Interpretation: | Effective date: Years beginning on or after |
|--|--|
| • Guideline: Guideline on Accounting for Landfill Sites | 01 April 2020 |
| • GRAP 1 (amended): Presentation of Financial Statements | 01 April 2020 |
| • GRAP 34: Separate Financial Statements | 01 April 2020 |
| • IGRAP 1 (revised): Applying the Probability Test on Initial Recognition of Revenue | 01 April 2020 |
| • Directive 7 (revised): The Application of Deemed Cost | 01 April 2020 |
| • GRAP 18 (as amended 2016): Segment Reporting | 01 April 2020 |

As per the background to this Interpretation of the Standards of GRAP, there are a number of legislative and regulatory processes that govern how entities levy, charge or calculate revenue, in the public sector. Adjustments to revenue already recognised in terms of legislation or similar means arise from the completion of an internal review process within the entity, and/or the outcome of an external appeal or objection process undertaken in terms of legislation or similar means. Adjustments to revenue include any refunds that become payable as a result of the completion of a review, appeal or objection process. The adjustments to revenue already recognised following the outcome of a review, appeal or objection process can either result in a change in an accounting estimate, or a correction of an error.

As per the scope, this Interpretation of the Standards of GRAP clarifies the accounting for adjustments to exchange and non-exchange revenue charged in terms of legislation or similar means, and interest and penalties that arise from revenue already recognised as a result of the completion of a review, appeal or objection process. Changes to the measurement of receivables and payables, other than those changes arising from applying this Interpretation, are dealt with in accordance with the applicable Standards of GRAP. The principles in this Interpretation may be applied, by analogy, to the accounting for adjustments to exchange or non-exchange revenue that arises from contractual arrangements where the fact patterns are similar to those in the Interpretation.

The interpretation sets out the issues and relating consensus with accounting for adjustments to revenue.

The effective date of the interpretation is for years beginning on or after 01 April 2020.

The municipality expects to adopt the interpretation for the first time in the 2019/2020 annual financial statements.

The impact of the standard is set out in note Changes in Accounting Policy.

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2021

Notes to the Annual Financial Statements

Figures in Rand

3. Investment property

Investment property

Reconciliation of investment property - 2021

Investment property

Reconciliation of investment property - 2020

Investment property

| 2021 | | | 2020 | | |
|---------------------|--|----------------|---------------------|--|----------------|
| Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value |
| 151 431 312 | - | 151 431 312 | 151 028 113 | - | 151 028 113 |

| Opening balance | Transfers | Fair value adjustments | Total |
|--------------------|-----------|---------------------------|-------------|
| 151 028 113 | (542 301) | 945 500 | 151 431 312 |

| Opening balance | Total |
|--------------------|-------------|
| 151 028 113 | 151 028 113 |

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|-----------------|------|------|
|-----------------|------|------|

3. Investment property (continued)

Pledged as security

Investment property was not pledged as security for financial liabilities.

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.

Details of valuation

The value indicated is established by comparing the subject property with similar properties, called comparable sales. Comparable sales are recent property transactions of property that were sold in accordance with the definition of market value.

These comparable sales are judged as being the most comparable to the subject property to indicate a range of value in which the subject property's value could be determined. The subject property is then measured against the comparable sales, in various elements of comparison that might influence and ultimately determine the value of the subject property.

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2021

Notes to the Annual Financial Statements

Figures in Rand

4. Property, plant and equipment

| | 2021 | | | 2020 | | |
|------------------------|----------------------|--|----------------------|----------------------|--|----------------------|
| | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value |
| Land | 17 684 093 | - | 17 684 093 | 17 684 093 | - | 17 684 093 |
| Buildings | 211 996 282 | (101 922 127) | 110 074 155 | 211 996 282 | (95 568 507) | 116 427 775 |
| Plant and machinery | 4 819 619 | (3 494 415) | 1 325 204 | 6 080 469 | (4 356 576) | 1 703 893 |
| Furniture and Fixtures | 50 323 550 | (39 757 830) | 10 565 720 | 53 265 616 | (38 881 629) | 14 383 987 |
| Motor vehicles | 33 219 457 | (22 005 577) | 11 213 880 | 38 840 173 | (23 703 654) | 15 136 519 |
| Infrastructure | 4 765 925 597 | (2 412 426 294) | 2 353 499 303 | 4 605 214 935 | (2 309 337 963) | 2 295 876 972 |
| Community | 527 707 268 | (269 185 391) | 258 521 877 | 514 360 412 | (253 789 984) | 260 570 428 |
| Building WIP | 753 272 | - | 753 272 | 753 272 | - | 753 272 |
| Infrastructure WIP | 170 578 753 | - | 170 578 753 | 184 902 636 | - | 184 902 636 |
| Community assets WIP | 8 573 011 | - | 8 573 011 | 12 854 622 | - | 12 854 622 |
| Total | 5 791 580 902 | (2 848 791 634) | 2 942 789 268 | 5 645 932 510 | (2 725 638 313) | 2 920 294 197 |

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2021

Notes to the Annual Financial Statements

Figures in Rand

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2021

| | Opening balance | Additions | Change in provision for landfill site | Disposals | Transfers | Change in estimate | Depreciation | Impairment loss | Impairment reversal | Total |
|------------------------|----------------------|--------------------|---|---------------------|----------------------|-----------------------|----------------------|--------------------|------------------------|----------------------|
| Land | 17 684 093 | - | - | - | - | - | - | - | - | 17 684 093 |
| Buildings | 116 427 775 | - | - | - | - | 24 253 | (6 356 147) | (21 726) | - | 110 074 155 |
| Plant and machinery | 1 703 893 | 54 200 | - | (72 182) | - | 12 709 | (374 674) | - | 1 258 | 1 325 204 |
| Furniture and fixtures | 14 383 987 | 438 590 | - | (206 562) | - | 310 279 | (4 392 777) | - | 32 203 | 10 565 720 |
| Motor vehicles | 15 136 519 | - | - | (1 599 226) | - | 39 957 | (2 378 950) | - | 15 580 | 11 213 880 |
| Infrastructure | 2 295 876 972 | 168 302 645 | 4 479 566 | (6 623 139) | - | 392 066 | (108 928 807) | - | - | 2 353 499 303 |
| Community | 260 570 428 | 13 346 856 | - | - | - | 454 476 | (15 849 883) | - | - | 258 521 877 |
| Building WIP | 753 272 | - | - | - | - | - | - | - | - | 753 272 |
| Infrastructure WIP | 184 902 636 | 184 841 395 | - | (30 862 633) | (168 302 645) | - | - | - | - | 170 578 753 |
| Community WIP | 12 854 622 | 9 065 245 | - | - | (13 346 856) | - | - | - | - | 8 573 011 |
| | 2 920 294 197 | 376 048 931 | 4 479 566 | (39 363 742) | (181 649 501) | 1 233 740 | (138 281 238) | (21 726) | 49 041 | 2 942 789 268 |

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2021

Notes to the Annual Financial Statements

Figures in Rand

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2020

| | Opening balance | Additions | Change in provision for landfill site | Disposals | Transfers | Change in estimate | Depreciation | Impairment loss | Total |
|------------------------|----------------------|--------------------|---|---------------------|----------------------|-----------------------|----------------------|--------------------|----------------------|
| Land | 17 684 093 | - | - | - | - | - | - | - | 17 684 093 |
| Buildings | 124 121 798 | - | - | - | - | - | (7 694 021) | - | 116 427 775 |
| Plant and machinery | 2 094 779 | - | - | (21 513) | - | 81 662 | (451 026) | (9) | 1 703 893 |
| Furniture and fittings | 18 618 902 | 172 260 | - | (36 972) | - | 1 425 827 | (5 783 635) | (12 395) | 14 383 987 |
| Motor vehicles | 24 815 441 | - | - | (530 233) | (5 110 365) | (24 284) | (3 973 214) | (40 826) | 15 136 519 |
| Infrastructure | 2 271 472 994 | 144 236 150 | (2 219 817) | (6 838 137) | - | 513 479 | (111 287 697) | - | 2 295 876 972 |
| Community | 254 797 098 | 21 282 910 | - | (21 443) | - | 14 349 | (15 502 486) | - | 260 570 428 |
| Building WIP | 753 272 | - | - | - | - | - | - | - | 753 272 |
| Infrastructure WIP | 206 738 752 | 132 527 184 | - | (10 093 108) | (144 270 192) | - | - | - | 184 902 636 |
| Community Assets WIP | 13 243 478 | 20 859 973 | - | - | (21 248 829) | - | - | - | 12 854 622 |
| | 2 934 340 605 | 319 078 477 | (2 219 817) | (17 541 406) | (170 629 386) | 2 011 033 | (144 692 079) | (53 230) | 2 920 294 197 |

Pledged as security

The mayoral house is pledged as security for the mortgage bond for R 1 520 000 with ABSA bank.

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|---|-------------------|-------------------|
| 4. Property, plant and equipment (continued) | | |
| Property, plant and equipment in the process of being constructed or developed | | |
| Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected | | |
| KOFFIEKRAAL HIGHMAST LIGHT | 1 273 213 | 1 273 213 |
| BRAKUIL HIGHMAST LIGHT | 2 189 709 | 2 189 709 |
| MANAMELA HIGHMAST LIGHT | 1 369 365 | 1 369 365 |
| RATUA HIGHMAST LIGHTS | 476 245 | 476 245 |
| VOORDONKER HIGHMAST LIGHT | 461 829 | 461 829 |
| MAUBANA HIGHMAST LIGHT | 1 304 381 | 1 304 381 |
| UITKYK 2 HIGHMAST LIGHT | - | 1 402 182 |
| LEGKRAAL HIGHMAST LIGHT | 1 126 266 | 1 126 266 |
| MONONONO HIGHMAST LIGHT | 583 084 | 583 084 |
| KOFFIEKRAAL HIGHMAST LIGHT PHASE 2 | 1 001 507 | 1 001 507 |
| MONONONO HIGHMAST LIGHT PH 2 | 320 915 | 320 915 |
| WELVERDIEN HIGH MAST LIGHTS | 1 247 575 | 1 247 575 |
| MAUBANA HIGHMAST LIGHTS - PH 2 | 800 997 | 800 997 |
| NKOGOLWE HIGHMAST LIGHTS - PH 2 | 735 640 | 735 640 |
| Included in property, plant and equipment are high mast lights that have been identified as taking significantly longer period of time to complete than expected, due to the delay in connection of the high mast lights to the eskom power grid. | | |
| | 12 890 726 | 14 292 908 |

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.

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2021

Notes to the Annual Financial Statements

Figures in Rand

5. Intangible assets

| | 2021 | | | 2020 | | |
|--------------------------|---------------------|---|----------------|---------------------|---|----------------|
| | Cost / Valuation | Accumulated amortisation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated amortisation and accumulated impairment | Carrying value |
| Computer software, other | 31 288 806 | (17 825 532) | 13 463 274 | 47 601 023 | (33 616 456) | 13 984 567 |

Reconciliation of intangible assets - 2021

| | Opening balance | Additions | Amortisation | Total |
|--------------------------|--------------------|-----------|--------------|------------|
| Computer software, other | 13 984 567 | 1 948 033 | (2 469 326) | 13 463 274 |

Reconciliation of intangible assets - 2020

| | Opening balance | Other changes, movements | Amortisation | Total |
|--------------------------|--------------------|--------------------------------|--------------|------------|
| Computer software, other | 19 121 120 | 1 842 511 | (6 979 064) | 13 984 567 |

Pledged as security

Intangible assets were not pledged as security for financial liabilities.

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2021

Notes to the Annual Financial Statements

Figures in Rand

6. Heritage assets

Historical monuments

| 2021 | | | 2020 | | |
|---------------------|-------------------------------------|----------------|---------------------|-------------------------------------|----------------|
| Cost / Valuation | Accumulated impairment losses | Carrying value | Cost / Valuation | Accumulated impairment losses | Carrying value |
| 14 000 | - | 14 000 | 14 000 | - | 14 000 |

Reconciliation of heritage assets - 2021

Historical monuments

| Opening balance | Total |
|--------------------|--------|
| 14 000 | 14 000 |

Reconciliation of heritage assets 2020

Historical monuments

| Opening balance | Total |
|--------------------|--------|
| 14 000 | 14 000 |

Pledged as security

Investment property was not pledged as security for financial liabilities.

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|---|---------------------|---------------------|
| 7. Employee benefit obligations | | |
| The amounts recognised in the statement of financial position are as follows: | | |
| Carrying value | | |
| Long service awards | (17 814 000) | (16 651 000) |
| Non-current liabilities | (15 705 000) | (14 626 000) |
| Current liabilities | (2 109 000) | (2 025 000) |
| | (17 814 000) | (16 651 000) |

The municipality's obligation for Long Service Awards is a defined benefit plan. This plan is wholly unfunded as no contributions are made by the municipality into funds that are legally separate from the municipality and from which the employee benefits are paid (each subsequent financial year's expected payments of long service bonuses are budgeted for).

The municipality, in substance, underwrites the actuarial and investment risks associated with the plan. Consequently, the expense recognised for the defined benefit plan is the full additional liability accrued due to additional benefit entitlement. The municipality's net obligation in respect of the defined benefit long service allowances is the present value of the defined benefit obligation less the fair value of any plan assets, together with adjustments for unrecognised actuarial gains or losses and past service cost.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows of the benefits that will be paid to employees and using suitable interest rates.

The calculation is performed by registered actuaries using the projected unit credit method. The most recent actuarial valuations of the present value of the defined benefit obligation were carried out at 30 June 2021.

There are 531 employees that are currently entitled to Long Service Awards

Net expense recognised in the statement of financial performance

| | | |
|--------------------------|------------------|------------------|
| Current service cost | 1 539 000 | 1 456 000 |
| Interest cost | 1 138 000 | 1 187 794 |
| Actuarial (gains) losses | 348 701 | (20 353) |
| | 3 025 701 | 2 623 441 |

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|-----------------|------|------|
|-----------------|------|------|

7. Employee benefit obligations (continued)

Key assumptions used

The assumptions used for the purposes of the actuarial valuations were as follows

| | | |
|---|--------|--------|
| Discount rates used | 9.20 % | 7.27 % |
| General earnings inflation rate (long-term) | 5.78 % | 3.90 % |
| Net effective discount rate | 3.23 % | 3.24 % |

The 1 July 2021 general earnings increase was still under consideration at the time of writing this report. The Municipality budgeted for a 3.50% increase as at 1 July 2021, and the earnings used in this valuation include this assumed general increase. The next general earnings increase was assumed to take place on 1 July 2022.

In estimating the unfunded liability for LSA of Moses Kotane Local Municipality a number of assumptions are required. GRAP 25 requires the actuarial assumptions to be unbiased (i.e. neither imprudent nor excessively conservative) and mutually compatible (i.e. reflective of the economic relationships between factors such as return on assets and inflation rates).

Discount Rate

A discount rate of 9.20% per annum has been used. This yield was obtained by calculating the duration of the liability and then taking the yield from the yield curve at that duration using an iterative process (because the yield depends on the duration, which in turn depends on the liability). The corresponding liability-weighted index-linked yield is 3.74%. These rates do not reflect any adjustment for taxation, and were deduced from the interest rate data obtained from the JSE after the market close on 30 June 2021. The duration of the total liability was estimated to be 9.25 years.

Earnings Inflation Rate

This assumption is required to reflect the estimated growth in earnings of the eligible employees until retirement. It is important in that the LSA are based on an employee's earnings at the date of the award.

The assumption is traditionally split into two components, namely General Earnings Inflation and Promotional Earnings Escalation.

General Earnings Inflation

This assumption is more stable relative to the growth in Consumer Price Index (CPI) than in absolute terms. In most industries, experience has shown, that over the long term, earnings inflation is between 1.0% and 1.5% above CPI inflation.

The expected CPI inflation assumption of 4.78% was obtained from the differential between market yields on index-linked bonds (3.74%) consistent with the estimated terms of the liabilities and those of nominal bonds (9.20%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%).

Therefore, expected inflation is determined as $((1+9.20\%-0.50\%)/(1+3.74\%)-1)$. Thus, a general earnings inflation rate of 5.78% per annum over the expected term of the liability has been assumed, which is 1.00% higher than the estimate of CPI inflation over the same term. This assumption reflects a net discount rate of 3.23%.

It has been assumed that the next general earnings increase will take place on 1 July 2022.

Demographic Assumptions

Demographic assumptions are required about the future characteristics of current employees who are eligible for LSA.

Promotional Earnings Scale

The annual inflation rates below are in addition to the General Earnings Inflation assumption of 3.90% per annum for all employees.

| Age band | Additional promotional scale |
|----------|------------------------------|
| 20 – 24 | 5.0% |
| 25 – 29 | 4.0% |
| 30 – 34 | 3.0% |
| 35 – 39 | 2.0% |
| 40 – 44 | 1.0% |
| > 44 | 0.0% |

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|-----------------|------|------|
|-----------------|------|------|

7. Employee benefit obligations (continued)

Average Retirement Age

The normal retirement age of employees is 65. It has been assumed that employees will retire at age 62 on average, which then implicitly allows for expected rates of ill-health and early retirement. Employees who have passed the assumed average retirement age, have been assumed to retire at their next birthday.

Withdrawal from Service

If an employee leaves, the employer's liability in respect of that employee ceases. It is therefore important not to overstate withdrawal rates. A sample of the assumed rates is set out below. Sample withdrawal rates

| Age | Females | Males |
|-----|---------|-------|
| 20 | 9% | 9% |
| 25 | 8% | 8% |
| 30 | 6% | 6% |
| 35 | 5% | 5% |
| 40 | 5% | 5% |
| 45 | 4% | 4% |
| 50 | 3% | 3% |
| 55+ | 0% | 0% |

Plan Assets

There are currently no long-term assets set aside off balance sheet in respect of the LSA liability

Other assumptions

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

Amounts for the current and previous four years are as follows:

| | 2021 R | 2020 R | 2019 R | 2018 R | 2017 R |
|-------------------|------------|------------|------------|------------|------------|
| Accrued liability | 17 814 000 | 16 651 000 | 15 390 122 | 15 607 093 | 14 138 129 |

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|---|-------------------|------------------|
| 8. Inventories | | |
| Maintenance materials | 11 442 863 | 9 700 637 |
| Water for distribution | 62 139 | 50 841 |
| | 11 505 002 | 9 751 478 |
| Carrying value of inventories carried at fair value less costs to sell | - | - |
| Inventories recognised as an expense during the year | 2 831 787 | 3 311 069 |
| In the current year inventory written off amounted to R 455 157 (R 53 282 :2020) | | |
| Inventory pledged as security | | |
| There is no inventory pledged as security. | | |
| 9. Receivables from exchange transactions | | |
| Receivable from Exchange Transactions | | |
| Gross Balances | 2 443 422 | 2 443 422 |
| Less: Allowance for Impairment | (2 443 422) | (2 443 422) |
| | - | - |
| The ageing- 2021 | | |
| 121 days and above in arrears | 2 443 422 | 2 443 422 |
| Less: Allowance for impairment | (2 443 422) | (2 443 422) |
| | - | - |
| Financial asset receivables included in receivables from exchange transactions above | - | - |
| There are no trade and other receivables pledged as security during the year. | | |
| 10. Receivables from non-exchange transactions | | |
| Fines | 1 531 195 | 354 454 |
| Other receivables from non-exchange revenue | 3 000 567 | 2 925 177 |
| Sundry Debtors | 3 120 | 18 700 |
| | 4 534 882 | 3 298 331 |
| Non-current assets | 2 166 687 | 1 791 297 |
| Current assets | 2 368 195 | 1 507 034 |
| | 4 534 882 | 3 298 331 |
| Statutory receivables included in receivables from non-exchange transactions above are as follows: | | |
| Fines | 1 531 195 | 354 454 |

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 | | | |
|---|------------------|------------------|------------------|-------------------|------------------|
| 10. Receivables from non-exchange transactions (continued) | | | | | |
| Other non-financial asset receivables included in receivables from non-exchange transactions above are as follows | | | | | |
| Eskom Deposits | 2 166 687 | 1 791 297 | | | |
| Other receivables | 833 880 | 1 133 880 | | | |
| Sundry Debtors | 3 120 | 18 700 | | | |
| | 3 003 687 | 2 943 877 | | | |
| Total receivables from non-exchange transactions | 4 534 882 | 3 298 331 | | | |
| The ageing- 2021 | | | | | |
| | Fines | Sundry debtors | Eskom deposits | Other receivables | Total |
| Current (0-30 days) | 68 900 | 5 627 | - | - | 74 527 |
| 31 - 60 days | 60 150 | 4 710 | - | - | 64 860 |
| 61 - 90 days | 104 300 | 2 937 | 108 010 | - | 215 247 |
| 91 - 120 days | 41 900 | 174 529 | - | - | 216 429 |
| 121 days and above | 12 484 714 | 417 590 | 2 058 677 | 833 880 | 15 794 861 |
| Gross Amount | 12 759 964 | 605 393 | 2 166 687 | 833 880 | 16 365 924 |
| Less: Allowance for impairment | (11 228 769) | (602 273) | - | - | (11 831 042) |
| | 1 531 195 | 3 120 | 2 166 687 | 833 880 | 4 534 882 |
| The ageing- 2020 | | | | | |
| | Fines | Sundry debtors | Eskom deposits | Other receivables | Total |
| Current (0-30 days) | 69 300 | 26 454 | - | - | 95 754 |
| 31 - 60 days | 219 900 | 8 105 | - | - | 228 005 |
| 61 - 90 days | 80 800 | 5 950 | - | - | 86 750 |
| 91 - 120 days | 49 000 | 195 166 | - | - | 244 166 |
| 121 days and above | 12 793 934 | 712 537 | 1 791 300 | 1 133 880 | 16 431 651 |
| Gross Amount | 13 212 934 | 948 212 | 1 791 300 | 1 133 880 | 17 086 326 |
| Less: Allowance for impairment | (12 858 480) | (929 512) | - | - | (13 787 992) |
| | 354 454 | 18 700 | 1 791 300 | 1 133 880 | 3 298 334 |

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|--|-------------------|-------------------|
| 10. Receivables from non-exchange transactions (continued) | | |
| Statutory receivables general information | | |
| Transaction(s) arising from statute | | |
| Fines - Fines are issued in terms of the National Road Traffic Regulations of 2000 and the National Road Traffic Act 93 of 1996. | | |
| Determination of transaction amount | | |
| Fines - All fines are governed by the specific regulation which is applicable to the offence. | | |
| Interest or other charges levied/charged | | |
| Fines - No interest or other charges are charged on outstanding fines. | | |
| No discount rate is applied on the above mentioned statutory receivables to estimate future cash flows. | | |
| Basis used to assess and test whether a statutory receivable is impaired | | |
| Fines - Payment percentage of fines is used to assess whether fines are impaired. | | |
| There are no trade and other receivables from non exchange pledged as security during the year. | | |
| Other receivables from non-exchange transactions | | |
| The prior year is restated. Refer to note 42 for more detail. | | |
| 11. VAT receivable/payable | | |
| VAT | 23 512 251 | 16 943 620 |
| Vat receivable from SARS | 17 970 099 | 5 330 142 |
| Vat input provision | 12 608 320 | 15 543 906 |
| Vat output provision | (7 066 168) | (3 930 428) |
| | 23 512 251 | 16 943 620 |

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|--|------------------------|------------------------|
| 12. Consumer debtors | | |
| Gross balances | | |
| Rates | 453 908 638 | 381 259 755 |
| Water | 917 453 109 | 719 415 871 |
| Sewerage | 20 565 801 | 18 103 482 |
| Refuse | 108 579 152 | 92 052 060 |
| Water consumption from last reading until 30th | 1 133 496 | 2 763 689 |
| | 1 501 639 996 | 1 213 594 857 |
| Less: Allowance for impairment | | |
| Rates | (382 732 418) | (348 758 566) |
| Water | (862 405 413) | (689 612 275) |
| Sewerage | (18 705 027) | (16 531 420) |
| Refuse | (108 325 591) | (91 955 479) |
| | (1 372 168 449) | (1 146 857 740) |
| Net balance | | |
| Rates | 71 176 220 | 32 501 189 |
| Water | 55 047 696 | 29 803 596 |
| Sewerage | 1 860 574 | 1 572 062 |
| Refuse | 253 561 | 96 581 |
| Water consumption from the last readings | 1 133 496 | 2 763 689 |
| | 129 471 547 | 66 737 117 |
| Statutory receivables included in consumer debtors above are as follows: | | |
| Rates | 71 176 220 | 32 501 189 |
| Financial asset receivables included in consumer debtors above | 58 295 327 | 34 235 928 |
| Total consumer debtors | 129 471 547 | 66 737 117 |
| Included in above is receivables from exchange transactions | | |
| Water | 55 047 696 | 29 804 399 |
| Sewerage | 1 860 574 | 1 572 101 |
| Refuse | 253 561 | 96 623 |
| Water consumption from the last readings | 1 133 496 | 2 763 689 |
| | 58 295 327 | 34 236 812 |
| Included in above is receivables from non-exchange transactions (taxes and transfers) | | |
| Rates | 71 176 220 | 32 501 307 |
| Net balance | 129 471 547 | 66 738 119 |

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|---|------------------------|------------------------|
| 12. Consumer debtors (continued) | | |
| Rates | | |
| Current (0 -30 days) | 20 564 272 | 12 850 743 |
| 31 - 60 days | 12 901 208 | 12 343 938 |
| 61 - 90 days | 10 309 789 | 12 957 696 |
| 91 - 120 days | 10 481 201 | 12 274 102 |
| More than 121 days | 399 652 169 | 330 833 276 |
| Less: Allowance for impairment | (382 732 419) | (348 758 566) |
| | 71 176 220 | 32 501 189 |
| Water | | |
| Current (0 -30 days) | 28 784 692 | 29 595 688 |
| 31 - 60 days | 21 960 186 | 17 876 736 |
| 61 - 90 days | 22 362 375 | 19 172 852 |
| 91 - 120 days | 22 887 817 | 20 164 661 |
| More than 121 days | 821 458 040 | 632 605 934 |
| Less: Allowance for impairment | (862 405 414) | (689 612 275) |
| | 55 047 696 | 29 803 596 |
| Sewerage | | |
| Current (0 -30 days) | 410 626 | 292 999 |
| 31 - 60 days | 279 423 | 274 510 |
| 61 - 90 days | 291 120 | 293 760 |
| 91 - 120 days | 296 718 | 300 835 |
| More than 121 days | 19 287 714 | 16 941 378 |
| Less: Allowance for impairment | (18 705 027) | (16 531 420) |
| | 1 860 574 | 1 572 062 |
| Refuse | | |
| Current (0 -30 days) | 1 448 738 | 1 371 477 |
| 31 - 60 days | 1 440 571 | 1 364 052 |
| 61 - 90 days | 1 431 713 | 1 357 194 |
| 91 - 120 days | 1 643 079 | 1 353 520 |
| More than 121 days | 102 615 052 | 86 605 817 |
| Less: Allowance for impairment | (108 325 592) | (91 955 479) |
| | 253 561 | 96 581 |
| Water consumption from the last readings | | |
| Current (0 -30 days) | 1 133 496 | 2 763 689 |
| Reconciliation of allowance for impairment | | |
| Balance at beginning of the year | (1 146 857 740) | (943 250 191) |
| Contributions to the allowance | (225 961 770) | (209 578 137) |
| Debt impairment written off against allowance | 651 061 | 5 970 588 |
| | (1 372 168 449) | (1 146 857 740) |

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|-----------------|------|------|
|-----------------|------|------|

12. Consumer debtors (continued)

Statutory receivables general information

Transaction(s) arising from statute

Municipal Property Rates Act (MRP Act) section 2 states that a metropolitan or local municipality may levy a rate on property in its area.

Determination of transaction amount

Rates amounts are determined in terms of section 11 of the MRP Act and the approved rates policy of the municipality.

Interest or other charges levied/charged

Interest is charged on past due balances.

Basis used to assess and test whether a statutory receivable is impaired

Payment history of receivables is used to assess whether the receivable is impaired.

Discount rate applied to the estimated future cash flows

No discount rate is applied on the above mentioned statutory receivables to estimate future cash flows.

Credit quality of consumer debtors

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

The prior period balances were restated. Refer to note 42 for more detail.

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Figures in Rand

13. Cash and cash equivalents

Cash and cash equivalents consist of:

| | | |
|---------------------|-------------------|-------------------|
| Cash on hand | 20 000 | 113 |
| Bank balances | 7 850 788 | 4 014 452 |
| Short-term deposits | 53 725 943 | 44 764 970 |
| | 61 596 731 | 48 779 535 |

Cash and cash equivalents held by the entity that are not available for use by the economic entity

107 700 107 700

The municipality has a facility for R 1 000 000 with Standard Bank.

The municipality had the following bank accounts

| Account number / description | Bank statement balances | | | Cash book balances | | |
|--|-------------------------|-------------------|-------------------|--------------------|-------------------|-------------------|
| | 30 June 2021 | 30 June 2020 | 30 June 2019 | 30 June 2021 | 30 June 2020 | 30 June 2019 |
| Standard Bank Current-Account Number: 41980182 | 5 059 333 | 2 352 823 | 9 163 924 | 5 123 737 | 2 352 823 | 9 180 325 |
| Call MIG Standard Bank Account number: 228810957004 | 23 884 598 | 26 590 239 | 40 686 241 | 23 884 598 | 26 590 239 | 41 001 789 |
| Call MKLM Standard Bank Account number: 22881095 | 8 928 986 | 157 604 | 48 064 | 8 928 986 | 157 604 | 48 277 |
| WSIG Account NKLM MUNIC INFRA - Account number: 228810957 | 18 504 336 | 17 635 167 | 11 311 123 | 18 504 336 | 17 635 167 | 11 416 918 |
| ABSA Rustenburg Branch Account number: 4050414471 | 104 270 | 651 498 | 1 795 791 | 104 281 | 651 498 | 1 798 407 |
| Housing Account - Account number: 4059219109 | - | - | 47 | - | - | 47 |
| Traffic Account - Account number: 4070118019 | - | - | 403 736 | - | - | 381 289 |
| ABSA Fixed deposit - 12 months Eskom Account number: 206225080 | 384 187 | 357 015 | 330 999 | 404 461 | 380 844 | 356 855 |
| Standard Bank Borongwa Account number: 41980255 | 641 081 | 648 200 | 376 093 | 641 081 | 648 199 | 306 550 |
| Traffic - Account number: 41980247 | 1 981 689 | 363 048 | 182 691 | 1 981 689 | 363 048 | 182 691 |
| Standard bank-Fleet: 228810957001 | 2 003 562 | - | - | 2 003 562 | - | - |
| Total | 61 492 042 | 48 755 594 | 64 298 709 | 61 576 731 | 48 779 422 | 64 673 148 |

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|---|-------------------|-------------------|
| 14. Unspent conditional grants and receipts | | |
| Unspent conditional grants and receipts comprises of: | | |
| Unspent conditional grants and receipts | | |
| Municipal Infrastructure Grant | 25 369 253 | 26 332 861 |
| Library Grant | 1 014 325 | 816 497 |
| Water and Sanitation Grant | 1 205 753 | 14 889 782 |
| EPWP Grant | 57 833 | 135 866 |
| PMU Grant | 84 797 | 240 102 |
| Small Business Enterprise | - | 216 336 |
| | 27 731 961 | 42 631 424 |
| Movement during the year | | |
| Balance at the beginning of the year | 42 631 424 | 61 087 249 |
| Additions during the year | 206 428 815 | 214 297 295 |
| Income recognition during the year | (220 869 840) | (172 143 789) |
| Roll over denied | (240 102) | (60 609 351) |
| Saving | (216 336) | - |
| | 27 731 961 | 42 631 424 |
| 15. Other financial liabilities | | |
| At amortised cost | | |
| INCA annuity loan | 7 844 424 | 12 039 373 |
| ABSA annuity loan | 2 895 280 | 4 493 154 |
| DBSA | 12 159 189 | 19 455 362 |
| | 22 698 893 | 35 987 889 |
| Total other financial liabilities | 22 698 893 | 35 987 889 |
| Non-current liabilities | | |
| At amortised cost | 14 635 612 | 22 656 329 |
| Current liabilities | | |
| At amortised cost | 8 063 281 | 13 331 560 |

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended June 30, 2021

Notes to the Annual Financial Statements

Figures in Rand

16. Provisions

Reconciliation of provisions - 2021

| | Opening Balance | Utilised during the year | Change in provision | Interest | Total |
|------------------------------|--------------------|--------------------------------|------------------------|------------------|-------------------|
| Environmental rehabilitation | 16 302 154 | - | 4 479 563 | 1 208 104 | 21 989 821 |
| Workmen's compensation | 1 590 515 | (1 590 515) | 1 840 995 | - | 1 840 995 |
| | 17 892 669 | (1 590 515) | 6 320 558 | 1 208 104 | 23 830 816 |

Reconciliation of provisions - 2020

| | Opening Balance | Change in provision | Interest | Total |
|------------------------------|--------------------|------------------------|------------------|-------------------|
| Environmental rehabilitation | 17 119 111 | (2 219 817) | 1 402 860 | 16 302 154 |
| Workmen's compensation | - | 1 590 515 | - | 1 590 515 |
| | 17 119 111 | (629 302) | 1 402 860 | 17 892 669 |

| | | |
|-------------------------|-------------------|-------------------|
| Non-current liabilities | 21 989 821 | 16 302 154 |
| Current liabilities | 1 840 995 | 1 590 515 |
| | 23 830 816 | 17 892 669 |

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|-----------------|------|------|
|-----------------|------|------|

16. Provisions (continued)

Environmental rehabilitation provision

In terms of the licensing of the landfill refuse sites, the municipality will incur rehabilitation costs to restore the site at the end of its useful life. Provision has been made for the net present value of the restoration costs.

FINANCIAL ASSUMPTIONS USED

Unit Costs

Unit costs for each of the cost elements are obtained annually by means of a commercial quotation. Details of this are provided separately.

CPI

The CPI2 is used for determining the future value of current costs in the year when the cost is projected to be incurred. The CPI figure used in the GLCCM is based on the three-month average CPI for the quarter that includes the financial year-end date. The average of the CPI for the last quarter amounted to 4.8235%.

Discount Rate

GRAP 19 states that where the effect of the time value of money is material, the amount of the provision shall be the present value of the expenditures expected to be required to settle the obligation. In view of the long operational life of landfills, the time value of money is considered material. GRAP 19 prescribes that the discount rate shall be the pre-tax rate that reflects current market assessments of the time value of money, and the risks specific to the liability. Normally corporate bond rates are used to determine the discount rate. In line with GRAP 25 Defined benefit plans, government bond rates may also be used to determine the discount rate. The liability for this purpose is in most cases determined for a government entity (municipality). Therefore, government bond rates are considered a more appropriate indicator of the risk associated with the entity than corporate bond rates to determine the discount rate. The government bond rate most consistent with the estimated term of the liability should be used. As inflation-linked RSA retail bond rates have longer terms than fixed RSA retail bond rates, inflation-linked rates are used.

The rate most consistent with the remaining life of the landfills published at the end of the quarter that includes the financial year-end date was used.

For landfills with an expected remaining life of three years or less, the rate associated with a maximum period of 3 years is used.

For landfills with an expected remaining life of four of five years, the rate associated with a maximum period of 5 years is used.

For landfills with an expected remaining life of more than five years, the rate associated with a maximum period of 10 years is used.

Assumption

| | |
|-----------------------------|---------|
| CPI | 4.8235% |
| Discount rate | 8.8235% |
| Net effective discount rate | 4.0000% |

Workmen's compensation

The municipality is required to contribute to the compensation fund in terms of the Compensation for Occupational Injuries and Diseases Act. The provision is based on the provisional assessment that was done by the Compensation Commissioner for the 2020/2021 assessment.

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|---|----------------------|--------------------|
| 17. Payables from exchange transactions | | |
| Trade payables | 75 156 288 | 105 919 550 |
| Payments received in advanced | 69 957 728 | 60 320 689 |
| Other payables | 3 011 797 | 20 620 217 |
| Accrued leave pay | 40 021 752 | 31 117 447 |
| Retentions | 29 064 941 | 31 893 183 |
| Unallocated receipts | 6 794 905 | 4 834 930 |
| Accrued bonus | 5 072 772 | 4 903 041 |
| | 229 080 183 | 259 609 057 |
| 18. Revenue | | |
| Service charges | 174 236 298 | 175 925 498 |
| Interest received | 50 055 259 | 46 338 795 |
| Commissions received | 90 997 | 195 294 |
| Rental income | 73 926 | 83 677 |
| Sale of stands/land | - | 19 111 |
| Other income | 1 221 009 | 2 388 074 |
| Property rates | 144 972 077 | 141 020 578 |
| Interest, Dividends and Rent on Land | 21 686 192 | 21 114 771 |
| Government grants & subsidies | 763 503 942 | 599 073 120 |
| Fines, Penalties and Forfeits | 1 209 250 | 5 600 000 |
| | 1 157 048 950 | 991 758 918 |
| The amount included in revenue arising from exchanges of goods or services are as follows: | | |
| Service charges | 174 236 298 | 175 925 498 |
| Interest received | 50 055 259 | 46 338 795 |
| Commissions received | 90 997 | 195 294 |
| Rental income | 73 926 | 83 677 |
| Sale of stands/land | - | 19 111 |
| Other income - (rollup) | 1 221 009 | 2 388 074 |
| | 225 677 489 | 224 950 449 |
| The amount included in revenue arising from non-exchange transactions is as follows: | | |
| Taxation revenue | | |
| Property rates | 144 972 077 | 141 020 578 |
| Interest | 21 686 192 | 21 114 771 |
| Transfer revenue | | |
| Government grants & subsidies | 763 503 942 | 599 073 120 |
| Fines, Penalties and Forfeits | 1 209 250 | 5 600 000 |
| | 931 371 461 | 766 808 469 |

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|---------------------------------|--------------------|--------------------|
| 19. Service charges | | |
| Sale of water | 160 492 822 | 163 352 194 |
| Sewerage and sanitation charges | 2 920 634 | 2 659 221 |
| Refuse removal | 10 822 842 | 9 914 083 |
| | 174 236 298 | 175 925 498 |

The amounts disclosed above for revenue from service charges are in respect of services rendered which are billed to the consumers on a monthly basis according to the approved tariffs.

The prior period balances were restated. Refer to note 42 for more details.

20. Interest income

| | | |
|----------------------|-------------------|-------------------|
| Outstanding debtors | 45 883 834 | 40 752 285 |
| External investments | 4 171 425 | 5 588 510 |
| | 50 055 259 | 46 338 795 |

21. Interest from non-exchange receivables

| | | |
|---------------------|------------|------------|
| Outstanding debtors | 21 686 192 | 21 114 771 |
|---------------------|------------|------------|

22. Other income

| | | |
|---------------------------|------------------|------------------|
| Clearance certificates | 92 829 | 2 171 |
| Drainage fees | 78 | 261 |
| Sale of tender documents | 610 045 | 488 591 |
| Valuation services | 2 229 | 2 645 |
| Cemetery | 17 333 | 11 728 |
| Town planning | 117 664 | 133 970 |
| Recoveries | 30 551 | 1 126 949 |
| Photocopies and faxes | 12 861 | 24 990 |
| Advertisements | - | 25 940 |
| Water connections | 79 226 | 49 932 |
| LG Seta refund | 258 193 | 372 243 |
| Insurance claims received | - | 135 244 |
| Licence fees | - | 13 410 |
| | 1 221 009 | 2 388 074 |

The amounts disclosed above for Other Income are in respect of services rendered which are billed to or paid for by the users of the services as required according to approved tariffs.

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|---------------------------|--------------------|--------------------|
| 23. Property rates | | |
| Rates received | | |
| Commercial | 46 778 948 | 41 610 430 |
| State | 92 884 579 | 85 855 457 |
| Residential | 3 944 120 | 5 410 392 |
| Mining | 3 706 052 | 10 421 853 |
| Industrial | 6 225 | 5 876 |
| Less: Income forgone | (2 347 847) | (2 283 430) |
| | 144 972 077 | 141 020 578 |

Assessment rates are levied on the total value of property of which the valuation must be performed every four years in terms of the Municipal Property Rates Act. Interim valuations are processed on a monthly basis to take into account changes in individual property value due to alterations, completions, consolidations and subdivisions.

Rates are levied monthly on property owners and are payable at the end of each month. Owners are allowed to pay the 12 monthly instalments annually by 30 September each year. Interest is levied on outstanding rates amounts.

The new general valuation will be implemented on 01 July 2021.

Valuations

| | | |
|------------------------------------|----------------------|----------------------|
| Residential | 1 832 131 436 | 1 748 561 358 |
| Commercial | 1 330 567 500 | 1 315 399 500 |
| Industrial | 157 639 000 | 156 731 000 |
| State | 1 512 309 448 | 1 333 570 497 |
| Church and parks | 16 255 000 | 14 105 000 |
| Mining | 25 031 000 | 125 031 000 |
| Public Benefit Organizations | 419 800 | 419 800 |
| Agriculture | 1 828 996 902 | 1 568 226 902 |
| Municipal (non taxable valuations) | 531 051 300 | 103 479 300 |
| Public Service infrastructure | 30 683 300 | 30 685 300 |
| Vacant land | 53 128 000 | 48 712 000 |
| | 7 318 212 686 | 6 444 921 657 |

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|--|--------------------|--------------------|
| 24. Government grants and subsidies | | |
| Operating grants | | |
| Equitable share | 542 634 102 | 426 929 351 |
| Expanded Public Works Grant | 1 905 032 | 1 559 133 |
| Project Management Unit Grant | 3 093 970 | 3 342 535 |
| Financial Management Grant | 1 700 000 | 1 700 000 |
| Library grant | 568 172 | 646 402 |
| Disaster relief grant | - | 268 000 |
| | 549 901 276 | 434 445 421 |
| Capital grants | | |
| Municipal Infrastructure Grant | 129 609 842 | 119 776 502 |
| Water Services Infrastructure Grant | 71 709 009 | 40 110 238 |
| Small business enterprise grant | - | 4 740 959 |
| Provincial Infrastructure Grant | 12 283 815 | - |
| | 213 602 666 | 164 627 699 |
| | 763 503 942 | 599 073 120 |
| Municipal Infrastructure Grant | | |
| Balance unspent at beginning of year | 26 332 861 | 43 653 570 |
| Current-year receipts | 128 646 233 | 146 109 363 |
| Conditions met - transferred to revenue | (129 609 841) | (119 776 502) |
| Roll over denied | - | (43 653 570) |
| | 25 369 253 | 26 332 861 |
| The grant was utilised to construct roads, streetlighting, water and sewerage infrastructure. Conditions still to be met - remain liabilities (see note 14). | | |
| Library Grant | | |
| Balance unspent at beginning of year | 816 497 | 477 899 |
| Current-year receipts | 766 000 | 985 000 |
| Conditions met - transferred to revenue | (568 172) | (646 402) |
| | 1 014 325 | 816 497 |
| Conditions still to be met - remain liabilities (see note 14). | | |
| Department of water services and Refurbishment Grant | | |
| Balance unspent at beginning of year | 14 889 762 | 15 295 304 |
| Current-year receipts | 58 025 000 | 55 000 000 |
| Conditions met - transferred to revenue | (71 709 009) | (40 110 238) |
| Roll over denied | - | (15 295 304) |
| | 1 205 753 | 14 889 762 |
| Conditions still to be met - remain liabilities (see note 14). | | |
| Expanded Public Works Grant | | |

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|--|---------------|----------------|
| 24. Government grants and subsidies (continued) | | |
| Balance unspent at beginning of year | 135 866 | 347 260 |
| Current-year receipts | 1 827 000 | 1 695 000 |
| Conditions met - transferred to revenue | (1 905 033) | (1 559 133) |
| Roll over denied | - | (347 261) |
| | 57 833 | 135 866 |
| Conditions still to be met - remain liabilities (see note 14). | | |
| Financial Management Grant | | |
| Current-year receipts | 1 700 000 | 1 700 000 |
| Conditions met - transferred to revenue | (1 700 000) | (1 700 000) |
| | - | - |
| Conditions still to be met - remain liabilities (see note 14). | | |
| Provincial Infrastructure Grant (PIG) | | |
| Current-year receipts | 12 283 815 | - |
| Conditions met - transferred to revenue | (12 283 815) | - |
| | - | - |
| Conditions still to be met - remain liabilities (see note 14). | | |
| Provide explanations of conditions still to be met and other relevant information. | | |
| MIG (PMU) Grant | | |
| Balance unspent at beginning of year | 240 102 | 1 313 215 |
| Current-year receipts | 3 178 767 | 3 582 637 |
| Conditions met - transferred to revenue | (3 093 970) | (3 342 535) |
| Roll over denied | (240 102) | (1 313 215) |
| | 84 797 | 240 102 |
| Conditions still to be met - remain liabilities (see note 14). | | |
| Small business enterprise grant | | |
| Balance unspent at beginning of year | 216 336 | - |
| Current-year receipts | - | 4 957 295 |
| Conditions met - transferred to revenue | - | (4 740 959) |
| Saving | (216 336) | - |
| | - | 216 336 |
| Conditions still to be met - remain liabilities (see note 14). | | |
| Municipal disaster relief grant | | |
| Current-year receipts | - | 268 000 |

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|---|------|-----------|
| 24. Government grants and subsidies (continued) | | |
| Conditions met - transferred to revenue | - | (268 000) |
| | - | - |

Conditions still to be met - remain liabilities (see note 14).

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|--|--------------------|--------------------|
| 25. Employee related costs | | |
| Basic | 164 274 191 | 152 174 681 |
| Bonus | 11 947 104 | 10 932 806 |
| Medical aid - company contributions | 12 765 761 | 11 489 846 |
| UIF | 990 281 | 960 264 |
| SDL | 2 058 284 | 1 946 074 |
| Leave pay provision charge | 9 220 122 | 6 079 957 |
| Bargaining council | 67 303 | 64 709 |
| Travel, motor car, accommodation, subsistence and other allowances | 1 578 593 | 1 618 593 |
| Overtime payments | 10 880 781 | 7 759 942 |
| Long-service awards | 3 025 701 | 2 623 441 |
| Acting allowances | 502 452 | 821 273 |
| Housing benefits and allowances | 537 101 | 478 039 |
| Standby allowance | 2 396 359 | 2 054 179 |
| Pension fund company contributions | 29 876 499 | 27 217 010 |
| Shift allowance | 269 017 | 248 158 |
| Covid 19 allowance | 5 837 913 | 10 563 946 |
| | 256 227 462 | 237 032 918 |
| Remuneration of municipal manager | | |
| Annual Remuneration | 1 201 840 | 1 149 782 |
| Car Allowance | 222 593 | 222 593 |
| Bonus | 100 153 | 100 979 |
| Contributions to UIF, Medical and Pension Funds | 274 951 | 188 415 |
| Paid out | (1 799 537) | (1 661 769) |
| | - | - |
| Remuneration of Acting Municipal Manager | | |
| Performance Bonuses | - | - |
| Acting Allowance | 44 712 | - |
| Paid Out | (44 712) | - |
| | - | - |
| Remuneration of Chief Financial Officer | | |
| Remuneration of HOD community services | | |
| Annual Remuneration | 1 140 408 | 1 055 573 |
| Car Allowance | 240 000 | 240 000 |
| Bonus | 60 000 | - |
| Contributions to UIF, Medical and Pension Funds | 1 932 | 1 896 |
| Paid Out | (1 442 340) | (1 297 469) |

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|---|-------------|-------------|
| 25. Employee related costs (continued) | | |
| | - | - |
| Remuneration of acting HOD community services | | |
| Annual Remuneration | - | 33 053 |
| Car Allowance | - | (33 053) |
| | - | - |
| Remuneration of HOD infrastructure and technical services | | |
| Annual Remuneration | 805 238 | 504 822 |
| Car Allowance | 35 000 | 60 000 |
| Bonus | - | 790 |
| Contributions to UIF, Medical and Pension Funds | 1 139 | 271 494 |
| Paid Out | (841 377) | (837 106) |
| | - | - |
| Remuneration of acting HOD infrastructure and technical services | | |
| Acting Allowance | 125 450 | 101 278 |
| Paid Out | (125 450) | (101 278) |
| | - | - |
| Remuneration of HOD Economic Development | | |
| Annual Remuneration | 1 170 408 | 1 085 573 |
| Car Allowance | 240 000 | 240 000 |
| Bonus | 30 000 | - |
| Contributions to UIF, Medical and Pension Funds | 1 903 | 1 896 |
| Paid Out | (1 442 311) | (1 327 469) |
| | - | - |
| Remuneration of acting HOD corporate service | | |
| Acting Allowance | 149 279 | 250 202 |
| Paid Out | (149 279) | (250 202) |
| | - | - |
| Remuneration of HOD planning and development | | |
| Annual Remuneration | 1 017 294 | 848 888 |
| Car Allowance | 180 000 | 165 000 |
| Bonus | 60 000 | - |
| Contributions to UIF, Medical and Pension Funds | 185 016 | 154 534 |
| Paid out | (1 442 310) | (1 168 400) |
| | - | - |

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|---|-------------------|-------------------|
| 26. Remuneration of councillors | | |
| Mayor | 811 640 | 603 630 |
| Single Whip | 431 018 | 421 491 |
| Executive Committee | 4 763 465 | 4 419 414 |
| Speaker | 303 379 | 416 320 |
| Councillors | 10 782 496 | 10 126 995 |
| Councillors pension and medical aid contributions | 3 076 974 | 2 878 405 |
| Traveling allowance | 4 995 216 | 5 194 440 |
| Cell phone allowance | 2 939 800 | 2 945 988 |
| | 28 103 988 | 27 006 683 |

In-kind benefits

The Mayor, Speaker, Single Whip, MPAC Chair and Executive Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor is entitled to stay at the mayoral residence owned by the Municipality. The Mayor has use of a Council owned vehicle for official duties.

The Council has complied with the provision of Section 7(3) of the Remuneration of Public Office Bearers Act, and concurrence for the implementation of the Council Resolution item number 172/05/2020 in line with the government gazette number 43246, dated 24 April 2020.

27. Depreciation and amortisation

| | | |
|-------------------------------|--------------------|--------------------|
| Property, plant and equipment | 137 047 499 | 142 681 045 |
| Intangible assets | 2 469 326 | 5 136 552 |
| | 139 516 825 | 147 817 597 |

28. Impairment of assets

Impairments

| | | |
|-------------------------------|--------|--------|
| Property, plant and equipment | 21 726 | 53 229 |
|-------------------------------|--------|--------|

Non current assets held for sale

| | | |
|--|---------|-----------|
| | 222 000 | 2 774 832 |
|--|---------|-----------|

The impairment loss relates to cost to sell assets that were identified by the municipality in the current year as held for sale.

| | | |
|--|----------------|------------------|
| | 243 726 | 2 828 061 |
|--|----------------|------------------|

The main classes of assets affected by impairment losses are:

Transport assets held for sale

Value in use

The value in use for the high mast lights impaired is Nil as these assets are not in use..

Fair value less cost to sell

The fair value less cost to sell for the high mast lights is nil because there is no active market to sell the assets.

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|--------------------------------|--------------------|--------------------|
| 29. Finance costs | | |
| Non-current borrowings | 3 033 419 | 3 944 610 |
| Provision for landfill site | 1 208 101 | 1 402 860 |
| | 4 241 520 | 5 347 470 |
| 30. Debt impairment | | |
| Bakwena Systems | - | 1 221 711 |
| Consumer Debtors | 206 036 728 | 187 081 825 |
| Traffic Fines | (1 629 711) | 5 412 891 |
| Bad debts | 616 668 | 5 532 414 |
| Sundry Debtors | (328 205) | - |
| | 204 695 480 | 199 248 841 |
| 31. Bulk purchases | | |
| Water | 104 944 858 | 106 261 836 |
| Water losses | | |
| Units purchased | 15 509 412 | 15 998 115 |
| Units sold | (12 909 207) | (12 823 818) |
| Total loss | 2 600 205 | 3 174 297 |
| Value of loss | 19 265 861 | 23 295 165 |
| Percentage Loss | 17 % | 20 % |
| 32. Contracted services | | |
| Outsourced Services | | |
| Accounting fees | 10 180 303 | 5 401 130 |
| Vat consultants fees | 6 606 538 | 2 681 973 |
| Debt collection fees | 8 720 357 | 6 312 058 |
| Call Centre | 7 367 478 | 6 537 522 |
| Refuse Removal | 22 885 593 | 21 575 278 |
| Contractors | 55 760 269 | 42 507 961 |

Contracted services are expenditure relating to mandated services in terms of the Structures Act, a municipal by-law or the IDP where the municipality is expected to have the capacity and expertise to carry out these services, but is outsourcing these service.

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|--|--------------------|--------------------|
| 32. Contracted services (continued) | | |
| Contracted services has been restated according to GRAP 3. Refer to Note 42 "Prior Period Adjustments" for the details of the restatement. | | |
| 33. General expenses | | |
| Audit fees | 5 484 707 | 4 579 808 |
| Assets management fees | 3 208 874 | 4 015 015 |
| Legal fees | 2 065 550 | 2 016 522 |
| Fines and penalties | 1 421 555 | 329 484 |
| Insurance | 2 778 279 | 1 583 136 |
| IT expenses | 3 971 449 | 58 671 049 |
| Valuation fees | 984 967 | 753 424 |
| Fuel and oil | 8 780 139 | 11 723 195 |
| Local economic development | 2 180 252 | - |
| Financial system support | 3 080 279 | 2 111 485 |
| Security (Guarding of municipal property) | 21 220 882 | 22 490 495 |
| Workmen's compensation fund | 2 091 475 | 4 051 441 |
| Subscriptions and membership fees | 2 935 234 | 2 740 787 |
| Telephone and fax | 11 292 347 | 13 398 438 |
| Training | 71 586 | 753 009 |
| Travel - local | 564 016 | 924 313 |
| Water tankering | 6 162 009 | 615 160 |
| Rural sanitation | 30 862 634 | 7 065 068 |
| Electricity | 23 523 702 | 24 541 752 |
| Uniforms | 2 276 455 | 903 111 |
| Ward committee fees | 5 049 228 | 4 837 016 |
| Water quality and chemicals | 1 938 188 | 3 102 795 |
| Other expenses | 5 310 649 | 7 672 985 |
| | 147 252 456 | 178 879 448 |

General expenses has been restated according to GRAP 3. Refer to Note 42 "Prior Period Adjustments" for the details of the restatement.

34. Repairs and maintenance

| | | |
|----------------|-------------------|-------------------|
| Buildings | 4 139 543 | 4 238 985 |
| Motor vehicles | 8 051 226 | 7 292 651 |
| Infrastructure | 41 277 524 | 32 011 286 |
| | 53 468 293 | 43 542 922 |

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|--|--------------------|--------------------|
| 35. Cash generated from operations | | |
| Surplus (deficit) | 157 458 998 | (7 175 617) |
| Adjustments for: | | |
| Depreciation and amortisation | 139 516 825 | 147 817 597 |
| Gain on sale of assets and liabilities | 4 864 548 | 6 704 291 |
| inventory write off | 455 157 | 53 282 |
| Fair value adjustments | (945 500) | - |
| Impairment deficit | 243 726 | 2 828 061 |
| Debt impairment | 204 695 480 | 199 248 841 |
| Movements in employee benefits | 3 025 701 | 2 623 441 |
| Movements in provisions | 1 208 104 | 1 402 817 |
| Movement in accrued leave | 9 220 122 | - |
| Movement in accrued bonus | 189 730 | - |
| VIP toilets | 30 862 633 | - |
| Changes in working capital: | | |
| Inventories | (2 208 680) | 1 920 188 |
| Consumer debtors | (288 045 139) | (249 916 438) |
| Other receivables from non-exchange transactions | 721 365 | (5 320 085) |
| Payables from exchange transactions | (36 129 527) | 31 588 457 |
| VAT | 12 088 682 | 16 597 723 |
| Unspent conditional grants and receipts | (14 683 127) | (18 455 824) |
| Provisions | 250 480 | 3 417 619 |
| Employee benefits | (1 862 701) | - |
| | 220 906 877 | 133 334 355 |

36. Non current assets held for sale

Management took a decision to dispose vacant land and a fleet of transport assets.

Description of the asset(s), group of assets and liabilities or, component

Motor vehicles and accessories

| | | |
|-----------------|----------------|------------------|
| Carrying value | 913 040 | 5 110 365 |
| Impairment loss | (222 000) | (2 774 832) |
| | 691 040 | 2 335 533 |

Carrying values

| | | |
|-------------------------------|---------|-----------|
| Carrying values of the assets | 691 040 | 2 335 533 |
|-------------------------------|---------|-----------|

Facts and circumstances of the disposal

Management took a decision to dispose the transport assets as these assets had become expensive to maintain, the mileage of the assets was very high and the physical condition of these assets had deteriorated.

37. Financial instruments disclosure

Categories of financial instruments

2021

Financial assets

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|---|--------------------------|----------------------|
| 37. Financial instruments disclosure (continued) | | |
| | At amortised cost | Total |
| Trade and other receivables from exchange transactions | - | - |
| Other receivables from non-exchange transactions | 4 534 882 | 4 534 882 |
| Consumer debtors | 129 471 547 | 129 471 547 |
| Cash and cash equivalents | 61 596 731 | 61 596 731 |
| | 195 603 160 | 195 603 160 |
| Financial liabilities | | |
| | At amortised cost | Total |
| Other financial liabilities | (22 698 893) | (22 698 893) |
| Trade and other payables from exchange transactions | (107 233 026) | (107 233 026) |
| | (129 931 919) | (129 931 919) |
| 2020 | | |
| Financial assets | | |
| | At amortised cost | Total |
| Other receivables from non-exchange transactions | 3 298 331 | 3 298 331 |
| Consumer debtors | 66 737 117 | 66 737 117 |
| Cash and cash equivalents | 48 779 535 | 48 779 535 |
| | 118 814 983 | 118 814 983 |
| Financial liabilities | | |
| | At amortised cost | Total |
| Other financial liabilities | (35 987 889) | (35 987 889) |
| Trade and other payables from exchange transactions | (158 432 950) | (158 432 950) |
| | (194 420 839) | (194 420 839) |

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|---|-------------|------------|
| 38. Commitments | | |
| Authorised capital expenditure | | |
| Already contracted | | |
| ▪ Property, plant and equipment | 110 283 047 | 73 117 452 |
| Total capital commitments | | |
| Already contracted | 110 283 047 | 73 117 452 |
| Total commitments | | |
| Total commitments | | |
| Authorised capital expenditure | 110 283 047 | 73 117 452 |
| These commitments relates to infrastructure projects and will be financed by grants from National Treasury. | | |
| Operating leases - as lessee (expense) | | |
| Minimum lease payments due | | |
| - within one year | 2 100 000 | - |
| - in second to fifth year inclusive | 3 325 000 | - |
| | 5 425 000 | - |
| Rental expenses relating to operating leases | | |
| Minimum lease payments | 760 870 | - |

Operating leases relate to property, plant and equipment with lease terms not longer than 5 years with an option to extend for a further period. The operating lease contract contain market review clauses in the event that the municipality exercises its option to renew. The municipality does not have an option to purchase the leased asset at the expiry of the leased period.

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|--|-------------------|-------------------|
| 39. Contingencies | | |
| Claims against the Municipality | | |
| Van Heerden Construction | 1 078 782 | 1 078 782 |
| Mogaki Civils | 470 426 | 470 426 |
| Mafoko Brothers | 319 919 | 319 919 |
| Enigma chartered Accountants | 5 211 874 | 5 211 874 |
| MTN | 90 484 | 90 484 |
| Department of Local Government and Human Settlements | 32 591 311 | 32 591 311 |
| Intelligence Trading | 3 525 398 | - |
| Fencecor Construction | - | 2 842 111 |
| Rakidi | - | 74 715 |
| Claim for Death-Konopi | - | 9 400 000 |
| Ramathunya/Seeletso JV | - | 106 932 |
| Vick Pule Construction | - | 1 146 004 |
| Mr. P.N. Makganya | - | 34 764 |
| Vega Turnkey Projects | - | 141 641 |
| | 43 288 194 | 53 508 963 |

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|-----------------|------|------|
|-----------------|------|------|

39. Contingencies (continued)

Van Heerden Construction

Van Heerden Construction is a sub-contractor of Lefika La Thaba, a contractor that was appointed by the Municipality. Van Heerden is claiming R 1 078 782. Van Heerden obtained a Court order and Writ of execution against Lefika La Thaba, Dr. Mokgothu, the owner of Lefika La Thaba as well as the Municipality.

It was established that the Municipality has an amount of R 833 000 left on the project. The amount was paid over to the trust account of Sakkie Smith Attorneys for safekeeping pending finalisation of the matter. The case is handled by Sakkie Smith Attorneys in Mogwase and is still in progress.

Mogaki Civils

Flowing from the Van Heerden case above, a further claim was received from Mogaki Civils for an amount of R 470 426.30. This is a legitimate claim since the Municipality entered into a cession agreement to this amount with Lefika La Thaba and Mogaki Civils. They were informed of the situation and have not taken any action. Municipality has filed all necessary papers but no correspondence in last two years. Van Heerden (Dominus Litis) needs to make the next move. The Municipality will incur costs after the exact amounts due to the following parties had been established. Still in progress. The case is handled by Sakkie Smith Attorneys in Mogwase.

Mafoko Brothers

Received letter of demand, related Tender 004/MKLM/2015/2016. The letter of demand states a claim amount, as at 12 November 2018, for R 319 919.34. Municipality defended on basis that claim is for unauthorised work done and that the consultant should be held responsible for payment. Consultant was however liquidated. Mafoko Brothers instituted legal action and obtained cost order against municipality. LM Pretorius Attorneys is defending the case.

Enigma chartered Accountants

Enigma was appointed on a commission basis of 20% (All inclusive) on all monies due to the Municipality collected. After expiry of their contract they claim an amount of R 5 211 874.84 being Value Added Tax. The Municipality is defending the claim on basis of the "All inclusive" provision.

The case is handled by Setshedi, Makgale and Matlapeng Attorneys in Rustenburg.

MTN

MTN claims an amount of R 90 484.06 for unpaid services. They allege that there was a contract which the Municipality has breached. More information has been requested. No legal action taken yet.

Department of Local Government and Human Settlements

In the past the municipality received funds from the Department of Local Government and Human Settlements to be utilised for the Housing Subsidy System. Of the funds received the department has concluded that there is an unspent portion of R 32 591 311 by the municipality. The municipality is challenging this claim.

Intelligence Trading

Claim by Intelligence Trading for R 3 525 398.31 for outstanding monies on Tender 020/MKLM/2015/2016. Letter of demand received from DupWest Inc on 19 August 2020. No legal action taken yet.

Fencecor Construction

Fencecor Construction was a sub-contractor for construction of the new Mogwase Waste Disposal Site. Fencecor is suing the Municipality for payment of R 2 842 111 which flows from a cession/direct payment agreement between the main contractor, Fencecor and the Municipality.

The Municipality is defending the matter since maximum amount of cession has already been paid and exceeded. The case is currently in Court and we are awaiting finalisation and verdict. It is unlikely that Municipality will incur any further costs. In the current year the possibility of outflow of resources has been considered to be remote because there were no movement on the case for the last 3 years.

Rakidi

Claim for R 74 715.00 for written-off taxi allegedly caused by municipality's driver Mr. Boqo. Insurance needs blood test results before paying out but SAPS not willing to release blood test results until case is finalised. Sheriff attached one

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|-----------------|------|------|
|-----------------|------|------|

39. Contingencies (continued)

municipal vehicle but not yet removed. Municipality defending on basis that employee (Boqo) performed a delictual act, in defiance of an express instruction and outside the course and scope of his employment and therefore not vicariously liable. Court ruled in Municipality's favour and the matter has hopefully been concluded. No further expenses is expected to be incurred by the Municipality. Case is handled by Pretorius Attorney. In the current year the possibility of outflow of resources has been considered to be remote because there was no movement on the case for the last 3 years.

Claim for death-Konopi & Tsatsimpe

Claim for R 9,4 Million (4,7 Million x 2 children) for death of breadwinner on road between Sun City and Mableskraal. Municipality is the second defendant and the Department of Public Works the first defendant. Municipality is defending the case based on fact the municipality is not responsible for maintenance of the road and therefore not liable for death. The case is still in progress and is handled by Pretorius Attorneys. In the current year the possibility of outflow of resources has been considered to be remote because there was no movement on the case for the last 3 years.

Ramathunya/Seeletso JV

Claim for R 343 585.70 on Tender 019/MKLM/2013/2014(A&B). Matter defended stating that MKLM only owing R 236 653.55 plus VAT at 14%. Municipality only paid the amount of R 236 653.55 since the JV does not exist anymore. MKLM requested the attorneys to submit an invoice for the VAT amount but they turned out to be non-compliant in terms of tax matters. The MKLM can therefore not pay over the VAT since it will not be in a position to claim it back from SARS. The attorneys of the JV has since lodged a claim for the VAT amount which has been placed in dispute and is defended. In the current year the possibility of outflow of resources has been considered to be remote because there was no movement on the case for the last 3 years.

Vick Pule Construction

Claim for R 1 146 003.85 from Vick Pule Construction, being unpaid retention monies and additional repairs done, on Tender 001/MKLM/2015/2016. Currently under investigation. No legal action instituted yet. In the current year the possibility of outflow of resources has been considered to be remote because there was no movement on the case for the last 3 years.

Mr. I.M. Mokoena

Claim for compensation for injuries sustained due to pothole on road R556 Sun City Road. No amount stated yet as it is still being determined by experts. The case is handled by Shuping Attorneys in Rustenburg. In the current year the possibility of outflow of resources has been considered to be remote because there was no movement on the case for the last 3 years.

Mr. P.N. Makganya

Claim by Mr. Makganya for damages sustained due to alleged accident with municipal employee, Mr. Z. Mooketsi, to the amount of R 34 763.73. Sheriff with execution order at Moses Kotane municipal offices – attached assets but not removed. Case defended on basis that last correspondence was received in 2016 and no notices were since delivered to the execution debtors, MKLM and Mooketsi. The case is handled by Sakkie Smith Attorneys in Rustenburg. In the current year the possibility of outflow of resources has been considered to be remote because there was no movement on the case for the last 3 years.

Vega Turnkey Projects

Claim by Vega for R 141 640.79 on Tender 025/MKLM/2011/2012, High Mast Lighting Tlokwen. Letter of demand received. Case still being investigated. In the current year the possibility of outflow of resources has been considered to be remote because there was no movement on the case for the last 3 years.

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|-----------------|------|------|
|-----------------|------|------|

40. Related parties

Relationships

Councillors For details of councillors remuneration refer to note 26.

| | |
|----------------------------|-----------------|
| Head of Departments | |
| Municipal Manager | Mr M.V Letsoalo |
| Chief Financial Officer | Mr M Mkhize |
| Community Services | Mr S Kotsedi |
| Planning and Development | Mr M Makgoba |
| Technical Services | Mr B Maseloane |
| Local Economic Development | Ms G.R Madikela |

Related party transactions

The services rendered to related parties are charged at approved tariffs that were advertised to the public. The amounts outstanding are unsecured and will be settled in cash .

Compensation of related parties

Compensation of Key Management Personnel and Councillors is set out in notes 25 and 26 of the Annual Financial Statements.

41. Change in accounting estimate

Property, plant and equipment

The remaining useful life (RUL) is an estimation of the amount of years that the asset will be able to safely perform its intended function. During the 2020/2021 financial year physical verification of assets occurred and part of the procedures regarding physical verification is the condition assessment of assets. The condition of an asset has a direct impact on the remaining useful life of an asset. The impact of the condition assessment performed resulted in decrease in depreciation by R 1 233 740.

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Figures in Rand

2021

2020

42. Prior period errors

The correction of the error(s) resulted in adjustments as follows:

Investment property

Investment property was overstated by R 3 806 309 in the prior year due to properties that were sold in the previous years but were still included in the investment property register.

Property plant and equipment

During the year we noted that property plant and equipment was understated due to errors the following errors:

(a) Infrastructure WIP was understated by R 1 409 634 due to invoices paid in the current financial year, of which the expenditure was incurred in the 2019/2020 financial year.

(b) Community assets were understated in the prior year by R 316 777.02 as result of invoices that were paid in the current year of which the expenditure was incurred in the prior year.

(c) In the prior year infrastructure assets were understated by R 5 959 033 and WIP infrastructure was overstated by R 4 166 091.59.

(d) Motor vehicles were overstated by R 180 928 in the prior year due to vehicles that had an accident in the 2019/2020 financial year but were still included in the asset register.

Intangible Assets

Intangible assets were understated due to the errors below:

(a) The Evenus system was incorrectly capitalised instead of being expensed, the correction of the resulted in decrease in intangible assets by R 145 599.

(b) In the current year we noted that Desktop Software and Server Software had an indefinite useful life but there were previously amortised. Correction of the error resulted in an increase in intangible assets by R 231 653.

Receivables from non exchange transaction

Sundry debtors were overstated in the prior year because there was no assessment of impairment at reporting date. The correction of the misstatement resulted in decrease in receivable from exchange transactions by R 932 394.

Consumer debtors

In the prior year gross consumer debtors was overstated and the allowance for impairment was also overstated due to billing made to invalid accounts. The correction of these errors resulted in decrease in gross consumer debtors by R 10 099 995 and decrease in allowance for impairment by R 10 098 992.

Payables from exchange transactions

Payables were understated due to payments made in the current year but were not accrued for at year end. The correction of the error resulted in increase in payables by R 13 259 931.

Vat

Vat was understated by R 561 055 due to errors made in prior year.

Revenue

Revenue was overstated due to billing errors. Correction of these errors resulted in:

| | |
|--|-------------|
| Decrease in Service charges | R 1 066 681 |
| Decrease in Property Rates | R 188 889 |
| Decrease in Interest from non exchange | R 185 948 |
| Decrease in Interest from exchange | R 345 764 |

Employee related cost

During the year we noted that employee related cost was understated by R 1 040 392, due to incorrect accounting for accrued bonus.

Depreciation

Depreciation was understated by R 30 489 due to errors and omissions on the asset registers.

Expenses

Expenses were understated due to invoice paid in the current year but relating to prior. Correction of these errors resulted in:

| | |
|-------------------------------------|-------------|
| Increase in repairs and maintenance | R 32 775 |
| Increase in contracted services | R 423 045 |
| Increase in general expenses | R 5 051 376 |

General expenses were overstated and financial losses were understated by R 33 103 678 due to expenditure paid per the signed agreement of which there was no evidence that the goods were received and services were rendered.

Debt Impairment

Debt impairment was overstated due the errors on the impairment calculation, correction of these errors resulted in decrease in debt impairment by 1 787 282.

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|--|------|------|
| 42. Prior period errors (continued) | | |
| <u>Reclassifications</u> | | |
| <u>Receivables from non exchange transaction</u> | | |
| In the current year the municipality reclassified an amount of R 1 791 297 from current assets to non current assets. The amount relate to eskom deposits of which the amount is not expected to be realised within twelve months after the reporting date | | |
| <u>Employee benefits</u> | | |
| In the prior year provisions were overstated by R 16 651 000 due to long service awards that were accounted for as provisions instead of employee benefits. | | |
| <u>Expenses</u> | | |
| During the year we noted that expenses were incorrectly classified. The reclassification of these expenses resulted in decrease in contracted services and increase in general expenses by R 84 786 681. | | |

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Figures in Rand

2021

2020

43. Prior period errors and reclassifications

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

Statement of financial position

2020

| | Note | As previously reported | Correction of error | Re-classification | Restated |
|--|------|------------------------|---------------------|-------------------|-----------------|
| Assets | | | | | |
| Non-Current Assets | | | | | |
| Investment property | | 154 834 422 | (3 806 309) | - | 151 028 113 |
| Property, plant and equipment | | 2 916 955 731 | 3 338 466 | - | 2 920 294 197 |
| Intangible Assets | | 13 898 513 | 86 054 | - | 13 984 567 |
| Heritage assets | | 14 000 | - | - | 14 000 |
| Receivables from non exchange transactions | | - | - | 1 791 297 | 1 791 297 |
| Current Assets | | | | | |
| Inventories | | 9 751 478 | - | - | 9 751 478 |
| Receivables from non exchange transactions | | 4 230 725 | (932 394) | (1 791 297) | 1 507 034 |
| Vat receivables | | 16 865 996 | 77 624 | - | 16 943 620 |
| Consumer debtors | | 66 738 120 | (1 003) | - | 66 737 117 |
| Non current assets held for sale | | 2 335 533 | - | - | 2 335 533 |
| Cash and cash equivalents | | 48 779 535 | - | - | 48 779 535 |
| Liabilities | | | | | |
| Non-current liabilities | | | | | |
| Other financial liabilities | | (22 656 329) | - | - | (22 656 329) |
| Employee benefit obligation | | - | - | (14 626 000) | (14 626 000) |
| Provisions | | (30 928 154) | - | 14 626 000 | (16 302 154) |
| Current liabilities | | | | | |
| Other financial liabilities | | (13 331 560) | - | - | (13 331 560) |
| Payables from exchange transactions | | (246 349 126) | (13 259 931) | - | (259 609 057) |
| Employee benefit obligation | | - | - | (2 025 000) | (2 025 000) |
| Unspent conditional grants and receipts | | (42 631 422) | - | - | (42 631 422) |
| Provisions | | (3 615 512) | - | 2 025 000 | (1 590 512) |
| Accumulated surplus | | (2 874 891 950) | 14 497 493 | - | (2 860 394 457) |
| | | - | - | - | - |

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 | | | |
|---|------|------------------------|---------------------|-------------------|---------------|
| 43. Prior period errors and reclassifications (continued) | | | | | |
| Statement of financial performance | | | | | |
| 2020 | | | | | |
| | Note | As previously reported | Correction of error | Re-classification | Restated |
| Revenue | | | | | |
| Revenue from exchange transactions | | | | | |
| Service charges | | 176 992 179 | (1 066 681) | - | 175 925 498 |
| Interest received | | 46 684 559 | (345 764) | - | 46 338 795 |
| Commission received | | 195 294 | - | - | 195 294 |
| Rental income | | 83 677 | - | - | 83 677 |
| Sale of stands | | 19 111 | - | - | 19 111 |
| Other income | | 2 388 074 | - | - | 2 388 074 |
| Revenue from non-exchange transaction | | | | | |
| Property rates | | 141 209 467 | (188 889) | - | 141 020 578 |
| Interest-taxation revenue | | 21 300 719 | (185 948) | - | 21 114 771 |
| Government grants & subsidies | | 599 073 120 | - | - | 599 073 120 |
| Fines, penalties and forfeits | | 5 600 000 | - | - | 5 600 000 |
| Expenditure | | | | | |
| Employee related costs | | (235 992 526) | (1 040 392) | - | (237 032 918) |
| Remuneration of councillors | | (27 006 683) | - | - | (27 006 683) |
| Depreciation and amortisation | | (147 787 108) | (30 489) | - | (147 817 597) |
| Finance costs | | (5 347 470) | - | - | (5 347 470) |
| Lease rentals on operating lease | | (1 703 225) | - | - | (1 703 225) |
| Debt impairment | | (201 036 122) | 1 787 282 | - | (199 248 840) |
| Repairs and maintenance | | (43 510 147) | (32 775) | - | (43 542 922) |
| Bulk purchases | | (106 261 836) | - | - | (106 261 836) |
| Contracted services | | (126 871 597) | (423 045) | 84 786 681 | (42 507 961) |
| Financial losses | | - | (33 103 678) | - | (33 103 678) |
| General expenses | | (89 041 394) | 28 052 302 | (84 786 681) | (145 775 773) |
| Loss on disposal of assets and liabilities | | (6 704 291) | - | - | (6 704 291) |
| Impairment loss | | (2 828 061) | - | - | (2 828 061) |
| Inventories losses/write downs | | (53 282) | - | - | (53 282) |
| Surplus (deficit) for the year | | (597 542) | (6 578 077) | - | (7 175 619) |

Notes to the financial statements

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 | | | |
|---|------|------------------------|---------------------|---------------------|-------------------|
| 43. Prior period errors and reclassifications (continued) | | | | | |
| 2020 | | | | | |
| | Note | As previously reported | Correction of error | Re-classification | Restated |
| Contracted services | | | | | |
| Business and Advisory | | 21 131 836 | - | (21 131 836) | - |
| Call Centre | | 6 537 522 | - | - | 6 537 522 |
| Cleaning Services | | 11 470 | - | (11 470) | - |
| Community Development | | 77 809 | - | (77 809) | - |
| Refuse Removal | | 21 152 233 | 423 045 | - | 21 575 278 |
| Security Services | | 22 490 495 | - | (22 490 495) | - |
| Sewerage Services | | 53 633 002 | - | (53 633 002) | - |
| Transport Services | | 1 837 230 | - | (1 837 230) | - |
| Accounting Fees | | - | - | 5 401 130 | 5 401 130 |
| Vat Consultants Fees | | - | - | 2 681 973 | 2 681 973 |
| Debt Collection Fees | | - | - | 6 312 058 | 6 312 058 |
| | | 126 871 597 | 423 045 | (84 786 681) | 42 507 961 |
| General expenses | | | | | |
| Audit fees | | 4 579 808 | - | - | 4 579 808 |
| Advertising | | 417 187 | - | (417 187) | - |
| Bank charges | | 265 715 | - | (265 715) | - |
| Consulting and professional fees | | 1 840 633 | - | (1 840 633) | - |
| Consumables | | 1 574 500 | - | (1 574 500) | - |
| Catering services | | 872 800 | - | (872 800) | - |
| Entertainment | | 327 477 | - | (327 477) | - |
| Fines and penalties | | 329 464 | - | - | 329 464 |
| Hire | | 1 818 785 | - | (1 818 785) | - |
| Insurance | | 1 583 136 | - | - | 1 583 136 |
| Community development and training | | 5 609 307 | - | (5 609 307) | - |
| Conferences and seminars | | 10 261 | - | (10 261) | - |
| Motor vehicle expenses | | 98 250 | - | (98 250) | - |
| Fuel and oil | | 10 240 453 | 78 948 | 1 403 794 | 11 723 195 |
| Postage and courier | | 7 823 | - | (7 823) | - |
| Software expenses | | 897 626 | - | (897 626) | - |
| Staff welfare | | 4 051 441 | - | - | 4 051 441 |
| Subscriptions and membership fees | | 2 485 887 | 254 900 | - | 2 740 787 |
| Telephone and fax | | 13 398 438 | - | - | 13 398 438 |
| Training | | 863 799 | - | (110 790) | 753 009 |
| Travel - local | | 1 758 404 | - | (834 091) | 924 313 |
| Rural sanitation | | 7 065 068 | - | - | 7 065 068 |
| Electricity | | 24 541 752 | - | - | 24 541 752 |
| Uniforms | | 903 111 | - | - | 903 111 |
| Chemicals | | 3 500 269 | - | (3 500 269) | - |
| Assets management fees | | - | - | 4 015 015 | 4 015 015 |
| Legal fees | | - | 96 861 | 1 919 661 | 2 016 522 |
| IT expenses | | - | 4 292 750 | 54 378 299 | 58 671 049 |
| Valuation fees | | - | - | 753 424 | 753 424 |
| Financial systems | | - | 143 230 | 1 968 235 | 2 111 465 |
| Security | | - | - | 22 490 495 | 22 490 495 |
| Water tankering | | - | - | 615 160 | 615 160 |

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|--|-------------------|--------------------|
| 43. Prior period errors and reclassifications (continued) | | |
| Ward committee fees | - | 4 837 016 |
| Water quality and chemicals | - | 3 102 795 |
| Other expenses | 184 687 | 7 488 298 |
| | 89 041 394 | 5 051 376 |
| | 84 786 678 | 178 879 448 |

Notes to the financial statements

Irregular expenditure

| | | |
|---------------------------------|----------------------|----------|
| Opening balance | 1 128 611 143 | - |
| Adjustments made | 107 284 028 | - |
| Restated opening balance | 1 235 895 171 | - |

Irregular expenditure was understated in the prior year due to errors and omissions on the irregular expenditure register. Correction of these errors resulted in an increase in irregular expenditure by R 107 284 028.

Commitments

| | | |
|---------------------------------|-------------------|----------|
| Opening balance | 131 055 664 | - |
| Adjustments made | (57 938 212) | - |
| Restated opening balance | 73 117 452 | - |

During the year we noted that commitments were overstated by R 57 938 212, due to calculation errors and omissions made on the commitments register.

Fruitless and wasteful expenditure

| | | |
|---------------------------------|--------------------|----------|
| Opening balance | 13 155 131 | - |
| Adjustments made | 98 788 736 | - |
| Restated opening balance | 111 943 867 | - |

Fruitless and wasteful expenditure was understated in the prior year by R 98 788 736 due to ICT expenditure incurred in the previous years, which might have been made in vain. The expenditure is still under investigation.

44. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|-----------------|------|------|
|-----------------|------|------|

44. Risk management (continued)

Liquidity risk

Liquidity risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation.

Liabilities are managed by ensuring that all contractual payments met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

The 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. 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.

The table below analyses the municipality's 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 2021 | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years |
|--------------------------|--------------------|-----------------------|-----------------------|------------------|
| Loans and borrowings | 8 063 281 | 10 564 148 | 4 031 761 | - |
| Trade and other payables | 107 233 026 | - | - | - |
| | 115 296 307 | 10 564 148 | 4 031 761 | - |
| At 30 June 2020 | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years |
| Loans and borrowings | 8 144 302 | 10 939 230 | 6 936 936 | 1 870 460 |
| Trade and other payables | 158 432 950 | - | - | - |
| | 166 577 252 | 10 939 230 | 6 936 936 | 1 870 460 |

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Figures in Rand

| | 2021 | 2020 |
|--|------|------|
|--|------|------|

44. Risk management (continued)

Credit risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur financial loss.

Potential concentrations of credit risk consist mainly of investments, loans and receivables, trade receivables, other receivables, short-term investment deposits and cash and cash equivalents.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction/ exposure limits, which are included in the municipality's Investment Policy.

Trade receivables comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these customers. Trade receivables are presented net of an allowance for impairment and where appropriate, credit limits are adjusted.

Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply.

In the case of customers whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Other Receivables are collectively evaluated annually at reporting date for impairment or discounting. A report on the various categories of customers is drafted to substantiate such evaluation and subsequent impairment / discount, where applicable.

The municipality only deposits with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents is considered to be low, the maximum exposure is disclosed below.

The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:

| Financial instrument | Economic entity - 2020 | 2021 | 2020 |
|--|------------------------|-------------|------------|
| Receivables from exchange transactions | - | - | - |
| Receivables from non exchange transactions | - | 4 534 882 | 3 298 331 |
| Cash and cash equivalents | - | 61 596 731 | 48 779 535 |
| Consumer debtors | - | 129 471 547 | 66 737 117 |

Market risk

Interest rate risk

Interest rate risk is defined as that fair value of future cashflows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|-----------------|------|------|
|-----------------|------|------|

44. Risk management (continued)

Price risk

The effect of any price risk in the foreseeable future is regarded as minimal given the fact that amounts receivable from the municipality's customers are levied in terms of the relevant statutes. It is not anticipated that given the nature of the municipality's business that changes in market prices will have a material impact on the trading results of the municipality.

There has been no change, since the previous financial year, to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

Post-tax surplus for the year would increase/decrease as a result of gains or losses on equity securities classified as at fair value through surplus or deficit. Other components of equity would increase/decrease as a result of gains or losses on equity securities classified as available-for-sale.

45. Going concern

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

The municipality is experiencing cashflow challenges as a result of low debtors collection rate which has an impact on the municipality's ability to pay creditors timeously. This results in material uncertainty for the municipality to continue as going concern as it has to rely on grants from national government in order to meet the working capital, however ability of the municipality to continue as a going concern is dependent on a number of factors not just the financial factors. The municipality is a service delivery vehicle of government and there has not been any indication from National Government to discontinue the operation of the municipality and the medium term revenue and expenditure framework has made allocations to the municipality. The most significant of these is that the accounting officer will continue to procure funding for the ongoing operations of the municipality.

46. Unauthorised expenditure

| | | |
|--|---------------|-------------|
| Opening balance as previously reported | 511 956 738 | 380 641 028 |
| Correction of prior period error | - | 28 282 459 |
| Opening balance as restated | 511 956 738 | 408 923 487 |
| Add: Expenditure identified - current | 133 238 930 | 103 033 251 |
| Less: Write off | (412 665 024) | - |
| Closing balance | 232 530 644 | 511 956 738 |

The write off refers to Non Cash items which were condoned by council per Item 90/03/2021 (R341 387 296) and Item 91/03/2021 (R61 152 741). It also refers to Cash Items regarding Sanitation (VIP Toilets) which is funded by MIG and provided under the capital budget per Item 90/03/2021 (R8 085 015) and Item 91/03/2021 (R2 039 972).

The over expenditure incurred by municipal departments during the year is attributable to the following categories:

| | | |
|----------|-------------|-------------|
| Non-cash | 69 877 723 | 61 152 741 |
| Cash | 63 361 207 | 41 880 510 |
| | 133 238 930 | 103 033 251 |

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|---|--------------------|--------------------|
| 46. Unauthorised expenditure (continued) | | |
| Analysed as follows: non-cash | | |
| Depreciation and amortisation | 13 386 998 | 15 053 221 |
| Loss on disposal of property, plant and equipment | 4 095 960 | 6 704 292 |
| Provision of impairment | 52 394 765 | 39 083 070 |
| Provision for long service awards | - | 312 158 |
| | 69 877 723 | 61 152 741 |
| Analysed as follows: cash | | |
| Computer software and licenses | - | 7 064 885 |
| Cell and telephone cost | - | 3 143 829 |
| Fuel and oil | - | 2 993 697 |
| Sanitation VIP toilets | 27 921 296 | 2 039 972 |
| Bulk purchases water | 31 213 074 | 19 617 389 |
| Business management fees | 2 148 095 | - |
| Audit fees | 808 116 | 1 579 808 |
| Refuse removal | 1 272 626 | 2 352 234 |
| Security services | - | 3 088 696 |
| | 63 361 207 | 41 880 510 |
| Unauthorised expenditure: Budget overspending – per municipal department | | |
| Municipal Manager | 2 954 211 | 1 891 966 |
| Corporate Services | - | 10 728 770 |
| Community Services | 5 987 598 | 24 304 432 |
| Technical and infrastructure | 124 297 121 | 66 108 083 |
| | 133 238 930 | 103 033 251 |

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|---|--------------------|-------------------|
| 47. Fruitless and wasteful expenditure | | |
| Opening balance as previously reported | 13 155 131 | 10 448 371 |
| Correction of prior period error | 98 788 737 | 1 435 267 |
| Opening balance as restated | 111 943 868 | 11 881 638 |
| Add: Expenditure identified - current | 2 822 000 | 1 273 493 |
| Closing balance | 114 765 868 | 13 155 131 |

Details of fruitless and wasteful expenditure

| | Details of fruitless and wasteful expenditure still under investigation | |
|---|---|-------------------|
| IT Expenditure | 98 788 737 | - |
| Interest on overdue accounts | 12 524 338 | 11 201 158 |
| Community Hall construction expenditure | 385 825 | 385 825 |
| Fines | 20 000 | 20 000 |
| Reversal of recoverable amount | 1 218 685 | 1 218 685 |
| Penalties | 1 828 283 | 329 463 |
| | 114 765 868 | 13 155 131 |

IT expenditure relates to expenditure that is currently under investigation to determine if value derived match the expenditure incurred. At the conclusion of the investigation, if the contract is established as fruitless and wasteful expenditure, were the value derived does not match up with the payments made, a receivable will be created for the recovery of the loss from the person/s responsible.

The municipality incurred interest as a result of late payments on Magalies Water, Telkom and Eskom accounts.

Construction expenditure relates to expenditure incurred on the construction of a Hall in an area reserved for mining expansion during 2014/15 financial year.

Fruitless and wasteful expenditure was reported to Council and referred to MPAC for further investigation.

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|--|----------------------|----------------------|
| 48. Irregular expenditure | | |
| Opening balance as previously reported | 1 128 611 143 | 532 460 514 |
| Correction of prior period errors | 107 284 028 | 478 632 577 |
| Opening balance as restated | 1 235 895 171 | 1 011 102 091 |
| Add: Irregular Expenditure - current | 124 151 766 | 145 727 962 |
| Less: Amount written off - current | - | (28 218 910) |
| Closing balance * | 1 360 046 937 | 1 128 611 143 |

Incidents/cases identified in the current year include those listed below:

| | Disciplinary steps taken/criminal proceedings | |
|--------------------------------------|---|--------------------|
| Competitive bidding not invited | 69 929 884 | 84 957 484 |
| Three written quotations not invited | 113 260 | 1 654 456 |
| | | - |
| Tax clearances not obtained | 12 038 | 38 331 |
| Regulation 32 appointments | 9 192 104 | 30 103 270 |
| SCM process not followed | 16 412 621 | 4 818 800 |
| Deviations | 27 858 101 | 24 155 620 |
| Non disclosure of interest | 633 758 | - |
| | 124 151 766 | 145 727 961 |

* Irregular expenditure disclosed is exclusive of VAT.

Cases under investigation

Irregular expenditure was reported to Council and has resolved on referring the expenditure to MPAC for further investigations, investigations for other causes of irregular expenditure are in progress. The municipality is in the process of complying with MFMA section 170 condonement. All possible irregular expenditure transactions are being investigated, once all technical processes are finalised and satisfied that transactions are indeed the register will be updated with those transactions.

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|---|--------------|--------------|
| 49. Additional disclosure in terms of Municipal Finance Management Act | | |
| Contributions to organised local government-SALGA | | |
| Current year subscription / fee | 2 921 924 | 2 730 770 |
| Amount paid - current year | (2 921 924) | (2 475 870) |
| Outstanding Balance | - | (254 900) |
| | - | - |
| Audit fees | | |
| Current year subscription / fee | 5 484 707 | 4 579 808 |
| Amount paid - current year | (4 309 577) | (4 579 808) |
| | 1 175 130 | - |
| PAYE and UIF | | |
| Current year subscription / fee | 38 211 835 | 38 204 152 |
| Amount paid - current year | (38 211 835) | (27 966 107) |
| | - | 8 238 045 |
| Pension and Medical Aid Deductions | | |
| Current year subscription / fee | 42 642 261 | 38 653 300 |
| Amount paid - current year | (42 642 261) | (38 653 300) |
| | - | - |
| VAT | | |
| VAT receivable | 23 512 251 | 16 943 620 |

All VAT returns have been submitted by the due date throughout the year.

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Figures in Rand

2021

2020

49. Additional disclosure in terms of Municipal Finance Management Act (continued)

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2021:

| 30 June 2021 | Outstanding more than 90 days R | Total R |
|----------------------------|--|----------------|
| Councillor A Letswamotse | 985 | 985 |
| Councillor A Nquthula | 11 590 | 11 590 |
| Councillor C Motshabi | 14 958 | 14 958 |
| Councillor D Chaka | 14 554 | 14 554 |
| Councillor D Radiokana | 14 967 | 14 967 |
| Councillor G Kgarimetsa | 31 719 | 31 719 |
| Councillor G Madisa | 2 743 | 2 743 |
| Councillor J E G Ditshwene | 98 195 | 98 195 |
| Councillor J M Segale | 14 996 | 14 996 |
| Councillor K Kapari | 3 771 | 3 771 |
| Councillor L Kapari | 52 967 | 52 967 |
| Councillor M Nkotswe | 17 689 | 17 689 |
| Councillor MS Mabitsela | 27 317 | 27 317 |
| Councillor P Thoboke | 39 123 | 39 123 |
| Councillor R Motlhaga | 53 520 | 53 520 |
| Councillor R.J Manganye | 23 582 | 23 582 |
| Councillor S Rasepae | 3 689 | 3 689 |
| | 426 365 | 426 365 |

30 June 2020

| 30 June 2020 | Outstanding more than 90 days R | Total R |
|----------------------------|--|----------------|
| Councillor D Chaka | 11 626 | 12 361 |
| Councillor D.S Kodongo | 12 523 | 12 656 |
| Councillor J.E.D Ditshwene | 4 325 | 4 531 |
| Councillor L Kapari | 3 036 | 3 217 |
| Councillor G Kgarimetsa | 26 114 | 27 357 |
| Councillor L.M Mmolawa | 53 405 | 55 422 |
| Councillor R.P Motlhaga | 4 491 | 4 692 |
| Councillor C.N Motshabi | 10 698 | 11 736 |
| Councillor M.S Mabitsela | 21 938 | 23 266 |
| Councillor M Nkotswe | 13 463 | 14 932 |
| Councillor A Nquthula | 8 767 | 10 012 |
| Councillor D.H Radiokana | 4 497 | 4 698 |
| Councillor R.J Manganye | 19 394 | 20 540 |
| Councillor J.M Segale | 13 083 | 14 362 |
| Councillor P Thoboke | 17 108 | 33 926 |
| Councillor A Letswamotse | 952 | 961 |
| | 225 420 | 254 669 |

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Figures in Rand 2021 2020

49. Additional disclosure in terms of Municipal Finance Management Act (continued)

Purchase from persons in service of the state

In terms of section 45 of the municipal SCM regulation, any award above R2 000 to family of employees in the service of the state must be disclosed in the financial statements. During the year the municipality made the following payments to companies/persons in the service of the state:

| Supplier Name | Related person | Organ of the State | Capacity at Municipality | Relationship | 2021 | 2020 |
|---------------------------------------|-----------------------|---|--------------------------|---------------------|----------------|----------------|
| Oarabile Projects Pty Ltd | M.I Ramasodi | National Trade and Industry | Supplier | State employee | 28 986 | 29 940 |
| White Leopard Trading | B.R Makola | Department of Education | Supplier | State employee | - | 518 274 |
| Genplay Broadcast Media | Kefilwe Motloba | Transnet Group | Supplier | State employee | 79 925 | 66 948 |
| GijimaHoldings Pty Ltd | Ashwin Hirjee Trimjee | The Kwazulu Natal Royal Household Trust | Supplier | State employee | 20 850 | 27 800 |
| Mo Kasi Creations and Media Pty Ltd | M.S Magoro | Moses Kotane Local Municipality | Building Inspector | Business associates | 536 942 | 48 860 |
| Keletsabotsele Solutions Pty Ltd | P Nqothula | Moses Kotane Local Municipality | Councillor | Business associates | - | 9 080 |
| Malebogo Trading and Projects Pty Ltd | S.T Tladi | Moses Kotane Local Municipality | Councillor | Business associates | - | 15 000 |
| Phepo Ntle Consultancy and Projects | L Lamola | Moses Kotane Local Municipality | Security Officer | Spouse | - | 3 750 |
| | | | | | 666 703 | 719 652 |

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Figures in Rand

2021

2020

50. Deviation from supply chain management regulations

Section 36 of the Municipal Supply Chain Regulations states that the accounting officer may dispense with the official procurement processes established goods or services by the applicable supply chain policy and procure any required goods or services through any convenient process which may include direct negotiations, but only in (i) in an emergency, (ii) if such goods or services are produced or available from a single provider, (iii) for the acquisition of special works of art or historical where specifications are difficult to compile, (iv) acquisitions of animals for zoos or (v) in any exceptional case where it is impractical or impossible to follow the official.

Description

| | | |
|---|-------------------|-------------------|
| Deviation as per section 36(1)(i) of the SCM regulations | 2 489 190 | 7 711 822 |
| Deviation as per section 36(1)(ii) of the SCM regulations | 432 735 | 185 755 |
| Deviation as per section 36(1)(v) of the SCM regulations | 42 106 883 | 68 916 984 |
| | 45 028 808 | 74 794 541 |

| Supplier | Reasons | Amount |
|------------------------------------|-------------------------------------|-----------|
| TRUVELO MANUFACTURERS PTY LTD | SOLE TRADER | 5 119 |
| ADAPT IT PTY LTD | SOLE SUPPLIERS | 82 720 |
| EARLY WORX | SOLE SUPPLIER | 3 956 |
| GOVERNMENT PRINTING WORKS | SOLE SUPPLIER | 13 114 |
| BATJILELA SERVICE STATION | SOLE SUPPLIER | 140 000 |
| IIASA | SOLE SUPPLIER | 15 307 |
| SOUTH AFRICAN POST OFFICE | SOLE SUPPLIER | 149 760 |
| TOTAL COMPUTER SERVICES | SOLE SUPPLIER | 22 759 |
| LETHABILE PTY LTD | EMERGENCY AND URGENT PROCUREMENTS | 280 000 |
| KULIKOV WIRELESS SOLUTIONS PTY LTD | EMERGENCIES AND URGENT PROCUREMENTS | 123 984 |
| SEGAI HOLDINGS | EMERGENCIES AND URGENT PROCUREMENTS | 149 100 |
| BCX BUSINESS CONNECTION | EMERGENCIES AND URGENT PROCUREMENTS | 31 766 |
| MABASA SUPPLIERS | EMERGENCIES AND URGENT PROCUREMENTS | 1 290 000 |
| KULIKOV WIRELESS SOLUTIONS | EMERGENCIES AND URGENT PROCUREMENT | 107 813 |
| SHARIKE HOLDING | EMERGENCIES AND URGENT PROCUREMENT | 68 918 |
| MAFIKA PRODUCTION | EMERGENCIES AND URGENT PROCUREMENT | 60 000 |
| MARANJE CONSULTING | EMERGENCIES AND URGENT PROCUREMENT | 353 769 |
| RUSTENBURG KEYHOLE CC | EMERGENCIES AND URGENT PROCUREMENT | 23 840 |

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|---|---|-------------------|
| 50. Deviation from supply chain management regulations (continued) | | |
| KGATLENG COMMUNITY HALL | ANY EXCEPTIONAL CASE WHERE IT IS IMPRACTICAL OR IMPOSSIBLE TO FOLLOW THE OFFICIAL PROCUREMENT PROCESS | 15 000 |
| PHILLIP INDUSTRIES | ANY EXCEPTIONAL CASE WHERE IT IS IMPRACTICAL OR IMPOSSIBLE TO FOLLOW THE OFFICIAL PROCUREMENT PROCESS | 5 000 |
| RADIO MAFISA | ANY EXCEPTIONAL CASE WHERE IT IS IMPRACTICAL OR IMPOSSIBLE TO FOLLOW THE OFFICIAL PROCUREMENT PROCESS | 10 000 |
| DEO WATER SERVICES | ANY EXCEPTIONAL CASE WHERE IT IS IMPRACTICAL OR IMPOSSIBLE TO FOLLOW THE OFFICIAL PROCUREMENT PROCESS | 34 949 |
| KONIKA MINOLTA | ANY EXCEPTIONAL CASE WHERE IT IS IMPRACTICAL OR IMPOSSIBLE TO FOLLOW THE OFFICIAL PROCUREMENT PROCESS | 724 404 |
| QUICK ACTS PTY LTD | ANY EXCEPTIONAL CASE WHERE IT IS IMPRACTICAL OR IMPOSSIBLE TO FOLLOW THE OFFICIAL PROCUREMENT PROCESS | 45 000 |
| TRUVELO MANUFACTURES PTY LTD | ANY EXCEPTIONAL CASE WHERE IT IS IMPRACTICAL OR IMPOSSIBLE TO FOLLOW THE OFFICIAL PROCUREMENT PROCESS | 10 527 |
| MARUMO CONSULTING ENGINEERS | ANY EXCEPTIONAL CASE WHERE IT IS IMPRACTICAL OR IMPOSSIBLE TO FOLLOW THE OFFICIAL PROCUREMENT PROCESS | 12 000 000 |
| MATH ENGINEERING | ANY EXCEPTIONAL CASE WHERE IT IS IMPRACTICAL OR IMPOSSIBLE TO FOLLOW THE OFFICIAL PROCUREMENT PROCESS | 4 448 817 |
| MORERO CONSULTING ENGINEERS | ANY EXCEPTIONAL CASE WHERE IT IS IMPRACTICAL OR IMPOSSIBLE TO FOLLOW THE OFFICIAL PROCUREMENT PROCESS | 15 000 000 |
| ROYAL MARANG HOTEL | ANY EXCEPTIONAL CASE WHERE IT IS IMPRACTICAL OR IMPOSSIBLE TO FOLLOW THE OFFICIAL PROCUREMENT PROCESS | 10 120 |
| BAKEDITSWE MACHAMA INVESTMENT | ANY EXCEPTIONAL CASE WHERE IT IS IMPRACTICAL OR IMPOSSIBLE TO FOLLOW THE OFFICIAL PROCUREMENT PROCESS | 12 300 |
| LM PRETORIUS ATTORNEYS | ANY EXCEPTIONAL CASE WHERE IT IS IMPRACTICAL OR IMPOSSIBLE TO FOLLOW THE OFFICIAL PROCUREMENT PROCESS | 12 320 |
| PANEL BEATING UNLIMITED | ANY EXCEPTIONAL CASE WHERE IT IS IMPRACTICAL OR IMPOSSIBLE TO FOLLOW THE OFFICIAL PROCUREMENT PROCESS | 27 500 |
| TOTAL COMPUTER SERVICE | ANY EXCEPTIONAL CASE WHERE IT IS IMPRACTICAL OR IMPOSSIBLE TO FOLLOW THE OFFICIAL PROCUREMENT PROCESS | 136 568 |
| MK83 SECURITY SERVICES | ANY EXCEPTIONAL CASE WHERE IT IS IMPRACTICAL OR IMPOSSIBLE TO FOLLOW THE OFFICIAL PROCUREMENT PROCESS | 9 614 378 |
| | | 45 028 808 |

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|-----------------|------|------|
|-----------------|------|------|

51. Segment information

General information

Identification of segments

The segments were organised based on the type and nature of service delivered by the Municipality. These services are delivered in various municipal departments, which for reporting purposes are allocated to a standardised functional area (guided by mSCOA regulations). Budgets are prepared for each functional area and the budget versus actual amounts are reported on a monthly basis. 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.

Reporting on segment assets and liabilities

The Municipality has assessed that assets and liabilities associated with each segment is not used by management for decision making purposes, and neither is it being reported on. Assets and liabilities are utilised by management to assess key financial indicators for the Municipality as a whole. Accordingly, the assets and liabilities per segment are not required to be disclosed.

Types of goods and/or services by segment

The Municipality has several departments/functional areas and accordingly the segments were aggregated for reporting purposes as set out below:

| Reportable segment | Goods and/or services |
|-----------------------------------|---|
| Executive & Council | Provision of overall governance to other segments of the municipality. |
| Finance & Administration | Provision of financial and administrative services to other segments of the municipality. |
| Economic & Environmental Services | Provision of economic development activities in the municipality. |
| Roads | Construction and maintenance of roads owned by the municipality. |
| Community & Public Safety | Construction and maintenance of community facilities owned and ensuring safety and security to the communities by the municipality. |
| Energy Sources | Construction of street lights and highmast lights. |

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Figures in Rand

51. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2021

| | Executive & Council | Finance & Administration | Economic & Environmental Services | Roads | Community & Public Safety | Energy Sources | Water management | Waste water management | Waste management | Total |
|---|------------------------|-----------------------------|---|-------------------|------------------------------|-------------------|---------------------|---------------------------|---------------------|----------------------|
| Revenue | | | | | | | | | | |
| Service charges | - | - | - | - | - | - | 160 492 822 | 2 920 634 | 10 822 842 | 174 236 298 |
| Interest earned on outstanding debtors-(trading) | - | 50 055 259 | - | - | - | - | - | - | - | 50 055 259 |
| Commissions received | - | 90 997 | - | - | - | - | - | - | - | 90 997 |
| Rental Income | - | 73 926 | - | - | - | - | - | - | - | 73 926 |
| Other Income | - | 997 924 | 113 665 | - | 30 194 | - | 79 226 | - | - | 1 221 009 |
| Property Rates | - | 144 972 077 | - | - | - | - | - | - | - | 144 972 077 |
| Interest earned on outstanding debtors-(taxation revenue) | - | 21 686 192 | - | - | - | - | - | - | - | 21 686 192 |
| Government grants and subsidies | 5 905 032 | 328 462 845 | 3 093 970 | 69 155 065 | 11 543 233 | 10 394 543 | 209 869 637 | 56 220 714 | 68 858 903 | 763 503 942 |
| Fines | - | - | - | - | 1 209 250 | - | - | - | - | 1 209 250 |
| Total segment revenue | 5 905 032 | 546 339 220 | 3 207 635 | 69 155 065 | 12 782 677 | 10 394 543 | 370 441 685 | 59 141 348 | 79 681 745 | 1 157 048 950 |
| Entity's revenue | | | | | | | | | | 1 157 048 950 |

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Figures in Rand

| | Executive & Council | Finance & Administration | Economic & Environmental Services | Roads | Community & Public Safety | Energy Sources | Water management | Waste water management | Waste management | Total |
|--|---------------------|--------------------------|-----------------------------------|---------------------|---------------------------|---------------------|----------------------|------------------------|---------------------|----------------------|
| 51. Segment information (continued) | | | | | | | | | | |
| Expenditure | | | | | | | | | | |
| Employee costs | (27 461 298) | (101 393 217) | (23 087 670) | (8 465 038) | (32 492 213) | (4 158 037) | (43 085 668) | (13 451 966) | (2 632 355) | (256 227 462) |
| Remuneration of councillors | (28 103 988) | - | - | - | - | - | - | - | - | (28 103 988) |
| Depreciation and amortisation | (361 966) | (4 808 319) | - | (46 451 211) | (29 392 532) | (3 083 582) | (51 852 213) | (2 771 290) | (795 712) | (139 516 825) |
| Finance costs | - | (2 709 731) | - | (380 794) | - | (355 614) | (795 382) | - | - | (4 241 521) |
| Lease rentals | - | (760 870) | - | - | - | - | - | - | - | (760 870) |
| Debt impairment | - | (33 893 259) | - | - | 1 629 711 | - | (155 311 585) | (2 094 224) | (15 026 143) | (204 695 480) |
| Repairs and maintenance | - | (11 108 004) | - | (2 206 229) | (64 665) | (999 283) | (26 183 048) | (1 710 733) | (11 196 331) | (53 468 293) |
| Bulk purchases | - | - | - | - | - | - | (104 944 858) | - | - | (104 944 858) |
| Contracted services | - | (32 874 716) | - | - | - | - | - | - | (22 885 553) | (55 760 269) |
| General expenses | (12 518 449) | (38 072 879) | (2 533 104) | - | (31 574 101) | (23 523 702) | (8 100 197) | (30 862 634) | (67 390) | (147 252 456) |
| Loss on disposal of assets | - | 1 758 592 | - | (2 749 180) | - | - | (3 873 960) | - | - | (4 864 548) |
| Fair value adjustment | - | 945 500 | - | - | - | - | - | - | - | 945 500 |
| Impairment loss | - | (21 726) | - | - | (222 000) | - | - | - | - | (243 726) |
| Inventories losses/write-downs | - | (455 157) | - | - | - | - | - | - | - | (455 157) |
| Total segment expenditure | (68 445 701) | (223 393 786) | (25 620 774) | (60 252 452) | (92 115 800) | (32 120 218) | (394 146 891) | (50 890 847) | (52 603 484) | (999 589 953) |
| Total segmental surplus/(deficit) | (62 540 669) | 322 945 434 | (22 413 139) | 8 902 613 | (79 333 123) | (21 725 675) | (23 705 206) | 8 250 501 | 27 078 261 | 157 458 997 |

2020

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Figures in Rand

51. Segment information (continued)

| | Executive & Council | Finance & Administration | Economic & Environmental Services | Roads | Community & Public Safety | Energy Sources | Water management | Waste water management | Waste management | Total |
|---------------------------------|------------------------|-----------------------------|---|-------------------|------------------------------|-------------------|---------------------|---------------------------|---------------------|--------------------|
| Revenue | | | | | | | | | | |
| Service charges | - | - | - | - | - | - | 163 352 194 | 2 659 221 | 9 914 083 | 175 925 498 |
| Interest received (trading) | - | 46 338 795 | - | - | - | - | - | - | - | 46 338 795 |
| Commissions received | - | 195 294 | - | - | - | - | - | - | - | 195 294 |
| Rental income | - | 77 818 | - | - | 5 859 | - | - | - | - | 83 677 |
| Sale of stands | - | 19 111 | - | - | - | - | - | - | - | 19 111 |
| Other income | - | 2 154 043 | 133 970 | - | 50 128 | - | 49 932 | - | - | 2 388 073 |
| Property rates | - | 141 020 578 | - | - | - | - | - | - | - | 141 020 578 |
| Interest - Taxation revenue | - | 21 114 771 | - | - | - | - | - | - | - | 21 114 771 |
| Government grants and subsidies | 1 559 133 | 267 897 351 | 3 342 535 | 51 989 682 | 29 724 698 | 15 484 099 | 148 445 316 | 25 630 306 | 55 000 000 | 599 073 120 |
| Fines, Penalties and Forfeits | - | - | - | - | 5 600 000 | - | - | - | - | 5 600 000 |
| Total segment revenue | 1 559 133 | 478 817 761 | 3 476 505 | 51 989 682 | 35 380 685 | 15 484 099 | 311 847 442 | 28 289 527 | 64 914 083 | 991 758 917 |
| Entity's revenue | | | | | | | | | | 991 758 917 |

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Figures in Rand

| | Executive & Council | Finance & Administration | Economic & Environmental Services | Roads | Community & Public Safety | Energy Sources | Water management | Waste water management | Waste management | Total |
|--|---------------------|--------------------------|-----------------------------------|---------------------|---------------------------|---------------------|----------------------|------------------------|---------------------|----------------------|
| 51. Segment information (continued) | | | | | | | | | | |
| Expenditure | | | | | | | | | | |
| Employee related cost | (26 632 300) | (90 481 053) | (19 836 160) | (7 703 240) | (30 954 959) | (3 572 754) | (42 097 408) | (12 987 728) | (2 767 317) | (237 032 919) |
| Remuneration of councillors | (27 006 683) | - | - | - | - | - | - | - | - | (27 006 683) |
| Depreciation and amortisation | (1 751 115) | (11 207 381) | (274 416) | (50 765 555) | (27 552 440) | (2 922 340) | (49 630 510) | (2 754 188) | (959 651) | (147 817 596) |
| Finance cost | - | - | - | (461 379) | (3 404 448) | (475 950) | (1 005 693) | - | - | (5 347 470) |
| Lease rentals on operating lease | - | (1 703 225) | - | - | - | - | - | - | - | (1 703 225) |
| Debt Impairment | - | (45 406 384) | - | - | (5 412 891) | - | (132 936 200) | (1 571 050) | (13 922 315) | (199 248 840) |
| Repairs and maintenance | - | (5 611 580) | - | (3 777 164) | (2 691 016) | (244 640) | (17 461 836) | (2 186 089) | (11 570 599) | (43 542 924) |
| Bulk purchases | - | - | - | - | - | - | (106 261 836) | - | - | (106 261 836) |
| Contracted services | - | (20 932 684) | - | - | - | - | - | - | (21 575 278) | (42 507 962) |
| General Expenses | (14 449 800) | (93 156 534) | (247 935) | (117 924) | (34 537 987) | (24 975 187) | (3 615 693) | (7 324 862) | (453 526) | (178 879 448) |
| Loss/Gains on disposal of assets and liabilities | - | (404 838) | - | (5 316 585) | 538 684 | - | (1 521 552) | - | - | (6 704 291) |
| Inventory losses | - | (53 282) | - | - | - | - | - | - | - | (53 282) |
| Impairment of assets | (9) | (2 828 052) | - | - | - | - | - | - | - | (2 828 061) |
| Total segment expenditure | (69 839 907) | (271 785 013) | (20 358 511) | (68 141 847) | (104 015 057) | (32 190 871) | (354 530 728) | (26 823 917) | (51 248 686) | (998 934 537) |
| Total segmental surplus/(deficit) | (68 280 774) | 207 032 748 | (16 882 006) | (16 152 165) | (68 634 372) | (16 706 772) | (42 683 286) | 1 465 610 | 13 665 397 | (7 175 620) |

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Figures in Rand

51. Segment information (continued)

Reporting on segment assets and liabilities

The Municipality has assessed that assets and liabilities associated with each segment is not used by management for decision making purposes, and neither is it being reported on. Assets and liabilities are utilised by management to assess key financial indicators for the Municipality as a whole. Accordingly, the assets and liabilities per segment are not required to be disclosed..

Measurement of segment surplus or deficit, assets and liabilities

Basis of accounting for transactions between reportable segments

The accounting policies of the segments are the same as those described in the summary of significant accounting policies.,e.

The nature and effect of any changes from prior periods in the measurement methods used to determine reported segment surplus or deficit

The Municipality had no changes to the structure of its internal organisation in a manner that caused the composition of its reportable segments to change from the prior year.

Information about geographical areas

Although the Municipality operates in a number of geographical areas (i.e.wards), the geographical information is not considered relevant to management for decision-making. The goods and services provided to the community throughout the entire municipal area are based on similar tariffs and service standards. Therefore, the Municipality has assessed that it operates in a single geographical area.

52. Budget differences

Material differences between budget and actual amounts

Chapter 5

Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|-----------------|------|------|
|-----------------|------|------|

52. Budget differences (continued)

- 52.1 The variance is mainly due to decrease in sale of water as a result of the Covid 19 Lockdown..
- 52.2 The variance is due to increase in outstanding debtors than expected.
- 52.3 The difference is due to over budget for revenue from property rates.
- 52.4 Slowspending is due to late appointment of contractors and community unrest which delayed the appointment of contractors. In addition the lockdown also influenced the spending on projects.
- 52.5 There were no camera fines issued during the year.
- 52.6 The amount saved on employee related cost is due to vacant positions not filled in the current year as expected.
- 52.7 The variance was due to vacancies during the current year.
- 52.8 The variance is mainly due to the restatement of property, plant and equipment..
- 52.9 The variance is due to the finance charges for the landfill site that were not budgeted for.
- 52.10 The variance is due to increase in non performing debtors.
- 52.11 The variance is due to less maintainance done in the current year than expected because of the COVID-19 regulations.
- 52.12 The variance was due to insufficient budget and also increase in water consumption due to lockdown.
- 52.13 The variance was due to insufficient budget for consultants.
- 52.14 The main reason for the overspending is due to sanitation (VIP Toilets) to the amount R 30 816 434 which was budgeted for under capital expenditure.
- 52.15 The reason for the variance of 100% was due to the loss on disposal of assets which was not budgeted for.

Chapter 5

Moses Kotane Local Municipality Appendix A

Schedule of external loans as at 30 June 2021

| Loan Number | Redeemable | Balance at Tuesday, 30 June 2020 | House owners insurance | Redeemed written off during the period | Balance at Wednesday, 30 June 2021 | Carrying Value of Property, Plant & Equip Rand | Other Costs in accordance with the MFMA Rand |
|---|----------------|----------------------------------|------------------------|--|------------------------------------|--|--|
| | | Rand | Rand | Rand | Rand | | |
| Loans | | | | | | | |
| Civic centre extension 3 | 10202511024 01 | 10,97% | 3 587 951 | - | 1 696 118 | 1 891 833 | - |
| | | | 3 587 951 | - | 1 696 118 | 1 891 833 | - |
| Development bank of South Africa | | | | | | | |
| Roads & Stormwater | 100840/1 | 11,44% | 4 073 221 | - | 1 291 622 | 2 781 599 | - |
| Street lighting - Sun City | 100840/1 | 11,44% | 3 298 237 | - | 1 056 788 | 2 241 449 | - |
| Street Mabela A Podi | 101899 | 10,03% | 874 509 | - | 874 509 | - | - |
| Water | 10248/1 | 8,80% | 11 209 394 | - | 4 073 244 | 7 136 150 | - |
| | | | 19 455 361 | - | 7 296 163 | 12 159 198 | - |
| INCA | | | | | | | |
| Civic Centre Extension 1 | 6457 | 11,4% | 3 615 921 | - | 2 688 529 | 927 392 | - |
| Civic Centre Extension 2 | 9078 | 11,48% | 6 932 189 | - | 1 204 893 | 5 727 296 | - |
| INCA Paypoints (Community Halls) | 18721 | 13,85% | 1 491 263 | - | 301 524 | 1 189 739 | - |
| | | | 12 039 373 | - | 4 194 946 | 7 844 427 | - |
| Bonds | | | | | | | |
| Mayoral house | 8065717250 | 7% | 905 202 | - | 101 756 | 803 446 | - |
| | | | 905 202 | - | 101 756 | 803 446 | - |
| Total external loans | | | 35 987 887 | - | 13 288 983 | 22 698 904 | - |

Chapter 5

Moses Kotane Local Municipality Moses Kotane Local Municipality Appendix B

Analysis of property, plant and equipment as at 30 June 2021

| | Opening Balance | Prior period error | Transfers/Adjustments | Additions | Disposals/Retirements | Closing Balance | Opening Balance | Prior Year Error | Transfers/Adjustment | Depreciation/Amortisations | Impairment | Disposals/Retirement | Closing Balance | Carrying value |
|----------------------------------|-----------------|--------------------|-----------------------|-----------|-----------------------|-----------------|-----------------|------------------|----------------------|----------------------------|------------|----------------------|-----------------|----------------|
| | Rand | Rand | Rand | Rand | Rand | Rand | Rand | Rand | Rand | Rand | Rand | Rand | Rand | Rand |
| Land | | | | | | | | | | | | | | |
| Vacant land and Servitudes | 17 684 093 | - | - | - | - | 17 684 093 | - | - | - | - | - | - | - | 17 684 093 |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | 17 684 093 | - | - | - | - | 17 684 093 | - | - | - | - | - | - | - | 17 684 093 |
| Buildings | | | | | | | | | | | | | | |
| Assets under construction | 753 272 | - | - | - | - | 753 272 | - | - | - | - | - | - | - | 753 272 |
| Operational Facilities | 201 118 659 | - | - | - | - | 201 118 659 | (89 762 327) | - | 24 253 | (5 993 660) | (21 726) | - | (95 753 460) | 105 365 199 |
| Housing | 10 877 623 | - | - | - | - | 10 877 623 | (5 806 180) | - | - | (362 486) | - | - | (6 168 666) | 4 708 957 |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | 212 740 554 | - | - | - | - | 212 740 554 | (95 568 507) | - | 24 253 | (6 356 146) | (21 726) | - | (101 922 126) | 110 827 428 |
| Community Assets | | | | | | | | | | | | | | |
| Assets under construction | 12 854 622 | - | (13 348 856) | 9 065 245 | - | 8 573 011 | - | - | - | - | - | - | - | 8 573 011 |
| Community Facilities | 424 506 515 | 317 437 | 13 348 856 | - | - | 438 170 808 | (208 164 056) | (660) | 353 190 | (13 134 222) | - | - | (220 945 748) | 217 225 060 |
| Libraries | 36 908 681 | - | - | - | - | 36 908 681 | (13 108 942) | - | - | (1 065 503) | - | - | (14 264 445) | 22 644 236 |
| Sports and Recreation facilities | 49 651 902 | - | - | - | - | 49 651 902 | (30 821 620) | - | 101 285 | (1 575 781) | - | - | (32 296 105) | 17 355 797 |
| Social Facilities | 2 975 877 | - | - | - | - | 2 975 877 | (1 604 696) | - | - | (74 309) | - | - | (1 679 005) | 1 296 782 |
| | 526 897 597 | 317 437 | - | 9 065 245 | - | 536 280 279 | (253 789 323) | (660) | 454 475 | (15 849 865) | - | - | (269 185 393) | 267 094 886 |

Chapter 5

Moses Kotane Local Municipality Moses Kotane Local Municipality Appendix B

Analysis of property, plant and equipment as at 30 June 2021 Cost ACCUMULATED DEPRECIATION

| | Opening Balance | Prior period error | Transfer/Adjustments | Additions | Disposal/Derecognition | Closing Balance | Opening Balance | Prior Year Error | Transfer/Adjustment | Depreciation/Amortisations | Impairment | Disposal/Derecognition | Closing Balance | Carrying value |
|--|-----------------|--------------------|----------------------|-------------|------------------------|-----------------|-----------------|------------------|---------------------|----------------------------|------------|------------------------|-----------------|----------------|
| | Rand | Rand | Rand | Rand | Rand | Rand | Rand | Rand | Rand | Rand | Rand | Rand | Rand | Rand |
| Infrastructure | | | | | | | | | | | | | | |
| Assets under construction | 187 659 097 | (2 756 457) | (168 302 645) | 184 841 397 | (30 862 633) | 170 578 759 | - | - | - | - | - | - | - | 170 578 759 |
| Electricity/Network-LV Networks | 131 389 175 | 6 198 378 | 1 402 182 | - | - | 138 989 735 | (57 654 212) | (239 304) | - | (3 071 821) | - | - | (60 965 137) | 78 024 598 |
| Electricity/Network-MV Substations | 538 234 | - | - | - | - | 538 234 | (106 328) | - | - | (11 061) | - | - | (118 289) | 419 945 |
| ICT | 30 542 336 | - | - | - | - | 30 542 336 | (9 454 764) | - | - | (3 582 732) | - | - | (13 037 496) | 26 504 840 |
| Road Network | 1 164 738 635 | - | 54 881 162 | - | (4 202 982) | 1 215 416 815 | (517 347 139) | - | 342 668 | (42 053 223) | - | 1 453 802 | (557 803 892) | 657 612 923 |
| Sanitation Network | 158 035 203 | - | - | - | - | 158 035 203 | (74 990 493) | - | - | (2 771 290) | - | - | (77 761 783) | 80 273 420 |
| Stormwater Network | 104 318 960 | - | 2 486 000 | - | - | 106 804 960 | (43 420 308) | - | - | (4 250 605) | - | - | (47 671 301) | 59 133 659 |
| Water Supply Network-Distribution | 670 255 440 | - | 3 495 065 | - | - | 673 750 505 | (341 363 895) | - | - | (9 793 990) | - | - | (351 157 885) | 322 592 620 |
| Water Supply Network-Reservoirs | 143 867 403 | - | 43 538 860 | - | (217 361) | 167 088 902 | (79 369 354) | - | - | (6 555 414) | - | 113 169 | (85 811 599) | 101 377 303 |
| Water Supply Network-Boreholes | 60 958 117 | - | 13 062 863 | - | (6 980 178) | 67 040 802 | (30 062 230) | - | 49 308 | (3 483 910) | 3 272 952 | - | (30 203 790) | 67 267 012 |
| Water Supply Network-Pump Stations | 15 616 553 | - | 9 581 633 | - | (433 798) | 24 764 420 | (5 769 715) | - | - | (907 572) | - | 303 138 | (6 374 140) | 18 390 271 |
| Water Supply Network-Bulk Mains | 1 988 815 448 | - | 34 541 396 | - | - | 2 023 356 842 | (1 106 223 951) | - | - | (30 518 378) | - | - | (1 136 740 329) | 886 616 513 |
| Water Supply Network-Water Treatment Works | 21 145 942 | - | 5 283 485 | - | (637 262) | 25 792 165 | (12 619 224) | - | - | (864 348) | - | 305 348 | (12 978 222) | 12 813 943 |
| Solid Waste Facilities | 32 797 745 | - | 4 479 563 | - | - | 37 277 308 | (15 146 733) | - | - | (795 712) | - | - | (15 942 445) | 21 334 863 |
| Bridges | 36 997 328 | - | - | - | - | 36 997 328 | (15 570 224) | - | - | (489 752) | - | - | (16 059 976) | 20 937 352 |
| | 4 786 675 614 | 3 441 921 | 4 479 564 | 184 841 397 | (42 934 182) | 4 936 504 314 | (2 309 098 658) | (239 304) | 392 066 | (108 928 806) | 3 272 952 | 2 175 457 | (2 412 426 293) | 2 524 078 021 |
| Other Assets | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other assets | 98 633 216 | (466 952) | - | 492 789 | (10 296 421) | 88 362 632 | (67 227 852) | 288 024 | 362 945 | (7 146 401) | 49 041 | 6 418 453 | (65 257 820) | 23 104 812 |

Chapter 5

Moses Kotane Local Municipality Moses Kotane Local Municipality Appendix B

Analysis of property, plant and equipment as at 30 June 2021

| | Cost | | | | | ACCUMULATED DEPRECIATION | | | | | | | | |
|------------------------------------|-------------------------|-------------------------------|------------------------------|-------------------|--------------------------------|--------------------------|-------------------------|-----------------------------|---------------------------------|--|--------------------|--------------------------------|----------------------------|------------------------|
| | Opening Balance Rand | Prior period error Rand | Transfer/Adjustments Rand | Additions Rand | Disposal/Derecognition Rand | Closing Balance Rand | Opening Balance Rand | Prior Year Error Rand | Transfer/ Adjustment Rand | Depreciation/ Amortisations Rand | Impairment Rand | Disposal/Derecognition Rand | Closing Balance Rand | Carrying value Rand |
| Total property plant and equipment | 5 642 640 074 | 3 292 406 | 4 479 564 | 194 399 431 | (53 230 603) | 5 791 580 872 | (2 725 664 370) | 46 060 | 1 233 739 | (136 261 236) | 3 300 267 | 10 593 910 | (2 846 791 632) | 2 942 789 240 |
| Heritage Assets | | | | | | | | | | | | | | |
| Memorial Statue | 14 000 | - | - | - | - | 14 000 | - | - | - | - | - | - | - | 14 000 |
| | 14 000 | - | - | - | - | 14 000 | - | - | - | - | - | - | - | 14 000 |
| Intangible assets | | | | | | | | | | | | | | |
| Assets under construction | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Computer Software | 48 292 445 | (691 421) | - | 1 948 033 | (18 260 250) | 31 288 807 | (34 393 932) | 777 476 | - | (2 469 326) | - | 18 260 250 | (17 625 632) | 13 463 275 |
| | 48 292 445 | (691 421) | - | 1 948 033 | (18 260 250) | 31 288 807 | (34 393 932) | 777 476 | - | (2 469 326) | - | 18 260 250 | (17 625 632) | 13 463 275 |
| Investment properties | | | | | | | | | | | | | | |
| Land | 154 834 422 | (3 806 309) | 945 500 | - | (542 300) | 151 431 313 | - | - | - | - | - | - | - | 151 431 313 |
| | 154 834 422 | (3 806 309) | 945 500 | - | (542 300) | 151 431 313 | - | - | - | - | - | - | - | 151 431 313 |

Chapter 5

Moses Kotane Local Municipality Appendix E(2)

Budget Analysis of Capital Expenditure as at 30 June 2021

| | Additions | Revised Budget | Variance | Variance | Explanation of significant variances from budget |
|---------------------------------|--------------------|--------------------|-------------------|-----------|---|
| | Rand | Rand | Rand | % | |
| Municipality | | | | | |
| Finance and Administration | 54 500 | 500 000 | 445 500 | 89 | Difference below R 1 000 000 |
| Community and Social Services | - | 1 246 611 | 1 246 611 | 100 | |
| Sport and Recreation | 10 975 061 | 11 455 409 | 480 348 | 4 | Difference below R 1 000 000 |
| Road Transport | 69 155 065 | 69 268 458 | 113 393 | - | Difference below R 1 000 000 |
| Energy Sources | 10 394 543 | 16 689 580 | 6 295 037 | 38 | Underspending is due to late appointment of contractors and community unrest and COVID 19 Lockdown. |
| Water Management | 85 857 282 | 108 874 715 | 23 017 433 | 21 | Underspending is due to late appointment of contractors and community unrest and COVID 19 Lockdown. |
| Waste Water Management | 37 220 714 | 45 359 082 | 8 138 368 | 18 | Underspending is due to late appointment of contractors and community unrest and COVID 19 Lockdown. |
| | 213 657 165 | 253 393 855 | 39 736 690 | 16 | |
| Municipal Owned Entities | | | | | |
| Null | - | - | - | - | |
| | 602 139 | - | (602 139) | - | |
| Other charges | - | - | - | - | |

Chapter 6

Moses Kotane Local Municipality

Appendix F

Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003

| Name of Grants | Name of organ of state or municipal entity | Quarterly Receipts | | | | | Quarterly Expenditure | | | | | Grants and Subsidies delayed / withheld | Reason for delay/withholding of funds | Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act | Reason for noncompliance |
|---------------------------------|--|--------------------|---------|---------|-------|---------|-----------------------|-----------|-----------|----------|-----------|---|---------------------------------------|--|--------------------------|
| | | Jul | Oct | Jan | Apr | | Jul | Oct | Jan | Apr | | | | | |
| FMG | MKLM | 1 700 | - | - | - | 1 700 | (162) | (1 003) | (287) | (245) | (1 700) | - | | Yes | n/a |
| Water Infr. Grant | MKLM | 15 000 | 15 000 | 28 025 | - | 58 025 | (9 752) | (16 946) | (13 783) | (31 226) | (71 709) | - | | Yes | n/a |
| EPWP | MKLM | 457 | 822 | - | - | 1 827 | (348) | (749) | (304) | (504) | (1 905) | - | | Yes | n/a |
| Library | MKLM | - | 786 | - | - | 786 | (79) | (98) | (263) | (126) | (568) | - | | | n/a |
| Equitable Share | MKLM | 208 955 | 220 402 | 114 997 | - | 542 394 | (208 955) | (220 402) | (114 997) | - | (542 394) | - | | | n/a |
| MIG | MKLM | 11 515 | 69 794 | 50 516 | - | 131 825 | (19 699) | (32 180) | (28 649) | (52 371) | (132 894) | - | | Yes | n/a |
| Disaster Grant | MKLM | - | - | - | - | - | - | - | - | - | - | - | | | n/a |
| Provincial Infrastructure Grant | MKLM | 1 569 | 1 318 | 3 079 | 6 317 | 12 283 | (1 569) | (1 318) | (3 079) | (6 317) | (12 283) | - | | | n/a |
| | | - | - | - | - | - | - | - | - | - | - | - | | | |
| | | - | - | - | - | - | - | - | - | - | - | - | | | |
| | | - | - | - | - | - | - | - | - | - | - | - | | | |
| | | 237 196 | 308 102 | 196 617 | 6 317 | 748 820 | (238 562) | (272 696) | (161 362) | (90 789) | (763 453) | - | | | |

The financial figures above have been rounded to the nearest one thousand Rand (R'000).

Chapter 6

CHAPTER 6 – ACTION PLAN

| MOSES KOTANE LOCAL MUNICIPALITY AG'S ACTION PLAN | | | | | | | | | | | |
|---|---|---|--|--|------------|------------|-----------------------------|------------------|----------|------------------------------|----------------------------|
| PERIOD:30 JUNE 2021 | | | | | | | | | | | |
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Management proposed solution | Start Date | End Date | Responsible Manager | Progress to date | Comments | Evidence to prove completion | Date of verification by IA |
| Contrary to the above, the following material difference explanations do not assist the end user to understand the reason for the material differences. This is because the reasons only reflect the effect and not the cause of the material difference; | Management did not exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls | Management should ensure that both the cause and its impact form part of the reason for material differences between budget and actual amounts. | Inadequate review of financial statements to ensure that the financial statements are understandable and can be used for decision making by the users. | Management will ensure that financial statements (Both Interim and final FS) are adequately reviewed before submission . | 2022/04/01 | 2022/08/30 | Manager AFS Tebogo Mogorosi | 0% | | | |

Chapter 6

| MOSES KOTANE LOCAL MUNICIPALITY AG'S ACTION PLAN | | | | | | | | | | | |
|--|---|--|--|---|------------|------------|---------------------|------------------|----------|------------------------------|--|
| PERIOD:30 JUNE 2021 | | | | | | | | | | | |
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Management proposed solution | Start Date | End Date | Responsible Manager | Progress to date | Comments | Evidence to prove completion | Date of verification by IA |
| <p>Through inspection of the registers, it was noted that there were no investigations conducted for Irregular and Fruitless & wasteful expenditure incurred in the current and prior years.</p> <p>Also through inspection of the council minutes, for the current year it was also confirmed that the current year irregular, fruitless, and wasteful and unauthorised expenditure was not reported to the council in terms of section 32.</p> | Exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls The accounting officer did not develop and implement controls to ensure compliance | The accounting officer should ensure that all irregular, unauthorised and Fruitless & wasteful expenditure are investigated timeously and reported to the council. | Inadequate planning resulted in challenges and delays on performing investigations. Management did not comply with section 32 on UIF&W expenditure investigations. | Management will prioritise investigations in the next financial year and timeously report to Council. | 10/01/2022 | 30/06/2022 | CFO | 0 | | | Investigations report and Council resolution |

Chapter 6

| MOSES KOTANE LOCAL MUNICIPALITY AG'S ACTION PLAN | | | | | | | | | | | |
|---|--|---|---|--|------------|------------|---------------------|------------------|----------|------------------------------|----------------------------|
| PERIOD:30 JUNE 2021 | | | | | | | | | | | |
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Managements proposed solution | Start Date | End Date | Responsible Manager | Progress to date | Comments | Evidence to prove completion | Date of verification by IA |
| | ce with the MFMA. | | | | | | | | | | |
| It was identified that the following expenditure were incurred in the current financial year which is an indicative of no effective and appropriate steps were taken to | Reasonable steps were not taken to prevent irregular and fruitless expenditure, as | It is recommended that management put a process in place to review and monitor compliance | Non-compliance with SCM regulations regarding procurement | Management to ensure compliance with laws and regulations. | 10/01/2022 | 30/06/2022 | CFO | 0% | | | |

Chapter 6

| MOSES KOTANE LOCAL MUNICIPALITY AG'S ACTION PLAN | | | | | | | | | | | |
|--|---|---|---|--|------------|------------|---------------------|------------------|----------|------------------------------|----------------------------|
| PERIOD:30 JUNE 2021 | | | | | | | | | | | |
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Management proposed solution | Start Date | End Date | Responsible Manager | Progress to date | Comments | Evidence to prove completion | Date of verification by IA |
| prevent unauthorised ,irregular and fruitless and wasteful expenditure. | required by section 62(1)(d) of the MFMA. | with applicable laws and regulations. | processes. | | | | | | | | |
| The following individual was identified as being in the employ of other state institutions and whom through their respective businesses have supplied services to the municipality. It was noted that these suppliers had completed the necessary MBD4 form but did not declare their interest on the MBD4 form. | Management did not review and monitor compliance with applicable laws and regulations | Management should ensure that the directors, shareholders or members of the supplier have fully declared their interest and whether they are working for the state. Management should | Management does not have a system to determine whether employees of other state institutions have businesses supplying services | Management will enforce all directors, shareholders or members of suppliers to declare their interests annually and whenever conflict of interests arises. | 10/01/2022 | 30/06/2022 | SCM Manager | | | Declaration forms | |

Chapter 6

| MOSES KOTANE LOCAL MUNICIPALITY AG'S ACTION PLAN | | | | | | | | | | | |
|---|-----------------|--|-----------------------|--------------------------------|------------|----------|-----------------------|-------------------|-----------|--------------------------------|-----------------------------|
| PERIOD:30 JUNE 2021 | | | | | | | | | | | |
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Managem ents proposed solution | Start Date | End Date | Respon sible Manag er | Progr ess to date | Comm ents | Eviden ce to prove compl etion | Date of verifica tion by IA |
| The payments to suppliers as already been included in the irregular expenditure, but however the municipality is continuing to do business with the suppliers and not following up on the findings. | | ensure that the awards are not given to people who are working for state as it can possibly create corruption or any allegation of favouritism when the award is given to persons employed by the institution or to persons connected with or related to them. | to the municipal ity. | | | | | | | | |

Chapter 6

| MOSES KOTANE LOCAL MUNICIPALITY AG'S ACTION PLAN | | | | | | | | | | | |
|--|---|---|--|--|------------|------------|---------------------|------------------|----------|--------------------------------|----------------------------|
| PERIOD:30 JUNE 2021 | | | | | | | | | | | |
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Management proposed solution | Start Date | End Date | Responsible Manager | Progress to date | Comments | Evidence to prove completion | Date of verification by IA |
| During the audit, the following employees were found to be in business with companies that are in business with the municipality however, the officials did not declare their interest | Management failed to review and monitor compliance with applicable SCM laws and regulations. | Management should ensure that there are sufficient controls in place to ensure compliance with applicable laws and regulations. | Management does not have a system to determine whether employees have other businesses with state. | Management will enforce all employees to declare their interests annually and whenever conflict of interests arises. | 10/01/2022 | 30/06/2022 | SCM Manager | | | Declaration forms | |
| During testing for irregular expenditure relating to the current year management had given reasons for the non-compliance that lead to irregular expenditure, however when we re-audited the non-compliance we | Management did not in all instances exercise oversight responsibility regarding financial and performance | Management should ensure that they only account for irregular expenditure where the nature of non-compliance is irregular | Inadequate testing of irregular expenditure transactions. | Management will ensure that all procurement transactions are adequately tested for compliance with SCM | 10/01/2022 | 30/06/2022 | SCM Manager | | | Irregular expenditure register | |

Chapter 6

| MOSES KOTANE LOCAL MUNICIPALITY AG'S ACTION PLAN | | | | | | | | | | | |
|--|---|-------------------------|-----------------------|--|------------|----------|---------------------|------------------|----------|------------------------------|----------------------------|
| PERIOD:30 JUNE 2021 | | | | | | | | | | | |
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Managements proposed solution | Start Date | End Date | Responsible Manager | Progress to date | Comments | Evidence to prove completion | Date of verification by IA |
| identified that there was no non-compliance from inspection of the supporting documents submitted. | nce reporting and compliance and related internal controls. | expenditure as defined. | | regulations . Monthly irregular expenditure tests will be performed. | | | | | | | |

Chapter 6

| | | | | | | | | | | | |
|--|---|--|---|---|-------------------|-------------------|----------------------|--|--|--|--|
| <p>The below non-compliance were identified during testing of SCM and however the municipality have already included them under irregular expenditure and therefore will not have impact on the completeness of irregular expenditure but will impact compliance of procurement and contract management.</p> <p>1. Written price quotations were not obtained from at least three different prospective providers.</p> <p>2. We were unable to confirm if the bid adjudication committee decided to award the bid to a bidder other than the one recommended by the bid evaluation committee as no supporting documentation were</p> | <p>Management did not review and monitor compliance with applicable laws and regulations.</p> | <p>Management should ensure that they comply with all SCM regulations to avoid non-compliance.</p> | <p>Non-compliance with SCM regulations regarding procurement processes. Inadequate adjudication of tender awards.</p> | <p>Bid committees to ensure thorough reviews of tender bidding documents for completeness and compliance with applicable SCM regulations.</p> | <p>10/01/2022</p> | <p>30/06/2022</p> | <p>SCM - Manager</p> | | | | |
|--|---|--|---|---|-------------------|-------------------|----------------------|--|--|--|--|

Chapter 6

| | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|
| <p>included in the bidding document.</p> <p>3. Bid adjudication committee decided to award the bid to someone other than the one recommended by the bid evaluation committee</p> <p>From the Bid evaluation report dated 14/02/2020 signed by Mr J Sefatsa (BEC Chairman) confirmed that the BEC recommended Retshepaone for an amount of R5 990 146.</p> <p>Inspected the BAC minutes taken on 23/03/2020 and noted that the committee did not recommend Retshepaone.</p> <p>4. The winning provider did not submit declaration of interest</p> <p>5. Awards were not made to providers whose tax matters</p> | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|

Chapter 6

| | | | | | | | | | | | |
|---|--|--|--|--|--|--|--|--|--|--|--|
| had not been declared by SARS to be in order. | | | | | | | | | | | |
|---|--|--|--|--|--|--|--|--|--|--|--|

Chapter 6

| MOSES KOTANE LOCAL MUNICIPALITY AG'S ACTION PLAN | | | | | | | | | | | |
|--|---|--|---|--|------------|------------|---------------------|------------------|----------|------------------------------|----------------------------|
| PERIOD:30 JUNE 2021 | | | | | | | | | | | |
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Management proposed solution | Start Date | End Date | Responsible Manager | Progress to date | Comments | Evidence to prove completion | Date of verification by IA |
| Contrary to the above, Auditors sent a external confirmations email on 9 and 10 November 2021 to the Municipalities legal representatives, on 24 November 2021 the following attorneys had not responded to the external confirmation email; • Sakkie Smith • LM Pretorius | Financial and Performance management. Management did not ensure that their legal service providers comply with the applicable requirements of the audit and submit the information required | Management should ensure that their legal service providers comply with the applicable requirements of the audit and submit the information required by the Auditor General. | Lawyers did not respond to auditor confirmations. | Management to follow up on auditors confirmations. | 10/01/2022 | 30/06/2022 | HOU Legal Services | 0% | | | |

Chapter 6

| MOSES KOTANE LOCAL MUNICIPALITY AG'S ACTION PLAN | | | | | | | | | | | |
|--|-------------------------|----------------------|-----------------------|-------------------------------|------------|----------|---------------------|------------------|----------|------------------------------|----------------------------|
| PERIOD:30 JUNE 2021 | | | | | | | | | | | |
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Managements proposed solution | Start Date | End Date | Responsible Manager | Progress to date | Comments | Evidence to prove completion | Date of verification by IA |
| | by the Auditor General. | | | | | | | | | | |

Chapter 6

| MOSES KOTANE LOCAL MUNICIPALITY AG'S ACTION PLAN | | | | | | | | | | | |
|--|---|---|--|--|------------|------------|---------------------|------------------|----------|------------------------------|----------------------------|
| PERIOD:30 JUNE 2021 | | | | | | | | | | | |
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Management proposed solution | Start Date | End Date | Responsible Manager | Progress to date | Comments | Evidence to prove completion | Date of verification by IA |
| <p>The following transaction does not meet the definition of a contingent liability as the transaction has a present obligation and its probable that the will be an outflow of economic benefits at an amount of R 470 426,30</p> <ul style="list-style-type: none"> • There is currently no court case or dispute that is currently in place with the municipality . But however the municipality have an outstanding debt to Mogaki's for the services they have provided. | Financial and Performance management. Implement proper record keeping in a timely manner to ensure that complete , relevant and accurate information is accessible and available to support financial | Management should ensure that only account for contingent liability only when the liability meets the definition of contingent liabilities. | Inadequate review of the contingencies register and AFS before submission. | Management to ensure that registers and financial statements adequately reviewed before submission . | 10/01/2022 | 30/06/2022 | HOU Legal Services | 0% | | | |

Chapter 6

| MOSES KOTANE LOCAL MUNICIPALITY AG'S ACTION PLAN | | | | | | | | | | | |
|--|---------------------------|----------------------|-----------------------|-------------------------------|------------|----------|---------------------|------------------|----------|------------------------------|----------------------------|
| PERIOD:30 JUNE 2021 | | | | | | | | | | | |
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Managements proposed solution | Start Date | End Date | Responsible Manager | Progress to date | Comments | Evidence to prove completion | Date of verification by IA |
| | and performance reporting | | | | | | | | | | |

Chapter 6

| MOSES KOTANE LOCAL MUNICIPALITY AG'S ACTION PLAN | | | | | | | | | | | |
|---|--|---|--|---|------------|------------|---------------------|------------------|----------|------------------------------|----------------------------|
| PERIOD:30 JUNE 2021 | | | | | | | | | | | |
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Management proposed solution | Start Date | End Date | Responsible Manager | Progress to date | Comments | Evidence to prove completion | Date of verification by IA |
| Contrary to the above, the Municipality did not disclose all contingent liabilities as per GRAP 19. Due to the exclusion of the following matter; Claim by Mr. Makganya for damages sustained due to alleged accident with municipal employee, Mr. Z. Mooketsi, to the amount of R 34 763.73. The matter will be settled by the court on 25 November 2021 thus the matter maintains the definition of a contingent liability. | Financial and Performance management. Implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial | Management should implement the internal controls to ensure that information is completely disclosed. | Inadequate review of the contingencies register and AFS before submission. | Management to ensure that registers and financial statements adequately reviewed before submission. | 10/01/2022 | 30/06/2022 | HOU Legal Services | 0% | | | |

Chapter 6

| MOSES KOTANE LOCAL MUNICIPALITY AG'S ACTION PLAN | | | | | | | | | | | |
|--|----------------------------|----------------------|-----------------------|--------------------------------|------------|----------|-----------------------|-------------------|-----------|--------------------------------|-----------------------------|
| PERIOD:30 JUNE 2021 | | | | | | | | | | | |
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Managem ents proposed solution | Start Date | End Date | Respon sible Manag er | Progr ess to date | Comm ents | Eviden ce to prove compl etion | Date of verifica tion by IA |
| | and performance reporting. | | | | | | | | | | |

Chapter 6

| MOSES KOTANE LOCAL MUNICIPALITY AG'S ACTION PLAN | | | | | | | | | | | |
|--|---|---|--|---|------------|------------|---------------------|------------------|-----------|------------------------------|----------------------------|
| PERIOD:30 JUNE 2021 | | | | | | | | | | | |
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Management proposed solution | Start Date | End Date | Responsible Manager | Progress to date | Comments | Evidence to prove completion | Date of verification by IA |
| As per RFI 51 submitted on the 16 November 2021 and due on the 19 November 2021, the following information relating to the covid 19 allowance was not received: - Approved COVID 19 Allowance policy for the year ended 31 June 2021. | 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 | Financial and Performance Management. Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and | Inadequate controls to ensure that policies and SOP are developed and approved by council timeously. | Management to ensure that any new policies are developed, updated and approved on time to ensure that all municipal processes are covered by approved policies. | 01/07/2021 | 01/07/2021 | HOU HR | 100% | Resolved. | Covid 19 policy | |

Chapter 6

| MOSES KOTANE LOCAL MUNICIPALITY AG'S ACTION PLAN | | | | | | | | | | | |
|--|-----------------|-------------------------|-----------------------|--------------------------------|------------|----------|-----------------------|-------------------|-----------|--------------------------------|-----------------------------|
| PERIOD:30 JUNE 2021 | | | | | | | | | | | |
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Managem ents proposed solution | Start Date | End Date | Respon sible Manag er | Progr ess to date | Comm ents | Eviden ce to prove compl etion | Date of verifica tion by IA |
| | nce reporting. | performanc e reporting. | | | | | | | | | |

Chapter 6

| MOSES KOTANE LOCAL MUNICIPALITY AG'S ACTION PLAN | | | | | | | | | | | |
|--|--|---|---|---|------------|------------|---------------------|------------------|--|------------------------------|----------------------------|
| PERIOD:30 JUNE 2021 | | | | | | | | | | | |
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Management proposed solution | Start Date | End Date | Responsible Manager | Progress to date | Comments | Evidence to prove completion | Date of verification by IA |
| The following differences were noted in the Covid 19 allowance recalculation as per the policy document received | Management of the municipality did not apply the requirements of the circular correctly. Management did not establish and communicate policies and procedures to enable and support understand | Management should ensure that they apply policies and procedures correctly to ensure compliance | Inadequate controls to ensure that policies and SOP are developed and approved by council timeously . | The municipality has introduced a new policy and a new COVID-19 payment amount of R500 per month. The policy gives guidance as to the amount, for when the Audit begins, we will be have a formal policy document to refer to | 01/07/2021 | 01/07/2021 | HOU HR | 100% | Resolved, the Covid 19 allowance is paid per the policy in the 2021/2022 financial year. | | |

Chapter 6

| MOSES KOTANE LOCAL MUNICIPALITY AG'S ACTION PLAN | | | | | | | | | | | |
|--|---|----------------------|-----------------------|--------------------------------|------------|----------|-----------------------|-------------------|-----------|--------------------------------|-----------------------------|
| PERIOD:30 JUNE 2021 | | | | | | | | | | | |
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Managem ents proposed solution | Start Date | End Date | Respon sible Manag er | Progr ess to date | Comm ents | Eviden ce to prove compl etion | Date of verifica tion by IA |
| | nding and executio n of internal control objective s, processe s, and responsi bilities | | | for guidance. | | | | | | | |

Chapter 6

| MOSES KOTANE LOCAL MUNICIPALITY AG'S ACTION PLAN | | | | | | | | | | | |
|---|---|--|---|--|------------|------------|---------------------|------------------|----------|------------------------------|----------------------------|
| PERIOD:30 JUNE 2021 | | | | | | | | | | | |
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Management proposed solution | Start Date | End Date | Responsible Manager | Progress to date | Comments | Evidence to prove completion | Date of verification by IA |
| During the audit of the system for employee related costs we noted that the all-inclusive remuneration package for the Key employees as per the fixed term contract is not in line with the Upper Limits of the Total Remuneration packages(Municipal Managers Government Gazette no. 43122, 20 March 2020). | Management did not exercise oversight responsibility regarding compliance and related internal controls | Management should ensure that the amount remuneration agrees to the legislated amount. | The contracts entered into between the Key Employees and the Municipality are already at an all-inclusive remuneration package that is not in line with the Upper Limits recommended by the Gazette. Management | Management to follow up with MEC for the approval of the Salaries. | 10/01/2022 | 30/06/2022 | HOU HR | 0% | | | |

Chapter 6

| MOSES KOTANE LOCAL MUNICIPALITY AG'S ACTION PLAN | | | | | | | | | | | |
|--|--|--|--|---|-------------|-------------|-----------------------|-------------------|-----------|--------------------------------|-----------------------------|
| PERIOD:30 JUNE 2021 | | | | | | | | | | | |
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Managem ents proposed solution | Start Date | End Date | Respon sible Manag er | Progr ess to date | Comm ents | Eviden ce to prove compl etion | Date of verifica tion by IA |
| | | | ment has sent requests to the MEC previously to approve the packages , but there has not been response s up until today. | | | | | | | | |
| During the audit of overtime, differences were identified in terms of amount paid and the auditors recalculation | Manage ment did not impleme nt proper record keeping in a timely | Managemen t should ensure proper reviews in terms of calculation of overtime | Inadequa te review of captured overtime to ensure accuracy and | Manageme nt to ensure that overtime captured is accurate and complete through | 10/01/ 2022 | 30/06/ 2022 | HOU HR | 0% | | | |

Chapter 6

| MOSES KOTANE LOCAL MUNICIPALITY AG'S ACTION PLAN | | | | | | | | | | | |
|--|--|--|---|---|------------|------------|----------------------|------------------|----------|------------------------------|----------------------------|
| PERIOD:30 JUNE 2021 | | | | | | | | | | | |
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Management proposed solution | Start Date | End Date | Responsible Manager | Progress to date | Comments | Evidence to prove completion | Date of verification by IA |
| | manner to ensure that complete , relevant and accurate information is accessible and available to support financial and performance reporting. | to be paid to employees | completeness. | performing monthly reconciliations between the signed overtime forms and the overtime captured on the system. | | | | | | | |
| During the audit of bulk purchase, it was discovered that the amount paid do not agree to the recalculated amount as per tax invoice | The internal controls failed to reconcile the payment | Management should ensure that a proper review is done prior to any | Inadequate controls to ensure that invoices | Management to recalculate the invoice amount before payment is | 10/01/2022 | 30/06/2022 | Expenditure Manager. | | | | |

Chapter 6

| MOSES KOTANE LOCAL MUNICIPALITY AG'S ACTION PLAN | | | | | | | | | | | |
|---|--|--|--|--|------------|------------|---------------------|------------------|----------|------------------------------|----------------------------|
| PERIOD:30 JUNE 2021 | | | | | | | | | | | |
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Management proposed solution | Start Date | End Date | Responsible Manager | Progress to date | Comments | Evidence to prove completion | Date of verification by IA |
| Lack of supervision and monitoring on payment made prior for the payment to be effected. Bulk purchases is understated by a factual misstatement disagreement of R92,825.53. | s against invoice | payment to be effected for accuracy purposes. | paid are accurate. | made to ensure accuracy. | | | | | | | |
| During the audit of contracted services it was noted that the below transactions were disclosed as contracted services which is contrary to GRAP as there is a separate line item for basic salary in the financial statement. Therefore this results to contracted services being overstated | Management did not prepare regular, accurate and complete financial and performance reports that are supported and | Management must ensure that expenditure is classified correctly. | Inadequate review of financial statements to ensure accuracy completeness of the recorded expenditure. | Management to ensure that separate votes are opened on the system for each class of transaction. | 10/01/2022 | 30/06/2022 | HOU Reporting. | | | | |

Chapter 6

| MOSES KOTANE LOCAL MUNICIPALITY AG'S ACTION PLAN | | | | | | | | | | | |
|--|--|--|--|--|------------|------------|---------------------|------------------|----------|---|----------------------------|
| PERIOD:30 JUNE 2021 | | | | | | | | | | | |
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Management proposed solution | Start Date | End Date | Responsible Manager | Progress to date | Comments | Evidence to prove completion | Date of verification by IA |
| | evidence d by reliable information. | | | | | | | | | | |
| During the audit of fruitless and wasteful expenditure it was identified that interest charged on late payments with a amount of 1 323 180,96 was accounted for which is contrary to exemption notice GN 429 in Government Gazette No. 43181 dated 30 March 2020 | Management did not exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls. | Management should implement internal controls that ensure that the Municipality is always compliant with updated rules and regulations | Non compliance with the applicable laws and regulations. | Management will implement the updated regulations and prepare a prior period correction on Fruitless and wasteful expenditure. | 10/01/2022 | 30/06/2022 | SCM - Manager | | | Prior period error note and Fruitless and wasteful expenditure register | |

Chapter 6

| MOSES KOTANE LOCAL MUNICIPALITY AG'S ACTION PLAN | | | | | | | | | | | |
|---|--|---|--------------------------------------|--|------------|------------|---------------------|------------------|----------|------------------------------|----------------------------|
| PERIOD:30 JUNE 2021 | | | | | | | | | | | |
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Management proposed solution | Start Date | End Date | Responsible Manager | Progress to date | Comments | Evidence to prove completion | Date of verification by IA |
| The below transaction (Government grant) from the general ledger were incorrectly accounted exclusive of vat whereas the goods and services received was from a non VAT vendor. | Financial and performance management. Management did not implement controls over daily and monthly processing and reconciling of transactions. | Management must ensure that revenue recognise should be exclusive of VAT. | Inadequate review of grants listing. | Management to ensure thorough review of registers and support listings to verify the accuracy. | 10/01/2022 | 30/06/2022 | HOU Reporting. | | | | |

Chapter 6

| MOSES KOTANE LOCAL MUNICIPALITY AG'S ACTION PLAN | | | | | | | | | | | |
|---|---|--|------------------------|---|------------|------------|---------------------|------------------|----------|------------------------------|----------------------------|
| PERIOD:30 JUNE 2021 | | | | | | | | | | | |
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Management proposed solution | Start Date | End Date | Responsible Manager | Progress to date | Comments | Evidence to prove completion | Date of verification by IA |
| While performing the walkthroughs for acting allowance process, it was confirmed that Tsepang Pitse (Employ no: 15000084) was appointed as an acting HOD:SCM. Through inspection of his file, it was found that he commenced acting for HOD:SCM position on 01/10/2020 however the application of acting allowance for the period 2020/10/01–2020/12/30 was approved by the Municipal Manager on 2020/10/12. In which this indicate that he had started | Management did not comply with the HR policies of the municipality. | Management should make sure they regularly review acting allowance policy to ensure the municipality complies with the policy. | Management oversight . | Management to ensure that proper documentation is approved on time before appointment for all acting positions. | 10/01/2022 | 30/06/2022 | HR Head of Unit | | | | |

Chapter 6

| MOSES KOTANE LOCAL MUNICIPALITY AG'S ACTION PLAN | | | | | | | | | | | |
|--|-----------------|----------------------|-----------------------|--------------------------------|------------|----------|-----------------------|-------------------|-----------|--------------------------------|-----------------------------|
| PERIOD:30 JUNE 2021 | | | | | | | | | | | |
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Managem ents proposed solution | Start Date | End Date | Respon sible Manag er | Progr ess to date | Comm ents | Eviden ce to prove compl etion | Date of verifica tion by IA |
| acting in the position before the acting approval. | | | | | | | | | | | |

Chapter 6

| MOSES KOTANE LOCAL MUNICIPALITY AG'S ACTION PLAN | | | | | | | | | | | |
|--|---|--|--|--|------------|------------|---------------------|------------------|----------|------------------------------|----------------------------|
| PERIOD:30 JUNE 2021 | | | | | | | | | | | |
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Management proposed solution | Start Date | End Date | Responsible Manager | Progress to date | Comments | Evidence to prove completion | Date of verification by IA |
| During the understanding of the system for employee related costs we noted that the all-inclusive remuneration package for the Mr. Maseloane (HOU:ICT) as per his fixed term contract is not in line with the Upper Limits of Total Remuneration packages(Municipal Managers Government Gazette no. 43122, 20 March 2020). Refer to table below for the difference: | Leadership Management did not exercise oversight responsibility regarding compliance and related internal controls. | Management should ensure that the amount remuneration agrees to the legislated amount. | The municipality's salary structure was formulated before the the SALGA upper limits were implemented and it has affected the entire municipal salary structure as correction is not possible. The municipal | Follow up on the concurrence from the office of the MEC. | 10/01/2022 | 30/06/2022 | HR Head of Unit | | | | |

Chapter 6

| MOSES KOTANE LOCAL MUNICIPALITY AG'S ACTION PLAN | | | | | | | | | | | |
|--|-----------------|----------------------|--|--------------------------------|------------|----------|-----------------------|-------------------|-----------|--------------------------------|-----------------------------|
| PERIOD:30 JUNE 2021 | | | | | | | | | | | |
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Managem ents proposed solution | Start Date | End Date | Respon sible Manag er | Progr ess to date | Comm ents | Eviden ce to prove compl etion | Date of verifica tion by IA |
| | | | ity has further requeste d concurrence from COGTA MEC on the issue | | | | | | | | |

Chapter 6

| MOSES KOTANE LOCAL MUNICIPALITY AG'S ACTION PLAN | | | | | | | | | | | |
|--|---|--|--|--|------------|------------|---------------------|------------------|----------|------------------------------|----------------------------|
| PERIOD:30 JUNE 2021 | | | | | | | | | | | |
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Management proposed solution | Start Date | End Date | Responsible Manager | Progress to date | Comments | Evidence to prove completion | Date of verification by IA |
| <p>During the completion of the use of consultants' business process, the following was identified.</p> <p>1. The municipality does not have a consultancy reduction plan in place.</p> <p>2. The SCM policy does not include measures to address over reliance on consultants, which it was stated that the municipality applies Circular 82 to address over reliance on the use of consultants. The matter is the municipality does not have a consultancy reduction plan in</p> | Lack of monitoring by management with regards to the transfer of skills by the consultants to the municipal staff | Management should also ensure that skills are transferred to municipal officials when consultants are used, as well as have a reduction plan in place to avoid over reliance on consultants. | Management does not currently have sufficient skilled workforce. Oversight on review of policies | Management to ensure proper skills transfers to the current workforce. Management to ensure filling of vacancies Management to ensure that policy review processes are improved to ensure that all relevant information is inclusive | 10/01/2022 | 30/06/2022 | HoU: SCM | | | | |

Chapter 6

| MOSES KOTANE LOCAL MUNICIPALITY AG'S ACTION PLAN | | | | | | | | | | | |
|--|--|--|---|---|------------|------------|-----------------------|-------------------|-----------|--------------------------------|-----------------------------|
| PERIOD:30 JUNE 2021 | | | | | | | | | | | |
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Managem ents proposed solution | Start Date | End Date | Respon sible Manag er | Progr ess to date | Comm ents | Eviden ce to prove compl etion | Date of verifica tion by IA |
| place, which reflects to the auditor that the municipality will use consultants indefinitely, which results in over reliance in the use of consultants. | | | | in all policies | | | | | | | |
| During the 2020/21 audit, the auditors assessed municipal policies submitted for audit and it was noted that some policies did not go through council for reviews and approval, and some of these policies do not state the required intervals of review and approval, | Leadership The municipality did not establish and communicate policies and procedures to enable | All policies should clearly state the review and approval intervals, and all policies that have not yet been approved should be presented to council for | Lengthy deliberations between management, LLF and unions on policies, as a result policies were not | Management to ensure that policy review processes are improved to ensure that all relevant information is inclusive in all policies | 29/06/2021 | 01/07/2021 | HoU: HR | 100% | | | |

Chapter 6

| MOSES KOTANE LOCAL MUNICIPALITY AG'S ACTION PLAN | | | | | | | | | | | |
|---|--|---|---|---|------------|------------|---------------------|------------------|----------|------------------------------|----------------------------|
| PERIOD:30 JUNE 2021 | | | | | | | | | | | |
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Management proposed solution | Start Date | End Date | Responsible Manager | Progress to date | Comments | Evidence to prove completion | Date of verification by IA |
| such policies are listed below | and support understanding and execution of internal control objectives, processes, and responsibilities. | review and approval. | approved timeously | | | | | | | | |
| 1. Registers review and approval As part of the audit planning procedures, it was noted that the following control are not in place with regards to unauthorised expenditure, Fruitless & Wasteful | Financial and performance management - There is no evidence that the control | It is recommended that the designed controls be implemented and it be ensured that they are operating | Inadequate review of registers before submission of financial statements. | Management to ensure that all supporting schedules are submitted for review before submission | 01/07/2021 | 30/06/2022 | HoU: Assets | | | | |

Chapter 6

| MOSES KOTANE LOCAL MUNICIPALITY AG'S ACTION PLAN | | | | | | | | | | | |
|---|---|--------------------------------|-----------------------|--------------------------------|------------|----------|---------------------|------------------|----------|------------------------------|----------------------------|
| PERIOD:30 JUNE 2021 | | | | | | | | | | | |
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Management proposed solution | Start Date | End Date | Responsible Manager | Progress to date | Comments | Evidence to prove completion | Date of verification by IA |
| <p>Expenditure, Irregular expenditure, Accruals, Contingencies and Commitments:</p> <ul style="list-style-type: none"> - Commitment register is reviewed and approved by the HOU SCM - The litigation report or Contingencies register is reviewed by the HOU: Legal Services - The accrual register is reviewed and approved by manager creditors once a year at year end - The irregular expenditure register is reviewed by SCM manager monthly; and approved by the | <p>said to be in place was implemented - i.e. the registers are not signed as evidence of review and approval; and there was an error on a journal not detected following the review process. Implement</p> | <p>effectively per design.</p> | | <p>of financial statements</p> | | | | | | | |

Chapter 6

| MOSES KOTANE LOCAL MUNICIPALITY AG'S ACTION PLAN | | | | | | | | | | | |
|---|---|----------------------|-----------------------|--------------------------------|------------|----------|-----------------------|-------------------|-----------|--------------------------------|-----------------------------|
| PERIOD:30 JUNE 2021 | | | | | | | | | | | |
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Managem ents proposed solution | Start Date | End Date | Respon sible Manag er | Progr ess to date | Comm ents | Eviden ce to prove compl etion | Date of verifica tion by IA |
| <p>CFO</p> <ul style="list-style-type: none"> - The fruitless and wasteful expenditure register is reviewed by manager creditors monthly; and approved by the CFO - The CFO reviews the unauthorised expenditure register <p>Per review of the registers stated above, we noted that there was no evidence of review thereon.</p> <p>2. Journal review with errors</p> <p>Journal 07Interim2021 was noted to contain the following error, while it went through the</p> | controls over daily and monthly processing and reconciling transactions | | | | | | | | | | |

Chapter 6

| MOSES KOTANE LOCAL MUNICIPALITY AG'S ACTION PLAN | | | | | | | | | | | |
|---|-----------------|----------------------|-----------------------|-------------------------------|------------|----------|---------------------|------------------|----------|------------------------------|----------------------------|
| PERIOD:30 JUNE 2021 | | | | | | | | | | | |
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Managements proposed solution | Start Date | End Date | Responsible Manager | Progress to date | Comments | Evidence to prove completion | Date of verification by IA |
| review process, which did not detect the error. - Date compiled 14/06/2021 - Date authorised 14/04/2021 | | | | | | | | | | | |

Chapter 6

| MOSES KOTANE LOCAL MUNICIPALITY AG'S ACTION PLAN | | | | | | | | | | | |
|--|--|---|-----------------------------|---|------------|------------|---------------------|------------------|----------|------------------------------|----------------------------|
| PERIOD:30 JUNE 2021 | | | | | | | | | | | |
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Management proposed solution | Start Date | End Date | Responsible Manager | Progress to date | Comments | Evidence to prove completion | Date of verification by IA |
| <p>Per review of the documentation that serves as proof of submission to the MEC noted the following:</p> <p>1) The 2020/21 Draft IDP was submitted on 02 June 2020. > The acknowledgement letter was signed by Mr. Mothusi Oagile (Director: Municipal Development Planning) on 25/06/2020.</p> <p>2) The 2020/21 Final IDP was submitted on 21 July 2020. > The acknowledgement letter was signed by Mr. Mothusi Oagile (Director: Municipal</p> | <p>Financial and performance management - The Municipality did not comply with Municipal Systems Act in terms of ensuring submission of the Council adopted/ approved IDP to the MEC post adoption</p> | <p>It is recommended that measures be put in place to ensure that the integrated development plan as adopted by the council of the municipality is submitted to the MEC for local government in the province within 10 days of the adoption or amendment of the plan.</p> | <p>Management oversight</p> | <p>Management to ensure proper planning and implementation of legislative requirements.</p> | 01/07/2021 | 30/06/2022 | HoU: IDP | | | | |

Chapter 6

| MOSES KOTANE LOCAL MUNICIPALITY AG'S ACTION PLAN | | | | | | | | | | | |
|---|-----------------|----------------------|-----------------------|--------------------------------|------------|----------|-----------------------|-------------------|-----------|--------------------------------|-----------------------------|
| PERIOD:30 JUNE 2021 | | | | | | | | | | | |
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Managem ents proposed solution | Start Date | End Date | Respon sible Manag er | Progr ess to date | Comm ents | Eviden ce to prove compl etion | Date of verifica tion by IA |
| <p>Development Planning) on 25/08/2020.</p> <p>Reviewed all the Council Minutes submitted for audit and noted the following resolution in terms of the IDP:</p> <p>> 82/02/2021 - Amendment of the reviewed IDP for 2020/21 and revised IDP guidelines for the year 2020 (Meeting date: 26 Feb 2021)</p> <p>> 21/08/2020 - Draft IDP/ Budget & PMS Process Plan for 2021/2022 Financial Year (Meeting date: 31 Aug 2020)</p> <p>From this review, it was noted that the</p> | by Council. | | | | | | | | | | |

Chapter 6

| MOSES KOTANE LOCAL MUNICIPALITY AG'S ACTION PLAN | | | | | | | | | | | |
|---|-----------------|----------------------|-----------------------|--------------------------------|------------|----------|-----------------------|-------------------|-----------|--------------------------------|-----------------------------|
| PERIOD:30 JUNE 2021 | | | | | | | | | | | |
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Managem ents proposed solution | Start Date | End Date | Respon sible Manag er | Progr ess to date | Comm ents | Eviden ce to prove compl etion | Date of verifica tion by IA |
| MSA requirement was not complied with as the subsequent amendment to the IDP as adopted by council was submitted to the MEC prior to the Council adoption | | | | | | | | | | | |

Chapter 6

| MOSES KOTANE LOCAL MUNICIPALITY AG'S ACTION PLAN | | | | | | | | | | | |
|---|---|---|--|--|------------|------------|---------------------|------------------|----------|------------------------------|----------------------------|
| PERIOD:30 JUNE 2021 | | | | | | | | | | | |
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Management proposed solution | Start Date | End Date | Responsible Manager | Progress to date | Comments | Evidence to prove completion | Date of verification by IA |
| <p>During the planning phase of the audit, we have noted that the stock adjustment form no.36 to approve adjustment of stock after the second quarter stock count was not approved.</p> <p>This is an indication of internal control deficiency, as the head of asset unit should approve stock adjustment form before the stock is adjusted in the system to confirm the accuracy and existence of the adjustment.</p> | There is no evidence that the control said to be in place was implemented - i.e. stock adjustment form was not approved by the head of asset unit before adjustments were done on the system. | It is recommended that the designed controls be implemented and it be ensured that they are operating effectively per design. | Inadequate controls to ensure that stock counts are per the standard operating procedures. | Management to ensure that all stock counts are per the SOPs going forward. | 10/01/2022 | 30/06/2022 | HOU Assets | | | | |

Chapter 6

| MOSES KOTANE LOCAL MUNICIPALITY AG'S ACTION PLAN | | | | | | | | | | | |
|--|--|---|---|---|------------|------------|---------------------|------------------|----------|------------------------------|----------------------------|
| PERIOD:30 JUNE 2021 | | | | | | | | | | | |
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Management proposed solution | Start Date | End Date | Responsible Manager | Progress to date | Comments | Evidence to prove completion | Date of verification by IA |
| <p>During the planning phase of the audit, we identified that there is vacancy of key positions:</p> <p>1. HOU: Supply chain Management 2. HOD: Cooperate Services</p> <p>It is also noted that the municipality's overall vacancy rate is at 47%.</p> | <p>The municipality did not ensure that systems are designed to ensure adequate segregation of duties, and where this is not practical, sufficient compensating controls are in place.</p> | <p>Management should make sure that the vacant positions are filled to ensure segregation of duties and employees being able to perform their functions .</p> | <p>Lack of controls to ensure that vacant positions are timeously filled.</p> | <p>Management to ensure that all vacant positions are filled on time.</p> | 10/01/2022 | 30/06/2022 | HOU HR | | | | |

Chapter 6

| | | | | | | | | | | | |
|--|--|---|--|---|------------|------------|----------|------|--|---------------------|--|
| During the planning phase of the audit, it was identified that the municipality does not have an ICT steering committee. The committee was last active in 2017 and management only submitted the appointment letter, which was signed by members for the 2021/2022 period, which does not support the ICT committee being active in the current year. From inspection of the ICT steering committee appointment letters as members of the committee, the following was confirmed: 1. Letters were dated 01/07/2021. 2. The MM signed the letters. 3. The appointment is based on a council resolution Item No. 132/05/2021. | Governance Management did not Establish an IT governance framework that supports and enables the business, delivers value and improves performance | Management should use alternative means to officially appoint selected members of the ICT steering committee. | Lack of good governance and leadership | Management has since appointed the Audit Steering committee in October 2021 | 01/12/2021 | 10/01/2022 | HoU: ICT | 100% | | Appointment letters | |
|--|--|---|--|---|------------|------------|----------|------|--|---------------------|--|

Chapter 6

| | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|
| <p>We inspected the appointment letters and confirmed that only the following members have -</p> <ul style="list-style-type: none"> accepted the appointment - Tsholofelo Ramosepele: Chief Risk Officer - Thembi Lebusa: HOU – Budget - Wageng Mokgosi: HOU – Information & Communication Technology <p>It was also communicated that the below officials are also part of the committee but however the appointment letters were not submitted and therefore we could not confirm if they are actually members</p> <ul style="list-style-type: none"> Boitumelo Molefe: HOU – Internal Audit - Did not sign Jeanette Malinga: HOU – Human | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|

Chapter 6

| | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|
| <p>Resource Management - Did not sign</p> <p>Stephan Piek: HOU – Legal Services - Did not sign</p> <p>Victor Mmope: HOU – Human Settlement - Did not sign</p> <p>Kenneth Mahlangu: Manager – ICT Network Security & Systems - Did not sign</p> <p>Even though the above information was submitted, it is concluded that the committee members were only appointed for 2021/22 and therefore in the current year there was no ICT steering committee.</p> | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|

Chapter 6

| MOSES KOTANE LOCAL MUNICIPALITY AG'S ACTION PLAN | | | | | | | | | | | |
|---|---|---|---|---|------------|------------|---------------------|------------------|----------|------------------------------|----------------------------|
| PERIOD:30 JUNE 2021 | | | | | | | | | | | |
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Management proposed solution | Start Date | End Date | Responsible Manager | Progress to date | Comments | Evidence to prove completion | Date of verification by IA |
| From discussion with the ICT unit head it was confirmed that the unit does not have an Approved IT strategic plan for the 2020/21 financial year. Non-compliance with the Business and ICT alignment Planning. | Governance Management did not establish an IT governance framework that supports and enables the business, delivers value and improves performance. | Management should ensure that an ICT strategic strategy is developed and complies with policy and related laws and regulations. | The strategic plan is in the draft phase, it still needs approval before implementation | Management to ensure timeous approval and implementation of the strategic plan, and further ensure continuous monitoring. | 10/01/2022 | 30/06/2022 | HoU: ICT | | | | |

Chapter 6

| MOSES KOTANE LOCAL MUNICIPALITY AG'S ACTION PLAN | | | | | | | | | | | |
|--|--|--|--|--|------------|------------|---------------------|------------------|----------|------------------------------|----------------------------|
| PERIOD:30 JUNE 2021 | | | | | | | | | | | |
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Management proposed solution | Start Date | End Date | Responsible Manager | Progress to date | Comments | Evidence to prove completion | Date of verification by IA |
| <p>During the test of controls under the purchases, payables and payments business process the following control deficiencies were identified:</p> <p>1. Registers' review and approval The following registers do not have any evidence of review and approval by senior personnel.</p> <ul style="list-style-type: none"> - Retention register no review by HOU: Assets - Income received in advance register no review by HOU: revenue <p>2. Lack of segregation of duties From inspection of the tax invoice no:</p> | Financial and performance management Management ineffectively implemented controls over daily and monthly processing and reconciling transactions. | Management should create an awareness of designed controls and provide regular training to staff of the designed controls for better implementation. | Inadequate controls to ensure that all registers are submitted for review before the submission of the financial statements. | Implementation of the standard operating procedures to ensure that | 10/01/2022 | 30/06/2022 | Manager: Creditors | | | | |

Chapter 6

| MOSES KOTANE LOCAL MUNICIPALITY AG'S ACTION PLAN | | | | | | | | | | | |
|---|-----------------|----------------------|-----------------------|-------------------------------|------------|----------|---------------------|------------------|----------|------------------------------|----------------------------|
| PERIOD:30 JUNE 2021 | | | | | | | | | | | |
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Managements proposed solution | Start Date | End Date | Responsible Manager | Progress to date | Comments | Evidence to prove completion | Date of verification by IA |
| <p>Inv003 dated 23/03/2021, the supplier name is Baithusi trading, tender number 011/MKLM/2020/2021 for installation of 297 VIP toilets in Mabele-a-podu and Ramokokastad through rural sanitation programme, payment certificate no. 04 for an amount R715 672,32 VAT inclusive, for a period of 19/02/2021 to 19/03/2021.</p> <p>It was identified that Payment certificate no. 04 was signed by the contractor and project manager on 23/03/2021, then signed by B</p> | | | | | | | | | | | |

Chapter 6

| MOSES KOTANE LOCAL MUNICIPALITY AG'S ACTION PLAN | | | | | | | | | | | |
|---|-----------------|----------------------|-----------------------|--------------------------------|------------|----------|-----------------------|-------------------|-----------|--------------------------------|-----------------------------|
| PERIOD:30 JUNE 2021 | | | | | | | | | | | |
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Managem ents proposed solution | Start Date | End Date | Respon sible Manag er | Progr ess to date | Comm ents | Eviden ce to prove compl etion | Date of verifica tion by IA |
| Maseloane (HOD: Infrastructure and technical services) as both the PMU Manager and HOD: Infrastructure and technical services on the 29/03/2021 | | | | | | | | | | | |

Chapter 6

| MOSES KOTANE LOCAL MUNICIPALITY AG'S ACTION PLAN | | | | | | | | | | | |
|---|--|--|---|--|------------|------------|---------------------|------------------|----------|------------------------------|----------------------------|
| PERIOD:30 JUNE 2021 | | | | | | | | | | | |
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Management proposed solution | Start Date | End Date | Responsible Manager | Progress to date | Comments | Evidence to prove completion | Date of verification by IA |
| <p>The following request for Information were communicated to management on the respective dates, but were not submitted within the required timeframe & still outstanding:</p> <p>RFI 55 of 2021. Issued 19 November 2021 with a submission date 24 November 2021.</p> | <p>The long outstanding RFI's is indicative of a control environment where information is not readily available which may be as a result of poor filing/record keeping</p> | <p>It is recommended that management put a process in place to monitor the response rate to requests from the auditor and take action where information is not being submitted within the required time frame.</p> | <p>The said inventory was held from the merging of water boards into the Municipality in 2006 of which detailed ledgers were not accounted for but on balances transferred. From 2006 until 2011 the municipality was still using</p> | <p>The stock items are still usable and cannot be written off. As a result, management is to look for an alternative way of assessing the current value of the stock items/replacement cost, so as to clear the finding.</p> | 10/01/2022 | 30/06/2022 | HOU Assets | 0% | | | |

Chapter 6

| MOSES KOTANE LOCAL MUNICIPALITY AG'S ACTION PLAN | | | | | | | | | | | |
|---|---|--|---|---|------------|------------|---------------------|------------------|----------|------------------------------|----------------------------|
| PERIOD:30 JUNE 2021 | | | | | | | | | | | |
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Management proposed solution | Start Date | End Date | Responsible Manager | Progress to date | Comments | Evidence to prove completion | Date of verification by IA |
| | | | Magalies Water stock system which was Kingpin system. | | | | | | | | |
| During the testing of completeness of irregular expenditure we inspected all findings raised in the prior year in which auditors have confirmed that they are irregular and confirmed that if the current year expenditure was included in the current year irregular expenditure | Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and | Management needs to ensure that the records as disclosed in the financial statements are supported with reliable financial data that is monitored regularly to | Inadequate review of Irregular expenditure registers. | Management will ensure that all irregular transactions are included in the register with correct amounts in the correct period. Monthly irregular | 10/01/2022 | 30/06/2022 | SCM Manager | | | | |

Chapter 6

| MOSES KOTANE LOCAL MUNICIPALITY AG'S ACTION PLAN | | | | | | | | | | | |
|---|--|---|-----------------------|---|------------|----------|---------------------|------------------|----------|------------------------------|----------------------------|
| PERIOD:30 JUNE 2021 | | | | | | | | | | | |
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Management proposed solution | Start Date | End Date | Responsible Manager | Progress to date | Comments | Evidence to prove completion | Date of verification by IA |
| incurred. We confirmed that some of the expenditure recorded is not accurate and some of the expenditure we not recorded at all. This results to irregular expenditure being understated by a factual misstatement of R10 106 925.37. | accurate information is accessible and available to support financial and performance reporting. | ensure it is accurate. Management also needs to revisit all findings raised by auditors to ensure that they access them and disclose the non-compliance identified. | | expenditure reviews will be performed. Management will prepare a prior period correction and restate the amounts included on irregular expenditure. | | | | | | | |

Chapter 6

| MOSES KOTANE LOCAL MUNICIPALITY AG'S ACTION PLAN | | | | | | | | | | | |
|---|--|--|--|---|------------|------------|---------------------|------------------|----------|------------------------------|----------------------------|
| PERIOD:30 JUNE 2021 | | | | | | | | | | | |
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Management proposed solution | Start Date | End Date | Responsible Manager | Progress to date | Comments | Evidence to prove completion | Date of verification by IA |
| <p>During the audit of irregular expenditure, it was identified that there was a reversal of irregular expenditure which was accounted to unauthorised expenditure due to the fact that the refuse of removal vote was overspent</p> <p>In the current year the budgeted amount for refuse removal amounted to R21 200 000 and the total expenditure is R22 864 602,75 and however the total expenditure on the contract in terms of irregular expenditure register was R26 833</p> | <p>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</p> | <p>Management needs to ensure that the records as disclosed in the financial statements are supported with reliable financial data that is monitored regularly to ensure it is accurate.</p> | <p>Management did not adequately review the calculation for the reversal of irregular expenditure.</p> | <p>Management will ensure adequate review of unauthorised expenditure and reversal of irregular expenditure. Management will prepare a prior period correction and restate the reversal amount included on irregular expenditure.</p> | 10/01/2022 | 30/06/2022 | SCM Manager | | | | |

Chapter 6

| MOSES KOTANE LOCAL MUNICIPALITY AG'S ACTION PLAN | | | | | | | | | | | |
|--|-----------------|----------------------|-----------------------|--------------------------------|------------|----------|-----------------------|-------------------|-----------|--------------------------------|-----------------------------|
| PERIOD:30 JUNE 2021 | | | | | | | | | | | |
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Managem ents proposed solution | Start Date | End Date | Respon sible Manag er | Progr ess to date | Comm ents | Eviden ce to prove compl etion | Date of verifica tion by IA |
| <p>610,33. This resulted to the municipality overspending that resulted to unauthorised expenditure of R5 633 610.22.</p> <p>We inspected the irregular expenditure register and confirmed that only R1 278 938 was reversed and accounted as unauthorised expenditure instead of R5 633 610.22 which makes irregular expenditure being overstated by R4 354 672,33 and unauthorised expenditure understated by the same amount.</p> | reporting. | | | | | | | | | | |

Chapter 6

| MOSES KOTANE LOCAL MUNICIPALITY AG'S ACTION PLAN | | | | | | | | | | | |
|---|-----------------|----------------------|-----------------------|--------------------------------|------------|----------|-----------------------|-------------------|-----------|--------------------------------|-----------------------------|
| PERIOD:30 JUNE 2021 | | | | | | | | | | | |
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Managem ents proposed solution | Start Date | End Date | Respon sible Manag er | Progr ess to date | Comm ents | Eviden ce to prove compl etion | Date of verifica tion by IA |
| Irregular expenditure is overstated by R4 354 672.33 and unauthorised expenditure understated by the same amount. | | | | | | | | | | | |

Chapter 6

| MOSES KOTANE LOCAL MUNICIPALITY AG'S ACTION PLAN | | | | | | | | | | | |
|--|--|--|--|---|------------|------------|---------------------|------------------|----------|------------------------------|----------------------------|
| PERIOD:30 JUNE 2021 | | | | | | | | | | | |
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Management proposed solution | Start Date | End Date | Responsible Manager | Progress to date | Comments | Evidence to prove completion | Date of verification by IA |
| The following employee were identified as being directors in the following supplier of the municipality while no relationship has been declared in the MBD 4 form. KK SEFORA MANAGER : WASTE MANAGEMENT SHOKAR GLOBAL PTY LT Non-compliance with SCM reg. 13(c) which resulted to irregular expenditure of R24 739.44 | The Supply Chain Management (SCM) unit do not have an effective system of verifying possible interest in contracts before an award is made | The Accounting Officer and the Supply Chain Management (SCM) should investigate and take necessary processes in accordance with the municipal policies. There system on monitoring the declaration should be reviewed for its effectiveness in | Management does not have a system to determine whether employees are directors have other businesses supplying services with the municipality. | Management will enforce all employees to declare their interests annually and whenever conflict of interests arises. Management will enforce and adequately review completion of MDB4 forms by suppliers. | 10/01/2022 | 30/06/2022 | SCM Manager | | | | |

Chapter 6

| MOSES KOTANE LOCAL MUNICIPALITY AG'S ACTION PLAN | | | | | | | | | | | |
|--|--|---|---|--|------------|------------|---------------------|------------------|----------|------------------------------|----------------------------|
| PERIOD:30 JUNE 2021 | | | | | | | | | | | |
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Management proposed solution | Start Date | End Date | Responsible Manager | Progress to date | Comments | Evidence to prove completion | Date of verification by IA |
| | | preventing the municipality doing business with employees. | | | | | | | | | |
| During the testing of irregular expenditure relating to the current year we have noted that management have incorrectly included amount inclusive of VAT rather than exclusive of VAT as the municipality is registered for VAT. | Management did not in all instances exercise oversight responsibility regarding financial and performance reporting and compliance and | Management should ensure irregular expenditure in the current year is included at the correct amount and also exclusive of VAT to ensure the accuracy and | Inadequate review of Irregular expenditure registers. | Management will ensure that all irregular transactions are included in the register with correct amounts. Monthly irregular expenditure reviews will be performed. | 10/01/2022 | 30/06/2022 | SCM Manager | | | | |

Chapter 6

| MOSES KOTANE LOCAL MUNICIPALITY AG'S ACTION PLAN | | | | | | | | | | | |
|--|--|--|---|---|------------|------------|---------------------|------------------|----------|------------------------------|----------------------------|
| PERIOD:30 JUNE 2021 | | | | | | | | | | | |
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Management proposed solution | Start Date | End Date | Responsible Manager | Progress to date | Comments | Evidence to prove completion | Date of verification by IA |
| | related internal controls. | valuation of the irregular expenditure register. | | | | | | | | | |
| Irregular expenditure: Prior period adjustment misstated | Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available | Management needs to ensure that the records as disclosed in the financial statements are supported with reliable financial data that is monitored regularly to ensure it is accurate. Management also needs to revisit all transaction | Inadequate controls to ensure monthly recording and review of irregular expenditure transactions. | Management had adjusted the irregular expenditure register and AFS Note. Management will ensure thorough review of register on a monthly basis. | 10/01/2022 | 30/06/2022 | SCM - Manager | | | | |

Chapter 6

| MOSES KOTANE LOCAL MUNICIPALITY AG'S ACTION PLAN | | | | | | | | | | | |
|--|---|---|---|---|------------|------------|---------------------|------------------|----------|------------------------------|----------------------------|
| PERIOD:30 JUNE 2021 | | | | | | | | | | | |
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Management proposed solution | Start Date | End Date | Responsible Manager | Progress to date | Comments | Evidence to prove completion | Date of verification by IA |
| | to support financial and performance reporting. | disclosed for prior period error to ensure that they are accurate and that non-compliance was identified. | | | | | | | | | |
| During the testing off PPE additions the following issues was identified. The infrastructure WIP items listed above were incorrectly allocated payments as follows: 1. SUPPLY AND INSTALLATION OF HML - PITSEDISULEJANG the municipality included PV No. | Management failed to implement controls over daily and monthly processing and reconciling of transactions | Management should ensure sufficient reviews of PPE payments and prepare regular reconciliations of expenditure on its projects. | Management did not implement controls over daily and monthly processing and reconciling of transactions | Management will ensure sufficient reviews of PPE payments and prepare regular reconciliations of expenditure on its projects. | 01/01/2022 | 30/06/2022 | HoU Assets | 0% | | | |

Chapter 6

| MOSES KOTANE LOCAL MUNICIPALITY AG'S ACTION PLAN | | | | | | | | | | | |
|---|---|---|---|---|------------|------------|---------------------|------------------|----------|------------------------------|----------------------------|
| PERIOD:30 JUNE 2021 | | | | | | | | | | | |
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Management proposed solution | Start Date | End Date | Responsible Manager | Progress to date | Comments | Evidence to prove completion | Date of verification by IA |
| 90066188 in their calculations, which relates to high mass lights being set up in Moubane village. 2. SUPPLY AND INSTALLATION OF HML (GOEDEHOOP) the municipality included PV No. 90066560 in their calculations which relates to High mass lights being set up in Sesobe village. | | | | | | | | | | | |
| On the process of physically verifying assets listed on the asset register, it was noted that only 2 assets could not be verified. The Tank was said to have been damaged and moved to water and | Management failed to implement proper record keeping in a timely manner to ensure | Management should establish and implement effective controls over the movement and current conditions | Management did not implement proper record keeping in a timely manner to ensure | Management will establish and implement effective controls over the movement and current conditions | 01/01/2022 | 30/06/2022 | HoU Assets | 0% | | | |

Chapter 6

| MOSES KOTANE LOCAL MUNICIPALITY AG'S ACTION PLAN | | | | | | | | | | | |
|--|---|--|---|--|------------|------------|-------------------------------|------------------|----------|------------------------------|----------------------------|
| PERIOD:30 JUNE 2021 | | | | | | | | | | | |
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Management proposed solution | Start Date | End Date | Responsible Manager | Progress to date | Comments | Evidence to prove completion | Date of verification by IA |
| sanitation storage but there are no records kept of the movement of the asset from its stated location to another location, for verification purposes. | that complete , relevant and accurate information is accessible and available to support financial and performance reporting. | of the municipal assets. | that complete , relevant and accurate information is accessible and available to support financial and performance reporting. | of the municipal assets. | | | | | | | |
| On the audit of PPE it was identified that the sale of PPE items was not properly accounted for in the AFS, and the loss on sale did not take into account | Management failed to implement controls over daily and monthly | Management should ensure proper review of its financial transactions | Management did not implement controls over daily and monthly | Management will ensure proper review of its financial transactions | 01/01/2022 | 30/06/2022 | HoU Assets Benadette Kutumela | 0% | | | |

Chapter 6

| MOSES KOTANE LOCAL MUNICIPALITY AG'S ACTION PLAN | | | | | | | | | | | |
|--|---|----------------------|---|--------------------------------|------------|----------|-----------------------|-------------------|-----------|--------------------------------|-----------------------------|
| PERIOD:30 JUNE 2021 | | | | | | | | | | | |
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Managem ents proposed solution | Start Date | End Date | Respon sible Manag er | Progr ess to date | Comm ents | Eviden ce to prove compl etion | Date of verifica tion by IA |
| the proceeds received on sale | processi ng and reconcilin g of transacti ons | | processin g and reconcilin g of transacti ons | | | | | | | | |

Chapter 6

| MOSES KOTANE LOCAL MUNICIPALITY AG'S ACTION PLAN | | | | | | | | | | | |
|---|--|--|---|--|------------|------------|---------------------|------------------|----------|------------------------------|----------------------------|
| PERIOD:30 JUNE 2021 | | | | | | | | | | | |
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Management proposed solution | Start Date | End Date | Responsible Manager | Progress to date | Comments | Evidence to prove completion | Date of verification by IA |
| <p>During the audit of refuse in terms of completeness , we selected the properties on the municipality valuation roll to determine if those properties are being billed for refuse</p> <p>We have identified that the below properties are not being billed and the following reasons were given without any supporting documents substantiating it.</p> <p>1.Refuse for the residents of Bodirelo and Mogwase unit 3 is collected by NWDC therefore the municipality does not charge them for</p> | Management did not implement controls over daily and monthly processing and reconciling of transactions. | Management should ensure that all customers in which they provide refuse removal services they are being billed. | Inadequate controls to ensure monthly processing and reconciling of transactions. | Management to prepare monthly reconciliations between the valuation rolls and the billing and follow up on the accounts that are not billed. | 2022/01/02 | 2022/06/30 | HOU Revenue | | | | |

Chapter 6

| MOSES KOTANE LOCAL MUNICIPALITY AG'S ACTION PLAN | | | | | | | | | | | |
|--|-----------------|----------------------|-----------------------|--------------------------------|------------|----------|-----------------------|-------------------|-----------|--------------------------------|-----------------------------|
| PERIOD:30 JUNE 2021 | | | | | | | | | | | |
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Managem ents proposed solution | Start Date | End Date | Respon sible Manag er | Progr ess to date | Comm ents | Eviden ce to prove compl etion | Date of verifica tion by IA |
| these services as they did not provide the service therefore they are not included in the billing. However no supporting evidence for the agreement was submitted to substantiate the reason provided. 2.SASHQIA Beleggings CC is a development company and the residential properties built by them are unoccupied therefore refuse is not charged, only property rates are charged on these units until such a time that the properties are occupied. However no supporting | | | | | | | | | | | |

Chapter 6

| MOSES KOTANE LOCAL MUNICIPALITY AG'S ACTION PLAN | | | | | | | | | | | |
|---|-----------------|----------------------|-----------------------|--------------------------------|------------|----------|-----------------------|-------------------|-----------|--------------------------------|-----------------------------|
| PERIOD:30 JUNE 2021 | | | | | | | | | | | |
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Managem ents proposed solution | Start Date | End Date | Respon sible Manag er | Progr ess to date | Comm ents | Eviden ce to prove compl etion | Date of verifica tion by IA |
| evidence was submitted to substantiate the reason provided. | | | | | | | | | | | |

Chapter 6

| MOSES KOTANE LOCAL MUNICIPALITY AG'S ACTION PLAN | | | | | | | | | | | |
|--|--|---|---|--|------------|------------|---------------------|------------------|----------|------------------------------|----------------------------|
| PERIOD:30 JUNE 2021 | | | | | | | | | | | |
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Management proposed solution | Start Date | End Date | Responsible Manager | Progress to date | Comments | Evidence to prove completion | Date of verification by IA |
| During the audit of sale of water, we have noted that the manual readings and the consumption of water charged did not agree | Management did not implement controls over daily and monthly processing and reconciling of transactions, management has not performed a review of the financial records to ensure that the informati | Management need to ensure that they perform a review of the financial information to ensure that the readings captured is captured correctly. | Inadequate controls to ensure monthly processing and reconciling of transactions. | Management to review the manual meter readings to ensure accuracy and completeness. Management to also review the billing for water by comparing month to month and follow up on significant variances. | 2022/01/02 | 2022/06/30 | | | | | |

Chapter 6

| MOSES KOTANE LOCAL MUNICIPALITY AG'S ACTION PLAN | | | | | | | | | | | |
|---|--|--|---|--|------------|------------|---------------------|------------------|----------|------------------------------|----------------------------|
| PERIOD:30 JUNE 2021 | | | | | | | | | | | |
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Management proposed solution | Start Date | End Date | Responsible Manager | Progress to date | Comments | Evidence to prove completion | Date of verification by IA |
| | on on the financial statements is accurate. | | | | | | | | | | |
| During the audit of revenue from non-exchange transaction we have identified accounts belonging to the municipality in which the municipality is billing itself. However this is contrary to the revenue definition in terms of GRAP 01 Account no Unit no Amount 70003083 3520010000018600 00000000000 R | Management disagrees with the finding, the account is not registered in the name of the municipality. Please refer to Annexure A for the | Management should ensure that the definition of revenue are correctly applied when billing properties owned by the municipality. | Inadequate controls to ensure monthly processing and reconciling of transactions. | Management to agree the billing reports to the valuation roll and to ensure that the Municipality does not bill accounts registered in the name of the | 2022/01/02 | 2022/02/28 | | | | | |

Chapter 6

| MOSES KOTANE LOCAL MUNICIPALITY AG'S ACTION PLAN | | | | | | | | | | | |
|---|---|---|--|---|------------|------------|-----------------------------|------------------|----------|------------------------------|----------------------------|
| PERIOD:30 JUNE 2021 | | | | | | | | | | | |
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Management proposed solution | Start Date | End Date | Responsible Manager | Progress to date | Comments | Evidence to prove completion | Date of verification by IA |
| 382,99 This results in an understatement of revenue by a projected amount of R 201 617.14 | deeds search results. | | | Municipality. | | | | | | | |
| During the audit of traffic fines we have noted that the municipality did not recognise the revenue from the below tickets as these tickets could not be traced to the traffic fines schedule/ General ledger. Ticket number Name Date of offence Amount 50/10639/031 | Management did not reconcile the traffic fines schedule and the tickets issued to ensure that all tickets are recorded. | Management need to ensure that they reconcile the tickets revenue to the recorded information on the accounting system to ensure that all tickets | Management did not reconcile the traffic fines issued with the listings from the system. | Management will reconcile traffic fines on a monthly basis. | 2022/01/01 | 2022/06/30 | Manager AFS Tebogo Mogorosi | 0% | | | |

Chapter 6

| MOSES KOTANE LOCAL MUNICIPALITY AG'S ACTION PLAN | | | | | | | | | | | |
|--|-----------------|----------------------|-----------------------|--------------------------------|------------|----------|-----------------------|-------------------|-----------|--------------------------------|-----------------------------|
| PERIOD:30 JUNE 2021 | | | | | | | | | | | |
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Managem ents proposed solution | Start Date | End Date | Respon sible Manag er | Progr ess to date | Comm ents | Eviden ce to prove compl etion | Date of verifica tion by IA |
| Setsome Keorapetse 13-Oct-20 500 50/08973/031 Mafuwane Musa Moss 13-Jul-20 1100 50/12164/031 Maroele Tefo Johannes 12-Mar-21 500 50/08719/031 Moatshe Jerome Kgopedi 11-Jul-20 500 | | are recorded. | | | | | | | | | |

Chapter 6

| AGSA FINDING | | | MUNICIPALITY (ROOT CAUSE) | | | | | | | | |
|---|---|---|---|--|------------|------------|---------------------|------------------|----------|------------------------------|---------|
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Managements proposed solution | Start Date | End Date | Responsible Manager | Progress to date | Comments | Evidence to prove completion | Date of |
| The following indicators' listings was not provided for audit purposes as per Request for Information no.09 [Dated 23 September 2021 due 29 September 2021]: A follow up was made with management and it was noted that there are challenges experience | Management did not implement proper record keeping including systems in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support non-financial | Management should implement a verification process with ward councillors including the Traditional Leaders in order to count households that have access to both water and waste removal. Further utilise happy letters for VIP including implementation of the satisfaction register for services provided on both roads and water | Inadequate record keeping and review of Portfolio of Evidence . | Management to ensure that complete, relevant and accurate information is accessible and available to support non-financial reporting on a quarterly basis. | 10/01/2022 | 30/06/2022 | PMU - Manager | | | Portfolio of Evidence | |

Chapter 6

| AGSA FINDING | | | MUNICIPALITY (ROOT CAUSE) | | | | | | | | |
|---|-----------------|--------------------------------------|---------------------------|-------------------------------|------------|----------|---------------------|------------------|----------|------------------------------|---------|
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Managements proposed solution | Start Date | End Date | Responsible Manager | Progress to date | Comments | Evidence to prove completion | Date of |
| d by the municipality on addressing the prior year misstatements for the indicators, as a result listing of household it's still based on the lump sum figure instead of the household database that have access to both basic level of water and solid waste removal | reporting . | projects including High mast lights. | | | | | | | | | |

Chapter 6

| AGSA FINDING | | | MUNICIPALITY (ROOT CAUSE) | | | | | | | | |
|--|---|--|--|--|------------|------------|---------------------|------------------|----------|---|---------|
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Management proposed solution | Start Date | End Date | Responsible Manager | Progress to date | Comments | Evidence to prove completion | Date of |
| Inspected the completion certificate of Mogwase Sports parks upgrade: KPI 62, and it was noted that its completion date was on the 30 June 2020, however during discussion with the HOU (PMS) Mr J Sefatsa he confirmed that the project only commenced during | Management did not exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls | Management should implement and encourage effective internal reviews controls within the municipality. | Inadequate record keeping and review of Portfolio of Evidence and Annual Performance Report. | Management to ensure that complete, relevant and accurate information is accessible and available to support non-financial reporting on a quarterly basis. | 10/01/2022 | 30/06/2022 | PMU - Manager | | | Portfolio of Evidence and Annual Performance Report | |

Chapter 6

| AGSA FINDING | | | MUNICIPALITY (ROOT CAUSE) | | | | | | | | |
|---|-----------------|----------------------|---------------------------|-------------------------------|------------|----------|---------------------|------------------|----------|------------------------------|---------|
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Managements proposed solution | Start Date | End Date | Responsible Manager | Progress to date | Comments | Evidence to prove completion | Date of |
| the current financial year and the progress report dated 20 April 2021 stated that project was initiated on the 24 November 2020 when the site was handed over to the contractor. | | | | | | | | | | | |

Chapter 6

| AGSA FINDING | | | MUNICIPALITY (ROOT CAUSE) | | | | | | | | |
|---|--|---|---|--|------------|----------|---------------------|------------------|----------|------------------------------|---------|
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Managements proposed solution | Start Date | End Date | Responsible Manager | Progress to date | Comments | Evidence to prove completion | Date of |
| We have noted inconsistencies between the planned and reported documents as follows for the following indicators of roads; Key Performance Indicator IDP SDBIP APR Number of km of internal roads constructed KPI 26-33: | Management did not exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls. | Management should ensure that the planned target of the indicator is consistent with the reported achievement of the indicator through implementation of effective reviews and reconciliation when reporting. | Inadequate review of APR reported Key Performance Indicators. | Management to ensure thorough review of APR prior to submission for audit. | | | PMU - Manager | | | Annual Performance Report | |

Chapter 6

| AGSA FINDING | | | MUNICIPALITY (ROOT CAUSE) | | | | | | | | |
|---|-----------------|----------------------|---------------------------|-------------------------------|------------|----------|---------------------|------------------|----------|------------------------------|---------|
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Managements proposed solution | Start Date | End Date | Responsible Manager | Progress to date | Comments | Evidence to prove completion | Date of |
| Number of km of internal roads constructed in Madikwe (China Section), Ramoga, Tlokwen, Mabodisa, Mmorogong, Montsana, Leruleng, Lugkraal. KPI 26-33: Number of km of paved internal roads constructed in Madikwe (China Section), Ramoga, | | | | | | | | | | | |

Chapter 6

| AGSA FINDING | | | MUNICIPALITY (ROOT CAUSE) | | | | | | | | |
|--|-----------------|----------------------|---------------------------|-------------------------------|------------|----------|---------------------|------------------|----------|------------------------------|---------|
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Managements proposed solution | Start Date | End Date | Responsible Manager | Progress to date | Comments | Evidence to prove completion | Date of |
| Tlokweng, Mabodisa, Mmorogong, Montsana, Leruleng, Lugkraal. | | | | | | | | | | | |

Chapter 6

| AGSA FINDING | | | MUNICIPALITY (ROOT CAUSE) | | | | | | | | |
|--|--|---|--|--|------------|------------|---------------------|------------------|----------|------------------------------|---------|
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Managements proposed solution | Start Date | End Date | Responsible Manager | Progress to date | Comments | Evidence to prove completion | Date of |
| During the understanding of the process and walk-through of Key Performance Indicators under Basic Service and Infrastructure Development, we noted that the supporting evidence provided does not agree to the reported achievement | Lack of exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls | Management should ensure that the correct information is used when compiling the Annual Performance Report. | Inadequate record keeping and review of Portfolio of Evidence and Annual Performance Report. | Management to ensure thorough review of APR against supporting evidence prior to submission for audit. | 10/01/2022 | 30/06/2022 | PMU - Manager | | | Annual Performance Report | |

Chapter 6

| AGSA FINDING | | | MUNICIPALITY (ROOT CAUSE) | | | | | | | | |
|--|---|---|---|--|------------|------------|---------------------|------------------|----------|------------------------------|---------|
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Management proposed solution | Start Date | End Date | Responsible Manager | Progress to date | Comments | Evidence to prove completion | Date of |
| nt as per APR | | | | | | | | | | | |
| We have noted inconsistencies for the following indicators: KPI 4. % of Makoshong water supply refurbished , KPI 57. Number of road safety awareness campaigns conducted per | Management did not exercise oversight responsibility regarding financial and performance reporting and compliance and related | Management should ensure that the planned target of the indicator is consistent with the reported achievement of the indicator through implementation of effective reviews and reconciliation | Inadequate review of APR reported Key Performance Indicators. | Management to ensure thorough review of APR prior to submission for audit. | 10/01/2022 | 30/06/2022 | PMU - Manager | | | Annual Performance Report | |

Chapter 6

| AGSA FINDING | | | MUNICIPALITY (ROOT CAUSE) | | | | | | | | |
|---|--------------------|----------------------|---------------------------|-------------------------------|------------|----------|---------------------|------------------|----------|------------------------------|---------|
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Managements proposed solution | Start Date | End Date | Responsible Manager | Progress to date | Comments | Evidence to prove completion | Date of |
| quarter, KPI 60. Number of safe and clean-up campaigns conducted per quarter. | internal controls. | when reporting. | | | | | | | | | |

Chapter 6

| AGSA FINDING | | | MUNICIPALITY (ROOT CAUSE) | | | | | | | | |
|--|---|--|--|--|------------|------------|---------------------|------------------|----------|------------------------------|---------|
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Managements proposed solution | Start Date | End Date | Responsible Manager | Progress to date | Comments | Evidence to prove completion | Date of |
| The baseline is the current level of performance that the institution aims to improve. The initial step in setting performance targets is to identify the baseline, which in most instances is the level of performance recorded in the year prior to the planning period. So, in the case | Lack of exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls. | Management should ensure that the correct information is used when compiling the Annual Performance Report and that information as presented in the APR it's validated through implementation of the reviews of the combined level of assurance within the municipality. | Inadequate review of APR reported Baselines. | Management to ensure thorough review of APR prior to submission for audit. | 10/01/2022 | 30/06/2022 | PMU - Manager | | | Annual Performance Report | |

Chapter 6

| AGSA FINDING | | | MUNICIPALITY (ROOT CAUSE) | | | | | | | | |
|--|-----------------|----------------------|---------------------------|-------------------------------|------------|----------|---------------------|------------------|----------|------------------------------|---------|
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Managements proposed solution | Start Date | End Date | Responsible Manager | Progress to date | Comments | Evidence to prove completion | Date of |
| of annual plans, the baseline will shift each year and the first year's performance will become the following year's baseline. Where a system for managing performance is being set up, initial baseline information is often not available. During the testing of Key Performan | | | | | | | | | | | |

Chapter 6

| AGSA FINDING | | | MUNICIPALITY (ROOT CAUSE) | | | | | | | | |
|--|-----------------|----------------------|---------------------------|--------------------------------|------------|----------|----------------------|-------------------|-----------|-------------------------------|---------|
| Detail Audit Findings | AGSA Root Cause | AGSA Recommendations | Management Root Cause | Managem ents proposed solution | Start Date | End Date | Respon sible Manager | Progr ess to date | Comm ents | Evidence to prove completi on | Date of |
| ce Indicators under Basic Service and Infrastructu re Developme nt, we noted that the 2019/20 baseline disclosed in the 2020/21 APR does not agree/cons istent to previous financial year's performanc e as per 2019/20 audited APR. | | | | | | | | | | | |

Chapter 6

GLOSSARY

GLOSSARY

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

GLOSSARY

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

GLOSSARY

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

APPENDICES

APPENDIX A – COMMITTEES AND COMMITTEE PURPOSES

| Committees (other than Mayoral / Executive Committee) and Purposes of Committees | |
|---|---|
| Municipal Committees | Purpose of Committee |
| Bid specification committee | Determine the specifications of goods and services to be procured by the municipality in line with municipal supply chain management policy and other relevant statute |
| bid evaluation committee | Evaluate bids in line with the published specifications, municipal supply chain management policy and other relevant statute. |
| Bid adjudication committee | Adjudicates bid in line with municipal supply chain management policy and other relevant statute |
| Assets management and disposal committee | Plan and report to council on disposal of municipal assets. |

APPENDICES

APPENDIX B –THIRD TIER ADMINISTRATIVE STRUCTURE

| Third Tier Structure | |
|---------------------------------------|---|
| Department | Head of Department/Manager (State title and name) |
| Municipal Manager's Office | Mr M.V Letsoalo |
| Acting Director Corporate Services | Mr S. Kotsedi |
| Planning and Development | Mr M. Makgoba |
| Budget and Treasury Office | Mr M Mkhize |
| Community Services | Mr S. Kotsedi |
| Infrastructure and Technical Services | Mr B. Maseloane |

APPENDICES

APPENDIX C

| Municipal / Entity Functions | | |
|---|---|--|
| MUNICIPAL FUNCTIONS | Function Applicable to Municipality (Yes / No)* | Function Applicable to Entity (Yes / No) |
| Constitution Schedule 4, Part B functions: | | |
| Air pollution | No | No |
| Building regulations | Yes | No |
| Child care facilities | No | No |
| Electricity and gas reticulation | No | No |
| Firefighting services | No | No |
| Local tourism | Yes | No |
| Municipal airports | No | No |
| Municipal planning | Yes | No |
| Municipal health services | No | No |
| Municipal public transport | No | No |
| Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law | Yes | No |
| Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto | No | No |
| Storm water management systems in built-up areas | Yes | No |
| Trading regulations | Yes | No |
| Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems | Yes | No |
| Beaches and amusement facilities | No | No |
| Billboards and the display of advertisements in public places | Yes | No |
| Cemeteries, funeral parlours and crematoria | Yes | No |
| Cleansing | Yes | No |
| Control of public nuisances | Yes | No |
| Control of undertakings that sell liquor to the public | No | No |
| Facilities for the accommodation, care and burial of animals | No | No |
| Fencing and fences | No | No |
| Licensing of dogs | No | No |

APPENDICES

| | | |
|--|-----|----|
| Licensing and control of undertakings that sell food to the public | No | No |
| Local amenities | Yes | No |
| Local sport facilities | Yes | No |
| Markets | No | No |
| Municipal abattoirs | No | No |
| Municipal parks and recreation | Yes | No |
| Municipal roads | Yes | No |
| Noise pollution | Yes | No |
| Public places | Yes | No |
| Refuse removal, refuse dumps and solid waste disposal | Yes | No |
| Street trading | Yes | No |
| Street lighting | Yes | No |
| Traffic and parking | Yes | No |

APPENDICES

APPENDIX D – WARD REPORTING

| Functionality of Ward Committees | | | | | | |
|----------------------------------|--|---|----------------------------------|---|--|---|
| Ward Name (Number) | Name of Ward Councillor and elected Ward committee members | 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 | Victor Kheswa (EXCO Member) | 1.Jacoline Pitso 2.Ipeleng Segale 3.Mandisa Tunzi 4.Wendy Matlapeng 5.Reginald Nkele 6.Xolile Vetshe 7.Ntombizakhe Dayele 8.Motlogelwa Ramokoka 9.Botshelo Nageng 10.KaraboSegakweng | Yes | 12 | 12 | |
| 2 | Poloko Lesomo | 1.Elizabeth Motaung 2.Mmaphefo Mothibi 3.Dinah Ditsele 4.Idah Dinake 5.Dipolelo Molefe 6.Lillian Ndlovu 7.Matheo Ramatlhape 8.Kgomotso Maotoe 9.Thapelo Ntshabele 10.Tebogo Mokoka | Yes | 12 | 12 | |

APPENDICES

| Functionality of Ward Committees | | | | | | |
|----------------------------------|--|---|----------------------------------|---|--|---|
| Ward Name (Number) | Name of Ward Councillor and elected Ward committee members | 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 |
| 3 | Solomon Tladi | 1.Mpho Mokgosi 2.Tumisang Sole 3.Hannah Legoale 4.Maria Nokwane 5.Baneeleng Dibobo 6.Dinah Ramalosa 7.Dorcas Tlholoe 8.Gladys Xhale 9.Nthati Magano 10.Ziphora Legoale | Yes | 12 | 12 | |
| 4 | Bertha Ponosho | 1.Lenah Mokale 2.Dipuo Molosiwa 3.Morwe Mokemong 4.Ellen Ntsileng 5.Sophy Mooketsi 6.Motheo Mokale 7.Gloria Nyamane 8.Godfrey Sedirol 9.Sekgele Ngakane | Yes | 12 | 12 | |

APPENDICES

| Functionality of Ward Committees | | | | | | |
|----------------------------------|--|--|----------------------------------|---|--|---|
| Ward Name (Number) | Name of Ward Councillor and elected Ward committee members | 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 |
| 5 | Thato Motshegare | 1.Norah Monageng 2.Kefilwe Pholo 3.Banyana Pheyaga 4.Rapula Masilo 5.Catherine Mokomela 6.Solomon Banda 7.Suzan Makete 8.Moses Blom 9.Itereleng Sesinyi 10.Jeffery Sedumedi | Yes | 12 | 12 | |
| 6 | Karel Sedile | 1.Jimmy Khunou 2.Wilson Mtengezo 3.Christopher Moalusi 4.Mothusi Rakuba 5.Joyce Tshabalala 6.Simphiwe Kalela 7.Tshegofatso Mula 8.Emily Segogoana 9.Jabulile Matsepe 10.Moses Dichabe | Yes | 12 | 12 | |

APPENDICES

| Functionality of Ward Committees | | | | | | |
|----------------------------------|--|--|----------------------------------|---|--|---|
| Ward Name (Number) | Name of Ward Councillor and elected Ward committee members | 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 |
| 7 | No ward committees | | | | | |
| 8 | Rebecca Moeng | 1.Phiri Tau 2.Balebetse Ramagogodi 3.Oratile Medupe 4.Isaac Molemane 5.Roselina Maine 6.Olefile Pilane 7.Patrick Mosime 8.Sonyanalisa Raikane 9.Thateng Menyatswe 10.Edna Sikayi | Yes | 12 | 12 | |

APPENDICES

| Functionality of Ward Committees | | | | | | |
|----------------------------------|--|---|----------------------------------|---|--|---|
| Ward Name (Number) | Name of Ward Councillor and elected Ward committee members | 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 |
| 9 | Phadie Nquthula | 1.Caroline Malapile 2.Mavis Pilane 3.Nyana Makaudi 4.Patricia Teke 5.Realinda Kotsedi 6.Linda Khunou 7.Africa Tlhasi 8.Lebogang Makanye 9.Patrick Matsila 10.Oupa Pilane | Yes | 12 | 12 | |
| 10 | George Moatshe | 1.Stunford Nkomo 2.Salamina Khunou 3.Rapholo Makgamatha 4.Hilda Maupi 5.Boitumelo Matabane 6.Kija Nyirenda 7.Daphney Moabi 8.Dikgang Seleka 9.Francina Kgwale 10. | Yes | 12 | 12 | |

APPENDICES

| Functionality of Ward Committees | | | | | | |
|----------------------------------|--|--|----------------------------------|---|--|---|
| Ward Name (Number) | Name of Ward Councillor and elected Ward committee members | 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 |
| 11 | Efesia Matshereng | 1.Sinah Ditsele 2.Mamiki Mphela 3.Seth Tshintlo 4.Maalosa Ramokoka 5.Modiegi Selokelo 6.Stemmie Ratlala 7.Oupa Molesywa 8.Violet Mphela 9.Dikeledi Maledu 10.Mmaleso Kekana | Yes | 12 | 12 | |
| 12 | Aaron Ramokoka | 1.Bontle Bosielo 2.Welcome Matshoga 3.Mmalekgoa Ramokoka 4.Esrom Botsi 5.Caroline Maema 6.David Lekoto 7.Lebogang Sito 8.Asaph Makinita 9.Jonas Mogale 10.Mosidi Tshoma | Yes | 12 | 12 | |

APPENDICES

| Functionality of Ward Committees | | | | | | |
|----------------------------------|--|---|----------------------------------|---|--|---|
| Ward Name (Number) | Name of Ward Councillor and elected Ward committee members | 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 |
| 13 | Patrick Tame | 1.Nthati Ntwape 2.Dineo Letsholo 3.Elias Letsholo 4.Gabriel Thoka 5.Monti Khumalo 6.Dumisani Jentile 7.Phulane Botlhokwane 8.Leoko Mangwegape | Yes | 12 | 12 | |
| 1422 | Lizzy Kgame | 1.Thabo Morake 2.Matsheko Masilo 3.Elizabeth Xaba 4.Pouline Lesele 5.Boniswa Matshini 6.Kgomotso Leteane 7.Odirile Lekgetho 8.Edward Makgale 9.Sannah Mokgosi 10.Tsietsi Tseladimitlwa | Yes | 12 | 12 | |

APPENDICES

| Functionality of Ward Committees | | | | | | |
|----------------------------------|--|--|----------------------------------|---|--|---|
| Ward Name (Number) | Name of Ward Councillor and elected Ward committee members | 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 |
| 15 | Solomon Mabitsela | 1.Modikela Segoe 2.Mathibela Molefe 3.Onkutlwile Matlhola 4.Johannes Mantyio 5.Kingsley Moteane 6.Thato Mosako 7.Johanna Mfi 8.Tshidi Kgotlang 9.Boruthwane Hlungwane 10. Moses Rakoma | Yes | 12 | 12 | |
| 16 | David Chaka | 1.Freda Mqhushekiwe 2.Daniel Molapisi 3.Nome Sebeggo 4.Mary Marumagae 5.Ofentse Loeto 6.Dikgang Khumalo 7.Thabo Rampete 8.Pauline Motsomane 9.Motsamai Ndlovu 10.Johannes Molemane | Yes | 12 | 12 | |

APPENDICES

| Functionality of Ward Committees | | | | | | |
|----------------------------------|--|---|----------------------------------|---|--|---|
| Ward Name (Number) | Name of Ward Councillor and elected Ward committee members | 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 |
| 17 | Bushy Solomon Manganye (EXCO Member) | 1.Katlego Masimong 2.Reginald Letsholo 3.Evelyn Nkoane 4.Mmamokete Njoro 5.Kegopotswe Mokwena 6.Petrus Motlhatswi 7.Katlego Madiseng 8.Claudina Serole 9.Kopano Khunou 10. Peter Seemise | Yes | 12 | 12 | |
| 18 | Mamikie Radiokana | 1.Hannah Lesesjane 2.David Moletsane 3.Elsie Madubung 4.Tshepang Khoza 5.Mpole Nkwe 6.Richard Motlhabane 7.Carol Mosome 8. Ben Kotane 9. 10. | Yes | 12 | 12 | |

APPENDICES

| Functionality of Ward Committees | | | | | | |
|----------------------------------|--|---|----------------------------------|---|--|---|
| Ward Name (Number) | Name of Ward Councillor and elected Ward committee members | 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 |
| 19 | Harry Kodongo | 1.Patience Mekgwe 2.Elzonia Motlhako 3.Doris Maotoe 4.Daniel Lesejane 5.Tiny Van Vuur 6.Kagiso Modikwe 7.Mamaki Kgatshe 8.Julia Kgosimang 9.David Moatle 10 | Yes | 12 | 12 | |
| 20 | Obed Motsisi | 1.Lebogang Kgaswane 2.Mmamosiane Nkwe 3.Petrus Motlhabi 4.Esther Kgaswane 5.Mittah Tlholwe 6.Samson Kgaswane 7.Mpipo Tlholoe 8.Stephen Mashabela 9.Itumeleng Kgaswane 10.Mmadikeledi Bogatsu | Yes | 12 | 12 | |

APPENDICES

| Functionality of Ward Committees | | | | | | |
|----------------------------------|--|---|----------------------------------|---|--|---|
| Ward Name (Number) | Name of Ward Councillor and elected Ward committee members | 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 |
| 21 | Tshepo Khumalo | 1.Pauline Mfati 2.Martius Kekae 3.Tebogo Semakane 4.Daniel Molete 5.Sidwell Leso 6.Rosina Moime 7.John Motseokae 8.Mpho Motsatsi 9.Tsholofelo Phiri 10.Simon Mabe | Yes | 12 | 12 | |
| 22 | Mita Khutsafalo Khunou | 1.Mpho Ramatlhape 2.Motsei Khunou 3.Mpho Molefe 4.Tumelo Mokone 5.Matshidiso Phefo 6. Motshwere Motlhanka 7.Johannes Masilo 8.Dikeledi Rapole 9.Ralikeleko Sefotho 10.Kegomoditswe Ramoabi | Yes | 12 | 12 | |

APPENDICES

| Functionality of Ward Committees | | | | | | |
|----------------------------------|--|--|----------------------------------|---|--|---|
| Ward Name (Number) | Name of Ward Councillor and elected Ward committee members | 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 |
| 23 | Nketu Nkotsoe (Exco Member) | 1.Hilda Mosime 2.Violet Mpangeva 3.Kerileng Sebole 4.Johanna Masiangoako 5.Jane Mokgoebi 6.Lizzie Bogatsu 7.Jane Mopedi 8.Daphney Thondwane 9.Lesego Ramokgadi 10.Solomon Diole | Yes | 12 | 12 | |
| 24 | Abish Magodiello | 1.Mary Dibodu 2.Tshepo Moilwa 3.Linki Motsisi 4.Eva Mosimanyana 5.Mogomotsi Mpangeva 6.Anna Koitsiwe 7.Rahab Mathulwe 8.Kebonyeng Madikela 9.Irene Mosimanyana 10Phillip Sekao | Yes | 12 | 12 | |

APPENDICES

| Functionality of Ward Committees | | | | | | |
|----------------------------------|--|---|----------------------------------|---|--|---|
| Ward Name (Number) | Name of Ward Councillor and elected Ward committee members | 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 |
| 25 | Johannes Mosito | 1.Sello Segone 2.Thabo Mabale 3.Onnica Mabakeng 4.Solomon Letlape 5.Mpoko Rakhudu 6.Ben Tawana 7.Gift Mongwe 8.Mary Modise 9.Mpho Matshego 10. | Yes | 12 | 12 | |
| 26 | Hendrick Sekao | 1.Poppy Masike 2.Catherine Toobi 3.Matlakala Ramela 4.Mogotsi Moruane 5.Thabo Mokone 6.Priscilla Moloana 7.Bakang Siko 8.Patricia Machete 9.Mmapula Marobe 10Lebogang Mothoane | Yes | 12 | 12 | |

APPENDICES

| Functionality of Ward Committees | | | | | | |
|----------------------------------|--|--|----------------------------------|---|--|---|
| Ward Name (Number) | Name of Ward Councillor and elected Ward committee members | 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 |
| 27 | Joseph Sibanda | 1.Mpho Mabele 2.Beauty Chibelu 3.Kgomotso Sibanda 4.David Koitsewe 5.Judith Sojane 6.Josephine Rachomanyane 7.Maphefo Tlagadi 8.Tryphina Mabue 9.Rosina Mogoma 10Jane Nhasengo | Yes | 12 | 12 | |
| 28 | Rose Lukhele | 1.Marea Tekana 2.Martha Shaai 3.Tebogo Disetlhe 4.Sipho Mzelem 5.Tshireletso Maphosa 6.Mapula Ramosunya 7.Elizabeth Moutloatse 8.Sophie Moroalla 9.Mosiako Ditlhasi 10Thabo Letshwiti | Yes | 12 | 12 | |

APPENDICES

| Functionality of Ward Committees | | | | | | |
|----------------------------------|--|--|----------------------------------|---|--|---|
| Ward Name (Number) | Name of Ward Councillor and elected Ward committee members | 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 |
| 29 | Kagiso Bubisi | 1.Leatile Ratsoga 2.Phola Matlala 3.Thabang Maime 4.Thekwe Modise 5.Aaron Kgabo 6.Ishmael Mogapi 7.Neo Phofu 8.Maikano Mataboge 9.Maria Kwenaitse 10. Boitumelo Morero | Yes | 12 | 12 | |
| 30 | Chonko Tryphosa Botlhokwane (EXCO Member) | 1.Jabulile Mbele 2.Anna Monye 3.Regina Tshabalala 4.Patricia Mokobane 5.Innocentia Mkhwanazi 6.Martha Phiri 7.Joseph Mmope 8.Modisa Kekana 9.Emily Sibeko 10 Bishop Mathibedi | Yes | 12 | 12 | |

APPENDICES

| Functionality of Ward Committees | | | | | | |
|----------------------------------|--|---|----------------------------------|---|--|---|
| Ward Name (Number) | Name of Ward Councillor and elected Ward committee members | 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 |
| 31 | Orepa Kgarimetsa | 1.Morena Thale 2.Keneilwe Motswasele 3.Mesejeng Pilane 4.Ipeleng Moeti 5.Alice Kgosi 6.Lebogang Meselane 7.Sina Modibe 8.Baatseba Gouwe 9.Kagiso Mokwena 10Elsn Kgarimetsa | Yes | 12 | 12 | |
| 32 | Thapelo Thoboke (EXCO Member) | 1.Doreen Mokoka 2.Amelia Mafilika 3.Tshegofatso Seake 4.Ditshela Maloba 5.Petrus Maungwa 6.Bennedid Ledoaba 7Jane Tshite 8.Jane Ntsoe 9.Joshua Phiri 10Patrick Segone | Yes | 12 | 12 | |

APPENDICES

| Functionality of Ward Committees | | | | | | |
|----------------------------------|--|--|----------------------------------|---|--|---|
| Ward Name (Number) | Name of Ward Councillor and elected Ward committee members | 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 |
| 33 | Diphetogo Mmolawa | 1.Lerato Mfolwe 2.Thabang Kgwakgwa 3.Nelly Mokgobu 4.Bosekilwe Rakobane 5.Badanile Jezile 6.John Ncube 7.Josiah Tsholo 8.Lucky Molapo 9.Mmabatho Moanakwena 10.Absalom Mataboge | Yes | 12 | 12 | |
| 34 | Dipuo Tau | 1.Stanley Moatshe 2.Rebaemetse Otukile 3.Emily Motshegwa 4.Masego Segone 5.Elizabeth Mamadi 6.Galeboe Diale 7.Shimankie Ramokoka 8.Modise Sibanda 9.Bachipile Mahuma 10.Rosina Moloko | Yes | 12 | 12 | |

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

| Municipal Audit Committee Recommendations | | |
|---|---|--|
| Dates of Committee Meetings | Committee recommendations during 2018/19 | Recommendations adopted (enter Yes) If not adopted (provide explanation) |
| 15-Oct-20 23-Nov-20 11-Dec-20 30-Apr-21 15-Jul-21 | Audit Committee that management must implement recommendation made by Internal Audit, External Audit and the Audit Committee, to strengthen and improve the control environment so that emerging and identified risk can managed and mitigated timeously. | YES |