



**ELIAS MOTSOALEDI**

LOCAL MUNICIPALITY

2021  
2022

ANNUAL REPORT



THE AGRO-  
ECONOMICAL  
AND ECOTOURISM  
HEARTLAND"





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**2021  
2022**

**ANNUAL  
REPORT**

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## ACRONYMS

AC	: Audit Committee
AG	: Auditor General
AFS	: Annual Financial Statements
ANC	: African National Congress
AIDS	: Acquired immunodeficiency syndrome
BPSA	: Bolshevik Party of South Africa
CDW	: Community development worker
CFO	: Chief Financial Officer
CLLR	: Councilor
CSD	: Central Supplier Database
Coghsta	: Department of Corporative Governance, Human Settlement and Traditional Affairs
COGTA	: Department of Corporative Governance and Traditional Affairs
CPMD	: Certificate Programme in Management Development
CWP	: Community Works Programme
DA	: Democratic Alliance
DLTC	: Driver's License Testing Centre
DoTCS	: Department of Transport and Community Safety
DoSAC	: Department of Sports, Arts and Culture
EMLM	: Elias Motsoaledi Local Municipality
EFF	: Economic Freedom Fighters
EPWP	: Expanded Public Works Programme
ESS	: Employee Self Service
EXCO	: Executive Committee
EDP	: Economic Development and Planning
FBE	: Free Basic Electricity
GIS	: Geographic Information System
GRAP	: General Recognized Accounting Practice
HIV	: Human Immunodeficiency Virus
HR	: Human Resources
ICT	: Information Communication Technology
IDP	: Integrated Development Plan
INEP	: Integrated National Electrification Program
JDMPT	: Joint District Municipal Planning Tribunal
KM	: Kilometre

LAC	: Local AIDS Council
LGAAC	: Local Government Advanced Accounting Certificate
LUMS	: Land Use Management System
LGSETA	: Local Government Sector Education Training Authority
LGMIM	: Local Government Municipal Improvement Model
LED	: Local Economic Development
LEDA	: Limpopo Economic Development Agency
LEDET	: Limpopo Economic Development
LLF	: Local Labour Forum
LGE	: Local Government Election
MIG	: Municipal Infrastructure Grant
MP	: Mpumalanga Party
MPAC	: Municipal Public Account Committee
MFMA	: Municipal Finance Management Act
MFMP	: Municipal Finance Management Programme
MSA	: Municipal Systems Act
Msoa	: Municipal Standard Charts of Accounts
MoU	: Memorandum of understanding
N/A	: Not applicable
NARSA	: National Archive Regulation of South Africa
NDP	: National Development Plan
NGO	: Non-Governmental Organisation
OHS	: Occupational Health and Safety
PMS	: Performance Management System
PMT	: Political Management Team
SAMEBA	: South African Maintenance and Estate Beneficiaries Association
SCM	: Supply Chain Management
SDBIP	: Service Delivery and Budget Implementation Plan
SDM	: Sekhukhune District Municipality
SDF	: Spatial Development Framework
SDL	: Skills Development Levy
SOMA	: State of Municipal Address
SMME	: Small, Medium and Micro Enterprises
SPLUMA	: Spatial Planning and Land Use Management
WSP	: Work Skill Plan



## VISION

The agro-economical and ecotourism heartland

## MISSION

The Elias Motsoaledi Local Municipality is committed to:

- To ensure provision of sustainable services
- To deepen democracy through public participation and communication
- Provision of services in a transparent, fair and accountable manner
- Provide public value for money
- To create a conducive environment for job creation and economic growth

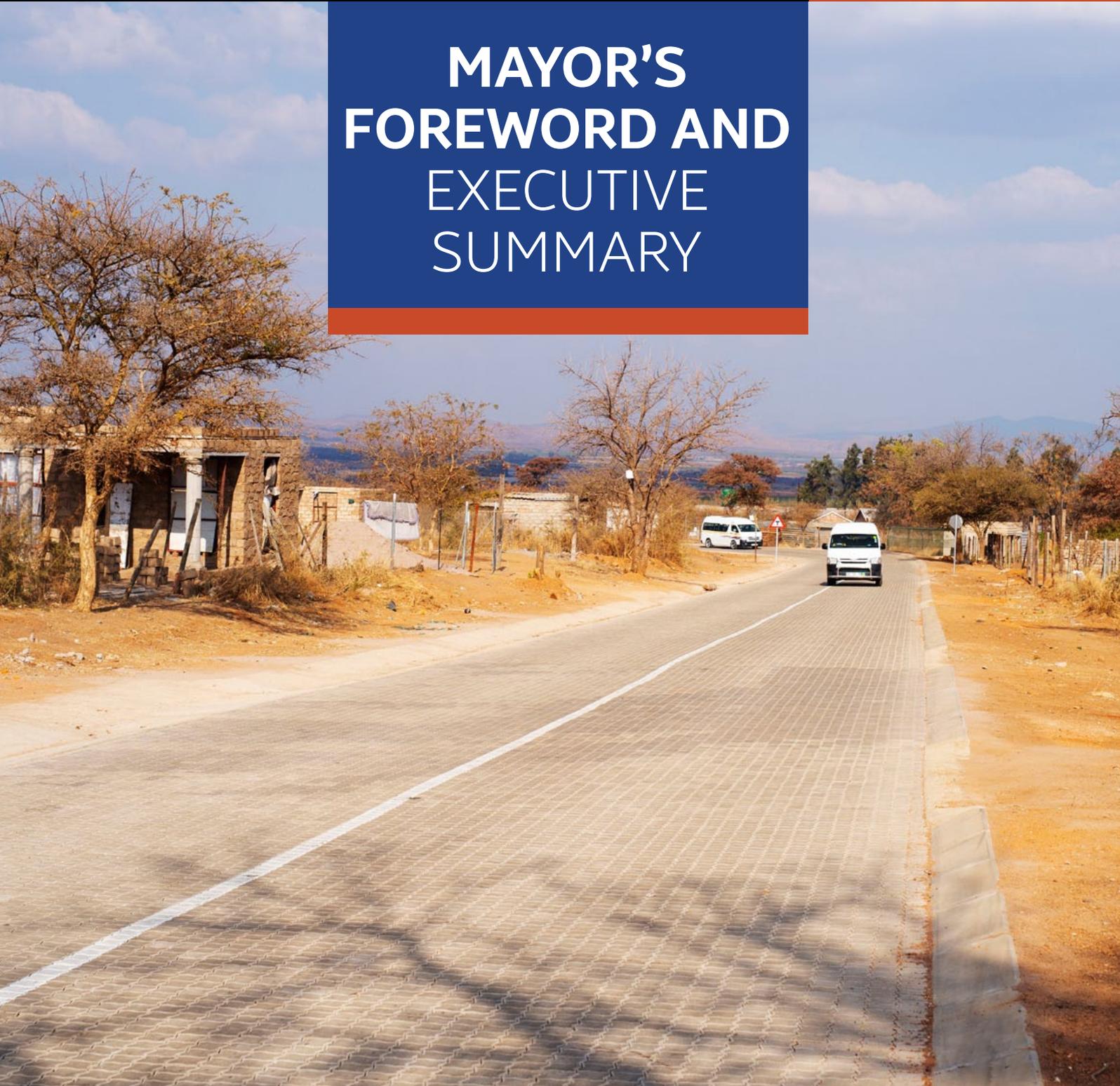


**ELIAS MOTSOALEDI**

LOCAL MUNICIPALITY

# CHAPTER 1

## MAYOR'S FOREWORD AND EXECUTIVE SUMMARY



## COMPONENT A: MAYOR'S FOREWORD



# MAYOR'S FOREWORD

**Councillor Magetle David Tladi**  
Mayor: Elias Motsoaledi Local Municipality

### VISION

"The agro-economical and ecotourism heartland"

The vision statement of the municipality which serves as a blueprint for developmental programme is "The agro-economical and ecotourism heartland". It dawned upon the leadership that providing the complete account on the responsibilities conferred upon the entire municipality will always be a daunting task to the electorate. This report is therefore intended to attest to the collective efforts of administrative and political arms of municipality to progressively address people's expectations.

### INTRODUCTION

This report was compiled in terms of Chapter 12 of MFMA Section 121 (1) which stipulates that every municipality must for each financial year prepare an annual report in accordance with this Chapter. It is a pleasure for me to present Elias Motsoaledi Local Municipality 2021/2022 Annual Report to our residents and other interested parties. The 2021/2022 annual report gives a detailed review of the municipality's activities on actual performance at the end of the fiscal year reporting on how the IDP and budget were implemented. It also

describes municipality's effort in fulfilling its Constitutional mandate and in meeting its obligations as dictated by the applicable local government legislation. Despite the effects of the economic difficult times, the municipality continued to provide quality service delivery to our community. For the financial year 2021/2022, the overall municipal performance increased from 74% of the financial year 2020/2021 to 75% of 2021/2022.

### KEY POLICY DEVELOPMENTS

Every financial year during planning phase, municipality engages with province and Sekhukhune district municipality to ensure alignment of provincial and municipal growth inclusive of development strategy hence the IDP has incorporated projects for both province and district municipality. The IDP was therefore tabled before council for adoption and was submitted to all sector departments and the district within legislated timeframe.

Municipality's performance is measured by achieving its key developmental objectives which are as follows:

- Ensuring sustainable and qualitative service delivery

- Improving Local Economy through revised LED strategy
- Achieving an unqualified audit opinion
- Facilitating and regularly updating indigent register accurately
- Ensuring that monies owed to the municipality is collected
- Continuing to participate in programmes of HIV and AIDS, TB, Cancer through Local Aids Council (LAC).
- Improving Records Management System in terms of NARSA Act
- Conducting Public Participation and ensure the functionality of all governance structures
- Fast tracking the implementation of infrastructure projects
- Strengthening the relationship with the traditional leaders

## KEY SERVICE DELIVERY IMPROVEMENTS

Municipality is licensed to provide electricity in 3 wards, which are ward 13, 14 and ward 30 (Groblersdal, Masakanene and Roosenekal areas), and the other 28 wards are Eskom licensed areas. Municipality has a backlog of 4% (3099) households without electricity. A total number of 55698 Households (96%) has access to Electricity (serviced both Eskom and EMLM). Municipality received an allocation of R 21.348 Million for INEP in 2021/2022 financial year. For the year under review, Municipality electrified the following villages: Maleoskop, Masakaneng, Ga-Phosa, Vlaktefontein, Rondebosch and Matlala Lehlwere using the allocated funds from INEP. The INEP grant was to reticulate 1169 stands and by end of financial year only 654 stands were reticulated with electrical infrastructure. The challenge for not achieving the set target and spending the whole 100% INEP grant was due to court order on PPPFA regulation which delayed appointment of service providers for electrification projects. Therefore only four (04) projects which is Matlala Lehlwere, Rondebosch, Vlaktefontein and Ga-Posa were completed and the remaining two (02) projects which is Masakaneng and Maleoskop was still in progress by end of the financial year. The overall achievement of electrification project was at 75% by end of the financial year. Municipality rely on Eskom to supply all other areas within EMLM whereby mostly the challenge is capacity on the network as certain areas could not be electrified until Eskom upgrade the networks. Municipality has a backlog of 1291.73km of gravel roads.

EMLM core service delivery functions are categorized into three: Electricity, Access roads and waste management.

For the year under review only three (03) roads projects (Dipakapakeng, Tafelkop stadium and Bloempoot road) were constructed utilising MIG grant. At the end of the financial year, all three (03) roads projects were not completed. Two

projects (Dipakapakeng and Tafelkop stadium) are multi year projects. The one for Dipakapakeng was at 83% completion by end of financial year. Construction of the three incomplete roads projects will continue in the next financial year 2022/2023. The total MIG allocation budget was R 57 984 000.00 and the actual expenditure was R 57 923 807.39. Municipality has gravel road programme in place to gravel internal roads in all wards. Roads and Storm water are key Municipal functions. Most roads within the Municipality are in a state of decay, with provincial roads in dire need for resealing and surfacing. Gravel roads are also a challenge as most are inaccessible due to lack of storm water controls. Municipality extended the maintenance teams to accelerate its services to every ward through satellite offices. The long term strategy of the Municipality is to surface roads within municipal area even though municipality relies on Grants for roads projects. To improve accessibility to villages, 248km of internal roads were regravelled.

Municipality is licensed to provide electricity in 2 wards, which are ward 13 and ward 30 (Groblersdal and Roosenekal areas), and the other 29 wards are Eskom licensed areas. Municipality has a backlog of 4% (3099) households without electricity. A total number of 55698 Households (96%) has access to Electricity (serviced both Eskom and EMLM). Municipality received R15 million INEP grant allocation for electrification projects at Mashemong, Zuma park and Ntswelemotse village. At the end of the financial year all three electrification projects were completed and the INEP grant was spent 100%. Municipality rely on Eskom to supply all other areas within EMLM whereby mostly the challenge is capacity on the network as certain areas could not be electrified until Eskom upgrade the networks.

Municipality in collaboration with Department of Public Works created 114 job opportunities through EPWP and 1100 job opportunities through CWP

programmes. The appointed personnel are mainly responsible for cleaning but limited to public facilities/infrastructure in the form of roads reserves, graveyards, community halls, schools, taxi ranks and streets

Municipality obtained unqualified audit opinion which is the same audit opinion obtained in the previous financial year 2020/2021.

## PUBLIC PARTICIPATION

Municipality has 310 ward committees made out of 31 wards. Ward committees together with ward councillors conducts public meetings in their respective wards and submit monthly reports to the Speaker. During the year under review public meetings were held in different wards. Public participation process is used to inform communities about success and challenges that municipality encounter during service delivery. Public participation sessions were conducted through 2021/2022 IDP and Budget process where communities were given an opportunity to raise their needs to be incorporated in the IDP. Due to limited resources only prioritized and budgeted needs are incorporated in the IDP for implementation.

## CONCLUSION

I wish to thank all councillors, municipal personnel, and resident's stakeholders in particular rate payers for their contributions to pay for services. Together we strive to take our municipality forward. As the municipality we appeal and urge our communities and fellow South African to always adhere to Covid 19 National Lockdown regulation for their safety and safety of others. I thank you.



**M.D TLADI**  
MAYOR

## COMPONENT B: EXECUTIVE SUMMARY



# EXECUTIVE SUMMARY

**M.M Kgware**  
Municipal Manager

The 2021/2022 annual report records the progress made by Municipality in fulfilling its objectives as reflected in the IDP, Budget and Service Delivery and Budget Implementation Plan. It also reflects on challenges and priorities for 2021/2022 financial year. The purpose of the report is to give community members and all stakeholders the final outcome of municipal performance for 2021/2022 financial year as to how the IDP and budget was implemented.

The municipality is established to perform the following functions:

Schedule 4 Part B	Schedule 5 Part B
<ul style="list-style-type: none"> <li>▪ Air pollution</li> <li>▪ Building regulations</li> <li>▪ Child care facilities</li> <li>▪ Electricity and gas reticulation</li> <li>▪ Local tourism</li> <li>▪ Municipal planning</li> <li>▪ Municipal public transport</li> <li>▪ Municipal public works</li> <li>▪ Storm-water management systems in built-up areas</li> <li>▪ Trading regulations</li> </ul>	<ul style="list-style-type: none"> <li>▪ Billboards and the display of advertisements in public places</li> <li>▪ Cemeteries, funeral parlours and crematoria</li> <li>▪ Cleansing</li> <li>▪ Control of public nuisances</li> <li>▪ Control of undertakings that sell liquor to the public</li> <li>▪ Facilities for the accommodation, care and burial of animals</li> <li>▪ Fencing and fences</li> <li>▪ Local sport facilities</li> <li>▪ Municipal parks and recreation</li> <li>▪ Municipal road</li> <li>▪ Public places</li> <li>▪ Refuse removal, refuse dumps and solid waste disposal</li> <li>▪ Street trading</li> <li>▪ Street lighting</li> <li>▪ Traffic and parking</li> </ul>

### Entities related to municipality and sharing of power with these entities

Municipality does not have sharing of powers with any entity nor the sector departments. It only monitors some of the projects which are implemented by sector departments within the jurisdiction of the municipality such as housing projects.

### Sector departments and sharing of functions between the municipality/ entity and sector department.

Municipality has shared services with the Department of Transport and Community Safety and Department of Sports, Arts and Culture. EMLM in partnership with Department of Transport and Community Safety share the Driving License Testing Centres (DLTCs) services in 80:20 ratio. DoTCS gets 80 percent and EMLM gets 20% of revenue collected by municipality. EMLM also shares services with the Department of Sports, Arts and Culture in rendering library functions and Department of public works for EPWP and CWP job creation. Municipality has signed memorandum of understanding with the three departments.

### A short-statement on the previous financial year's audit opinion.

Audit Opinions	
2019/2020	Qualified audit opinion
2020/2021	Unqualified audit opinion
2021/2022	Unqualified audit opinion



### Financial health and revenue trend by source including borrowings undertaken by municipality

Municipality had a total revenue budget of R546, 626 million that was adjusted upwards to R546, 753 million during budget adjustment. The actual audited revenue realized is R561, 959 million and this resulted in over-performance variance of R15, 206 million. All gazetted grants and subsidies amounting to R387, 409 million contributed a major portion of source of funding for municipal budget. Municipality is 85% grant dependent on capital expenditure and 62% on revenue budget. Municipality has R5, 397 million unspent Integrated National Electrification Programme (INEP) grant due to two electrification projects that was stopped due to new regulation of PPPFA and R60 thousand savings for Municipal Infrastructure Grant (MIG). Other conditional grants being, Financial Management Grant (FMG) and Expanded Public Works Programme (EPWP) were spent 100%. No borrowings were made by municipality for the year under review.

### The internal management changes in relation to Section 56/57 managers.

Municipality has seven (07) approved senior manager positions. During financial year 2021/2022 four (04) senior manager's positions were vacant (CFO, Infrastructure, Executive support and Development planning). All these vacant positions

were advertised by end of financial year. Three (03) senior managers concluded their 2021/2022 performance agreements within timeframe. The 2020/2021 annual performance assessments and 2021/2022 Mid-year performance assessments were conducted for two senior managers and municipal manager. Based on the outcome of the 2020/2021 annual performance assessments, no senior manager qualified for performance bonuses.

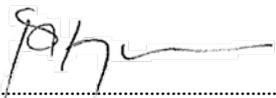
### Risk assessment , including developments and implementation of measures to mitigate the top 5 risks

Council has adopted the Risk Management

Policy, Risk Management Strategy and Risk registers (Strategic and Operational) that enable management to proactively identify and respond appropriately to all significant risks that could impact on business objectives. In line with the approved Risk Management Policy and Risk Management Strategy a top down approach has been adopted in developing the risk profiles of the organization. The results of the strategic and operational assessments were used to compile a risk register.

Below is the top five risks identified and mitigation measures were implemented to address the risk.

Risk Title	Category	IR	RR
Inadequate Sports and Recreational Facilities	Financial	20.00	14.00
Failure to provide ongoing maintenance and capital upgrades which poses risk to environmental	Service delivery	25.00	16.00
Over/Under Budgeted on segments	Financial	25.00	15.00
Payment of Goods and Services after 30 days.	Compliance/ regulatory Risk	25.00	16.00
Delays in procurement of Goods and Services.	Human resources	25.00	20.00

  
 .....  
**M.M KGWALE**  
 MUNICIPAL MANAGER

## 1.1 MUNICIPAL OVERVIEW

Elias Mntsoaledi Local Municipality is situated in Groblersdal area in Limpopo province. The municipality is in North East of Pretoria and is situated approximately 32 km from Loskop Dam, 100 km north of Bronkhorstspuit, 115 km northwest of Witbank (Emalahleni), and 25 km south of Marble Hall. Accessibility is mainly via the R25 road, which links the area with Oliver Tambo International Airport in Johannesburg; and via the N11 with Middelburg.

The municipality is the second largest Municipality within Sekhukhune District Municipality (SDM) which comprise of a total of five local municipalities. Sekhukhune District Municipality is the second poorest District among South Africa's 13 nodal points identified as poor and requiring careful developmental measures. The Municipality comprises of an estimated 62 settlements most of which are villages R293 areas and the Groblersdal Town. The municipality consists of 31 Wards and 61 Councillor's and it is a category B municipality which shares the Executive and legislative authority with Sekhukhune District Municipality (Category C) within whose area it falls.

The municipality is established to perform the following functions:

**Table 1**

Schedule 4 Part B	Schedule 5 Part B
<ul style="list-style-type: none"> <li>Air pollution</li> <li>Building regulations</li> <li>Child care facilities</li> <li>Electricity and gas reticulation</li> <li>Local tourism</li> <li>Municipal planning</li> <li>Municipal public transport</li> <li>Municipal public works</li> <li>Storm-water management systems in built-up areas</li> <li>Trading regulations</li> </ul>	<ul style="list-style-type: none"> <li>Billboards and the display of advertisements in public places</li> <li>Cemeteries, funeral parlours and crematoria</li> <li>Cleansing</li> <li>Control of public nuisances</li> <li>Control of undertakings that sell liquor to the public</li> <li>Facilities for the accommodation, care and burial of animals</li> <li>Fencing and fences</li> <li>Local sport facilities</li> <li>Municipal parks and recreation</li> <li>Municipal road</li> <li>Public places</li> <li>Refuse removal, refuse dumps and solid waste disposal</li> <li>Street trading</li> <li>Street lighting</li> <li>Traffic and parking</li> </ul>

### 1.2.1 Population group

**Table 2: Total Municipal Population**

Population	2011	2016	% Incr.
Males	115503	125 133	8.34%
Females	133860	143 123	6.92%
Total	249 363	268 256	7.58%

Source: STATS SA, Census 2011 and Community Survey 2016

Of the total population of 268 256(97, 9%) is African black, with the other population groups making up the remaining (2, 1%).

**Table 3: Population by Ethnic Group**

Group	Percentage
Black African	97,6%
Coloured	0,2%
Indian/Asian	0,1%
White	2,1%
Other	-
TOTAL	100%

Source: 2016 STATS SA Community survey

**Table 4: Population by Age Group**

Age	Males	Females
0-4	6,4%	6,3%
5-9	6,2%	6,1%
10-14	5,7%	5,7%
15-19	7,0%	7,2%
20-24	6,2%	5,7%
25-29	5%	5,4%
30-34	3,6%	4,1%
35-39	2,0%	3,0%
40-44	1,7%	2,3%
45-49	1,6%	2,2%
50-54	1,2%	2,2%
55-59	1,2%	1,7%

Source: 2016 Stats SA Community survey

**Table 4: Household by Ethnic and Gender Group**

Population Group	Females	Male	Total
Black African	34 111	30 339	64450
Colored	106	34	140
Indian or Asian	0	78	78
White	470	1220	1 690
Other	-	-	-
TOTAL	34,688	31,671	66,359

Source: Stats SA. CS 2016

- There are 53.7% females and 46.3% males within the Municipality
- There is a large segment of youth (under 19 years) which comprises 47.9% of the total population

**Table 5: Economic profile (employment)**

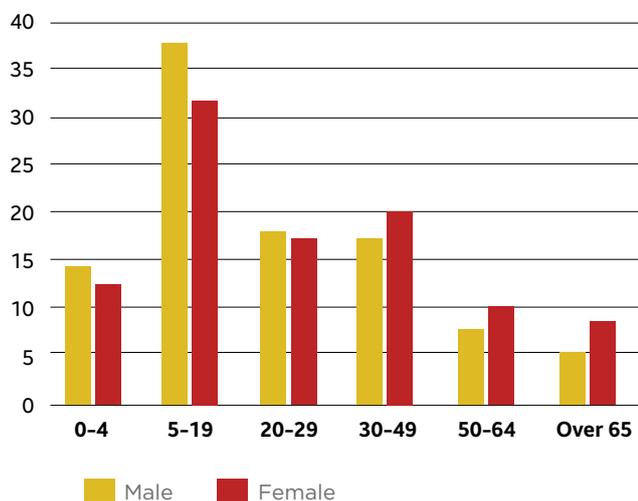
Economic Indicators	Percentage
Employment Category	Percentage
Employed	57,1%
Unemployed	42,9%
Total	100%

Source: Stats SA Census 2011

- There are more females 53.7% than males 46.3% within the Municipality.
- The Municipal population is characterised with a large segment of youth (under 19 years) which comprises of 47.9% of the total population.

Based on the age structure breakdown of the Municipality, it is evident that the population is "young", which is prevalent in a developing country. With the "young" age structure, increased pressure will be on the delivery of Housing, Social Facilities and Job Creation within the Municipality

**Graph 1: Age and gender distribution**



Source: Stats SA Census 2011

**Table 6: Language Preference within the municipality**

Language	%
Afrikaans	2,2%
English	0,2%
Isindebele	15%
Isixhosa	0,2%
Isizulu	8,4%
Sepedi	59,9%
Sesotho	1,1%
Setswana	7,1%
Sign language	0,0%
Siswati	1,5%
Tshivenda	0,2%
Xitsonga	1,5%
Other	0,5%
Not applicable	2,2%

Source: Stats SA .CS 2016

**Table 7: The marital status within the municipality**

Group	%
Married	16,6%
Living together	2,4%
Never married	50,6%
Widower/widow	2,2%
Separated	0,1%
Divorced	0,4%

Source: Stats SA 2011and CS 2016

The tables below indicate the tenure status in the municipal area. There is a clear indication that more of the land is occupied by individuals who have ownership than those that rent. The average household size has declined from 4.5 to 4.1 in 2001 and 2011 respectively.

**Table 8: Age structure**

Age	2011	%	2016	Percentage %
0-14	89 772	36	89 680	33,4
15-65	142 136	57	156229	58,2
65+	17 455	7	22347	8,3
Total	249 363	100	268256	99,9

Source: Stats SA 2011and CS 2016

### 3.1.3. HOUSEHOLD DISTRIBUTION (Source: STATS SA community survey 2016)

The average household size of 4:1 person has been influenced by the fact that approximately (38, 7%) of households have two (2) or less occupants. This phenomenon could be as a result of several factors including incorrect baseline data or that younger people have set up their own homes but this is contrary to the statistics with respect to age which reflects that there is a large segment of youth (under 19 years) which comprises 47.9% of the total population.

**Table 9: Household Size**

Household Size	Number 2016
1	15, 524
2	10, 015
3	9, 402
4	9, 268
5	7, 739
6	5, 513
7	3, 111
8	2, 214
9	1, 405
10+	2, 169
Total	66, 359

Source: stats SA. CS 2016

Interesting to note that (58, 1%) of all households are owned with the majority fully paid off.

**Table 10: Tenure Status**

Tenure Status	2016
Rented	3, 834
Owned but not yet paid off	5, 120
Occupied rent-free	14, 247
Owned and fully paid off	37, 498
Other	5, 152
Total	65, 851

Source: Stats SA. CS 2016

Another notable feature of the household statistics is that approximately (87, 4%) of all dwellings can be classified as formal structures as reflected in the following table.

**Table 11: Type of dwelling per household**

Type Of Dwelling	2016
House or brick/concrete block structure on a separate stand or yard or on a farm	48, 781
Traditional dwelling/hut/structure made of traditional materials	2, 740
Flat or apartment in a block of flats	192
Cluster house in complex	12
Townhouse (semi-detached house in a complex)	29
Semi-detached house	559
House/flat/room in backyard	
Informal dwelling (shack; in backyard)	2, 404
Informal dwelling (shack; not in backyard; e.g. In an informal/squatter settlement or on a farm)	1, 028
Room/flat let on a property or larger dwelling/servants quarters/granny flat	771
Caravan/tent	21
Other	1, 408
TOTAL	66, 359

Source: Stats SA. CS 2016

**Table 12: Natural resources within EMLM**

Natural Resources	
Major Natural Resource	Relevance to Community
Minerals	Economic empowerment and job creation
Dam	Agricultural use and consumption
Caves	Tourist attraction ( Roossenekal)
Land	Agricultural and human settlement

## 1.2 SERVICE DELIVERY OVERVIEW

The Municipality core service delivery functions are categorized into three: Electricity, Access roads and waste management. For the year under review 14km of roads were constructed. 298.5km of roads were gravelled and 673.3 bladed. Municipality is licensed to provide electricity in 2 wards, which are ward 13 and ward 30 (Groblersdal and Roossenekal areas), the remaining 29 wards are Eskom licensed areas. Approximately 97, 5% of all the towns and villages comprising the EMLM have access to electricity supply. Municipality has a backlog of 4% (3099) households without electricity. Municipality is unable to totally eradicate electricity backlog due to mushrooming informal settlements and extensions in villages.

A total number of 55698 Households (96%) has access to Electricity (serviced both Eskom and EMLM). The municipality

received an allocation of R 15 million for INEP in 2021/2022 financial year for electrification projects. For the year under review, municipality implemented 03 electrification projects at Mashemong, Zuma Park and Ntswelemotse using INEP grants. Municipality in collaboration with Department of Public Works created 71 work opportunities through EPWP and CWP 1064 programmes.

The municipality provides waste management services that include waste collection, street cleaning, clearing of illegal dumping, and waste disposal. Regular solid waste collection service is provided to business, institutions and households within the jurisdiction of the municipality. Waste collection from residential premises is carried out on a weekly basis and bi-weekly from business premises. Housing function is provided by the Department of Corporative Governance, Human Settlement and Traditional Affairs. Water

and sanitation is provided by Sekhukhune District municipality. Reliance on other sectors departments for services impose is a major challenge to the municipality.

The municipality is responsible for 100% access to local roads which include all streets in town, townships and villages. It ensures regular maintenance of roads with the objective of addressing specific needs. The majority of of municipal roads are gravel roads.

## 1.3 FINANCIAL HEALTH OVERVIEW

EMLM is a rural municipality with high volume of outstanding consumer debtors and this leads to financial burden with none and/or under-payment for municipal services. The municipality has however developed the Revenue Enhancement Strategy to address this challenge since the outstanding debt affects the cash-flow status of the municipality.

The Municipality had a total revenue budget of R546, 626 million that was adjusted upwards to R546, 753 million during budget adjustment. The actual audited revenue realized is R561, 959 million and this resulted in under-performance variance of R70, 406 million. All gazetted grants and subsidies amounting to R387, 099 million and they contributed a major portion of source of funding for budget of the municipality and the grants dependency rate was 85% on capital expenditure budget and 71% on revenue budget. The

municipality have unspent Integrated National Electrification Programme (INEP) of R5, 397 million in 2021/22 financial. Other conditional grants, being Municipal Infrastructure Grant (MIG), Financial Management Grant (FMG) and Expanded Public Works Programme (EPWP) achieved 100% spending.

### EXPENDITURE

The original budget for operating expenditure was R532, 675 million that was adjusted downwards to R525, 975

million and the actual audited expenditure thereof is R523, 668 million. This reflects a positive variance of R2, 307 million. The major portion of operating expenditure is employee related cost that had original budget of R163, 212 million and the budget was adjusted downwards to R154, 891 million and the actual audited expenditure thereof is R160, 187 million and this reflected over-spending variance of R5, 296 million that is attributed to actuarial costs.

Table 12: Summary of financial overview

Details	Financial Overview – 2021/22		
	R'000		
	Original Budget	Adjustment Budget	Actual
Grants	307 637	307 637	297 765
Taxes, levies and tariffs	152 355	173 527	148 423
Other	86 634	65 589	30 159
<b>Sub -Total</b>	<b>546 626</b>	<b>546 753</b>	<b>476 347</b>
Less Expenditure	-532 675	-525 975	-435 763
<b>Net Total</b>	<b>13 951</b>	<b>20 778</b>	<b>40 584</b>

Table 13: Operating ratios

Operating Ratios	
Detail	%
Employee Costs	41%
Repairs & Maintenance	3.17%
Capital cost	0,1%

Table 14: Total capital expenditure

Detail	Total Capital Expenditure (R'000)	
	2020/21	2021/22
Original Budget	89 280	88 032
Adjustment Budget	95 344	94 234
Actual	88 994	70 856

## 1.4 ORGANISATIONAL DEVELOPMENT OVERVIEW

### 1.4.1 HUMAN RESOURCES OVERVIEW

Human resource services for the municipality are reasonably effective and efficient, and relatively meet the expectations of the community at large. The department is responsible for attracting skilled workforce, motivating workforce to perform the required tasks and continuous capacity building of personnel. The Municipality in total has 349 employees inclusive of senior managers. The municipality has 07 critical positions (senior managers) three (03) were filled and four (04) were vacant namely: Chief Financial Officer, Senior Manager Executive support, Senior Manager Infrastructure services, Senior Manager Planning Land and Economic development. By end of the financial year, all four vacant senior

managers positions were advertised and shortlisting was underway.

#### COMMITTEES

The Municipality has established the following committees as per the prescripts in strengthening the human resource management.

- Local Labour Forum Committee
- Occupational Health and Safety Committee
- Training and Development Committee
- Employment Equity Committee
- EAP committee
- Batho Pele committee

### 1.4.2 BURSARIES

Mayoral bursary aim to assist students residing within the Elais Motsoaledi Local

Municipality's jurisdiction who want to study at any Government recognized institution of higher learning in South Africa. It also provides financial assistance to historically disadvantaged students to further their studies. For the year under review, thirty nine (39) qualifying students were approved and payments were made directly to institutions. Each student qualified for R10 000 each.

#### WORKPLACE SKILLS PLAN (WSP)

Municipality has developed WSP for the year for 2021/2022 and it was submitted to LGSETA during April 2022 together with the Annual Training report. 28 employees (11 males and 18 females) received various trainings. Municipality received R86 809-30 in the form of rebates from LGSETA for the year under review.

## 1.5 AUDITOR GENERAL'S REPORT

For financial year 2021/2022, municipality received an Unqualified audit opinion. Municipality maintained the same audit opinion as the previous financial year of 2020/2021. Refer to the attached Auditor General report on chapter 6. Audit Action Plan is developed as a corrective measure for improvement on the findings.

Emphasis of matters			
No.	2019/2020	2020/2021	2021/2022
1.	Property, plant and equipment	Restatement of the corresponding figures.	Restatement of the corresponding figures.
2.	Bulk purchase	Significant uncertainties	Significant uncertainties
3.	Not applicable	Material impairment	Material impairment
4.	Not applicable	Material distribution losses	Material distribution losses
5.	Not applicable	Not applicable	Material underspending conditional grant

## 1.6 STATUTORY ANNUAL REPORT PROCESS FOR 2021/2022

**Table 16: statutory annual report process**

No	Activity	Date	Responsibility
1	Finalise 4 <sup>th</sup> quarter report for previous financial year	29 July 2022	Municipal Manager
3	Audit/Performance Committee considers annual performance report of municipality	22 August 2022	Municipal Manager
4	Municipality submits draft annual report, including the consolidated annual financial statements and the performance report, to the Auditor General.	31 August 2022	Municipal Manager
5	Auditor General assesses draft annual report, including the consolidated annual financial statements and performance data	31 August 2022 to 30 November 2022	Auditor General
6	Municipalities receive and start to address the Auditor General's comments	05 December 2022	Municipal Manager
7	Mayor tables annual report and audited financial statements to council, complete with the Auditor General's Report	25 January 2023	Mayor
8	Audited annual report is made public and representation is invited	02 February 2023	Municipal Manager
9	MPAC Committee assesses the annual report	21 February to 17 March 2023	MPAC Chairperson
10	Council adopts oversight report	24 March 2023	Council
11	Oversight report is made public	27 March 2023	Municipal Manager
12	Oversight report is submitted to relevant provincial councils	30 March 2023	Municipal Manager

It is also a compliance issue to meet the deadlines, as non-compliance will result in a negative audit opinion for the municipality. Meeting deadlines also assists with receiving feedback, comments and inputs from relevant stakeholders in time, and helps with rectifying mistakes whilst learning good practice at the same time.

The alignment of IDP, budget and the performance system is important, as the three documents are the strategic documents of the municipality. They serve as a guiding tool to determine whether the municipality is working towards achieving its set goals and objectives, while using the budget in the correct manner, so as to avoid wasting public funds. This is done through the performance management, where there will be quarterly reporting about the performance of the municipality and whether the budget is still aligned to the set objectives, or if it is being spent on something that is not helping achieve set objectives and goals. Performance management helps to give an early indication of non-performance, and allows for the taking of corrective measures as soon as possible.

# CHAPTER 2

## GOVERNANCE



## COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

### 2 Introduction

Section 151 (3) of the constitution states that the council of municipality has the right to govern on its own initiative, the local government affairs of the local community. EMLM Council comprises of the political and administrative components responsible for decision-making and implementation respectively. The Mayor is the political head of the Institution and the Speaker is the head of council. The Municipality has all the powers assigned to it in terms of the Constitution as well as relevant national and provincial legislations. The municipality has the authority to take any possible actions to effectively exercise powers assigned to it.

#### 2.1 POLITICAL GOVERNANCE

Council established Section 80 committees, which provides general oversight, and monitor the activities in the municipality over both the administrative and executive arms of the municipality. These section 80 Committees are chaired by independent councillors other than members of executive committee. The following committees were established:

- Executive Committee (EXCO)
- Municipal Public Accounts Committee (MPAC)
- Section 79 portfolio committee
- Section 80 committee

- Corporate services Portfolio committee
- Infrastructure services Portfolio committee
- Budget and treasury Portfolio committee
- Community Services Portfolio committee
- Development planning Portfolio committee
- Executive Support Portfolio committee

The Speaker is a full-time councillor and takes responsibility of chairing council meetings. The Office of the Council-Whip is established to create synergy and to maintain discipline among councillors from various Political Parties. The Role of the Council-Whip covers both the political and administrative domains of council with emphasis on the political aspect. The Council-Whip deals with the well-being and particularly attendance of all councillors. The Council meetings are governed according to the approved rules of order.

The council comprises of 08 political parties namely: African National congress (ANC) with 36 seats, Economic Freedom Fighters (EFF) with 14 seats, Democratic Alliance (DA) with 04 seats, and Bolshevik Party of South Africa (BPSA) with 02 seats, Mpumalanga Party (MP) with 02 seat and (AFC) with 01 seat, (DRA) with 01 seat and (FV) with 01 seat..The Council

of the municipality is composed as follows; 54 part-time Councillors, 7 full-time Councillors namely Mayor, Speaker, Chiefwhip, MPAC Chairperson and three members of the Executice committee of council (EXCO) which consist of ten of the council members

There is a good relationship between councillors as they work cooperatively to achieve the set goals of the municipality. Every year there is a schedule of meetings that is approved by council, in order to ensure that all committees meet regularly to discuss administrative, performance and service-delivery issues. Councillor's participation in various committees is satisfactory. For the year under review, council held 4 ordinary and 7 special meetings. In order to enhance good governance and accountability, Municipality adopted separation of powers model, which separated legislative arm from executive arm. This is in line with the governance approach that seeks to put in place an independent oversight mechanism to ensure that democracy is deepened and that effective public service delivery takes place to benefit EMLM communities. Council has established section 79 committees to play oversight role and monitor the work of the executive and administration.

Table 1: Municipal Committees annual meetings

Name of Meeting	Annual Target	Number of meetings convened	Number of meetings materialised	Total number of apologies received
<b>COUNCIL COMMITTEES</b>				
Corporate Services	12	08	06	14
Executive Support	12	07	07	03
Finance Department	12	12	12	02
Infrastructure Department	12	10	10	06
Development Planning	12	12	12	12
Community Services	12	10	10	07
Labour Forum	12	07	07	06
EXCO	11	08	08	02
Special EXCO	-	3	3	0
Council	4	4	4	19
Special Council	-	05	05	10
MPAC	3	3	3	0
Audit Committee	08	11	11	01
<b>SUPPLY CHAIN COMMITTEES</b>				
Specification	As and when	09	08	01
Evaluation	As and when	22	22	44
Adjudication	As and when	17	16	03

Table 2: EMLM Councillors information

#	WARD	PARTY	SURNAME	FULL NAMES	GENDER / CONTACT NO.
(1)	1	ANC	Thethe	Junior Semole	F / 082 792 2824
(2)	2	ANC	Kgagara	Thabo Peter	M / 061 474 5741
(3)	3	ANC	Malapela	Samuel Mogome	M / 066 168 4609
(4)	4	ANC	Msiza	Mahwetse Phillip	M / 071 610 6421
(5)	5	ANC	Mohlamonyane	Tshepo Emmanuel	M / 072 784 0456
(6)	6	ANC	Ndlovu	Raymond Ndumiso	M / 083 747 9741
(7)	7	ANC	Sithole	Thembi Cynthia	F / 082 526 3982
(8)	9	ANC	Mogotlana	Jersey Sphiwe	F / 076 405 5600
(09)	10	ANC	Ramongana	Nkitseng Jenneth	F / 076 413 4149
(10)	11	ANC	Mafiri	Moses Aphiri	M / 071 391 8785
(11)	12	ANC	Phorotlhoe	Thabiso Andries	M / 072 442 9957
(12)	14	ANC	Phokwane	Marang Codney	M / 072 746 0239
(13)	15	ANC	Nkosi	Sibongile Beauty	F / 072 610 5441
(14)	16	ANC	Buta	Medo Zephania	M / 082 256 3304
(15)	17	ANC	Malau	Toswi Samuel	M / 076 742 5535
(16)	18	ANC	Letageng	Johannes	M / 072 163 6376
(17)	19	ANC	Masimula	Phahlana (M)	M / 071 578 3344
(18)	20	ANC	Tshehla	Mokgokong Eric	M / 072 391 3469
(19)	22	ANC	Nduli	Msanyana Elias	M / 082 952 2871
(20)	23	ANC	Mohlala	Nkgetheng Piet	M / 082 525 0028
(21)	24	ANC	Lehungwane	Frank Kgomontshware	M / 082 581 5911
(22)	25	ANC	Makuwa	Nkhubedu Sarah	F / 071 191 7978
(23)	26	ANC	Morare	Sephtsi Donald	M / 082 545 4228
(24)	27	ANC	Tlaka	Kgoputso Wiseman	M / 082 294 4025

Table 2: EMLM Councillors information (Cont)

#	WARD	PARTY	SURNAME	FULL NAMES	GENDER / CONTACT NO.
(25)	28	ANC	Tladi	Patrick Kose	M / 078 053 2200
(26)	29	ANC	Makuwa	Reginah Mamoshasha	F / 060 610 8505
(27)	31	ANC	Msiza	Mothibe Rhodes	M / 072 722 5893
(28)	PR1	ANC	Tladi	Magetle David	M / 082 526 0053
(29)	PR2	ANC	Phahlamohlaka	Tebogo Mafereke	M / 072 958 9302
(30)	PR3	ANC	Machipa	Toudi Aron	M / 082 758 6744
(31)	PR4	ANC	Mashilo	Malope Samaria	F / 082 495 1194
(32)	PR5	ANC	Mashego	Dieketseng Masesi	F / 072 235 9709
(33)	PR6	ANC	Mahlangu	Julia	F / 060 905 1721
(34)	PR7	ANC	Matjomane	Germinor Delly	F / 060 639 7537
(35)	PR8	ANC	Makunyane	Hlako Justice	M / 068 331 9718
(36)	PR9	ANC	Phetla	Mannyana Grace	F / 060 388 9121
(37)	PR1	AFC	Koka	Petrus Thomo	M /
(38)	PR1	BPSA	Gulube	April Lucky	M / 082 861 7925
(39)	PR2	BPSA	Radingwana	Sentsho Herbert	M / 079 866 9276
(40)	13	DA	Oosthuizen	Willem Nicolaas Saaiman	M / 083 627 6490
(41)	PR1	DA	Mmaboko	Sipho Hlabishi	M / 079 226 9429
(42)	PR2	DA	Kotze	Johan Pieter	M / 082 554 7561
(43)	PR3	DA	Matsomane	Shiko Tebogo	F / 082 526 4089
(44)	PR1	DRA	Ganedi	David Jack	M / 0790352371
(45)	8	EFF	Mathabathe	Mohlamme Glyde	M / 076 243 8537
(46)	21	EFF	Maphopha	Cheleboy Mpho	M / 076 299 3459
(47)	30	EFF	Mampana	Moleke	M / 079 759 6638
(48)	PR1	EFF	Malapela	Hope Mashego Constance	F / 064 625 7229
(49)	PR2	EFF	Mmotla	Sewisha Collen	M / 076 574 1816
(50)	PR3	EFF	Ngwenya	Sarah Zodwa	F / 072 808 1411
(51)	PR4	EFF	Mabelane	Kagiso	M / 060 860 4399
(52)	PR5	EFF	Lecheko	Virgina Morotse	F / 066 347 1597
(53)	PR6	EFF	Mthimunye	Maremoshe Simon	M / 072 036 6080
(54)	PR	EFF	Ranala	Maselopi	F / 064 914 6964
(55)	PR8	EFF	Sithole	Maguwe Elias	M / 076 771 9801
(56)	PR9	EFF	Maibelo	Legasa Sandy	F / 072 054 1305
(57)	PR10	EFF	Segope	Godfrey Radingwane	M / 060 945 5591
(58)	PR11	EFF	Komane	Legobole Sharon	F / 082 215 7109
(59)	PR1	MP	Ramphisa	Motiba William	M /
(60)	PR2	MP	Limacdskwe	Adelaide	F / 060 942 9953
(61)	PR1	VF	DeBeer	Willem	M / 084 545 8382

Political Party	ANC	AFC	BPSA	DA	DRA	EFF	MP	VF	Total	%
<b>GENDER REPRESENTATION</b>										
Male (s)	25	1	2	3	1	9	2	1	44	72.13
Female (s)	11	0	0	1	0	5	0	0	17	27.86
PwD	0	0	0	1	0	1			2	3.28%
<b>AGE REPRESENTATION</b>										
20-35 years	2	0	0	0	0	4	0	0	14	23%
36 – 40 years	8	0	0	1	0	3	0	0	11	18%
41 – 50 years	17	0	1	0	1	7	1	0	17	28%
51 -70 years	09	1	1	3	0	0	1	1	19	31%
TOTAL	41	3	5	10	1	1			61	100%

Table 3: Executive committee members

#	WARD	PARTY	SURNAME	FULL NAMES	GENDER
(28)	PR1	ANC	Tladi	MAGETLE DAVID	Male
(30)	PR3	ANC	Machipa	Toudi Aron 7204225309088	Male
(34)	PR7	ANC	Matjomane	Germinor Delly 621107 075 3089	Female
(36)	PR9	ANC	Phetla	Mannyana Grace 541110744088	Female
(27)	31	ANC	Msiza	Mothibe Rhodes 630606 068 1082	Male
(09)	10	ANC	Ramongana	Nkitseng Jenneth	Female
(48)	PR4	DA	Kotze	Johan Pieter 490523 5017 080	Male
(51)	PR1	EFF	Malapela	Hope Mashego Constance	Female
(45)	8	EFF	Mathabathe	Mohlamme Glyde	Male
(59)	PR1	MP	Ramphisa	Motiba William	Male

### 2.1.1 SECTION 80 COMMITTEES

The established section 80 committees are in line with the governance approach that seeks to put in place an independent oversight mechanism to ensure that democracy is deepened and that effective public service delivery takes place to benefit EMLM communities Council has established section 80 committees to play oversight role and monitor the work of the executive and administration.

The established Committees are aligned to administrative departments of the municipality and are chaired by non-executive councillors. MPAC committee is also in place and performs its duties as per approved annual work programme. MPAC is an oversight committee which comprises of non-executive councillors, with the specific purpose of providing oversight over the executive functionaries of Council to ensure good governance.

Table 4: Section 80 portfolio committees

SECTION 80 COMMITTEES		
COMMITTEE	CHAIRPERSON	MEMBERS
Budget & Treasury	Cllr. T.A. Machipa	1.Cllr. Makuwa R.M (ANC) 2. <b>Cllr Msiza P (ANC) (Whip)</b> 3.Cllr. Tlaka K (ANC) 4. Cllr Thete J (ANC) 5. Cllr Mogotlane J (ANC) 6. Cllr. Mthimunye S (EFF) 7. Cllr. Kotze J (DA)
Infrastructure Development	Cllr Msiza M.R	1.Cllr. Thete J (ANC) 2. <b>Cllr. Kgagara T (ANC) (Whip)</b> 3. Cllr. Mafiri M (ANC) 4. Cllr. Tladi P (ANC) 5. Cllr Phorotlhoe T (ANC) 6. Cllr Radingwana H (BPSA) 7. Cllr. Mmotla C (EFF)
Community Services	Cllr Ramongana N.J	1. <b>Cllr. Lehungwane F (ANC) (Whip)</b> 2. Cllr. Nkosi S (ANC) 3. Cllr. Tshela M (ANC) 4. Cllr Letageng J (ANC) 5. Cllr Mohlala N.P (ANC) 6. Cllr. Segopa M (EFF) 7. Cllr Oosthuizen W (DA)



Table 4: Section 80 portfolio committees (Cont)

SECTION 80 COMMITTEES		
COMMITTEE	CHAIRPERSON	MEMBERS
Corporate Services	Cllr Phetla M.G	1. Cllr. Makuwa N (ANC) 2. Cllr. Nduli M (ANC) <b>3. Cllr.Phokoane C (ANC) (Whip)</b> 4. Cllr Sithole T (ANC) 5. Cllr. Masimula P (ANC) 6. Cllr Malau T (ANC) 7. Cllr Mabelane K (EFF) 8. Cllr. Matsomane T (DA)
COMMITTEE	CHAIRPERSON	MEMBERS
Development Planning & LED	Cllr Matjomane G.D	1. Cllr. Malapela S (ANC) <b>2. Cllr.Letageng J (ANC) (Whip)</b> 3. Cllr. Mogotlana J (ANC) 4. Cllr Morare D (ANC) 5.. Cllr Tshehla E (ANC) 6. Cllr.Koka P (AFC) 7. Cllr. Lecheko V (EFF)
COMMITTEE	CHARPERSON	MEMBERS
Executive Support	Cllr Ramphisa M.W	1. Cllr. Msiza P (ANC) <b>2. Cllr. Tladi P.K (ANC) (Whip)</b> 3. Cllr. Malapela M (ANC) 4. Cllr Phahlamohlaka T (ANC) 5. Cllr. Komane S (EFF) 6. Cllr. Mmaboko S (DA)

Table 4: Section 79 portfolio committees

SECTION 79 COMMITTEES		
COMMITTEE	CHAIRPERSON	OTHER MEMBERS
Municipal Public Accounts Committee (MPAC)	Cllr. Ndlovu R.D	<ol style="list-style-type: none"> <li>1. Cllr. Makuwa N.S (ANC)</li> <li>2. Cllr. Tlaka K.W (ANC)</li> <li>3. Cllr. Mashilo M.S (ANC)</li> <li>4. Cllr. Kgagara T.P (ANC)</li> <li>5. Cllr. Maphopha C.M (EFF)</li> <li>6. Cllr Limakwe A (MP)</li> <li>7. Cllr Mampana M (EFF)</li> <li>8. Cllr. Nkosi S.B (ANC)</li> <li>9. Cllr. Buta N (ANC)</li> <li>10. Cllr. Matsomane T (DA)</li> </ol>
Rules & Petitions	Cllr. Makuwa N.S	<ol style="list-style-type: none"> <li>1. Cllr Phorotlho A (ANC)</li> <li>2. Cllr. Phahlamohlaka T (ANC)</li> <li>3. Cllr. Mahlangu J (ANC)</li> <li>4. Cllr. Koka P (AFC)</li> <li>5. Cllr.Gulube A (BPSA)</li> <li>6. Cllr. Mohlamonyane T (ANC)</li> <li>7.Cllr Mohlahlo F (EFF)</li> <li>8. Cllr Radingwana H (BPSA)</li> </ol>
Ethics	Cllr. Buta M.Z	<ol style="list-style-type: none"> <li>1. Cllr. Makunyane H (ANC)</li> <li>2. Cllr. Morare S.D (ANC)</li> <li>3. Cllr. Malau T (ANC)</li> <li>4. Cllr. Debeer W (VF)</li> <li>5. Cllr. Matsomane T (DA)</li> <li>6. Cllr.Ngwenya Z (EFF)</li> <li>7. Cllr Radingwana H (BPSA)</li> </ol>
Executive Support	Cllr. Thethe J.S	<ol style="list-style-type: none"> <li>1. Cllr. Makua N (ANC)</li> <li><b>2. Cllr. Letageng J (ANC) (Whip)</b></li> <li>3. Cllr. Mogotlana J (ANC)</li> <li>4. Cllr.Koka P (AFC)</li> <li>5. Cllr. Lecheko V (EFF)</li> </ol>
Corporate Services	Cllr. J Mahlangu	<ol style="list-style-type: none"> <li>1. Cllr. Masimula P (ANC)</li> <li><b>2. Cllr. Tladi P.K (ANC) (Whip)</b></li> <li>3. Cllr. Malapela M (ANC)</li> <li>4. Cllr Mohlala N. (ANC)</li> <li>5. Cllr. Komane S (EFF)</li> <li>6. Cllr. Mmaboko S (DA)</li> </ol>
COMMITTEE	CHAIRPERSON	MEMBERS
Community Services	Cllr. P. Masimula	<ol style="list-style-type: none"> <li>1. Cllr. Makuwa R.M (ANC)</li> <li><b>2..Cllr Msiza P (ANC) (Whip)</b></li> <li>3. Cllr. Tlaka k (ANC)</li> <li>4. Cllr Mohlala N (ANC)</li> <li>5. Cllr. Mthimunye S (EFF)</li> <li>6. Cllr. Oosthuizen W (DA)</li> </ol>



Table 4: Section 79 portfolio committees (Cont)

SECTION 79 COMMITTEES		
Budget & Treasury	Cllr. T. Sithole	<b>1.Cllr.Lehungwane F (ANC) (Whip)</b> 2. Cllr. Nkosi S (ANC) 3. Cllr. Tshehla M (ANC) 4. Cllr. Segopa M (EFF) 5. Cllr Kotze J (DA)
Development Planning & LED	Cllr. T. Phorothloe	1.Cllr. Thethe J (ANC) <b>2. Cllr. Kgagara T (ANC) (Whip)</b> 3. Cllr. Mafiri M (ANC) 4. Cllr Nkopo MP (DRA) 5. Cllr. Sewisha C (EFF)
Infrastructure Development	Cllr. M. Nduli	1.Cllr. Buta M (ANC) 2. Cllr. Malapela S.M (ANC) <b>3. Cllr. Phokoane M.C (ANC) (Whip)</b> 4. Cllr. Mabelane K (EFF) 5. Cllr. Matsomane T (DA)
Chairperson of Chairpersons (Chair of Chairs) of Committees	Cllr. T.M Phahlamohlaka	1.Cllr Nduli M 2.Cllr Makua S 3. Cllr Sithole T 4. Cllr Mahlangu J 5. Cllr Thethe J 6. Cllr Phorotloe TA 7. Cllr Buda N 8. Cllr Masimula P
Local Geographical Names Change Committee (LGNCC)	Cllr. J Mogotlane	Cllr Segopa M Cllr Radingwana H Cllr Limakwe A Cllr DeBeer W Cllr Koka P Cllr Nkopo M.P Cllr Lehungwana F Cllr Phokoane C Cllr Msiza P Cllr Tladi k Cllr Kgagara T Cllr Letageng J Cllr Matjomane G.D
Committee of Presiding Officers	Speaker	Cllr. Mashego D.M
	Chair of Chairs	Cllr. Phahlamohlaka T.M
<b>Whippery Committee</b>	Chairperson of Whippery	Cllr Makunyane H
	Representative of BPSA	Cllr Radingwane
	Representative of MP	Cllr Limakwe A
	Representative of VF	Cllr DeBeer W
	Representative of AFC	Cllr Koka P
	Representative of DRA	Cllr Nkopo M.P
	Representative of EFF	Cllr Segopa M
	All Whips of Council Committees	Cllr Phokoane C Cllr Lehungwana F Cllr Kgagara T Cllr Msiza P Cllr Letageng J Cllr Tladi K

## 2.1.2 POLITICAL LEADERSHIP

### POWERS AND FUNCTIONS OF MAYOR AS PER SECTION 52 OF THE MUNICIPAL SYSTEMS ACT

- Provide general political guidance over the fiscal and financial affairs of the municipality.
- In providing such general political guidance, may monitor and, to the extent provide in this Act, oversee the exercise of responsibilities assigned in terms of this Act to the accounting officer and the chief financial officer, but may not interfere in the exercise of those responsibilities
- Must take all reasonable steps to ensure that the municipality performs its constitutional and statutory functions within the limits of the municipality's approved budget.
- Must within 30 days of the end of each quarter submit a report to council on the implementation of the budget and the financial state of affairs of the municipality.
- Must exercise the other powers and perform the other duties assigned to the mayor in terms of this Act or delegated by council to the mayor.

### POWERS AND FUNCTIONS OF THE SPEAKER

- To preside at meetings of the council where he/she is present;
- To ensure that the council meets at least quarterly;
- To ensure compliance with the code of conduct for councillors, standing rules and order and other relevant governing laws in the meetings of council and council's committees;
- To maintain order during meetings of the council;
- Ensure that the provisions in respect of privileges and immunities of councillors, as set out in section 28 of the structures act or any other applicable legislation, are adhered to.
- To ensure that council meetings are conducted in accordance with the rules and orders of the council;
- Determine the date and venue of ordinary council meetings;
- To convene special meetings of the council at the venue determined by her and at the time set out in any request that such a meeting be convened in terms of section 29(1) of the structures act.
- Ensures that councillor's motions are prepared and timeously tabled in terms of the procedural rules of Council.

### POWERS AND FUNCTIONS OF COUNCIL CHIEF WHIP

The Chief Whip of Council is not an Office Bearer in terms of the LG: Municipal Structures Act, so the Council is not legally obliged to adopt a terms of reference for the Whip. It is, however, advisable to commit to a clear definition of the role of the Whip in relation to that of the Speaker. The Council of EMLM resolved to include and elect a Chiefwhip in its structure, whilst there are no statutory functions for the Whip of Council, the SALGA Guideline Document on the Roles and Responsibilities of Councillors, Political Structures and Officials (March 2011) cites the following as the functions of the Whip of the Council: -

- Political management of council meetings and committee meetings
- Inform councillors of meetings called by the Speaker and the Mayor and ensuring that such meetings quorate
- Advises the Speaker and Mayor on the Council agenda
- Informs councillors on important matters on the relevant agenda
- Advise the Speaker on the amount of time to be allocated to speakers and the order of such speakers
- Addressing the Council
- Assisting the Speaker in the counting of votes
- Advising the Speaker and the Mayor of urgent motions
- Advising the Speaker and Mayor on how to deal with important items
- Advising the Speaker and Mayor on how to deal with important items.



## MEMBERS OF EXECUTIVE COMMITTEE



**Cllr Machipa Toudi Aron**  
Political Head Budget and Treasury Services



**Cllr Msiza Mothibe Rhodes**  
Political Head Infrastructure



**Cllr Phetla Mannyana Grace**  
Political Head Corporate Services



**Cllr Matjomane Germinor Delly**  
Political Head Development Planning and LED



**Cllr Ramphisa Motiba William**  
Political Head Executive Support



**Cllr Ramongana Nkitseng Jenneth**  
Political Head Community Services



**Cllr Malapela Hope Mashego Constance**  
Exco Member



**Cllr Mathabathe Mohlamme Glyde**  
Exco Member



**Cllr Kotze Johan Pieter**  
Exco Member

## FUNCTIONS OF EXECUTIVE COMMITTEE AS PER DELEGATION OF POWERS

- Oversee and monitor the implementation and enforcement of the municipality's credit control and debt collection.
- Policy and by-laws and the performance of the municipal manager in implementing the policy and by-laws;
- When necessary, evaluate or review the municipality's credit control and debt collection policy and by-laws, or the implementation of the policy and by-laws, in order to improve efficiency of its credit control and debt collection mechanisms, processes and procedures;
- Makes recommendations to council on proposed political structures of council;
- To report to council on all decisions taken by it; and makes recommendations to council in respect of its legislative powers;
- Gives political directions to executive management team;
- Determine strategic approaches, guidelines and growth parameters for the draft budget including tariff structures;
- Delegates powers in respect of any of its powers to the mayor;

## 2.2 ADMINISTRATIVE GOVERNANCE

The Municipal Manager is the administrative head and act as interlink between the politicians and the administration. Municipal Manager together with all staff members and councillors are responsible for implementing the IDP and Budget and monitoring the progress made to ensure that services are delivered to the people. The Accounting Officer also provides guidance to political office bearers and to all officials in the municipality. There is a good relationship between the Municipal Manager, administration and political office bearers. All administrative issues that need intervention of council are referred to council for resolution.

The administrative components of the municipality comprise of seven (07) senior managers and thirty five 35 divisional managers.

**Table 5: EMLM management information**

Directorate	Designation	Initial and Surname	Gender
<b>Office of the Municipal Manager</b>	Municipal Manager	Mr M. M Kgwale	Male
	Manager: Internal Audit	Mrs. P. Mailula	Female
	Chief Risk Officer	Mr L. K. Mathebe	Male
	Manager: IDP	Mr. K. J Motha	Male
	Manager: PMS	Ms R.P. Mdluli	Female
	Manager: Legal services	Ms S. Mahlangu	Female
	Manager Compliance	Mr H. Masemola	Male
<b>Executive Support</b>	Senior manager : Executive support	Vacant	
	Manager: Communications	Mr. S. T Makua	Male
	Manager: Council Support	Mrs M Burger	Female
	Manager: IGR	Ms V Matlala	Female
	Manager Parks	Mr J. M Mathebe	Male
	Manager: Mayor Support	Mr J. Manganyi	Male
<b>Corporate Services</b>	Senior Manager : Corporate Services	Mr. N.D Matumane	Male
	Manager: Human Resources and Development	Mr. L.M. Mafiri	Male
	Manager: Administration and Records	Mr. G.M Ditshego	Male
	Manager: ICT	Mr T. L. Mashaba	Male
	Manager Labour Relations	Mr J. Maboa	Male
<b>Finance</b>	Chief Financial Officer	Vacant	-
	Deputy CFO	Mr. M.L. Sebelemetja	Male
	Manager: Expenditure	Mr. C. Mtsweni	Male
	Manager: Budget and Treasury	Ms. K.U Sebelebele	Female
	Manager: Assets	Mr. M. C Tjiane	Male
	Manager: Supply Chain Management	Mr M P. Mthimunye	Male
	Manager: Revenue	Ms M Namane	Female
<b>Infrastructure</b>	Senior Manager : Infrastructure	Vacant	
	Electrical Engineer	Mr K.K. Mametsa	Male
	Manager: PMU	Mr. F. Debeila	Male
	Superintendent Roads Construction Unit	Mr. J Malaka	Male
	Manager: Fleet	Mr. V Masilela	Male



Directorate	Designation	Initial and Surname	Gender
<b>Community Services</b>	Senior manager: Community Services	Ms. E Kegopotsemang	Female
	Manager: Environmental services	Ms M Mokhulwane	Female
	Manager: Licensing	Ms. P. Ntobeng	Female
	Manager: Traffic	Mr. C Coetzee	Male
	Manager: Hlogotlou	Mr. L. A Madiba	Male
	Manager: Roosenekal	Mr. M. Mahlangu	Male
	Manager: Motetema	Mr. C. C. Masemola	Male
<b>Development Planning</b>	Senior manager : Development Planning	Vacant	
	Manager: Development and Town Planning	Mr. B. Sethojoa	Male
	Manager: LED	Mr Sebei	Male
	Manager: Property Management and Housing	Mr. R Palmer	Male

## COMPONENT B: INTERGOVERNMENTAL RELATIONS

### 2.2 INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

There are platforms established to maintain relationship between all three spheres of government. The purpose of the platforms is consultation with various interest groups and all other key stakeholders to insure that sectoral issues and projects are well captured within the IDP of the municipality for implementation.

#### 2.2.1 Intergovernmental relations

Municipal officials attended all intergovernmental relations meetings which they were invited and implemented resolutions taken.

#### 2.2.2 District intergovernmental structures

Section 24 of Intergovernmental Relations Framework Act 2005, establishes the district intergovernmental forum to promote and facilitate sound relations between the District and Local municipalities and the forum is chaired by District Mayor. EMLM has a good relationship with Sekhukhune district municipality and all local municipalities within the district. There are different forums conducted by district where officials and politicians from local municipalities are invited to participate. The structures are as follows:

Table 6: District intergovernmental structures

Structures	Directorates	Establishment
EXCO Lekgotla	Mayor and Municipal Manager	Provincial
Municipal Manager's forums	Municipal Manager	Provincial and District
IDP forums	IDP Manager	Provincial and District
PMS forums	PMS Manager	Provincial and District
LED forums	LED Manager	Provincial and District
Communicators' forum	Communication Manager	Provincial and District
SDM Disaster advisory forum	Superintendent: Disaster	District
MPAC forums	Council Support Manager	Provincial and District
District Environmental Forum	Manager Environmenta	District
Provincial Waste and Environmental Forum	Manager Environmental	Provincial
Chiefwhip's Forum	Mnager Council support	District and Provincial
District Town Planners Forum	Town Planner	District and Province

The above forums meet quarterly to discuss progress made on service delivery. The forums are facilitated by CoGHSTA representatives and district officials. They are very fruitful forums, as members use this opportunity to share ideas and to learn from each other, in order to improve service delivery.

### 2.2.3 Provincial intergovernmental structures

Section 16 of Intergovernmental Relations Framework Act 2005, establishes the premier's intergovernmental forum to promote and facilitate sound relations between the Province and municipalities. EMLM has a good relationship with provincial structures, namely CoGHSTA, Premier's Office and the Provincial Treasury. The province coordinated various forums where it met with members from all municipalities in the province, in order to discuss service delivery issues. Members from CoGHSTA, the Premier's Office and the provincial treasury also form part of those forums. The forums are:

- Provincial intergovernmental forum
- Premier/Mayor's forum
- Provincial monitoring and evaluation forum
- Provincial government communicators' forum
- Municipal Public Accounts Committee forum
- Provincial Waste Management Forum
- Provincial Town Planners Forum
- Provincial EPWP Incentive Grant Sector Forum
- Provincial IDP Forum
- Provincial Speaker's Forum
- Provincial Chiefwhip's Forum

The forums are very fruitful as any kind of question is clarified, and municipalities that lack capacity are identified and provided with all necessary support.

## COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

### 2.3 Introduction

In terms of Municipal Systems Act section 51(b) requires a municipality to establish and organize its administration to facilitate a culture of accountability amongst its staff;

Section 6 (i) states that a municipality must develop a system of municipal governance that compliments formal representative government with a system of participatory governance

Section 18 (i) (d) requires a municipality to supply its community with information concerning municipal governance, management and development.

#### 2.3.1 Overview of public accountability and participation

Municipality uses different kinds of public participation, such as the Mayor's outreach, public meetings and IDP/Budget consultation, stakeholders' meetings in order to promote the culture of accountability.

Through this dictum, the people envisaged for a democracy whose attributes would be; people first in a government of the people by the people, a democracy wherein no decision would be taken without consultation of the people.

1. This was brought to life by the democratic breakthrough of 1994, the adoption of the Constitution in 1996, and the formation of local government in 2000 and the subsequent laws that governs it. Chapter 4 of the Municipal System Act states A municipality must develop a culture of municipal governance that complements formal representative government with a system of participatory governance, and must for this purpose-
  - a. encourage, and create conditions for, the local community to participate in municipal affairs, including in-
    - i. The preparation, implementation and review of its integrated development plan in terms of Chapter 5;
    - ii. the establishment, implementation and review of its performance management system in terms of Chapter 6;
    - iii. the monitoring and review of its performance, including the outcomes and impact of such performance;
  - iv. the preparation of its budget; and
  - v. strategic decisions relating to the provision of municipal services in terms of Chapter 8;
- b. contribute to building the capacity of-
  - i. the local community to enable it to participate in the affairs of the municipality; and
  - ii. councillors and staff to foster community participation; and
- c. use its resources, and annually allocate funds in its budget, as may be appropriate for the purpose of implementing paragraphs (a) and (b)

In Elias Motsoaledi Local Municipality, Public Participation is not an abstraction and it is not done merely for compliance, it is a platform for self-determination of the people by the people. The people directs the type of service delivery and type of administration they want. During the year under review both the Mayor and Speaker had three (03) outreach programs to engage with communities of Elias Motsoaledi Local Municipality.



### 2.3.2 Communication, participation and forums

Communication and engagement approaches of the municipality plays an important role in contributing to the public's understanding of public service and their engagement with local issues.

Elias Motsaoleli Local Municipality undertakes IDP and Budget roadshows on an annual basis in all 31 wards. In addition to these platforms, office of the Speaker leads public participation programs to engage with citizens. Those programmes consist of, The Moral Regeneration Movement, whose aim is to influence society towards charter of positive moral values; the Women's Caucus which seeks to strengthen women representation, capacity and voice of women in political and administrative offices and the Civic education program which seeks to educate the electorate on various issues of governance and social programs.

Municipality uses notice boards, website, newspapers, rates payers and Facebook page to spread information, new plans, budget priorities, etc. The work of the Unit is informed by the municipal communications policy and communication strategy, which centralises the communications function in Communications Unit.

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

The IDP forum is constituted by Councillors representatives from business organisations, Magoŋi, ward committee, CDW, NGOs/ CBOs, government departments, parastatal organizations, Communication forum, Budget steering committee and stakeholder representatives of unorganized groups. The representatives are given an opportunity to represent community interests and contribute

knowledge and ideas, building consensus and support for the planning process itself, and ensuring a broader ownership of the outcomes.

Media briefings are held to update the media about the latest information of the municipality. Bulk sms system is used to disseminate prompt information to the community.

#### 2.3.2.1 Municipal Communication Platforms

##### Social Media

Municipality uses social media platforms, as part of its communication tool offering, to communicate with residents. Communications Unit is the custodian of Municipal social media account, it also maintains social media accounts by implementing daily posts, responding to service delivery queries and general information about municipal services. The municipal social media account is: <https://m.facebook.com/eliasmotsaoleli.localmunicipality>.

##### Radio Programme

Radio is one of the Municipality's main communication tools to convey service delivery messages across municipal jurisdiction. Priority for radio interviews is mainly given to political principals, Municipal Manager and the spokesperson/ Manager Public Relations to engage directly with residents on municipal plans and programmes and to listen and respond to community complaints. Municipality uses also community radios such as Radio Moutse and Radio Thaba Ntsho.

##### Municipal Website

The website is the main electronic communication platform for the Municipality to communicate with residents. The updated website continues to ensure that the public has access to the latest information and Improvement in the usage of the website included adding some easy to access quick links on the homepage as and when major projects go live;

##### Newsletter

The Newsletter is one of the Municipality's external communication tools to disseminate information to residents. Municipality utilises newsletters to inform public about municipal decisions and developments. The platform is part of municipal strategy to enhance external engagement to cultivate a culture of engagements.

#### 2.3.3 Ward Committees

EMLM established ward committees in terms of Municipal Structures Act of 1998 and it ought to have 310 ward committee members, which is 10 members per ward. All wards had managed to elect ward committee members. However currently in some wards there is less than 10 due to members who passed on, resigned and others released from their responsibilities by Speaker due to misconducts and couldn't be replaced due to lockdown restrictions. Ward committees reports to Speakers office on a monthly basis. For the year under review, two ward committee conference were held. Ward Committees assist members of the community by advising, assisting in organising community meetings and enable them to participate in those public meetings and take decisions that will take service delivery

### 2.3.4 Public meetings

The purpose of public meetings is to give feedback and account to the community on the implementation of the IDP/Budget of the municipality. Public meetings are utilized as a platform to engage with community member and listen to their needs. During the year under review no public meetings were held in different wards due to the lockdown restrictions, however stakeholders meetings were convened in compliance with lockdown regulations. All meetings held were beneficial, and held as follows.

Ward no	Nature and purpose of meeting	Number of meetings	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Issues raised by community	Issue addressed (Yes/No)	Dates and manner of feedback given to community
01	Community meetings	07	01	02	587	<ul style="list-style-type: none"> <li>Water shortage and water tankers not regularly delivering water.</li> <li>Provincial road R 573 construction progress</li> <li>Road maintenance in all villages</li> <li>Overcrowding at Batau school</li> <li>Low level bridge Oorlog and Ramaphosa</li> </ul>	No No No	Community meetings
02	Community Meeting	05	01	02	355	<ul style="list-style-type: none"> <li>Water shortage and challenges of sanitations.</li> <li>Clinic in the area</li> <li>Illegal dumpings increasing, request for skips and request for ward to be included in municipal refuse removal function and be billed</li> <li>Low level bridge</li> <li>Clinic needed at Moteti</li> <li>Regravelling of internal roads</li> </ul>	No No No No No Yes	Community meeting
03	Community meeting	05	01	02	410	<ul style="list-style-type: none"> <li>Unelectrified households at Naganeng.</li> <li>Request for proper road to new sections</li> <li>Water challenges</li> <li>Re-gravelling</li> <li>High mass lights</li> </ul>	No Yes	Community meeting and Stakeholders
04	Community meeting & Stakeholders	04	01	03	540	<ul style="list-style-type: none"> <li>Reportback on Electrification of freedom park</li> <li>RDP houses, the new applications are approved whilst the old applications there is no response</li> <li>Unplanned/ no survey in Allocation of sites</li> </ul>	Yes No	Community meeting & stakeholders
05	Stakeholders & Community meeting	05	01	03	584	<ul style="list-style-type: none"> <li>Re-Gravelling of bus route in Makgakadimeng</li> <li>Vezinyawo newsstands needs to be electrified - To be submitted for registry into the masterplan</li> <li>Water challenges</li> <li>Re-gravelling of access roads to schools and tribal office</li> <li>Teenage pregnancy</li> <li>Re-gravelling at graveyard</li> </ul>	Yes	Community Meetings
06	Community meeting & Stakeholders	06	01	02	884	<ul style="list-style-type: none"> <li>Stolen jojo tanks</li> <li>Illegal scrap metal shop that promotes crime</li> <li>To request SDM to drill new boreholes as a temporary measure to the water shortage problem as opposed to water tankers.</li> </ul>		Stakeholders Community meeting
07	Community meetings	08	01	02	946	<ul style="list-style-type: none"> <li>Re-gravelling for all villages</li> <li>Storm water</li> <li>Water challenges</li> <li>VIP Toilets</li> <li>Nyakoroane road need gravelling</li> </ul>	No No No Yes	



### 2.3.4 Public meetings (Cont)

Ward no	Nature and purpose of meeting	Number of meetings	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Issues raised by community	Issue addressed (Yes/No)	Dates and manner of feedback given to community
08	Stakeholders meeting	03	02	01	262	<ul style="list-style-type: none"> <li>Water shortage for Elandsdoorn, Marapong, Marapong, Taiwan and therefore request for boreholes.</li> <li>- Water Tankers are temporarily providing water at Elandsdoorn awaiting fixing problem.</li> </ul> <div style="border: 1px solid black; padding: 2px;">No delivery of Jojo tanks in Taiwan section.</div> <div style="border: 1px solid black; padding: 2px;">Illegal dumping on the increasing across the ward - Relevant unit to be notified.</div>	No No	Stakeholders & Community meeting
09	Community meetings	05	01	02	390	<ul style="list-style-type: none"> <li>Electricity for new stands at Phooko section</li> <li>Low level bridge for schoolkids at small Phooko</li> <li>Boreholes needed</li> <li>Shortage of VIP</li> <li>Cleaning of storm water controls</li> </ul>	No	Stakeholders meeting
10	Community meeting	06	02	03	410	<ul style="list-style-type: none"> <li>Erection of high mast lights</li> <li>Request to finish Mohlamme road</li> <li>Request for low level bridge at lesehleng</li> <li>Shortage of Jojo tanks</li> <li>Boreholes needed</li> <li>Electrification at Mohlamme settlement</li> <li>Re-gravelling of all streets</li> <li>Sports ground to be re-gravelled</li> </ul>	No No No Yes No No No No Yes	Stakeholders Meeting
11	Community meetings	04	02	02	268	<ul style="list-style-type: none"> <li>Water shortage at five Morgan</li> <li>Gravelling of internal roads</li> <li>Gates and Toilets at elandsdoorn Cemetery</li> </ul>	No No No	Community meetings
12	Community meeting	10	02	01	1439	<ul style="list-style-type: none"> <li>Road to Nala School needs paving &amp; gravelling of roads across the ward as roads are generally in bad state</li> <li>Request for 3 new boreholes still no response - Follow-up to be done with SDM</li> <li>Shortage of vip toilets</li> <li>Contractor on site for RDP</li> <li>Shortage of pipes for water reticulation</li> <li>Shortage of boreholes</li> <li>Shortage of VIP toilets</li> </ul>	No No No Yes No No Yes	Community meeting Stakeholders meeting
13	Community meeting & Stakeholders	03	03	03	180	<ul style="list-style-type: none"> <li>Illegal taxi rank – schoeman road, opposite fire department.</li> <li>Illegal carwash at Kanal Speed - humps outside Herfsakker / Speed – humps not painted are dangerous</li> </ul>	No No	Community & Stakeholders
14	Community meeting	04	02	01	245	<div style="border: 1px solid black; padding: 2px;"> <ul style="list-style-type: none"> <li>RDP houses</li> <li>Broken boreholes</li> <li>Shortages of JoJo tanks</li> </ul> </div>		Community meeting
15	Community meeting	05	01	02	457	<ul style="list-style-type: none"> <li>Burned water machine at Keerom</li> <li>Shortage of cables</li> <li>No FBE in the ward</li> <li>450 sanitation project on site</li> <li>Electricity of Keerom and New Stand.</li> </ul>	No Yes Yes No	Community meetings

## 2.3.4 Public meetings (Cont)

Ward no	Nature and purpose of meeting	Number of meetings	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Issues raised by community	Issue addressed (Yes/No)	Dates and manner of feedback given to community
16	Community Meeting	06	01	01	454	<ul style="list-style-type: none"> <li>Roads in a bad state, submission to be done to municipality</li> <li>Regreveling of internal roads</li> <li>Shortage of RDP and VIP toilets</li> </ul>	No No	Community meeting Community meeting
17	Community meeting	03	01	01	210	<ul style="list-style-type: none"> <li>Water</li> <li>Roads</li> <li>Electricity</li> <li>Toilets</li> </ul>	Yes No Yes No	Community meetings
18	Community meeting & stakeholder meetings	05	01	01	413	<ul style="list-style-type: none"> <li>Water shortage in Mphepeng section</li> <li>Electrification of new settlements</li> <li>Request for blading of sports fields</li> <li>Waste skips needed</li> </ul>	No No Yes	Community meeting Stakeholders meeting Community meeting
19	Community meeting	04	01	03	210	<ul style="list-style-type: none"> <li>Thabaleboto Extension a VIP Toilets shortage</li> <li>Water challenges in the whole ward, maily due to illegal connections on the main supply pipe</li> </ul>	No No No	Community meeting Community meeting Stakeholders meeting
20	Community meeting	05	03	04	352	<ul style="list-style-type: none"> <li>Community campaign to pay municipal services</li> <li>High bills of property rates and water</li> <li>Maintenance of streets</li> <li>Cleaning of illegal dumpings, and request owners of empty stands to clean their stands</li> </ul>	No No No No	Community meeting Community meeting Stakeholders Community meetings
21	Comminty meetings	05	02	03	296	<ul style="list-style-type: none"> <li>Broken machine</li> <li>Shortage of water</li> <li>Rise of GBV</li> </ul>	No No No	Community meetings
22	Community meetings	06	02	02	374	<ul style="list-style-type: none"> <li>Water challenges in the entire ward</li> <li>Shortage of VIP toilets</li> </ul>	No	Community & Stakeholders meetings
23	Community meeting & Stakeholders	07	01	02	510	<ul style="list-style-type: none"> <li>Speed humps needed at sterfontein/Vlaka road , they were reported and municipality responded but concluded at Sephaku</li> <li>Complain about pump operator not providing water equitably to sections of the village</li> <li>Complains raised about the bulk water which was constructed 2006</li> <li>Ward committee portfolio establishment</li> <li>VIP Toilets needed</li> <li>Electricity cable theft is rising in the area</li> <li>Speed humps needed at Sephaku and Vlakfontein</li> </ul>	Yes No No No No	Community meeting Community meeting Stakeholders meeting



### 2.3.4 Public meetings (Cont)

Ward no	Nature and purpose of meeting	Number of meetings	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Issues raised by community	Issue addressed (Yes/No)	Dates and manner of feedback given to community
24	Community meeting	05	01	02	412	<ul style="list-style-type: none"> <li>Water shortage- NGO assisted with equipping most boreholes</li> <li>Electrification Phomola</li> <li>Regravelling at new stands</li> <li>Water shortage</li> <li>Complain about Ward councillor , Speaker attended Ward Committee portfolio establishment</li> <li>Electricity project on 85%</li> <li>Jojo stand at Maganagobuswa erected</li> <li>Sports ground to be gravelled</li> </ul>	Yes No Yes No Yes No No	Community meeting Community meeting Community meeting Community meeting Stakeholders meeting
25	Community meeting	04	02	02	377	<ul style="list-style-type: none"> <li>Cable theft is rising</li> <li>Shortage of Jojo tanks</li> <li>Illegal dumping</li> </ul>	No No No	Community meetings
26	Community meeting	04	01	02	442	<ul style="list-style-type: none"> <li>During speakers outreach a request was made of job seekers from the ward to be considered</li> <li>Services for Kampeng &amp; Mashemong section</li> <li>Illegal connection of water</li> <li>Water shortage</li> <li>Regravelling of street</li> </ul>	No Yes Yes	Community meeting
27	Community meetin	05	01	02	356	Increase number of High mast lights <ul style="list-style-type: none"> <li>Water</li> <li>Regravelling</li> <li>Tar road stadium road</li> <li>Waste collection</li> <li>Jojo tanks</li> <li>Highmass lights</li> <li>Water shortage</li> <li>Incomplete VIP Toilets</li> <li>Speed humps at the school gate</li> <li>Water pipes exposed</li> </ul>	No No Yes Yes No Yes No No Yes	Community meetings & Stakeholders
28	Community meeting	08	01	02	981	<ul style="list-style-type: none"> <li>Electrification Mashemong</li> <li>Tarring of Road Dipakapakeng to Stadium</li> <li>Water shortage</li> <li>Electricity of new extension in Mgababa section.</li> <li>Crime in the ward</li> <li>Shortage of RDP houses &amp; VIP toilets.</li> </ul>	No Yes No No No No	Community meeting Community meeting
29	Community meeting	06	01	02	410	<ul style="list-style-type: none"> <li>Ramogwerane road refurbished</li> <li>Water shortage. JOJO Tanks needed</li> <li>Patching of potholes &amp; re-gravelling</li> <li>VIP Toilet project 100% completed</li> </ul>	Yes No Yes Yes	Community m Community meeting
30	Community mettings	03	03	04	265	<ul style="list-style-type: none"> <li>Ward committee establishemts</li> <li>Non payment of electricity</li> </ul>	Yes No	Community meetings
31	Community meetings	06	02	03	435	<ul style="list-style-type: none"> <li>Sgodi phola road maintenance</li> <li>High mast light at high view</li> <li>Streetslights at entrance of Motetema</li> </ul>	No No No	Community & Stakeholders

## 2.3.5 WARD BASED MEETINGS

Ward Name (Number)	Name of Ward Councillor and Elected Ward Committee Members	Committee Established (Yes/ No)	Number of Monthly Committee Meetings Held During Year	Number of Monthly Reports Submitted to Speakers' Office on Time	Number of Quarterly Public Ward Meetings Held During Year
Ward No 01	CLLR J.S THETHE Ward Committee TSHEPO D MOKOENA NAPE S MOKGABUDI JAN K MAHLANGU LUCAS MAIMELA PORTIA MOILOA NKHENSANI O MAKHUBELE EDDY M MASOLA MALEFUFU L NKADIMENG STOFFEL H MALAPANE THUTO RAMPHISA	Yes	03	03	02
Ward No 02	CLLR T.P KGAGARA Ward Committee MMINA PHETLA KENNETH T MTHIMIUNYE DOLLY RALEKWE NGAWANAMOTIBANE M CHEGO SAMUEL O MAKUA HERMANS P MANKGE MATEBO G MMAKO MOROKOLO MMATABANE SEGOPOTSO PHATLANE BOIKY SELLO MOLOI	Yes	03	03	02
Ward No 03	CLLR S.M MALAPELA Ward Committee EPHRAIM MATHEBELE MARIA T SELALA MMATSHIMA D DITSHEGO MATETE E MAMPANNA LUCY KGAPHOLA SAM M MOLALA MOSES S LETSOALO JOB MAMAHLODI NTHEPANE THOBANE NKELE MABASA	Yes	03	03	02



### 2.3.5 WARD BASED MEETINGS (Cont)

Ward Name (Number)	Name of Ward Councillor and Elected Ward Committee Members	Committee Established (Yes/No)	Number of Monthly Committee Meetings Held During Year	Number of Monthly Reports Submitted to Speakers 'Office on Time	Number of Quarterly Public Ward Meetings Held During Year
Ward No 04	CLLR M.P MSIZA Ward Committee MONAGENG TOBIE MARIA KOMANE CONSTANCE DIBOLELO LECHELELE MATHIBELA PATRICK MAEPA ELAH SEBOTHOMA JOHANNES MADIMETJA MALEMONE MORARE BADNEY KGOETE ELLEN RAMMABELE MAKOPO MAHLODI SEIPATI JOSEPHINAH MALAPELA ISRAEL JAMES RIBA BABA GEOGE	Yes	03	03	02
Ward No 05	CLLR T.E MOHLAMONYANE Ward Committee MOIPONE DITSHEGO CHRISTOPHEL M MALEMONE MAMA A MOKWENA HOSIA M MOTAU VIOLET M MASHIGO NELSON M MOGANO THOMAS PHASHA THANDI SIBANYONI MAMSY RAMPHISA LESHATE MASHABELA	Yes	03	03	02
Ward No 06	CLLR N.R NDLOVU Ward Committee SIBONGILE SKOSANA JOHN M NCONGWANE HAZEL S MAGAGULA JONAS S SANDLANA JOHANNA MOGOLA SARAH M NTIMANE DIMPHO MABONA NTOMBI MAHLABA NTHOMENG NKOSI	Yes	03	03	02

## 2.3.5 WARD BASED MEETINGS (Cont)

Ward Name (Number)	Name of Ward Councillor and Elected Ward Committee Members	Committee Established (Yes/ No)	Number of Monthly Committee Meetings Held During Year	Number of Monthly Reports Submitted to Speakers 'Office on Time	Number of Quarterly Public Ward Meetings Held During Year
Ward No 07	CLLR T.C SITHOLE Ward Committees: SUZAN SKOSANA MMAPATENG MATHUPA OLGA DUNGE NKEKO MPHAKE CYNTHIA T LANGA COMFORT MATHOTHO KHOLIWE MSIZA KEDIBONE RASEROKA JACOB MOKWENA JOHANNES MATHEBULA	Yes	03	03	02
Ward No 08	CLLR M.G MATHABATHA Ward committees ISIAIAH P MAHLANGU SKHUMBUZO TSHABALALA SANNAH M PHOHU ANNA M MAGADI ANNA WESSELS NTHABISENG MPHAGA WINNIE MOYANA MAHLOMOLA MAKOLA MOLEBELEDI NTOBENG PETER CHOMA	Yes	03	03	02
Ward No 09	CLLR J.S MOGOTLANA Ward Committees: ZANELE MSIZA ELIZABETH MANASWE JONAS MOEPYA ELIJAH NTOMBELA OBED G MAHLANGU MORONGWE MASHILO EMILY MSIZA GETRUDE CHABA FLORENCE SKHOSANA TLAKALE MAHUBANE	Yes	03	03	02



### 2.3.5 WARD BASED MEETINGS (Cont)

Ward Name (Number)	Name of Ward Councillor and Elected Ward Committee Members	Committee Established (Yes/No)	Number of Monthly Committee Meetings Held During Year	Number of Monthly Reports Submitted to Speakers 'Office on Time	Number of Quarterly Public Ward Meetings Held During Year
Ward No 10	CLLR N.J RAMONGANA	Yes	03	03	02
	Ward Committees:				
	KALUDI MOHLAMONYANE				
	SYLVIA MONAGENG				
	IVY MATHABATHE				
	TUMELO BOROKO				
	MMAMOGOLWANE MONAGENG				
	MMULEDI MALEMONE				
	MAPULE MAKITLA				
	GERMINAH MAKITLA				
	NTLHANE MOHLAMONYANE				
	SHIRLEY NAMANE				
Ward No 11	CLLR M.A MAFIRI	Yes	03	03	02
	Ward Committees:				
	KATE MOKWENA				
	KHULELAPHI MDLULI				
	CONNY NTOBENG				
	MAGOMARELA NKOPODI				
	MAFATA MASHU				
	KGORI TSARO				
	BELLA MTHIMUNYE				
	HELLEN MALAPELA				
	ZANELE KINIDA				
	SIBUSISO MBANYELA				
Ward No 12	CLLR TA PHOROTHLOE	Yes	03	03	02
	Ward Committees				
	KGETLANE PHORA				
	KHOMOTSO KOTLELO				
	KGATWANE MATHEBE				
	SENTANANA RATLHOGO				
	MACESELA NDLOVU				
	CATHERINE KABINI				
	MAROPENG MONARENG				
	ELIZABETH MONAGENG				
	SELLO MONAGENG				
	MATLOKOLO MOEKETSI				

## 2.3.5 WARD BASED MEETINGS (Cont)

Ward Name (Number)	Name of Ward Councillor and Elected Ward Committee Members	Committee Established (Yes/ No)	Number of Monthly Committee Meetings Held During Year	Number of Monthly Reports Submitted to Speakers' Office on Time	Number of Quarterly Public Ward Meetings Held During Year
Ward No 13	CLLR W OOSTHUIZEN	Yes	03	03	02
	Ward Committees:				
	SARA HESSELS				
	KAREN OOSTHUIZEN				
	ARNOLDUS SCHOOMBEE				
	FRANCINA KLENHANS				
	MARIA FOURIE				
	SHAUN MELLORS				
	JOSHUA MMAKOLA				
	NICOLETTE PRETORIUS				
	CORNEL BOTHA				
	ZACHARIAS SAAYMAN				
Ward No 14	CLLR M.C PHOKWANE	Yes	03	03	02
	Ward Committees:				
	SEBOTHOMA RUTH LEBOGANG				
	MAPEA MAHLODI JOYCE				
	UQUELO MIKE				
	PHETLA MANTWA KELLY				
	CHEGO ROIDA MPHONGA				
	PHETLA TEREMIA KATISI				
	APHANE LEHLOGONOLO				
	NKADIMENG INNOCENTIA SEMELA				
	MPHAHLELE MANIE QUEEN				
	RYAN LEGWAI				
Ward No 15	CLLR S.B NKOSI	Yes	03	03	02
	Ward Committees:				
	BONGINKOSI MAHLANGU				
	MPOROME MAPHAKA				
	LUCAS MOHLAHLA				
	ELIZABETH MHLONGO				
	LIZZY SINDANE				
	BONGANI NDULI				
	MASEBOTSANA MOKWANA				
	SIBONGILE MASILELA				
	JOHANNAH MASHIYA				



### 2.3.5 WARD BASED MEETINGS (Cont)

Ward Name (Number)	Name of Ward Councillor and Elected Ward Committee Members	Committee Established (Yes/No)	Number of Monthly Committee Meetings Held During Year	Number of Monthly Reports Submitted to Speakers 'Office on Time	Number of Quarterly Public Ward Meetings Held During Year
Ward No 16	CLLR Z. B BUTA	Yes	03	03	02
	Ward Committees				
	LOMUSA SKHOSANA				
	KHOMOTSO MAPHOSA				
	TLAMAGA ROSI				
	PATRICIA XELIBOKWE				
	AMOS SKHOSANA				
	SARA MOKWENA				
	POPPIE MAHLANGU				
	JEREMIA ZULU				
	KLEINBOOI MAHLANGU				
	THEMBA MATEBULA				
Ward No 17	CLLR T. S MALAU	Yes	03	03	02
	Ward Committees:				
	JANNIE MAREDI				
	PABALLO SEOPELA				
	TSHEPHANG MASEMOLA				
	MAKGOPANE MOHLAPE				
	RANKEPILE MABELANE				
	SELLO NKOANA				
	TEBOGO MOSOHLAWE				
	MOKWAZI MOKWANA				
	THABANG MOTSEDI				
	MOTSHANA SARAH				
Ward No 18	CLLR J. LETAGENG	Yes	03	03	02
	Ward Committees:				
	KGOTHATSO J MAKUA				
	TUMISHI A MOHLAHLA				
	RANGOATO MNGUNI				
	NGWANAMOKWENENG CHEGO				
	NTENENG MANKGE				
	PETRUS MAKUWE				
	MAPULE MOTAU				
	MOSES MAGANE				
	DORCUS T PHETLA				
	KATLEGO C MAKEKE				

## 2.3.5 WARD BASED MEETINGS (Cont)

Ward Name (Number)	Name of Ward Councillor and Elected Ward Committee Members	Committee Established (Yes/ No)	Number of Monthly Committee Meetings Held During Year	Number of Monthly Reports Submitted to Speakers 'Office on Time	Number of Quarterly Public Ward Meetings Held During Year
Ward No 19	CLLR P. MASIMULA	Yes	03	03	02
	Ward Committees:				
	MASHIFANE WINDY SESI				
	NEZZY MAHLANGU				
	MTHOMBENI BENZANI ANDRIES				
	MAHLANGU THANAZILE CECILIA				
	MABULA PAULINE TSHIDI				
	NTULI SIVUYILE AYANDA				
	MAHLANGU KENNETH				
	SEGafa KENNETH				
	MABUTANA JOHANNES MAHLANGU				
	LYDIA MAILE				
Ward No 20	CLLR M.E TSHEHLA	No	00	00	2
	Ward Committees:				
	Mokoana Felicia Moremadi				
	Sumani Sydney Dimakatso				
	Mokoana Bafana Lucas				
	Makola Abram Semopo				
	Tshehla Eunic Ntebaleng				
	Mabogoane Sylvester Thulani				
	Chego Piet Butie				
	Machika Themba Joseph				
	Gama Elizabeth Morder				
	Mathupane Napo John				
Ward No 21	CLLR C M. MAPHOPHA	Yes	03	03	02
	Ward Committees:				
	MAKUWA MASHALANE LAZARUS				
	MAKUA MONOCCA NKELE				
	MAKUWA MOROKA MARIA				
	MOHOSANA KENEILWE MAPOME				
	MTHIMUNYE JANE MALI				
	MAPULE MABELANE				
	MTHIMUNYE THEMBA FRANCE				
	NKGUDI MOTLAPELE EDWARD				
	SITHOLE CAIPHUS NGINI				
	TSHELA ZODWA LEAH				



### 2.3.5 WARD BASED MEETINGS (Cont)

Ward Name (Number)	Name of Ward Councillor and Elected Ward Committee Members	Committee Established (Yes/No)	Number of Monthly Committee Meetings Held During Year	Number of Monthly Reports Submitted to Speakers 'Office on Time	Number of Quarterly Public Ward Meetings Held During Year
Ward No 22	CLLR M.E NDULI	Yes	03	03	02
	Ward Committees:				
	MAKENA KATLEGO BEAUTY				
	TLOU JOHANNES CAIPHUS				
	MAHLOKO LEBOGANG PHASWANE				
	TSHOMA PHASUDI OTTO				
	MASHILE NANA MARIA				
	NTOBENG MPHOS ROSE				
	SKOSANA TSHWARELO OBED				
	MOHLALA KOKETSO J				
	MALEKA MAMMILENG LINDIWE				
	RANDINGOANE THABO				
Ward No 23	CLLR N.P MOHLALA	Yes	03	03	02
	Ward Committees:				
	NTULI NOMTHANAZO REGINAH				
	DIKOTOPE THABO				
	MAHLANGU DUMISANI KLAAS				
	NKABINDE ANTHONIA				
	MAHLANGU BRENDA ELDA				
	MKONENI MANDLA MXOLISI				
	MORENA LUCY MPUKANA				
	MOKGAJANE BETTY MAKGOLONYANA				
	MAHLANGU EDWARD NICOLAS				
	MAHLANGU ELIAS THENJWA				
Ward No 24	CLLR F.K LEHUNGWANE	Yes	03	03	02
	Ward Committees:				
	MALOPE WILLIAM				
	MOGOLA ELIAS MOTSHAKANE				
	NKADIMENG MMATAU MARTHA				
	MOGOLA EVA RAMOLAPO				
	MASEMOLA TEMANA KAGISO				
	SIBEKO WESSEL KGOHATSO				
	THOKWANE MATSIE SINAH				
	MADIHLABA RAMODUBJANE RINKIE				
	SEKWATI MORATO JANE				
	MAEPA MACDONALD CLEMENT				

## 2.3.5 WARD BASED MEETINGS (Cont)

Ward Name (Number)	Name of Ward Councillor and Elected Ward Committee Members	Committee Established (Yes/ No)	Number of Monthly Committee Meetings Held During Year	Number of Monthly Reports Submitted to Speakers 'Office on Time	Number of Quarterly Public Ward Meetings Held During Year
Ward No 25	CLLR N.S MAKUWA	Yes	03	03	02
	Ward Committees:				
	MOHLALA MOJALEFA JOSEPH				
	MNGUNI SIPHO				
	MASHILO MAKASHWELA BEAUTY				
	MPUBANE KENNETH NKHWENG				
	MATSIPE THOBOLE PATRICK				
	MABASA LEBO MARIA				
	MATLOU MATLOLE DANIEL				
	MOKGOATJANE MAGAVE DAVID				
	MOHLALA MAKOBOTSENG ALPHINA				
	MATHONYANE GRACE				
Ward No 26	CLLR S.D MORARE	Yes	03	03	02
	Ward Committees:				
	MAHLANGU SMANGALISO GIFT				
	SKOSANA LEHLOGONOLO PATRICK				
	MAMARIGA INNOCENT				
	MAABA ANNA MALOPE				
	SEFOLOSHI SEKWALA JAN				
	MAGAMPA SENGALELA DITAU				
	MAGAMPE PESHIWA BOITUMELO				
	MAMPURU TEBOGO MAKGOFE				
	MAGANE PUSELETSO				
	MATHEBE NTHABISENG DORCAS				
Ward No 27	CLLR K.W TLAKA	Yes	03	03	02
	Ward Committees:				
	MALAPANE LERATO CHARITY				
	MABALANGANYE SEKANAH REGINAH				
	MASHILO WALTER TSHAKA				
	THABANG MARCUS SEAGE				
	MAKUWA THANDI SEGOPOTSE				
	TSHEHLO THATA JERRY				
	HLAKUDI MALETSI MAGDELINE				
	MOKGANYETSI ROBERT KHUPE				
	KHAKA MARGARETT NCAZANA				
	MATENTSI THABO LAZARUS				



### 2.3.5 WARD BASED MEETINGS (Cont)

Ward Name (Number)	Name of Ward Councillor and Elected Ward Committee Members	Committee Established (Yes/No)	Number of Monthly Committee Meetings Held During Year	Number of Monthly Reports Submitted to Speakers 'Office on Time	Number of Quarterly Public Ward Meetings Held During Year
Ward No 28	CLLR P.K TLADI	Yes	03	03	02
	Ward Committees:				
	MATULUDI MAMOTALANE EVE				
	MOKOANA CONSTANCE				
	KGOPUTSO KABELO SHAUN				
	TSHEHLA ANNA PHELADI				
	SKOSANA ANGELINA				
	SKOSANA GOODNESS NTOMBIZODWA				
	FENYANE MODUPI DANIEL				
	MAREDI LEDWABA KLAAS				
	DIKOTOPE JERREN MASHIANOKE				
	MOKONE BIGBOY SYDNEY				
Ward No 29	CLLR R.M MAKUWA	Yes	03	03	02
	Ward Committees:				
	MOHLALA STEPHINAH RAMPHAHELE				
	MOKABANE LUCAS MAUPE				
	MATJOMANE CAROL				
	MAKAU JEANETTE MUMSY				
	FENYANE THABANG BREADLY				
	RATAU NICOLADE				
	MASHILO KWETEPE MAGDELINE				
	MAKWANA ALFRED NYEREDI				
	CHOMA CHISTOPH MACHENG				
	THABANG KADING SALTHIEL				
Ward No 30	CLLR M. MAMPANE	Yes	00	00	01
	Ward Committees:				
	LEKHULENG LEONA				
	MAMOKABI OLIVIA				
	MADIHLABA LOSTA				
	TSHEHLA MAREMA				
	MAGOLEGO MEISIE				
	ISAAH PHAMANE				
	NTOMBI LEDIMO				
	PHETLA MOHLABANENG				
	WALTER MAKUWA				
	JEANETH MASOMBUKA				

### 2.3.5 WARD BASED MEETINGS (Cont)

Ward Name (Number)	Name of Ward Councillor and Elected Ward Committee Members	Committee Established (Yes/ No)	Number of Monthly Committee Meetings Held During Year	Number of Monthly Reports Submitted to Speakers 'Office on Time	Number of Quarterly Public Ward Meetings Held During Year
Ward 31	CLLR M R. MSIZA				
	Ward Committee	Yes	03	03	01
	SETHOPANE T RIBA				
	MAHLASE TSOKELA				
	ABRAHM MASHAO				
	GLADYS MAAKE				
	MARIA MONOGE				
	NTOMBAZANA MASHIANE				
	PRINCE B THOBEJANE				
	KATLEGO KGONYANE				
	NGWATOMOSADI KHUMALO				
	NELSON J NTULI				

## 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

## COMPONENT D: CORPORATE GOVERNANCE

### Overview of corporate governance

EMLM has a code of conduct and policies in place that served as guidance on how to execute our functions in a responsive manner. These documents are applicable to everyone in the municipality, as they set out rules, laws, customs and culture of the municipality. All officials, together with political heads, work collectively, guided by policies to deliver efficient service delivery to communities in order to achieve the vision and goals of the municipality

### 2.5 RISK MANAGEMENT

Section 62(1) (c)(i) of the Municipal Finance Management Act compels the accounting officer to establish and maintain, among others, a system of managing risks faced by municipality. EMLM has in place a system of risk management for municipality to provide some assurance that risks across all functions and levels, that may have an impact on the achievement of objectives, are adequately and proactively anticipated and mitigated. Risk Management processes are coordinated, supported and championed by the Risk Management Department, led by the Chief Risk Officer.

- The following revised policies were adopted by Council for 2021/2022:
- Revised Anti-Corruption and Fraud Prevention Strategy
- Revised Anti-Corruption and Fraud Prevention Policy



Top ten risks identified:

Risk Title	Category	IR	RR
Inadequate Sports and Recreational Facilities	Financial	20.00	14.00
Failure to provide ongoing maintenance and capital upgrades which poses risk to environmental	Service delivery	25.00	16.00
Over/Under Budgeted on segments	Financial	25.00	15.00
Payment of Goods and Services after 30 days.	Compliance/ regulatory Risk	25.00	16.00
Delays in procurement of Goods and Services.	Human resources	25.00	20.00
Failure to embed a strong records management culture across council	Reputation	20.00	16.00
Ineffective Employees Assistance Programme	Service delivery	20.00	16.00
Negative perceptions about the political	Economic Environment	20.00	15.00
Inability to provide services to the community	Service delivery	25.00	20.00
Aging Infrastructure of roads and storm water.	Financial	20.00	18.00

### 2.5.1 RISK FINANCE

Municipal insurance programs cover property damage, business interruption, public, product and professional liability, and Directors' and Officers' exposures. They aim to protect Municipality against exceptionally large or numerous claims. Municipality doesn't own nor operate any captive insurance. It uses only high-quality and financially sound insurers, combining master policies with local insurance policies. Negotiation and coordination of these programs are carried out in the Risk department unit with assistance of leading insurance brokers with integrated international networks. By so doing, Municipality secure broad and consistent cover for all Municipal activities, locations, cost optimization, reporting and control, while ensuring compliance with local regulatory requirements. Municipality reviews insurance strategies periodically, taking into account changes in risk profile (such as acquisitions, claims, loss events and other activities) and insurance market trends.

### 2.5.2 FRAUD AND ANTI-CORRUPTION STRATEGY

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

For the year under review, municipality developed an anti-fraud Strategy to prevent, detect, deter, report and respond to fraudulent activities. This activity is Municipal managers responsibility, Anti-Fraud Committee comprising of senior management Group General and Compliance Officer. All managers must report any suspicion of fraud, and our whistle-blowing policy enables employees to raise suspected irregularities. In the event of fraud, managers must make appropriate changes to systems, Controls, education and procedures to prevent recurrence, and the Risk and anti-fraud committee monitors the effectiveness of such actions. Municipality conducted a fraud risk assessment and training in anti-fraud, anti-bribery, anti-trust and ethics. awareness poster were distributed to all municipal departments.

### 2.5.3 BUSINESS CONTINUITY MANAGEMENT

Municipality cannot identify all risk that faces the institution. Therefore, municipality has business continuity responses designed to improve resilience to unforeseen events – such as a supply chain disruption, employee repatriation, or network intrusion attempts – and minimize their impact on stakeholders and reputation. The business continuity policy and strategy was approved and rolled out to departments for awareness. It encompasses basic escalation and communication rules, guidelines for anticipation and action, and clear roles and responsibilities. Training was limited due to financial constraints.

### 2.6 PUBLIC SATISFACTION SURVEY

No public satisfaction survey was conducted during the year under review.

## 2.7 SUPPLY CHAIN MANAGEMENT

Description	Number of meetings	Members of the Committee	Functions
Bid specification committee	14	<ul style="list-style-type: none"> <li>Manager:Fleet (Chairperson)</li> <li>Manager: Roads, Storm Water and Building Maintenance</li> <li>Manager: PMU</li> <li>Manager: Budget and Reporting</li> <li>Snr SCM Accountant</li> <li>SCM Accountant (Secretariat)</li> </ul>	<ul style="list-style-type: none"> <li>Compile a proper and unbiased specification for a specific requirement</li> <li>Ensure proper Terms of Reference are drawn up for the service required clearly indicating the scope of the requirements, the ratio between price and functionality, evaluation criteria as well as their weights and values</li> <li>Ensuring availability of funds</li> <li>Set ranges indicating breakdown of points, and percentages as provided in the relevant sliding scales for the selected specified goals</li> </ul>
Bid Evaluation committee	14	<ul style="list-style-type: none"> <li>Chief Compliance: Municipal Manager's Office</li> <li>Manager: Development Planning</li> <li>Manager: Municipal Manager's Office</li> <li>PMU Technician: Infrastructure</li> <li>SCM Practitioner: Budget and Treasury</li> <li>Senior Environmental Officer: Community Services</li> <li>Manager: Executive Support</li> <li>Accountant Payroll: Budget and Treasury (Secretariat)</li> </ul>	<p>This committee is responsible for the evaluation of bids received, which includes:</p> <ul style="list-style-type: none"> <li>Verification of administrative compliance of the bid documents</li> <li>Evaluation of bids in accordance with the criteria specified in the bid documents (specification) and the PPPFA regulations.</li> <li>Evaluation of each bidder's capacity/ability to execute the contract.</li> <li>Verification of National Industrial Participation Programme (NIPP) requirements if the contract is in excess of ten million rand (R10m)</li> <li>Submission of evaluation report and recommendation(s) regarding the award of the bid to the adjudication committee.</li> </ul>
Bid Adjudication committee	19	<ul style="list-style-type: none"> <li>Acting Chief Financial Officer</li> <li>Acting Director: Development Planning</li> <li>Director Corporate Services</li> <li>Acting Director Infrastructure</li> <li>Manager SCM</li> <li>Director: Community Services</li> <li>Relevant Technical Expert</li> <li>Accountant SCM (Secretariat)</li> </ul>	<p>This committee is responsible for the adjudication of bids received, which includes:</p> <ul style="list-style-type: none"> <li>Verification of administrative compliance of the bid documents</li> <li>Evaluation of bids in accordance with the criteria specified in the bid documents (specification) and the PPPFA regulations.</li> <li>Evaluation of each bidder's capacity/ability to execute the contract.</li> <li>Verification of National Industrial Participation Programme (NIPP) requirements if the contract is in excess of ten million rand (R10m)</li> <li>Submission of final award to the Accounting Officer</li> </ul>

## 2.8 BY-LAWS

For the year under review, the by-law for Municipal Property rates was reviewed and gazette before the levying of property rates in the 2021/2022 financial year.

## 2.9 WEBSITE

A municipal website is an integral part of a municipality's communication infrastructure and strategy. If managed effectively, it allows easy access to relevant municipal information, it serves as a tool for community participation, improves stakeholder involvement and facilitates stakeholder monitoring and evaluation of municipal performance. The municipal website is [www.eliasmotsoaledi.gov.za](http://www.eliasmotsoaledi.gov.za) Municipality's website is available and functional to assist members of the community and fellow South Africans to easily access municipal information.



**Table 9: Municipal website information**

Documents published on the Municipality's Website	Yes / No
Current annual and adjustments budgets and all budget-related documents	Yes
All current budget-related policies	Yes
The annual report 2020/2021 published	Yes
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act and resulting scorecards	Yes
All service delivery agreements 2021/2022	no
All long-term borrowing contracts 2021/2022	n/a
All supply chain management contracts above a prescribed value	no
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during 2021/2022	n/a
Contracts agreed in 2021/2022 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	n/a
Public-private partnership agreements referred to in section 120 made in 2021/2022	n/a
All quarterly reports tabled in the council in terms of section 52 (d) during 2021/2022	Yes

## 2.10 AUDIT COMMITTEE

Municipal Audit Committee was established in terms of Section 166 of the Municipal Finance Management Act, Act 56 of 2003. The committee comprises of Five (05) members appointed for the period of three (03) years started on 03 January 2022 to 03 January 2025. Audit committee members specialises in various expertise ranging from Internal Audit and risk, Performance management, Legal, Information Technology and Finance. Members always complied with schedule of meetings and avail themselves for meetings. They performed their duties as stipulated in Section 166 of the MFMA. Over and above that, members assists municipality in reviewing quarterly financial and non financial reports, annual report and Annual financial statements. Their contribution assisted municipality in maintaining an unqualified audit opinion for financial year 2021/2022. Audit Committee reports to council on their activities and recommendations as required by the Audit Committee Charter and section 166 of the MFMA. For the year under review, Four (4) ordinary and Seven (07) special audit committee meetings were held.

**Table 10: Audit Committee members**

Surname and initials	Gender
Modipane TC (Chairperson)	Male
Rabalao JM	Male
Tshivule M.M	Male
Masite MJ	Female
Mabuza MJ	Female

**Table 11: Attendance of meetings**

NO	AUDIT COMMITTEE	ORDINARY MEETINGS					SPECIAL MEETINGS							
		4	1	2	3	Total	1	2	3	4	5	6	7	Total
1	Modipane TC (Chairperson)	n/a	n/a	✓	✓	2	n/a	n/a	n/a	✓	✓	✓	✓	4
2	Rabalao JM	n/a	n/a	✓	✓	2	n/a	n/a	n/a	✓	✓	✓	✓	4
3	Tshivule M.M	n/a	n/a	✓	✓	2	n/a	n/a	n/a	✓	✓	✓	✓	4
4	Masite MJ	n/a	n/a	✓	✓	2	n/a	n/a	n/a	✓	✓	✗	✓	3
5	Mabuza MJ	n/a	n/a	✓	✓	2	n/a	n/a	n/a	✓	✓	✓	✓	4



# CHAPTER 3

## SERVICE DELIVERY PERFORMANCE



## COMPONENT A: BASIC SERVICES

### 3.1 ELECTRICITY

Municipality is licensed to provide electricity in 3 wards, which are ward 13,14 and ward 30 (Groblersdal, Masakanene and Roossenekal areas), and the other 28 wards are Eskom licensed areas. Municipality has a backlog of 4% (3099) households without electricity. A total number of 55698 Households (96%) has access to Electricity (served both Eskom and EMLM). Municipality received an allocation of R 21.348 Million for INEP in 2021/2022 financial year. For the year under review, Municipality electrified the following villages: Maleoskop, Masakaneng, Ga-Phosa, Vlakfotein, Rondebosch and Matlala Lehlwere using the allocated funds from INEP. The INEP grant was to reticulate 1169 stands and by end of financial year only 654 stands were reticulated with electrical infrastructure. The challenge for not achieving the set target and spending the whole 100% INEP grant was due to court order on PPPFA regulation which delayed appointment of service providers for electrification projects. Therefore only four (04) projects which is Matlala Lehlwere, Rondebosch, Vlakfontein and Ga- Posa were completed and the remaining two (02) projects which is Masakaneng and Maleoskop was still in progress by end of the financial year. The overall achievement of electrification project was at 75% by end of the financial year. Municipality rely on Eskom to supply all other areas within EMLM whereby mostly the challenge is capacity on the network as certain areas could not be electrified until Eskom upgrade the networks.

The status of the two licensed areas can be summarized by the following analysis.

S STRENGTHS	W WEAKNESS	O OPPORTUNITIES	T THREATS
<ul style="list-style-type: none"> <li>We have 11Kv 1 x 20MVA ring feed for Groblersdal and 11Kv 5MVA overhead for Roossenekal</li> <li>Stable underground cable network</li> <li>Qualified human resource</li> <li>Up to date Eskom Account for both Areas</li> <li>Ability to complete the Electrification projects</li> <li>Fleet to service the two areas is available</li> <li>Provision of high-mast lights to various wards</li> </ul>	<ul style="list-style-type: none"> <li>Inability to carry out major maintenance due to budget constraints</li> <li>Deteriorating Network from lack of maintenance</li> <li>Lack of Bulk statistical metering system</li> <li>Inability to realise full collection from Consumers at Roossenekal</li> <li>Lack of revenue enhancement strategy.</li> </ul>	<ul style="list-style-type: none"> <li>Revenue base can be increased.</li> <li>We can establish system of improving revenue collection through the use of prepayment</li> <li>Groblersdal Capacity can be upgraded to 11Kv 2 x 20 MVA</li> </ul>	<ul style="list-style-type: none"> <li>The loss of the one 20 MVA transformer will pose a problem to Municipal Customers.</li> <li>Inability of paying Eskom account and Maintaining the high mast lights in various wards due to none payment customers</li> <li>Skill retention strategy</li> </ul>

Table 1: Employees in electricity unit information

Employees: Electricity Services					
Job Level Task grades	2020/2021	2021/2022			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	0	0	0	0	0%
4 – 6	06	07	05	02	33%
7 – 9	02	0	0	0	0%
10 – 12	05	04	03	01	20%
13 – 15	01	0	0	0	0%
16 – 18	01	01	01	0 0	0%
Total	15	12	09	03	20%

**Table 2: Capital expenditure on Electricity services**

Capital expenditure on Electricity services

Capital Expenditure Year 2021/2022 : Electricity Services					
					R' 000
Capital Project	2021/2022				
	Original budget	Budget Adjustment	Actual Expenditure	Variance	Total Budget
Total All	R 21 348 000.00		R16 390 756.77		-
Electrification of Masakaneng	R 5 508 000.00	R 6 405 745.19	R 2 726 182.33		
Electrification of Matlal Lehwelere	R 3 438 000.00	R 5 185 203.83	R 5 185 203.83		
Electrification of Vlakfotein	R 5 760 000.00	R 1 480 809.85	R 1 480 809.85		
Electrification of Rondebosch	R 1 206 000.00	R 1 440 815.33	R 1 441 188.58		
Electrification of Ga-Phosa	R 2 088 000.00	R 3 975 425.80	R 3 975 425.80		
Electrification of Maleoskop	R 3 438 000.00	R 3 300 000	R 1 581 946.40		

### 3.2 WASTE MANAGEMENT

Elias Motsoaledi Local Municipality renders weekly refuse removal using kerbside method for households in the following areas: Motetema, Hlogotlou, Groblersdal, Roossenekal (Town & RDP), Elandsdoring, and Walter Sisulu. Businesses refuse removal is rendered two days or daily depending on the nature of the business. The department is also providing the refuse removal services using the skip bins that are rented on a monthly basis to some businesses. Refuse removal service is outsourced to service provider. Municipality provides street cleaning and litter picking services in Groblersdal town daily (seven days a week). Litter picking in all villages is done using EPWP'S. Cleaning of illegal dumps is being done as when as it is required throughout the municipality. The municipality is providing refuse removal in rural villages using skip bins.

**Table 5: The skip bins are distributed as per the table below**

Area	Number of containers	Ward
Taereng	1	5
Bloempoot	2	8
Thabakhubedu	1	12
Masakaneng	2	14
Mogaung	1	22
Luckau next to SASSA	1	24
Medupi crèche	1	25
Tafelkop next to Thabantsho community radio station	2	26
Tafelkop (Stadium)	1	27
Tafelkop: Boikano disability center	1	28
Motetema – Tafelkop road	1	31



**Table 5.1 : Skip bins placed in rural villages**

Area	Number of containers	Ward
Mall @ Moutsiya	1	4
Philadelphia hospital	02 Self compressed container 02 Skip bins	6
Moutse Mall	3	11
Cashbuild Moutse	1	11
Game Centre	1	13
New Shoprite	2	13
Old Shoprite	1	13
Cashbuild Groblersdal	1	13
BP Garage	1	13
Sasol garage	1	13
Highveld bottling	1	13
OK Food	1	13
JD group	1	13
Vleismark butchery	1	13
Puma Avant	1	13
Schoeman Boerdery	1	13
Groblersdal mall	5	13
Laerskool Julian Muller	1	13
Jojo tank	1	13
Super spar – Groblersdal mall	2	13
Sizanani Supermarket	1	13
Look out Lodge	1	14

### 3.2.1 WASTE DISPOSAL FACILITIES

Elias Motsoaledi Local Municipality has three licenced waste disposal facilities; Groblersdal and Roosenekal landfill sites and Hlogotlou Waste transfer station. The municipality has outsourced the management of landfill sites to Selema Plant Hire. The project has generated 08 job opportunities for the local communities inclusive of all available skills. Groblersdal and Roosenekal landfill sites are outsourced to service providers. The main challenges are the non compliance to the license conditions (Roosenekal landfill site is not fenced)

### 3.2.2 RECYCLING AND AWARENESS CAMPAIGNS

Recovery of recyclable materials is done by private individuals and companies within the Municipal area. Due to limited resource the Municipality is unable to implement waste minimisation initiatives. Education and awareness on recycling is done frequently and when the needs arises. The municipality has conducted four education and awareness campaign during the year under review

The table below indicates recycling firms that operate with Elias Motsoaledi Local Municipality

Name	Location	Material recycled
Silver ink Environmental solution	Groblersdal	Card box and Plastic
Carmelo investment	Bloempoot	Card box and Plastic
Pieterse Scrap Metals	Groblersdal	Steel
JH Metals	Groblersdal	Steel

**Employees for Solid Waste Management Services**

Employees: Solid Waste Management Services					
Job Level task grades	2021/2022				
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
4 – 6	11	58	11	47	81%
7 – 9	07	10	07	03	30%
10 – 12	01	03	01	02	67%
13 – 15	01	01	01	0	0%
19 – 20	01	01	01	0	0%
<b>Total</b>	<b>22</b>	<b>73</b>	<b>22</b>	<b>51</b>	<b>71%</b>

**Table 7: Employees for Solid Waste Management Services**

Employees: Solid Waste Management Services					
Job Level task grades	2021/2022				
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
4 – 6	11	58	11	47	81%
7 – 9	07	10	07	03	30%
10 – 12	01	03	01	02	67%
13 – 15	01	01	01	0	0%
19 – 20	01	01	01	0	0%
<b>Total</b>	<b>22</b>	<b>73</b>	<b>22</b>	<b>51</b>	<b>71%</b>

**3.2.3 FREE BASIC SERVICES AND INDIGENT SUPPORT**

EMLM has an indigent policy in place which outlines criteria for registering indigents. Free basic electricity is the only benefit that municipality provides to indigents households. The number of indigent registered in the financial year under review is 10205 and the average number of 1463 was configured by Eskom to receive monthly free basic electricity. Municipality provides free basic electricity to both Eskom- and municipal-licensed areas. Municipality budgeted R1,360 million for free basic electricity and the actual expenditure thereof amounted to R1,359 million. The source of funding for this service is equitable share and the budget provision is relatively low compared to equitable share component for this service.

**Table 9: Financial Performance 2021/2022: Cost to Municipality of Free Basic Services Delivered.**

Financial Performance 2021/2022 : Cost to Municipality of Free Basic Services Delivered				
Services Delivered	R'000			
	2021/2022			
	Original Budget	Adjustment budget	Actuals	Variance to Budget
Electricity	R1,165	R1,360	R1,359	R0
Waste Management (Solid Waste)	R0	R0	R0	R0
<b>Total</b>	<b>R1,165</b>	<b>R1,360</b>	<b>R1,359</b>	<b>R0</b>

## COMPONENT B: ROAD TRANSPORT

### 3.3 TRANSPORT OVERVIEW

EMLM has one mode of transport: which is road transport. Communities depend on buses, taxis and their own cars for transportation. There are two bus companies within the municipality, namely Great North Transport and PUTCO. Great North Buses provide services locally in all 31 wards and PUTCO Buses provide services from Groblersdal and Moutse area to City of Tshwane on daily basis. PUTCO service in Groblersdal is available only in the morning and afternoon as compared to Moutse area where the service to City of Tshwane is available the whole day. Most community members rely on buses as the cheapest mode of transport and few utilise taxis and their own cars as mode of transport. Buses are available in all 31 wards to commute people to their destination. Most community members rely on bus services because of their accessibility to remote areas as compared to taxis that use main roads only.

#### 3.3.1 PERFORMANCE ON ROADS

Municipality has a backlog of 1291.73km of gravel roads. For the year under review only three (03) roads projects (Dipakapakeng, Tafelkop stadium and Bloempoot road) were constructed utilising MIG grant. At the end of the financial year, all three (03) roads projects were not completed. Two projects (Dipakapakeng and Tafelkop stadium) are multi year projects. The one for Dipakapakeng was at 83% completion by end of financial year. Construction of the three incomplete roads projects will continue in the next financial year 2022/2023. The total MIG allocation budget was R 57 984 000.00 and the actual expenditure was R 57 923 807.39. Municipality has gravel road programme in place to gravel roads in all wards. Roads and Storm water are key Municipal functions. Most roads within the Municipality are in a state of decay, with provincial roads in dire need for resealing and surfacing. Gravel roads are also a challenge as most are inaccessible due to lack of storm water controls. Municipality extended the maintenance teams to accelerate its services to every ward through satellite offices. The long term strategy of the Municipality is to surface roads within municipal area even though municipality relies on Grants for roads projects. To improve accessibility to villages, 248km of internal roads were regavelled.

Table 10: Gravelled and asphalted roads

Gravel Road Infrastructure				
Kilometres				
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to asphalt / surfaced roads	Gravel roads graded / maintained
2019/2020	1291.73 km	0km	0km	394km (Bladed) 120.5 (regavelled)
2020/2021	1277.33km	0km	14.4km	673.3km (Bladed) 298.5 (regavelled)
2021/2022	1262.93km	0km	0km	365km (Regavelled) 892km (Bladed)

Table 11: Asphalted Road Infrastructure

Asphalted Road Infrastructure				
Kilometres				
	Total roads (backlog)	New asphalt / surfaced roads	Existing asphalt roads re-surfaced	Asphalt roads maintained
2018/2019	1290.34	7.71km	12.6km	0km
2019/2020	1270.03	0km	4.37km	2km
2020/2021	1255.63	14.4km	0km	32km
2021/2022	1241.63	1.78km	7.6km	45km

Graph 3: New asphalt road constructed

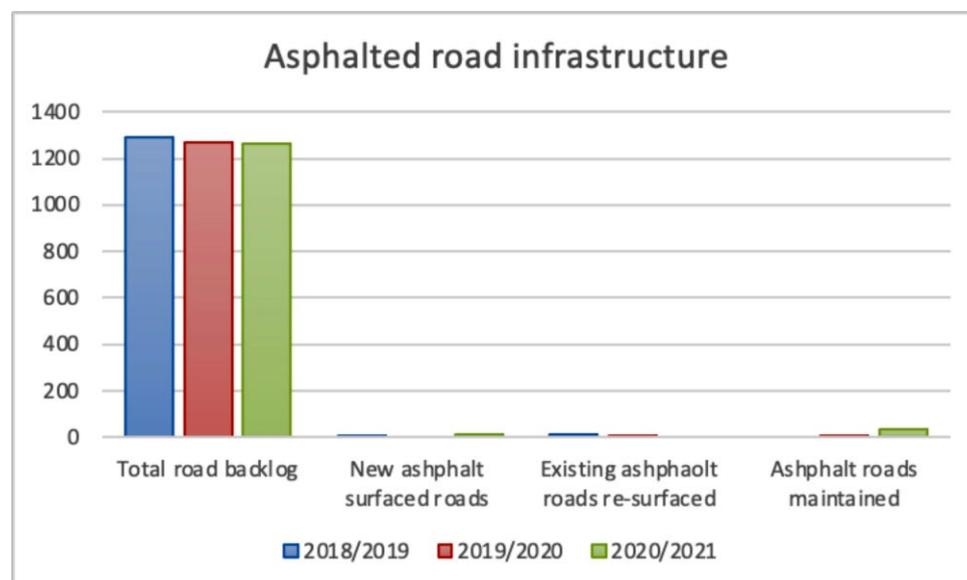


Table 12: Roads and stormwater services employees

Employees: Roads and storm water services					
Job Level task grade	Employees	2021/2022			
		posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
4 – 6	68	84	64	20	23%
7 – 9	01	06	06	0	0%
10 – 12	0	02	01	01	50%
13 – 15	02	02	01	01	50%
<b>Total</b>	<b>71</b>	<b>94</b>	<b>72</b>	<b>22</b>	<b>23%</b>

Table 13: Development of municipal roads

Development of municipal roads as required	New surfaced roads developed	km of municipal roads developed
2019/ 2020	0km	0 km
2020/2021	14.4km	179.16km
2021/2022	0km	179.16km

Table 14: Capital Expenditure for road services

Capital Expenditure 2021/2022: Road Services					
R' 000					
Capital Projects	2021/2022				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Source of funding
Upgrading of Dipakapakeng Access Road	R 21 750 000.00	R19 580 819.87	R19 580 819.86		MIG
Upgrading of Tafelkop Stadium Access Road	R13 184 000.00	R18 313 805.49	R18 313 805.49		MIG
Upgrading of Uitspanning to Bloempoort Access Road	R13 000 000.00	R 18 000 000	R20 029 182.04		MIG
Groblersdal refurbishment of landfill site	R10 000 000.00	R0.00	R0.00		MIG



**Table 15: Municipal infrastructure grant expenditure**

Municipal Infrastructure Grant (MIG)* Expenditure 2021/2022 on Service backlogs						
						R' 000
Details	Budget	Adjustment Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Original Budget	Adjustment Budget	
<b>Infrastructure - Road transport</b>						
Roads, Pavements & Bridges	R57 984 000.00	R0.00	R57 923 807.39			
Storm water	R0	R0	R0	R0	R0	
<b>Infrastructure - Electricity</b>						
Generation	R0	R0	R0	R0	R0	
Street Lighting	R0	R0	R0	R0	R0	
<b>Infrastructure - Other</b>						
Transportation	R0	R0	R0	R0	R0	
Gas	R0	R0	R0	R0	R0	
<b>Other Specify:</b>						
Sports - Outdoor	R0	R0	R0	R0	R0	
Street Parking	R0	R0	R0	R0	R0	
Waste Management	R0	R0	R0	R0	R0	
<b>Total</b>						

## COMPONENT C: PLANNING AND DEVELOPMENT

### 3.4 DEPARTMENTAL OVERVIEW

The core functions of Development Planning department are as follows;

- Spatial Planning and Land Use Management,
- Upholding building regulations to promote uniform standards in terms of building of structures as per the provision of National Building Regulations and Building Standards Act (103:1977).
- Property Management
- Promoting Local Economic Development
- Land Use Applications

The total number of land use and land development applications received and processed within a period of 90 days in twelve (12) months are thirty-seven (37). Those applications as tabulated below were for various uses such as rezoning, subdivisions, consolidations, removal of restrictive conditions, township establishments, consent uses, way-leave services etc. The latter applications were respectively processed by the relevant authority in terms of categorization enshrined in Spatial Planning and Land Use Management Act (SPLUMA), Act no 16 of 2013 read together with EMLM SPLUMA Bylaw, 2016.

**Table 16: The processed Land Use Applications**

RESPONSIBLE AUTHORITY	DESCRIPTION OF APPLICATION
Authorised Official	Proposed Consent: Erf 849 Groblersdal X15
Authorised Official	Proposed Exemption: Remainder of Erf 106 Groblersdal
Authorised Official	Proposed Subdivision: Erf 70 Walkraal X1
Authorised Official	Proposed Subdivision: Portion 3 of farm Zuikerboschplaats 125 JS
Authorised Official	Proposed Exemption: Remainder of farm Kruisrivier 74 JS
Authorised Official	Proposed Consent: Farm Vaalkopfontein 133 JS



Table 16: The processed Land Use Applications (Cont)

RESPONSIBLE AUTHORITY	DESCRIPTION OF APPLICATION
Authorised Official	Proposed Exemption: Portion 34 of Erf 634 Groblersdal X9
Authorised Official	Proposed Consent: Portion 61 of farm Uitspanning 38 JS
Authorised Official	Proposed Consent: Portion 2 of farm Valschfontein 33 JS
Authorised Official	Proposed Wayleave: Tautes Ave, Mark Street, Van Riebeeck Street, Kruger Street, Groblersdal
Authorised Official	Proposed Consent: Portion 13 of Erf 356 Groblersdal X2
Authorised Official	Proposed Consolidation: Erven 137 & 139 Groblersdal X1
Authorised Official	Proposed Exemption: Portion 57 of farm LOSKOP Suid 53 JS & Portion 17 Kammeldoorn 71 JS
Authorised Official	Proposed Exemption: Portion 286 of farm Loskop Suid 53 JS
Authorised Official	Proposed Exemption: Portion 292 of farm Loskop Suid 53 JS
Authorised Official	Proposed Subdivision: Erf 709 Motetema
Authorised Official	Proposed Consolidation & Subdivision: Portion 1 & 2 of Erf 61 Groblersdal
Authorised Official	Proposed Consent: Remainder of farm Zoetmelksfontein 36 JS
Authorised Official	Proposed Consent: Portion 1 of farm Zoetmelksfontein 36 JS (1)
Authorised Official	Proposed Consent: Portion 1 of farm Zoetmelksfontein 36 JS (2)
Authorised Official	Proposed Consent: a Portion of farm Vlaklaagte 154 JS
Authorised Official	Proposed Consent: Erf 228 Elandsdoorn B
Authorised Official	Proposed Subdivision & Rezoning: Remainder of Portion 31 of farm Zoetmelksfontein 36 JS
Authorised Official	Proposed Consent: Portion 3 of farm Kirkvorschfontein 57 JS
Tribunal	Proposed Rezoning & ROR: Remainder of Erf 330 Groblersdal X2
Authorised Official	Proposed Rezoning & ROR: Erven 137 & 139 Groblersdal X2
Authorised Official	Proposed Exemption: Portion 864 & 1102 Loskop Noord 12 JS & Rooiboskloof no. 1010 JS
Authorised Official	Proposed Exemption: Portion 13 of farm Uyskraal no.10 JS
Authorised Official	Proposed Subdivision: Portion 15 of farm Varschwater 23 JS
Authorised Official	Proposed Consent: Portion 4 of farm Zondagsfontein 32 JS
Authorised Official	Proposed Consent: Portion 61 of farm Uitspanning 38 JS
Authorised Official	Proposed Consent: Portion 5 of farm Walkraal 35 JS
Authorised Official	Proposed Consent: Portion 2 of farm Eensgevendens 119 JS
Authorised Official	Proposed Consent: Remainder of farm Walkraal 35 JS
Authorised Official	Proposed Consent: Portion 13 of Erf 356 Groblersdal X2
Authorised Official	Proposed Consent: Remainder of farm Tafelkop 120 JS
Authorised Official	Proposed consent use : Portion 2 of farm kuilsrivier 31 JS
Authorised Official	Proposed consent use: Portion 1 of farm Elandsdoorn 56 JS
Authorised Official	Proposed consent use: Portion 1 of farm Elandsdoorn 56 js
Authorised Official	Proposed consent use: Portion 1 of farm Elandsdoorn 56 JS
Authorised Official	Proposed consolidation :Portion 4 & 5 of Erf 634 Groblersdal ext 9
Authorised Official	Proposed consent use: Remainder of farm Zoetmelksfontein 36 JS
Authorised Official	Proposed consent use :Remainder of farm walkraal 35 JS
Authorised Official	Proposed consent use: Portion 1 of farm Elandsdoorn 56 JS
Authorised Official	Proposed consent use: Elandsdoring C
Authorised Official	Proposed consent use :Portion 10 of farm Zondagsfontein 32 JS
Authorised Official	Proposed consent use :Portion 5 of farm walkraal 35 JS
Authorised Official	Proposed consent use : Portion 214 of farm Zoetmelksfontein 36 JS
Authorised Official	Proposed consent use: Portion 19 of farm Lukau 127 JS
Authorised Official	Proposed consent use: Farm Vreemdeling 65 JS
Authorised Official	Proposed consent use: Portion 36 of farm zoetmelksfontein 36 JS
Authorised Official	Proposed consent use: Farm Kwarrieglage 69 JS
Authorised Official	Proposed Consent use: Portion 1 of farm zoetmelksfontein 36 JS
Tribunal	Proposed Rezoning & Removal of Restrictive conditions: Portion 1 of Erf 65 Groblersdal



Development Planning and Local Economic Development Department is the custodian of land use and land development management, the implementation of Spatial Planning and Land Use Management Act (SPLUMA) 16 of 2013 is at the core of the departmental functions. In supporting the traditional authorities on proper planning for human settlements, the municipality has lately finalised the process of demarcating two hundred (200) sites for the Bantwene Traditional Authority (at Ntwane Village). The latter exercise is done as per the lodged request with the Municipality by the Traditional Authority that is in need or where the Local Authority did its own due diligence and arrived at a conclusion that such a basic need is required by the relevant Traditional Authority for human settlement. These undertakings sought to create and foster a sustainable and uniform application of land development principles as enshrined in the SPLUM Act (i.e. land use management principles as applicable in previously disadvantaged areas will therefore be applicable in our previously disadvantaged area, namely, townships and village areas. Through introduction of sustainable human settlements, the relevant tiers of government will then find it easy to implement supporting infrastructure in a form of water, sewer, electricity, roads, storm water etc. Presumably, the above arrangement will result in cheaper installation of engineering services (i.e. water, sewer, electricity, storm water and internal roads) and solid waste.

To compound to the above, several immovable Municipal assets were disposed with the quest of improving the Municipality cash flow which was affected negatively by the prevalent stranglehold on the Country's economy by the Covid-19 pandemic. Stands 903, 910 Groblersdal extension 2 were disposed through a competitive approach to interested parties who met the municipal set criterion. In addition, municipal owned properties in a form of Kleinwaterfontein (next to water reservoirs in proximity to Groblersdal graveyard) and the one attached to the Groblersdal treatment plant were subjected to town planning processes of subdivision so that they be detached from the part of land parcel that is dedicated for the main use. This was to at least enable such houses to be disposable with the quest of soothing Municipal coffers too.

As such, all the above projects were rolled over to 2021/2022 financial year for completion together with the wall to wall land use scheme that municipality has initiated as completed by relevant legislation. To date, the wall to wall Elias Motsoaledi Land Use Scheme (2021) has been finalised and approved by Council. To date the Municipality is working on getting the by law gazetted so that it may ultimately become an enforceable. The land use scheme is a land use management policy which will cover all areas within the Municipal boundary (i.e. towns, townships, villages, agricultural holdings, farms etc will be indiscriminately covered). Its essence is to promote and foster uniform planning and development approach in the Municipality with the quest of promoting SPLUMA pillars in a form of sustainability, efficiency, spatial justice, spatial resilience and good administration. Therefore, promoting good quality of life for our communities. The Municipality is also working on gazetting the following by laws

National Building Regulations and Building Standards By Law.

Hawkers by Law.

Business Licensing bylaw.

All the above By-law will enable Municipality amongst others to manage matters incidental to the by laws in question. Municipality further subdivided stands in Roossenekal town into smaller manageable stands. The essence of the exercise is to promote optimal use of land and engineering services in order to curb housing backlog in the area. To date, the subdivision diagrams were approved by the office of the Surveyor General. The market value of these properties were also ascertained through the aid of the Municipal property valuer. The Department of Cooperative Governance, Human Settlement and Traditional Affairs (Limpopo) has appointed service providers to design and install engineering services at Masakanang and Roossenekal respectively. Nine hundred (900) Masakanang households will be catered for and only two hundred (200) will be covered for Roossenekal.

Challenges in a form of land invasion, land use conflict etc are still prevalent and seek pro active intervention of Municipality so that they can be neutralised.

### 3.14.1 Building Control

Building Control is a statutory function assigned to local authorities in terms of the Constitution. The National Building Regulations and Building Standards Act (Act 103 of 1977) also assigns duties to local authorities, the most important of which are the approval of building plans applications, enforcement of the regulations and the issuing of certificates of occupancy.

The National Building Regulations and Building Standards Act No. 103 of 1977 makes provision for the promotion of uniformity in the law relating to the erection of buildings in the areas of local authorities; for prescribing building standards, and for matters connected therewith.

The building control give effects to the provisions of the act by fulfilling its functions by controlling and regulating the following building activities:

- Erection of new buildings
- Alterations/extensions/conversions of existing buildings
- Demolition of existing/structures

***In addition, the other services by building control division include the following:***

- Building plan approval
- Minor works permit approval (for work such as swimming pools, small 'wendy' houses etc)
- Temporary structure permits
- Demolishing permits
- Building inspection during the construction period
- Issuing of occupancy certificates
- General enforcement of building regulations
- Investigations and resolving building complaints, contraventions and illegal building work
- Maintaining statistics on building construction activity.

### 3.14.2 Building plans applications

The total number of building plans applications of more than five hundred (500) and less than square metre received and processed. Those applications were in the form of dwellings, commercial, industrials, churches, and also alterations and additions of buildings.

Number Sites Visited	151
Inspcitions Conducted	196
Withdrawn Applications	0

### 3.14.3 Site Development plans applications

The total number of site development plans received and processed were thirteen (13)

### 3.14.4 Revenue collected

The total revenue collected as a result of the above mentioned services provided is nine hundred and ninety two thousands, seven hundred and ninety rands, sixty three cent (R 992 790.63).

### 3.14.5 Occupation certificates issued

The total number of occupation certificates issued for commercial and dwelling buildings is twenty three (23).

### 3.14.6 Building Inspections

More than five hundred (500) construction sites were visited to ensure compliance and enforcement of building regulations. In addition, five (5) non-compliances were issued and two (2) of them resolved by complying as the law required.

## 3.15 CHALLENGES AND OPPORTUNITIES

This entails problems that currently experienced by the local authority and have a bearing in land development matters in general. In addition, opportunities to that effect are also tabled in order to privilege the community with possible opportunities the municipality is likely to harness.

### Challenges

- Land invasion, unlawful demarcation of sites and selling of stands on municipal and state owned land
- Mushrooming of informal settlements,
- Poorly managed stated owned properties i.e. houses that are owned by the Department of Public Works in Groblersdal.
- Land Use Conflict/Contravention of the Groblersdal Town Planning Scheme (2006).
- Human Capital.

### Opportunities

- Agriculture potential
- Groblersdal - a provincial growth point, it is also host to strategic roads, i.e. the R25, N11 that provide accessibility to major urban centres
- Availability of municipal land for development

## 3.14 LOCAL ECONOMIC DEVELOPMENT

Elias Motsoaledi Local Municipality supports participative strategies for local economic development in its area of jurisdiction, with the aim of promoting economic growth geared to local conditions and resources, creating income and employment opportunities for all segments of the population and enhancing good governance at local level.

The municipality is operating in a market economy wherein the engines of economic development are primarily in the hands of private businesses that create wealth and jobs however the private sector cannot succeed without favorable business conditions in which to thrive and grow. The municipality is currently working hand in gloves with other public sector institutions in helping to establish and maintain those favorable business conditions so that firms that operates within the jurisdiction of the municipality can compete successfully and fairly with firms from other regions.

Given the above conditions and the roles that the municipality has played in pursuit of local economic development in 2021/2022 financial year are amongst others; that the municipality in collaboration with Department of Public Works has managed to create 1214 work opportunities through EPWP and CWP programmes. There was a slight increase of jobs created through the latter programs as 1214 job opportunites were created in 2021/22 FY relative to previous financial year 2020/21 of only one thousand one hundred and seventy-five (1175) were created. . CWP accounted for one thousand one hundred (1100) and EPWP for one hundred and fourteen (114). The appointed personnel are maily responsible for cleaning but limited to public facilities/ infrastructure in the form of roads resesves, graveyards, community halls, schools, taxi ranks, streets etc.

In striving to capacitate the SMMEs and cooperatives within the municipality, four networking events were organised by the Municipality. This sessions provided a platform to disseminate business information to SMME"s, networking, share exeperices, mentor one another and etc. Furthermore, fourteen (14) SMME"s and cooperaives attended workshops and training as organised by the Municipality. The training and workshops focused on basic business management approaches. Municipality has issued fouty five (45) business licenses.

**Table 18: Jobs created through CWP**

Job creation through CWP*		
Year	No. of Wards	Participants
2019/2020	31	1104
2020/2021	31	1064
2021/2022	31	1100
Community Works Programme		

The program covered all wards within the Municipality with one thousands and one hundred participants (1100).



Table 19: Jobs created through EPWP

Job creation through EPWP* Projects		
Year	EPWP Projects	Jobs created through EPWP Projects
	No	No
2019/2020	1	69
2020/2021	1	71
2021/2022	1	114

\* - Extended Public Works Programme

Table 20: Employees for Local Economic Development

Employees: Local Economic Development				
Job Level	2021/2022			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
4 – 6	1	0	0	0%
7 – 9	0	1	0	0%
10 – 12	1	1	0	0%
13 – 15	1	1	0	0%
19 – 20	0	0	0	0%
<b>Total</b>	<b>3</b>	<b>3</b>	<b>0</b>	<b>0%</b>

Table 17: Employees for Planning Services.

Job Level	2021/2022			
	Posts (No)	Employees (No)	Vacancies - fulltime equivalents (No)	Vacancies (% of total posts)
7 – 9	2	1	1	50%
10 – 12	2	1	1	50%
13 – 15	2	1	1	50%
16 – 18	1	1	0	0%
<b>Total</b>	<b>7</b>	<b>4</b>	<b>3</b>	<b>43%</b>

## COMPONENT D: COMMUNITY AND SOCIAL SERVICES

### 3.15 OVERVIEW

#### 3.17.1 LIBRARIES

The main purpose is to provide resources and services in a variety of media to meet the needs of individuals and to reduce the level of illiteracy. The libraries main focus is to increase the number of new library membership, access to free computer and internet service. Elias Motsoaledi Local Municipality operates library services in Groblersdal, Roosenekal and Sephaku

The table below indicate statistical library report

Library activities	2019/2020	2020/2021	2021/2022
Number of people accessing our libraries	14416	2918	8707
Information services & Internal use	11956	4297	8412
Number of books circulated	7646	5961	5827
Number of people utilizing free computer and internet services	6560	793	3108

Table 21: Employees for libraries

Job Level task grades	2021/2022			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
4 – 6	2	2	0	0
7 – 9	0	0	0	0%
10 – 12	2	2	0	0%
16 – 18	0	0	0	0
<b>Total</b>	<b>04</b>	<b>04</b>	<b>0</b>	<b>0%</b>

### 3.17.2 CEMETERIES

The municipality has a total number of 84 cemeteries and only 04 are well maintained which are: Groblersdal, Roosenekaal, Motetema and Hlogotlou. Cemeteries in rural areas are without fencing and ablution facilities. The municipality is responsible for cleaning and cutting grass in cemeteries as and when the service is required. There is a grave digging service in Groblersdal cemeteries only and in other wards, grave digging is done by community members. Elias Motsolaedi Local Municipality has appointed service provider for fencing of Ntwane cemeteries, due to financial constraints the project will be implemented as a multi year project.

### 3.17.3 SAFETY AND SECURITY

#### 3.17.3.1 Traffic

The Municipality provides public safety services through effective and informed Law-enforcement of the National Road Traffic Act, National Land Transport Act, National Land Transport Transition Act and the Municipal By-Laws. Other services provided also include but are not limited to escorts and point duties that promote the free flow of traffic at accidents and events or marches. The Traffic Division also aims at having a well-informed and educated public by working together with the Limpopo Department of Transport (Road Safety division) in their Educational and Road Safety programs. The purpose of safety and security unit is to ensure that vehicle and pedestrian traffic are controlled effectively (24) twenty-four hours a day (365) three hundred and sixty-five days a year. Municipality works jointly with Limpopo Provincial Department of Transport and the SAPS to reduce accidents during the festive seasons that include the Easter - and Christmas holidays.

**Table 23: Law Enforcement statistics**

Description	2020/2021	VALUE	2021/2022	VALUE
Total Section 56 issued	3569	R 2 627 050.00	2 720	R 3 511 450.00
Total Section 341 issued	36	R 25 000.00	2	R 1 000.00
Total Camera fines printed	N/A	N/A	N/A	N/A
Total Section 56 paid	371	R 209 900.00	280	R 167 850.00
Total Section 341 paid	2	R 1 150.00	0	0
Total Camera fines paid	N/A	N/A	N/A	N/A
Total Section 56 withdrawn	983	R 1 276 700.00	912	R 1 274 250.00
Total Section 341 withdrawn	0	0	0	0
Total Camera fines closed	N/A	N/A	N/A	N/A
Warrants	1722	R 2 232 050.00	23	R 205 550.00
Total Section 56 outstanding	1999	R 2 866 050.00	1 504	R 2 043 800.00
Total Camera fines outstanding	N/A	N/A	N/A	N/A
Total Section 341 outstanding	34	R 23 850.00	2	R 1 000.00

#### 3.17.3.2 Licensing

Elias Mtsolaedi Local Municipality is a registered Registration Authority with a Grade A Driving License Testing Facility and a non-functioning Grade A Vehicle Testing Facility. The Licensing Division is a core revenue generating part of the municipality with a well-developed organizational structure to ensure uninterrupted, effective and efficient service to the public. The municipality uses electronic Learners License. The electronic learners' license is the corrective measure implemented to curb corruption in the DLTC. The system is user-friendly and 100% fair and has been found to eliminate fraud and corruption in the Learners License tests.

**Table 24: Learners licence information**

Description	2019/2020	2020/2021	2021/2022
Number of Leanners licence failed	468	258	316

The table below provides the Learner and Driving License statistics for the past three financial years:

**Table 25: Driver's license information**

Description	2019/2020	2020/2021	2021/2022
number of drivers licence application received	1854	2274	3814
number of drivers licence passed	1630	2013	3401
number of drivers licence failed	86	120	189



## COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

### 3.18 EXECUTIVE AND COUNCIL

Executive committee is the principal committee of the council which receives reports from the other committees of the council and which must forward these reports together with its recommendations to the council when it cannot dispose of the matter in terms of its delegated powers. The executive committee must identify the needs of the municipality, review and evaluate those needs in order of priority. The committee recommends to municipal council strategies, programmes and services to address priority needs through the integrated development plan and estimates of revenue and expenditure, taking into account any applicable national and provincial development plans

The municipality comprises of three service delivery priorities which is the roads, waste management and electricity. The municipality is having 1765 kilometers of roads. For the year under review, three roads were constructed from gravel to tar but at the end of the financial year all three roads were incomplete. Due to the vastness and rural nature of the municipality, priority is given to roads functions to ensure that internal roads are maintained for accessibility to community members for them to access municipal services.

### 3.19 HUMAN RESOURCE SERVICE

Municipality is having 353 total number of permanent employees. The department is responsible for the following services: Organisational development, Occupational health and safety services, training and development, labour relations, Benefits and administration, payroll. It is responsible for recruitment processes, benefits and leave administration, disciplinary procedures, skills and capacity development, pay roll, employee health and wellness, and labour relations issues.

### 3.20 INFORMATION TECHNOLOGY

EMLM has ICT unit in place with the total number of 06 officials and most of the services are outsourced. ICT unit is responsible for running daily, weekly, monthly data and backups. It ensures that municipal website is always functional and provides user support. There is a helpdesk where all ICT related queries are forwarded through emails and Technicians will respond to those queries in sufficient time. ICT unit ensures that network is always available to all municipal applications such as Munsoft, emails, internet, payroll system and leave system for efficient and effective service delivery.

**Table 26: Employees for ICT unit**

Employees: ICT Services (how many employees on the listed task grades and vacancies)				
Job Level	2021/2022			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
4 - 6	0	0	0	0%
7 - 9	0	0	0	0
10 - 12	4	4	0	0%
13 - 15	1	1	0	0%
19 - 20	0	0	0	0
Total	5	5	0	0%

**Table 27: Capital expenditure for ICT unit**

Capital Expenditure 2021/2022: ICT Services					
Capital Projects	2021/2022				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Computer Equipment	460 000	860 000	859 999	0	859 999

## COMPONENT J : PERFORMANCE REPORT (INSTITUTIONAL SCORECARD)

### KPA 1: SPATIAL DEVELOPMENT ANALYSIS AND RATIONALE

STRATEGIC OBJECTIVES: To promote integrated human settlements

Pro-gramme	Key performance indicator	Budget Source	Adjusted budget	Expen-diture	Audited Baseline 2020/21	Annual target	progress to date	Reason for variance	Measures to improve performance / Remedial action	Evidence	Achieved / Not achieved	Responsi-bility
Land Use Management	% of land use applications received and processed within 90 days	n/a	n/a	n/a	100%	100% of land use applications received and processed within 90 days by June 2022	100% land use applications received and processed within 90 days by June 2022	None	None	Land use application register	Achieved	Develop-ment planning
	% of new building plans of less than 500 square metres assessed within 10 days of receipt of plans	n/a	n/a	n/a	100%	100% of new building plans of less than 500 square metres assessed within 10 days of receipt of plans by 30 June 2022	100% of new building plans of less than 500 square metres assessed within 10 days of receipt of plans by 30 June 2022	None	None	Building plans application register	Achieved	Develop-ment planning
	% of new building plans of more than 500 square meters assessed within 28 days of receipt of plans	n/a	n/a	n/a	100%	100% of new building plans of less than 500 square meters assessed within 28 days of receipt of plans by 30 June 2022	100% new building plans of less than 500 square meters assessed within 28 days of receipt of plans by 30 June 2022	None	None	Building plans application register	Achieved	Develop-ment planning
Compliance with National building regulations	% of inspections conducted on building construction with an approved plan to ensure compliance with Sec 6© and 17(b) of national building regulations and building standard Act	n/a	n/a	n/a	100%	100% of inspections conducted on building construction with an approved plan to ensure compliance with Sec 6© and 17(b) of national building regulations and building standard Act by 30 June 2022	100% inspections conducted on building construction with an approved plan to ensure compliance with Sec 6© and 17(b) of national building regulations and building standard Act by 30 June 2022	None	None	Inspection report	Achieved	Develop-ment planning



## KPA 2: INSTITUTIONAL DEVELOPMENT AND MUNICIPAL TRANSFORMATION

Strategic objectives: To build capable, responsive, accountable, effective and efficient municipal institutions and administration

Pro-gramme	Key perfor-mance indicator	Budget Source	Adjusted budget	Expendi-ture	Audited Baseline 2020/21	Annual target	Progress to date	Reason for variance	Measures to improve performance / Remedial action	Evidence	Achieved / Not achieved	Responsi-bility
Employment equity	Review of the Employment Equity Plan	n/a	n/a	n/a	1	1 review of the Employment Equity Plan by 30 June 2022	1 review of the Employment Equity Plan by 30 June 2022	None	None	Reviewed employment equity/ council resolution	Achieved	Corporate services
Employment equity	Submission of employment equity report to DOL by 31 <sup>st</sup> January 2022	n/a	n/a	n/a	1	1 Submission of Employment Equity report to DOL by 31 <sup>st</sup> January 2022	1 Submission of Employment Equity report to DOL by 31 <sup>st</sup> January 2022	None	None	Acknowledgement letter/email indicating reporting date	Achieved	Corporate services
Employment equity	% of employees with disabilities	n/a	n/a	n/a	1,13%	2% Of employees with disabilities by 30 June 2022	1,4% (5/349) of employees with disabilities by 30 June 2022	Not all vacant positions were filled by 30 June 2022 due to insufficient budget	To be considered in the next financial year as and when filling vacant posts	Human resource report	Not Achieved	Corporate Services
Skills programme	Number of employees approved for study financial assistance	Opex	Opex	Opex	0	3 employees approved for study financial assistance by 31 March 2022	0 employees approved for study financial assistance by 31 March 2022	Review of Municipal Training and Development policy with moratorium on bursary applications	Review of Municipal Training and Development policy review approved in June 2022 with effective date	Approved Signed Application Form by Municipal Manager	Not achieved	Corporate services
WSP	Approval of reviewed WSP (work skills plan)	n/a	n/a	n/a	1	1 Approved reviewed WSP by 30 June 2022	1 Approved reviewed WSP by 30 June 2022	None	None	Council resolution	Achieved	Corporate services
	% of municipality's payroll budget actually spent on training and education of employees	1% of payroll budget	1% Of payroll budget	154 890 708	0.6%	1% Of municipalities payroll budget actually spent on training and education of employees by 30 June 2022	0.55% (R854,580.90 / R154,890,708) of Municipality's payroll budget actually spent on training and education of employees by 30 June 2022	Review of Municipal Training and Development Policy with moratorium on bursary applications	Municipal Training and Development Policy review approved in June 2022 with effective date	Budget report	Not Achieved	Corporate services
LLF	Number of LLF meetings held	n/a	n/a	n/a	6	12 LLF meetings held by 30 June 2022	10 LLF meetings held by 30 June 2022	Lack of quorum by parties to LLF that led to several postponements of LLF meetings	Continuous engagements with parties to prioritise LLF meetings	Attendance register and minutes	Not achieved	Corporate services

## KPA 2: INSTITUTIONAL DEVELOPMENT AND MUNICIPAL TRANSFORMATION (Cont)

Strategic objectives: To build capable, responsive, accountable, effective and efficient municipal institutions and administration

Pro-gramme	Key perfor- mance indicator	Budget Source	Adjusted budget	Expendi- ture	Audited Baseline 2020/21	Annual target	Progress to date	Reason for variance	Measures to improve performance / Remedial action	Evidence	Achieved / Not achieved	Responsi- bility
ICT	% of reported ICT incidents resolved	n/a	n/a	n/a	New	90% - 100% of reported ICT incidents resolved by 30 June 2022	100% of reported incidents resolved by 30 June 2022	None	None	ICT Job Card	Achieved	Corporate services
	Turnaround time in placing documents and information on the municipal website	0	0	0	New	Placement of documents & information on the municipal website within 5 (five) working days from the date submitted to ICT by 30 June 2022	Placement of documents & information on the municipal website within 5 (five) working days from the date submitted to ICT by 30 June 2022	None	None	Website Register SITA email confirming placement of documents and information.	Achieved	Corporate services
	Number of ICT Service Providers Performance and Monitoring and Evaluation meetings held	n/a	n/a	n/a	new	4 ICT Service Providers Performance Monitoring and Evaluation meetings held by 30 June 2022	4 ICT Service Providers Performance Monitoring and Evaluation meetings held by 30 June 2022	None	None	Attendance register and Minutes and service providers performance monitoring and evaluation report	Achieved	Corporate services
Occupational health and safety (OHS)	% expenditure of uniform and protective clothing	R1,000,000	R1 500 000	1 791 995	New	90% - 100% (R900,000- R1,000,000) expenditure of uniform and protective clothing by 30 June 2022	99,94% R(1,790,995,00 / R1,791,995,00) expenditure of uniform and protective clothing by 30 June 2022	None	None	BTO expenditure report	Achieved	Corporate services
	Medical Surveillance conducted	R244,165	R244,165	0	New	1 Medical Surveillance conducted by 30 June 2022	0 Medical Surveillance conducted by 30 June 2022	National Treasury's Advisory suspended of goods and services' procurement	Will continue with the project when the suspension is lifted	Medical Surveillance Report by registered medical	Not achieved	Corporate services
Occupational health and safety (OHS)	First Aid in the workplace / Risk Based Primary Emergency Care Training for Health and Safety Committee held	n/a	n/a	n/a	New	First Aid in the Workplace / Risk Based Primary Emergency Care Training for Health and Training Safety Committee by 30 June 2022	First Aid in the Workplace / Risk Based Primary Emergency Care Training for Health and Training Safety Committee by 30 June 2022	None	None	Certificates of First Aid in the Workplace / Risk Based Primary Emergency Care Training / Attendance Register	Achieved	Corporate services



## KPA 2: INSTITUTIONAL DEVELOPMENT AND MUNICIPAL TRANSFORMATION (Cont)

Strategic objectives: To build capable, responsive, accountable, effective and efficient municipal institutions and administration

Pro-gramme	Key perfor-mance indicator	Budget Source	Adjusted budget	Expendi-ture	Audited Baseline 2020/21	Annual target	Progress to date	Reason for variance	Measures to improve performance / Remedial action	Evidence	Achieved / Not achieved	Responsi-bility
Perfor-mance manage-ment	% of KPI and projects attaining organisational targets (total organisation)	n/a	n/a	n/a	80%	80% of KPI and proj-ects attaining organisational targets (total organisation) by 30 June 2022	76% of KPI and projects attaining organisational targets (total organisation) by 30 June 2022	None performance in capital projects and none ad-dressing of internal audit and risk findings	To improve in institutional performance by engaging all employ-ees through departmen-tal meetings to discuss annual plans in time for achieve-ment of set targets.	Performance report	Not achieved	Municipal manager
	Final SDBIP approved by mayor within 28 days after approval of IDP/ Budget	n/a	n/a	n/a	1	1 Final SDBIP ap-proved by Mayor within 28 days after approval of IDP/Budget	1 Final SDBIP ap-proved by Mayor within 28 days after approval of IDP/Budget	None	None	Approved SDBIP	Achieved	Municipal manager
	Number of liti-gations reports created	n/a	n/a	n/a	New	3 lit-igation reports created by 30 June 2022	3 litigation reports created by 30 June 2022	None	None	Litigation reports	Achieved	Municipal manager
Municipal infrastruc-ture grant (MIG)	Number of MIG reports submit- ted to Coghsta	n/a	n/a	n/a	12	12 MIG reports submitted to COGHSTA by 30 June 2022	12 MIG reports submitted to COGHSTA by 30 June 2022	None	None	Proof of submission	Achieved	Infrastruc-ture
Depart-ment of energy (DOE)	Number of INEP reports submitted to department of energy	n/a	n/a	n/a	12	12 INEP reports submitted to department of energy by 30 June 2022	12 INEP reports submitted to department of energy by 30 June 2022	None	None	Proof of submission	Achieved	Infrastruc-ture

### KPA: 3 LOCAL ECONOMIC DEVELOPMENT

Strategic objectives: To promote conducive environment for economic growth and development

Programme	Key performance indicator	Budget Source	Adjusted budget	Expenditure	Audited Baseline 2020/21	Annual target	progress to date	Reason for variance	Measures to improve performance / Remedial action	Evidence	Achieved / Not achieved	Responsibility
EPWP	Number of job opportunities provided through EPWP grant (GKPI)	EPWP Grant	EPWP Grant	EPWP Grant	71	69 jobs opportunities provided through EPWP grant by 30 June 2022 (GKPI)	114 jobs opportunities provided through EPWP grant by 30 June 2022 (GKPI)	None	None	List of approved appointees	Achieved	Development planning
EPWP	Number of job opportunities created through infrastructure projects (GKPI)	MIG/ INEP/ EMLM	MIG/ INEP/ EMLM	MIG/ INEP/ EMLM	244	300 Job opportunities created through infrastructure projects by 30 June 2022 (GKPI)	194 Job opportunities created through infrastructure projects by 30 June 2022 (GKPI)	Delay on implementation of two electrification projects due to PPPFA regulation's court order	Wait until the court order is lifted	List of appointees	Not achieved	Infrastructure
SMME'S	Number of SMME'S and Co-operatives capacity building workshops/ training held (LED training)	n/a	n/a	n/a	12	14 SMME'S and Co-operatives capacity building workshops/training held by 30 June 2022 (LED training)	15 SMME'S and Co-operatives capacity building workshops/ training held by 30 June 2022 (LED training)	None	None	Reports and attendance register	Achieved	Development planning



## KPA 4: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

Strategic Objectives: To provide for basic services delivery and sustainable infrastructural development

Programme	Key performance indicator	Budget Source	Adjusted budget	Expenditure	Audited Baseline 2020/21	Annual target	progress to date	Reason for variance	Measures to improve performance/ Remedial action	Evidence	Achieved / Not achieved	Responsibility
Roads and Stormwater	Kilometres of gravelled roads re-graveled	n/a	n/a	n/a	292.5km	155km of gravel municipal roads / streets re-gravelled by 30 June 2022	248km of gravel municipal roads / streets re-gravelled by 30 June 2022	Personnel for maintenance team were increased to Fast-Track the backlog of re-gravelling in various wards	None	Completion certificates	Achieved	Infrastructure
Indigents	% of registered indigents who receives free basic electricity (GKPI)	207 800	0	0	25%	20% of registered indigents who receives free basic electricity (GKPI) by 30 June 2022	19% of registered indigents who received free basic electricity (GKPI) by 30 June 2022	Scrapping off of the previous indigent register impacted negatively on the KPI	The previously configured indigents were removed from the configuration database and new register was submitted to Eskom	Indigent register and Eskom beneficiary list	Not Achieved	Budget and treasury
Transversal programmes	Number of transversal programmes implemented in terms of mainstreaming with respect to HIV/AIDS, Gender, Disabled, Woman and Children Rights, Eldery and moral re-generation	Opex	Opex	Opex	1	2 transversal programmes implemented in terms of mainstreaming with respect to HIV/AIDS, Gender, Disabled, Woman and Children Rights, Eldery and moral re-generation by the 30 June 2022	3 transversal programmes implemented in terms of mainstreaming with respect to HIV/AIDS, Gender, Disabled, Woman and Children Rights, Eldery and moral re-generation by 30 June 2022	Relaxation of Covid 19 regulation enabled increment of programmes by being able to conduct face to face programmes with community members	None	Programme and attendance register	Achieved	Executive support
Waste management	Waste removal in Goblersdal Hlogotlou Roosenekal Motetema	n/a	n/a	n/a	8	Waste removal in Goblersdal Hlogotlou Roosenekal Motetema by 30 June 2022	Waste removal in Goblersdal Hlogotlou Roosenekal Motetema by 30 June 2022	None	None	*Waste removal reports *Copy of logbook	Achieved	Community services
	Number of waste received (tons) at landfill site	n/a	n/a	n/a	New	2100 tons of waste received at landfill site by 30 June 2022	7961.54 tons of waste received at landfill site by 30 June 2022	None	None	Reports on tons received	Achieved	Community services

## KPA 4: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT (Cont)

Strategic Objectives: To provide for basic services delivery and sustainable infrastructural development

Programme	Key performance indicator	Budget Source	Adjusted budget	Expenditure	Audited Baseline 2020/21	Annual target	progress to date	Reason for variance	Measures to improve performance/ Remedial action	Evidence	Achieved / Not achieved	Responsibility
Education / libraries	Number of initiatives held to promote library facilities	n/a	n/a	n/a	3	4 initiatives held to promote library facilities by 30 June 2022	4 initiatives held to promote library facilities by 30 June 2022	None	None	Attendance register and reports	Achieved	Community services
Environmental management	Number of Environmental awareness conducted	Opex	Opex	Opex	3	4 environmental awareness conducted by 30 June 2022	4 environmental awareness conducted by 30 June 2022	None	None	Attendance register and reports	Achieved	Community services
Disaster management	Number of disaster awareness campaigns conducted	Opex	Opex	Opex	3	4 disaster awareness campaigns conducted by 30 June 2022	4 disaster awareness campaigns conducted by 30 June 2022	None	None	Attendance register and reports	Achieved	Community services
	% of disaster relief provided	Opex	Opex	Opex	New	100% of disaster cases attended by end of June 2022	100% of disaster cases attended by end of June 2022	None	None	Completed assessment form	Achieved	Community services
	% of disaster cases reported and attended to within 48 hours	n/a	n/a	n/a	New	100% of disaster cases reported and attended to within 48 hours by 30 June 2022	100% of disaster cases reported and attended to within 48 hours by June 2022	None	None	Completed assessment form	Achieved	Community services
Safety and security	Number of community safety forum meetings held	n/a	n/a	n/a	3	4 community safety forum meetings held by 30 June 2022	4 community safety forum meetings held by 30 June 2022	None	None	Reports and attendance register	Achieved	Community services



## KPA 4: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

Strategic Objectives: To provide for basic services delivery and sustainable infrastructural development

### CAPITAL PROJECTS

Ward no	Project	Key performance indicator	Original Budget R000's 2021/2022	Adjusted budget	Expenditure	Audited Baseline 2020/21	Annual target	progress to date	Reason for variance	Measures to improve performance / Remedial action	Evidence	Achieved / Not achieved	Responsibility
n/a	Computer equipment	% expenditure on computer equipment	460 000	860 000	865 919.57	92.15%	90% minimum expenditure on computer equipment by 30 June 2022	99.31% (859,999/865,919.57) expenditure on computer equipment by 30 June 2022	None	None	Expenditure report/ screen shot	Achieved	Corporate services
n/a	Air conditioners	% processing of procurement request submitted	300,000	300,000	300 000	50%	100% Processing of procurement request submitted by 30 September 2021	100% Processing of procurement request submitted by 30 September 2021	None	None	Processed requisition	Achieved	Infrastructure
13	Fencing of Elandsdoorn/ Ntwane cemetery	Fencing of Elandsdoorn/ Ntwane cemetery	500,000	500 000	500 000	50%	Fencing of Elandsdoorn / Ntwane cemeteries by 30 June 2022	Fencing of Elandsdoorn / Ntwane cemetery by 30 June 2022	None	None	Completion certificate	Achieved	Community services
30	Normalisation of electricity at Roosenekaal	Installation of pre-paid meters and vending system at Roosenekaal	0	6 300 000	6 300 000	new	Installation of pre-paid meters and vending system at Roosenekaal by end of March 2022	Installation of pre-paid meters and vending system at Roosenekaal by end of March 2022	None	None	Completion certificate	Achieved	Infrastructure
13	Prepaid smart metering	Number of prepaid smart metering to be installed in Groblersdal	0	5 124 000	5 124 000	New	350 prepaid smart metering to be installed in Groblersdal by 30 June 2022	160 prepaid smart metering installed in Groblersdal by 30 June 2022	Residents are unable to settle their outstanding amounts to can transit from conventional electricity to prepaid electricity	Municipality will conduct awareness to residents about the advantage of transiting from conventional to prepaid electricity	Vending report	Not achieved	Infrastructure

**KPA 4: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT (Cont)**

Strategic Objectives: To provide for basic services delivery and sustainable infrastructural development

**CAPITAL PROJECTS**

Ward no	Project	Key performance indicator	Original Budget R000's 2021/2022	Adjusted budget	Expenditure	Audited Baseline 2020/21	Annual target	progress to date	Reason for variance	Measures to improve performance / Remedial action	Evidence	Achieved / Not achieved	Responsibility
n/a	Supply and delivery of municipal vehicles	Number of vehicles to be procured from the existing lease to buy contract	800 000	0	1 079 481.52	New	06 used vehicles to be procured by 31 December 2021	05 used vehicles procured by 31 December 2021	Insufficient budget	The remaining one vehicle will not be procured. Municipality will settle for the 05 used vehicle it has afforded to purchase	Delivery notes	Not Achieved	Infrastructure
24	Reticulation of stands with electrical infrastructure at Ga-Posa	Number of stands reticulated with electrical infrastructure at Ga-Posa	2 088 000	4 530 000	3 975 425.80	New	252 stands reticulated with electrical infrastructure by 30 June 2022	252 stands reticulated with electrical infrastructure by 30 June 2022	None	None	Practical completion certificate	Achieved	Infrastructure
14	Reticulation of stands with electrical infrastructure at Masakaneng	Number of stands reticulated with electrical infrastructure at Masakaneng	5,508,000	6,722,000.	2 726 182.33	New	324 stands reticulated with electrical infrastructure by 30 June 2022	0 stands reticulated with electrical infrastructure by 30 June 2022 (Contractor busy with poles installation)	The previous contractor was terminated due to non-compliance	New contractor was appointed to complete the project	Progress report	Not achieved	Infrastructure
12	Reticulation of stands with electrical infrastructure at Maleoskop	Designs of stands to be reticulated with electrical infrastructure	3 348 000	3 300 000	1 581 946.40	new	191 Designs of stands to be reticulated with electrical infrastructure by 30 June 2022	0 Designs of stands reticulated with electrical infrastructure by 30 June 2022	Late appointment of service provider due to court order on PPPFA regulation	The project will be rolled over to the next financial year 2022/2023	Completion certificate	Not achieved	Infrastructure



## KPA 4: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT (Cont)

Ward no	Project	Key performance indicator	Original Budget R000's 2021/2022	Adjusted budget	Expenditure	Audited Baseline 2020/21	Annual target	progress to date	Reason for variance	Measures to improve performance / Remedial action	Evidence	Achieved / Not achieved	Responsibility
4	Reticulation of stands with electrical infrastructure at Matlala Lehwelere	Number of stands reticulated with electrical infrastructure at Matlala Lehwelere	3 438 000	4 428 000	5 185 203.84	New	246 stands reticulated with electrical infrastructure by 30 June 2022	246 stands reticulated with electrical infrastructure by 30 June 2022	None	None	Practical Completion certificate	Achieved	Infrastructure
19	Reticulation of stands with electrical infrastructure at Rondebosch	Number of stands reticulated with electrical infrastructure at Rondebosch	1 206 000	1 332 000	1 441 188.58	New	74 stands reticulated with electrical infrastructure by 30 June 2022	74 stands reticulated with electrical infrastructure by 30 June 2022	None	None	Practical Completion certificate	Achieved	Infrastructure
23	Reticulation of stands with electrical infrastructure at Vlakfontein	Number of stands reticulated with electrical infrastructure at Vlakfontein	5 760 000	1 476 000	1 480 809.83	New	82 stands reticulated with electrical infrastructure by 30 June 2022	82 stands reticulated with electrical infrastructure by 30 June 2022	None	None	Practical Completion certificate	Achieved	Infrastructure
28	Dipakapakeng access road	Upgrading of 2.2km of Dipakapakeng access road	21 750 000	21 750 000	19 580 819.86	New	2.2km Upgrading of Dipakapakeng access road by 30 June 2022	0km Upgrading of Dipakapakeng access road by 30 June 2022 (Layer works completed and base stabilised)	Project behind schedule due to heavy rains that took place during December and January	Contractor to submit acceleration plan	Progress report	Not achieved	Infrastructure
27	Upgrading of Tafelkop stadium access road	Upgrading of Tafelkop stadium access road	13 184 000	18 234 000	18 313 805.49	New	Upgrading of Tafelkop stadium access road by 30 June 2022	Contractor busy with base and storm water pipe	Contractor has encountered underground water at some sections on the road	Contractor busy with subsoil drainage to address the challenge	Progress report	Achieved	Infrastructure
11	Bloompoort to Uitspanning access road	Upgrading of Bloompoort to Uitspanning access road	13 000 000	18 000 000	20 029 182.04	New	Upgrading of Bloompoort / Uitspanning access road by 30 June 2022	Contractor busy with base layers	None	None	Progress report	Achieved	Infrastructure
14	Development of Masakaneng	Procurement of pipe culverts for Masakaneng	0	300 000	0	new	Procurement of pipe culverts for Masakaneng by 30 June 2022	No procurement done	HAD withdrew the budget as the budget belongs to them	None	None	Not applicable	Infrastructure

## KPA 4: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT (Cont)

Ward no	Project	Key performance indicator	Original Budget R000's 2021/2022	Adjusted budget	Expenditure	Audited Baseline 2020/21	Annual target	progress to date	Reason for variance	Measures to improve performance / Remedial action	Evidence	Achieved / Not achieved	Responsibility
13	Groblersdal Landfill site	Upgrading of Groblersdal landfill site	9,050,000	Zero weight	Zero weight	Zero weight	Zero weight	Zero weight	Zero weight (Relocation of funds during budget adjustment)	Zero weight	Zero weight	Zero weight	Zero weight
n/a	Forklift	Procurement of forklift	100 000	Zero weight	Zero weight	Zero weight	Zero weight	Zero weight	Zero weight (Relocation of funds during budget adjustment)	Zero weight	Zero weight	Zero weight	Zero weight
13	Disaster management centre emergency relief store room	Construction of Disaster management centre emergency relief store room	100 000	Zero weight	Zero weight	Zero weight	Zero weight	Zero weight	Zero weight (Relocation of funds during budget adjustment)	Zero weight	Zero weight	Zero weight	Zero weight
13	Upgrading and development of parks	Number of parks to be developed and upgraded	200 000	Zero weight	Zero weight	Zero weight	Zero weight	Zero weight	Zero weight (Relocation of funds during budget adjustment)	Zero weight	Zero weight	Zero weight	Zero weight
30	Roosenekaal concrete palisade	Upgrading of Roosenekaal concrete palisade	100 000	0	(zero weighted)	(zero weighted)	(zero weighted)	(zero weighted)	(zero weighted) (Relocation of funds during budget adjustment)	(zero weighted)	(zero weighted)	(zero weighted)	(zero weighted)
13	Fencing of Game Farm	Fencing of Game Farm	1 100 000	0	(zero weighted)	(zero weighted)	(zero weighted)	(zero weighted)	(zero weighted) (Relocation of funds during budget adjustment)	(zero weighted)	(zero weighted)	(zero weighted)	(zero weighted)
n/a	No illegal dumping boards	Procurement of No illegal dumping boards	200 0000	(zero weighted)	(zero weighted)	(zero weighted)	(zero weighted)	(zero weighted)	(zero weighted) (Relocation of funds during budget adjustment)	(zero weighted)	(zero weighted)	(zero weighted)	(zero weighted)
13	Upgrading of Groblersdal traffic lights	Number of traffic lights intersections upgraded in Groblersdal	340 000	0	Zero weight	Zero weight	Zero weight	Zero weight	Zero weight (Relocation of funds during budget adjustment)	Zero weight	Zero weight	Zero weight	Zero weight



## KPA 4: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT (Cont)

Ward no	Project	Key performance indicator	Original Budget R000's 2021/2022	Adjusted budget	Expenditure	Audited Baseline 2020/21	Annual target	progress to date	Reason for variance	Measures to improve performance / Remedial action	Evidence	Achieved / Not achieved	Responsibility
All wards	Rehabilitation of roads/streets in various wards	Rehabilitation of 1.4km o roads/streets in various wards	2 500 000	0	Zero weight	Zero weight	Zero weight	Zero weight	Zero weight (Relocation of funds during budget adjustment)	Zero weight	Zero weight	Zero weight	Zero weight
31	Motetema internal streets	Construction of Motetema internal access streets	1,500,000	Zero weight	Zero weight	Zero weight	Zero weight	Zero weight	Zero weight (Relocation of funds during budget adjustment)	Zero weight	Zero weight	Zero weight	Infrastructure
21	Upgrading of Kgaphamadi bus road stormwater control	Designs of kgaphamadi bus road and stormwater control	1 000 000	Zero weight	Zero weight	Zero weight	Zero weight	Zero weight	Zero weight (Relocation of funds during budget adjustment)	Zero weight	Zero weight	Zero weight	Zero weight
n/a	Culverts, road signs, stormwater channel	% expenditure on procurement of culverts road signs for stormwater channels	500 000	Zero weight	Zero weight	Zero weight	Zero weight	Zero weight	Zero weight (Relocation of funds during budget adjustment)	Zero weight	Zero weight	Zero weight	Zero weight

## KPA 5: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

Strategic Objective: To improve sound and municipal financial management

Programme	Key performance indicator	Budget Source	Adjusted budget	Expenditure	Audited Baseline 2020/21	Annual target	Progress to date	Reason for variance	Measures to improve performance / Remedial action	Evidence	Achieved / Not achieved	Responsibility
Financial management	Cost coverage ratio (GKPI)	n/a	n/a	n/a	0	1 to 3 months Cost coverage ratio (GKPI) by 30 June 2022	0.4 months Cost coverage ratio (GKPI) by 30 June 2022	Unfavourable cash flow position	Closing cash and cash equivalent	2021/2022 AFS	Not achieved	Budget and treasury
Revenue	% outstanding service debtors to revenue (GKPI)	n/a	n/a	n/a	26%	5% outstanding service debtors to revenue (GKPI) by the 30 June 2022	19% outstanding service debtors to revenue (GKPI) by the 30 June 2022	Poor revenue collection in satellite office	Appoint debt collector to ensure improved revenue collection	2021/2022 AFS	Not Achieved	Budget and treasury
Budget	Submission of MTREF budget to council 30 days before the start of the new financial year	n/a	n/a	n/a	1	1 Submission of MTREF budget to council 30 days before the start of the new financial year (31 May 2022)	1 MTREF budget submitted to council 30 days before the start of the new financial year (31 May 2022)	None	None	Council resolution / MTRE budget	Achieved	Budget and treasury
Revenue	% of billed revenue collected	n/a	n/a	n/a	New	80% of billed revenue collected by 30 June 2022	81% of billed revenue collected by 30 June 2022	None	None	Revenue report	achieved	Budget and treasury
AFS	Audited annual financial statements (AFS) and audit report submitted to council by 25 January 2022	n/a	n/a	n/a	1	1 Audited annual financial statements (AFS) and audited report submitted to council by 25 January 2022	1 Audited annual financial statements (AFS) and audited report submitted to council on 25 January 2022	None	None	Council resolution / AFS	Achieved	Budget and treasury
SCM	Number of SCM deviation reports submitted to municipal manager (reduction of number of deviations)	n/a	n/a	n/a	3	Maximum of 4 SCM deviation reports submitted to municipal manager (reduction of number of deviations) by 30 June 2022	0 SCM deviation reports submitted to municipal manager (reduction of number of deviations) by 30 June 2022	None	None	Signed deviation register	Achieved	Budget and treasury



## KPA 5: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT (Cont)

Strategic Objective: To improve sound and municipal financial management

Programme	Key performance indicator	Budget Source	Adjusted budget	Expenditure	Audited Baseline 2020/21	Annual target	Progress to date	Reason for variance	Measures to improve performance / Remedial action	Evidence	Achieved / Not achieved	Responsibility
Expenditure	% payment of creditors within 30 days	n/a	n/a	n/a	100%	100% payment of creditors within 30 days by 30 June 2022	100% payment of creditors within 30 days by 30 June 2022	None	None	Creditors age analysis	Achieved	Budget and treasury
Assets management	Number of assets verifications conducted	n/a	n/a	n/a	1	1 assets verifications conducted by 30 June 2022	1 assets verifications conducted by 30 June 2022	None	None	Assets verification report	Achieved	Budget and treasury
Expenditure	% spend of the total operational budget excluding non-cash items	Opex	Opex	Opex	95.03%	95% spend of the total operational budget excluding non-cash items by 30 June 2022	100.60% spend of the total operational budget excluding non-cash items by 30 June 2022	Overspending on budget through the use of budget overriding functions	Rescind the budget overriding functions on financial management system	Budget report	Not Achieved	Municipal manager
	Remuneration (employee related costs and councillors remuneration) as % of total operating expenditure per quarter	Opex	Opex	Opex	36%	25% to 40% Remuneration (employee related costs and councillors remuneration) as % total operating expenditure per quarter by 30 June 2022	35.29% Remuneration (employee related costs and councillors remuneration) as % total operating expenditure per quarter by 30 June 2022	None	None	Section 71 report	Achieved	Municipal manager
Project management	% spending on MIG funding by 30 June 2022	57 984 000	0	57 895 665	100%	100% spending on MIG funding by the 30 June 2022	100% spending on MIG funding by the 30 June 2022	None	None	MIG monthly reports	Achieved	Infrastructure
Electricity	% spending on INEP funding by 30 June 2022	INEP	INEP	INEP	97%	100% spending on INEP funding by 30 June 2022	75% spending on INEP funding by 30 June 2022	The appointment of contractors for two (02) electrification project were stopped due the new regulation of PPPFA	Municipality wrote a request to provincial treasury that municipality be exempted from the court order on the PPPFA regulation	INEP monthly report	Not Achieved	Infrastructure

## KPA 6: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Strategic objectives: To enhance good governance and public participation

Programme	Key performance indicator	Budget Source	Adjusted budget	Expenditure	Audited Baseline 2020/21	Annual target	Progress to date	Reason for variance	Measures to improve performance / Remedial action	Evidence	Achieved / Not achieved	Responsibility
Good governance and oversight	Submission of final audited (2020-2021) consolidated Annual Report to Council by 31 January 2022	n/a	n/a	n/a	1	1 Submission of final audited (2020-2021) consolidated Annual Report to Council by 31 January 2022	1 Submission of final audited (2020-2021) consolidated Annual Report to Council by 31 January 2022	None	None	Council resolution / draft annual report	Achieved	Municipal manager
Oversight	Submission of annual oversight report to council by 31 March 2022	n/a	n/a	n/a	1	1 Submission of annual oversight report to council by 31 March 2022	1 Submission of annual oversight report to council by 31 March 2022	None	None	Council resolution / oversight report	Achieved	Municipal manager
Good Governance and oversight	2021/2022 IDP review process plan approved by August 2021	n/a	n/a	n/a	1	1 2021/2022 IDP review process plan approved by August 2021	1 2021/2022 IDP review process plan approved by August 2021	None	None	Council resolution / IDP process plan	Achieved	Municipal manager
IDP development	Final IDP tabled and approved by council by 31 May 2022	n/a	n/a	n/a	1	1 Final IDP tabled and approved by council by 31 May 2022	1 Final IDP tabled and approved by council by 31 May 2022	None	None	Council resolution / IDP	Achieved	Municipal manager
Audit	Obtain an Unqualified Auditor General opinion for the 2020/2021 financial year	n/a	n/a	n/a	Unqualified audit opinion	Obtain an Unqualified Auditor General opinion for the 2020/2021 financial year by 30 November 2021	Obtain an Unqualified Auditor General opinion for the 2020/2021 financial year by 30 November 2021	None	None	AGSA audit report / AG action plan	achieved	Municipal manager
Audit	% of Auditor General matters resolved as per the approved audit action plan by 30 June 2022 (Total organisation)	n/a	n/a		87%	80% of Auditor General matters resolved as per the approved audit action plan by 30 June 2022 (Total organisation)	76% of Auditor General matters resolved as per the approved audit action plan by 30 June 2022 (Total organisation)	Lack of budget and strong measures in place	Make budget provisions and strengthen controls in place	Audit action plan	Not achieved	Municipal manager



## KPA 6: GOOD GOVERNANCE AND PUBLIC PARTICIPATION (Cont)

Strategic objectives: To enhance good governance and public participation

Programme	Key performance indicator	Budget Source	Adjusted budget	Expenditure	Audited Baseline 2020/21	Annual target	Progress to date	Reason for variance	Measures to improve performance / Remedial action	Evidence	Achieved / Not achieved	Responsibility
Audit	% internal audit findings resolved per quarter as per the audit plan (total organisation)	n/a	n/a		76%	100% internal audit findings resolved per quarter as per the audit plan (total organisation) by 30 June 2022	56% internal audit findings resolved per quarter as per the audit plan (total organisation) by 30 June 2022	Lack of capacity	Fast track the processes of implementing the plans	Quarterly IA follow up report	Not Achieved	Municipal manager
Audit	Number of risk based internal audits conducted	n/a	n/a	n/a	New	8 risk based internal audits conducted by 30 June 2022	12 risk based internal audits conducted by 30 June 2022	None	None	Risk based audit report	Achieved	Municipal manager
Risk management	Number of security risk assessment conducted	n/a	n/a	n/a	4	4 security risk assessment conducted by 30 June 2022	4 security risk assessment conducted by 30 June 2022	None	None	Security assessment report	Achieved	Municipal manager
Risk management	Number of project risk assessment conducted	n/a	n/a	n/a	4	4 project risk assessment conducted by 30 June 2022	4 project risk assessment conducted by 30 June 2022	None	None	Quarterly risk assessment report	Achieved	Municipal manager
Risk management	Number of strategic and operational risk assessment conducted	n/a	n/a	n/a	4	4 strategic and operational risk assessment conducted by 30 June 2022	4 strategic and operational risk assessment conducted by 30 June 2022	None	None	Strategic and operational assessment reports	Achieved	Municipal manager
	Number of risk management training conducted	n/a	n/a	n/a	New	2 risk management training conducted by 30 June 2022	2 risk management training conducted by 30 June 2022	None	None	Attendance register	Achieved	Municipal manager
Risk management	Number of risk management reports submitted to risk management committee per quarter	n/a	n/a	n/a	4	4 risk management reports submitted to risk management committee per quarter	4 risk management reports submitted to risk management committee per quarter	None	None	Quarterly risk assessment report	Achieved	Municipal manager
Risk management	Number of quarterly risk management committee meetings convened	n/a	n/a	n/a	4	4 quarterly risk management committee meetings convened by 30 June 2022	4 quarterly risk management committee meetings convened by 30 June 2022	None	None	Attendance register and minutes	Achieved	Municipal manager

## KPA 6: GOOD GOVERNANCE AND PUBLIC PARTICIPATION (Cont)

Strategic objectives: To enhance good governance and public participation

Programme	Key performance indicator	Budget Source	Adjusted budget	Expenditure	Audited Baseline 2020/21	Annual target	Progress to date	Reason for variance	Measures to improve performance / Remedial action	Evidence	Achieved / Not achieved	Responsibility
Risk management	% execution of identified risk management plan within prescribed timeframes per quarter (total organisation)	n/a	n/a	n/a	100%	100% execution of identified risk management plan within prescribed timeframes per quarter (total organisation) by 30 June 2022	94% execution of identified risk management plan within prescribed timeframes per quarter (total organisation) by 30 June 2022	Budget for other projects were relocated.	To resolve the risk when budget is made available	Quarterly risk assessment reports	Not Achieved	Municipal manager
MPAC	Number of MPAC quarterly reports submitted to council	n/a	n/a	n/a	3	3 MPAC quarterly reports submitted to council by 30 June 2022	3 MPAC quarterly reports submitted to council by June 2022	None	None	Council resolution	Achieved	Executive support
	Number of MPAC outreaches initiated	1,000,000	1,000,000	1 000 000	2	1 MPAC outreaches initiated by 30 June 2022	1 MPAC outreaches initiated by 30 June 2022	None	None	Reports and attendance register	Achieved	Executive support
Mayoral Campaigns (event promotions)	Number of mayoral outreach projects initiated	623,400	491,700	490 000	1	1 mayoral outreach programmes initiated by 30 June 2022	1 mayoral outreach programmes initiated by 30 June 2022	None	None	Report and attendance register	Achieved	Executive support
Speaker's programme (event promotions)	Number of speakers outreach projects initiated by 30 June 2022	207,800	207,800	207 800	3	1 speakers outreach programmes initiated by 30 June 2022	1 speakers outreach programmes initiated by 30 June 2022	None	None	Reports and attendance register	Achieved	Executive support
Ward committee	Number of ward committee reports submitted to council by 30 June 2022	n/a	n/a	n/a	2	2 ward committee reports submitted to council by 30 June 2022	2 ward committee reports submitted to council by 30 June 2022	Late finalisation of ward committee establishment	The report will be submitted in the next financial year	Council resolution	Not achieved	Executive support
Youth programmes	Number of youth programmes initiated	Opex	Opex	Opex	2	1 Youth programmes initiated by 30 June 2022	0 Youth programmes initiated by 30 June 2022	Budget was relocated to other programmes	The programme will be conducted in the next financial year	Report and attendance register	Not achieved	Executive support



## KPA 6: GOOD GOVERNANCE AND PUBLIC PARTICIPATION (Cont)

Strategic objectives: To enhance good governance and public participation

Programme	Key performance indicator	Budget Source	Adjusted budget	Expenditure	Audited Baseline 2020/21	Annual target	Progress to date	Reason for variance	Measures to improve performance / Remedial action	Evidence	Achieved / Not achieved	Responsibility
Communications	Number of municipal newsletter printed/produced	1,000,000	1,200,000	1 100 000	719	5 000 of copies municipal newsletter printed/produced by 30 June 2022	6000 of copies municipal newsletter printed/produced by 30 June 2022	We had remaining budget and we opted in producing extra news letters	None	Delivery note and copy of the news letter	Achieved	Executive support
	% reviewal of communication strategy	n/a	n/a	n/a	100%	100% reviewal of communication strategy by 30 June 2022	100% reviewal of communication strategy by 30 June 2022	None	None	Council resolution	Achieved	Executive support
Customer services	% of community complaints received, attend to or referred	n/a	n/a	n/a	100%	100% community complaints received, attended to or referred by 30 June 2022	100% community complaints received, attended to or referred by 30 June 2022	None	None	Community complaints register	Achieved	Executive support
Customer care	Number of customer care implementation plan and monitoring conducted	n/a	n/a	n/a	New	4 customer care implementation plan and monitoring conducted by 30 June 2022	4 customer care implementation plan and monitoring conducted by 30 June 2022	None	None	Implementation and monitoring register	Achieved	Executive support
Council resolution	% council resolutions implemented	n/a	n/a	n/a	New	100% council resolutions implemented by 30 June 2022	100% council resolutions implemented by 30 June 2022	None	None	Implementation and monitoring register	Achieved	Executive support

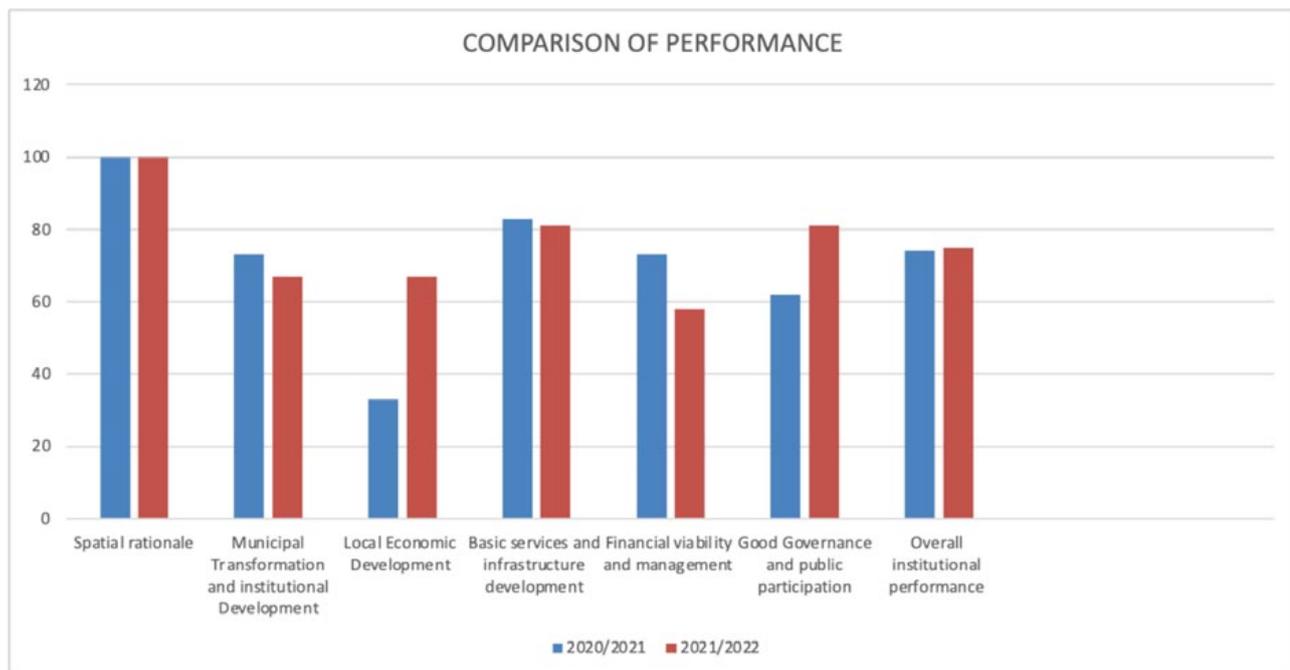
### Summary of overall institutional performance per key performance area

Key Performance Area Number	Key Performance Area	Total annual target	Achieved KPIs	Not achieved KPIs	Total Percentage achieved %
1	Spatial Rationale	4	4	0	100%
2	Municipal transformation and Institutional Development	18	12	6	67%
3	Local Economic Development	3	2	1	67%
4	Basic Service Delivery	26	20	6	77%
5	Financial Management & Viability	12	8	4	67%
6	Good Governance & Public Participation	26	21	5	81%
	<b>Total</b>	<b>89</b>	<b>67</b>	<b>22</b>	<b>75%</b>



Comparison of Institutional Annual Performance between 2020/2021 and 2021/2022 financial year

Number	Key Performance Area	Total number of KPIs		Number of KPI's achieved		Number of KPI's not achieved		Performance percentage per KPA	
		2020/2021	2021/2022	2020/2021	2021/2022	2020/2021	2021/2022	2020/2021	2021/2022
1	Spatial Rationale	7	4	7	4	0	0	100%	100%
2	Municipal transformation and institutional development	15	18	10	12	5	6	67%	67%
3	Local economic development	3	3	1	2	2	1	33%	67%
4	Basic service delivery and Infrastructure development	23	26	19	20	4	6	83%	81%
5	Financial viability and management	11	12	8	8	3	4	73%	67%
6	Good governance and public participation	21	26	13	21	8	5	62%	81%
	<b>TOTAL</b>	<b>80</b>	<b>89</b>	<b>58</b>	<b>67</b>	<b>22</b>	<b>22</b>	<b>73%</b>	<b>75%</b>





CHAPTER

4

**ORGANISATIONAL  
DEVELOPMENT  
PERFORMANCE**

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## COMPONENT A: INTRODUCTION TO MUNICIPAL PERSONNEL

### 4. OVERVIEW

#### 4.1 Employees totals, Turnover and Vacancies

Municipality utilises national print media and municipal website for advertisement of vacant posts. Municipality implements its approved recruitment policy in filling of vacant positions.

**Table 1: staff turnover**

Description	Total
Dismissal/ Terminations	0
Contract ended	0
Retention	0
Death	0
Retirements/ Pensions	3
Ill health	0
Resignation	2
Total number of vacancies	29
Total number of employees	353
Total posts on the organogram	382

**Table 2: Turnover rate**

Details	Turn-over Rate		
	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate*
	No.	No.	
2019/ 2020	357	05	1,4%
2020/ 2021	348	05	1,43%
2021/2022	351	07	2%

\* Divide the number of employees who have left the organisation within a year, by total number of employees who occupied posts at the beginning of the year



Table 3: Organisational structures information

Vacancy Rate 2021/2022			
Designations	*Total Approved Posts	*Variances (Total time that vacancies exist using fulltime equivalents)	*Variances (as a proportion of total posts in each category)
Municipal Manager	1	0	0
CFO	1	4 years	1
Executive Support	1	1 years	1
Development Planning	1	2 years	1
Community Services	1	0	0
Infrastructure	1	2 years	1
Corporate Services	1	0	0
<b>Other S57 Managers (Finance posts)</b>	<b>0</b>		
Chief Risk Management Officer(T15)	1	0	0
Manager Communication (T15)	1	0	0
Manager Hlogotlou Service Delivery Point (T15)	1	0	0
Manager Roosenekal Service Delivery Point(T15)	1	0	0
Manager Motetema Service Delivery Point (T15)	1	0	0
Electrical Engineer (T16)	1	0	0
Manager PMU (T15)	1	0	0
Manager Road, Storm water & Maintenance (T15)	1	0	0
Manager legal (T15)	1	0	1
Manager audit (T15)	1	0	0
Manager PMS (T15)	1	0	0
Manager IDP (T15)	1	0	0
Manager Human Resource (T15)	1	0	0
Manager Council Support (T15)	1	0	0
Manager Intergovernmental relations	1	0	0
Manager Compliance	1	0	0
Manager ICT (T15)	1	0	0
Manager Assets	1	0	0
Manager Supply chain	1	0	0
Manager Expenditure	1	0	0
Manager revenue	1	0	0
Manager budget	1	0	0
Manager administration	1	0	0
Manager Labour Relations	1	0	0
Manager LED	1	0	0
Manager Planning	1	0	0
Manager fleet	1	0	0
Deputy CFO	1	0	0
Manager Enviromental	1	0	0
Manager Public Safety	1	0	0
Manager Licensing	1	0	0
Manager Parks and Cemeteries	1	0	0

## COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

### 4.2 POLICIES

The municipality has policies in place as guideline to all officials and are reviewed as and when the need arises. For the year under review the following policies were reviewed.

**Table 4: Approved and reviewed policies**

No.	Policy name	Reviewed	Resolution number	Date approved/ reviewed	Policies reviewed (2021/2022)	Date of approval
1.	Credit control policy	x	M21/22-96	31/05/2022	M21/22-96	31 May 2022
2.	Investment policy	x	M21/22-96	31/05/2022	M21/22-96	31 May 2022
3.	Budget policy	x	M21/22-96	31/05/2022	M21/22-96	31 May 2022
4.	Borrowing policy	x	M21/22-96	31/05/2022	M21/22-96	31 May 2022
5.	Expenditure management policy	x	M21/22-96	31/05/2022	M21/22-96	31 May 2022
6.	Assets management policy	x	M21/22-96	31/05/2022	M21/22-96	31 May 2022
7.	Supply chain management policy	x	M21/22-96	31/05/2022	M21/22-96	31 May 2022
8.	Indigent policy	x	M21/22-96	31/05/2022	M21/22-96	31 May 2022
9.	Virements policy	x	M21/22-96	31/05/2022	M21/22-96	31 May 2022
10.	Funding and reserves policy	x	M21/22-96	31/05/2022	M21/22-96	31 May 2022
11.	Property rates policy	x	M21/22-96	31/05/2022	M21/22-96	31 May 2022
12.	Tariff policy	x	M21/22-96	31/05/2022	M21/22-96	31 May 2022
13.	Petty cash policy	x	M21/22-96	31/05/2022	M21/22-96	31 May 2022
14.	Insurance Management policy	x	M21/22-96	31/05/2022	M21/22-96	31 May 2022
15.	Cost containment policy	x	M21/22-96	31/05/2022	M21/22-96	31 May 2022
16.	PMS framework	x	M21/22-109	30/06/2022	M21/22-109	30 June 2022
17.	Acting policy	yes	C21/22-86	30 June 2022	C21/22-86	30 June 2022
18.	Danger allowance policy	yes	C21/22-91	30 June 2022	C21/22-91	30 June 2022
19.	EAP policy	yes	C21/22-90	30 June 2022	C21/22-90	30 June 2022
20.	EE plan	yes	C21/22-92	30 June 2022	C21/22-92	30 June 2022
21.	EE policy	yes	C21/22-88	30 June 2022	C21/22-88	30 June 2022
22.	Municipal training and skills development policy	yes	C21/22-87	30 June 2022	C21/22-87	30 June 2022
23.	Recruitment, selection and appointment policy	yes	C21/22-85	30 June 2022	C21/22-85	30 June 2022
24.	Transfer and secondment policy	yes	C21/22-89	30 June 2022	C21/22-89	30 June 2022

### 4.3 INJURIES, SICKNESS AND SUSPENSIONS

**Table 6: Cost of injuries on duty**

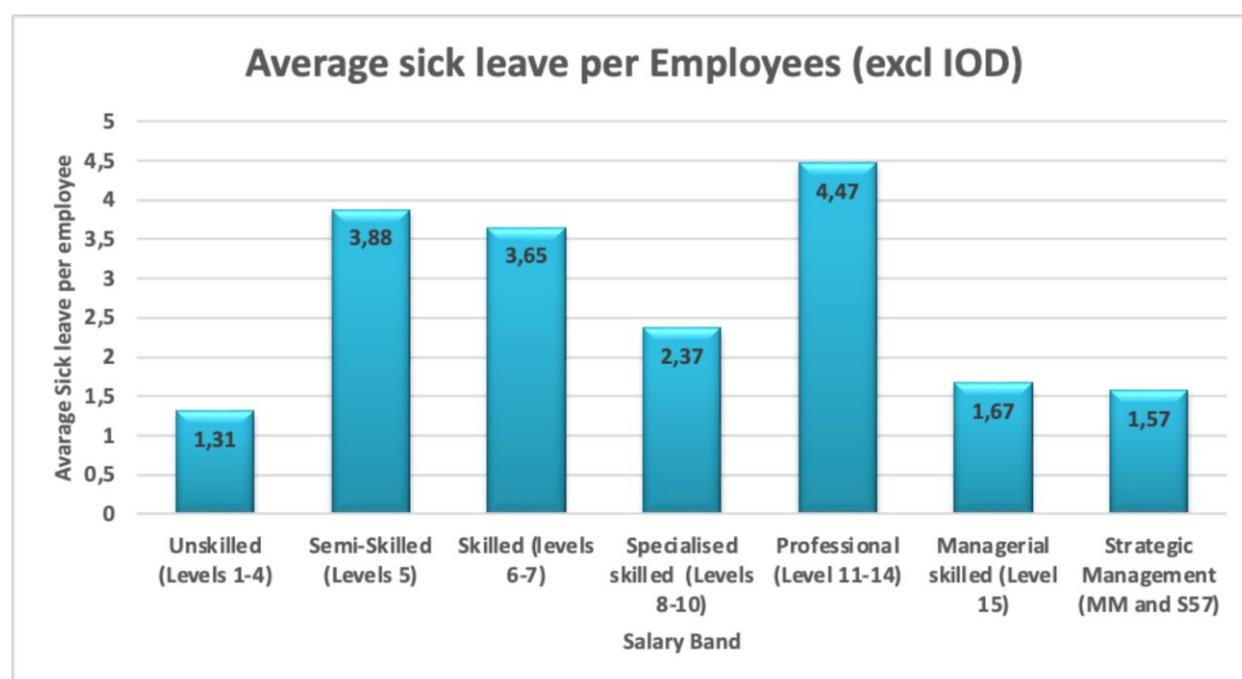
Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken	Employees using injury leave	Average injury leave taken per employee	Average Injury Leave per employee	Total Estimated Cost
	Days	No.	%	Days	R'000
Required basic medical attention only	28	07	0,25%	04	R0,00
Temporary total disablement	0	0	0%	0	0
Permanent disablement	0	0	0%	0	0
Fatal	0	0	0%	0	0



**Table 7: Average sick leave per employees**

2021/2022 - Number of days and Cost of Sick Leave (excluding injuries on duty)					
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees
	Days	%	No.	No.	Days
Unskilled (Levels 1-4)	22	1,7%	4	107	80
Semi-Skilled (Levels 5)	11	2,7%	12	39	80
Skilled (levels 6-7)	13	1,2%	20	78	80
Specialised skilled (Levels 8-10)	19	0%	09	60	80
Professional (Level 11-14)	14	1,4%	05	40	80
Managerial skilled (Level 15)	12	0%	01	25	80
Strategic Management (MM and S57)	05	0%	01	03	80
<b>Total</b>	<b>96</b>	<b>26,6%</b>	<b>52</b>	<b>353</b>	<b>560</b>

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



**Table 7: Number and period of suspension**

For the period under review (2021/2022) there were No significant suspensions that were issued against the employees of the Municipality.

Number of disciplinary cases (excluding financial misconducts) and any period of suspension				
Position	Nature of Alleged Misconduct	Date of suspension	Disciplinary action taken or Status of Case and Reasons why not Finalized	Date Finalized
None	None	None	n/a	n/a

**Table 8: Cases on Financial Misconduct information**

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalized
No disciplinary action taken on cases of financial misconduct for the year under review			

#### 4.4 PERFORMANCE MANAGEMENT

In EMLM, performance management is limited to Section 56 Managers. The municipality has conducted the 2019/2020 annual performance assessments for 03 Senior Managers who signed performance agreements and no senior manager qualified for performance bonuses. The 2021/2022 mid-year assessment was also conducted as a monitoring process to detect poor performance at an early stage. Through the session, senior managers are offered an opportunity to state their challenges and be assisted by panel members based on those challenges in order to meet their set targets by the end of the financial year. During the year under review the following officials signed their performance agreements:

**Table 9: Performance agreements**

Signing of performance agreement		
Officials	signed	not signed
Municipal Manager	✓	
Senior manager: Executive Support	Vacant	
Chief Financial Officer	vacant	
Senior manager : community services	✓	
Senior manager: Infrastructure	✓	
Senior manager : Development planning	✓	
Senior manager : Corporate services	✓	

### COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

**Table 10: Training for officials**

Municipality has a work skills plan (WSP) that is utilised for personnel capacity building. Each department is requested to forward their training plans to corporate services in May each year, in order to be included in the WSP which serves as a guide as to how many officials should undergo training in the next financial year. The plan is also used to determine the expenditure for training. For the year under review, 28 (29 males and 21 females) employees received different training. The WSP and annual training report were submitted to LGSETA.

Municipality has spent R854 580.90 for personnel training. The total amount was spent on training by end of the financial year. Municipality did receive the mandatory grants in the form of rebates from LGSETA for the funding amounting to R86 809-30 of HR students workbased exposure training in prior year however the amount was spent in the year under review.

Programme	No. of Officials	Males	Female	Status
B.ADMIN	10	03	07	In-progress
B. Public management	01	0	01	In-progress
BCOMM IN HRM	01	0	01	In-progress
Forensic investigations	01	0	01	In-progress
MFMP (Municipal Finance Management Programme)	09	1	8	Completed
<b>Total</b>	<b>22</b>	<b>4</b>	<b>18</b>	



**Table 11: Training for councillors**

Programme	No. of Councillors	Males	Female	Status
Bachelor of Public Administration	3 (02 cllrs left municipality in november 2021 after elections and only 01 cllr continued with training until june 2022)	2	1	In progress
<b>TOTAL</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>In progress</b>

**Table 12: Compliance with prescribed minimum competency levels**

Prescribed minimum competency levels						
Description	A Total number of officials employed by municipality (regulation 14(4)(a) and (c))	B Total number of officials employed by municipal entities (regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (regulation 14(4)(b) and (d))	Consolidated: total number of officials whose performance agreements comply with regulation 16 (regulation 14(4)(f))	Consolidated: total number of officials that meet prescribed competency levels (regulation 14(4)(e))
Financial officials						
Accounting Officer	1	0	1	1	1	1
Chief Financial Officer	0	0	0	0	0	0
Senior Managers	5	0	5	5	5	5
Any other financial officials	45	0	38	0	0	27
Finance managers	5	0	5	0	0	5
Supply chain management officials	4	0	4	0	0	4
Heads of supply chain unit	1	0	1	0	0	1
Supply chain management senior managers	0	0	0	0	0	0

## COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

### 4.5 EMPLOYEE EXPENDITURE

The municipality manages its workforce expenditure very well, as we have policies in place such as overtime policies, and travelling allowance policies, that are complied with before any expenditure can be incurred. EMLM has the organisational structure that is aligned to the IDP and budget, to ensure that all workforce expenditure has been budgeted for.

### 4.6 DISCLOSURE OF FINANCIAL INTEREST

Disclosure forms are given to all officials and councillors at the beginning of the financial year for completion.



# CHAPTER

# 5

## FINANCIAL INFORMATION





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# FINANCIAL PERFORMANCE

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## COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

### Introduction to Financial Statements

Elias Motsoaledi Local Municipality handed over the 2021/22 annual financial statements to the Auditor General South Africa (Limpopo) on the 31 August 2022 as per Municipal Finance Management Act. The aforesaid components of the financial statements are discussed in detail below:

components of the financial statements are discussed in detail below:

## 5.1 STATEMENT OF FINANCIAL PERFORMANCE AND FINANCIAL POSITION

Description	2021/22	Current Year 2021/22		
	Audited Outcome	Original Budget	Adjusted Budget	YTD Actual
<b>Revenue By Source</b>				
Property rates	39 913	38 865	42 616	39 913
Service charges - electricity revenue	98 371	104 214	121 343	99 127
Service charges - refuse revenue	9 383	9 276	9 568	9 383
Rental of facilities and equipment	1 019	898	958	805
Interest earned - external investments	2 308	1 900	2 432	1 780
Interest earned - outstanding debtors	18 755	12 860	18 360	18 755
Fines, penalties and forfeits	2 236	65 071	30 986	380
Licences and permits	5 966	5 240	6 026	5 513
Transfers and subsidies	381 953	307 637	307 637	297 765
Other revenue	2 055	664	6 829	2 924
Gains	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>561 959</b>	<b>546 626</b>	<b>546 753</b>	<b>476 347</b>
<b>Expenditure By Type</b>				
Employee related costs	160 187	163 212	154 891	155 624
Remuneration of councillors	25 567	27 334	25 386	24 783
Debt impairment	19 690	48 632	48 932	(4 244)
Depreciation & asset impairment	57 070	58 392	57 692	57 070
Finance charges	526	241	845	40
Bulk purchases - electricity	97 949	110 035	100 035	88 342
Inventory consumed	37 886	22 059	32 727	44 342
Contracted services	71 140	60 773	65 086	79 633
Transfers and subsidies	2 591	2 884	3 271	2 625
Other expenditure	51 062	39 113	37 110	40 136
Losses	-	-	-	-
<b>Total Expenditure</b>	<b>523 668</b>	<b>532 675</b>	<b>525 975</b>	<b>488 352</b>
<b>Surplus/(Deficit)</b>	<b>38 291</b>	<b>13 951</b>	<b>20 778</b>	<b>(12 005)</b>
Transfers and subsidies - capital (monetary allocations)	74 316	79 332	79 772	64 580
Transfers and subsidies - capital (monetary allocations)	-	-	300	-
Transfers and subsidies - capital (in-kind - all)	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>112 608</b>	<b>93 283</b>	<b>100 850</b>	<b>52 575</b>
Taxation	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>	<b>112 608</b>	<b>93 283</b>	<b>100 850</b>	<b>52 575</b>
Attributable to minorities	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>	<b>112 608</b>	<b>93 283</b>	<b>100 850</b>	<b>52 575</b>
Share of surplus/ (deficit) of associate	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>112 608</b>	<b>93 283</b>	<b>100 850</b>	<b>52 575</b>



## 5.1 STATEMENT OF FINANCIAL PERFORMANCE AND FINANCIAL POSITION (Cont)

Description	2021/22	Current Year 2021/22		
	Audited Outcome	Original Budget	Adjusted Budget	YTD Actual
<b>ASSETS</b>				
<b>Current assets</b>				
Cash	14 710	8 536	17 310	4 581
Call investment deposits	–	–	–	–
Consumer debtors	96 531	63 924	62 496	110 477
Other debtors	20 691	60 917	62 766	47 757
Current portion of long-term receivables	119	–	119	–
Inventory	20 355	8 606	8 826	9 855
<b>Total current assets</b>	<b>152 406</b>	<b>141 983</b>	<b>151 516</b>	<b>172 671</b>
<b>Non current assets</b>				
Long-term receivables	–	–	–	–
Investments	16 536	–	15 039	–
Investment property	96 399	60 343	55 840	80 312
Property plant and equipment	1 087 603	1 229 559	1 230 890	1 129 234
Intangible	14	31	31	23
Other non-current assets	463	15 502	463	1 928
<b>Total non current assets</b>	<b>1 201 016</b>	<b>1 325 024</b>	<b>1 325 024</b>	<b>1 211 498</b>
<b>TOTAL ASSETS</b>	<b>1 353 422</b>	<b>1 483 991</b>	<b>1 483 991</b>	<b>1 384 169</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Borrowing	6 831	12 271	12 271	1 872
Consumer deposits	5 621	5 700	5 700	5 751
Trade and other payables	103 974	87 165	88 763	111 140
Provisions	2 515	5 950	5 950	2 253
<b>Total current liabilities</b>	<b>118 941</b>	<b>111 087</b>	<b>112 685</b>	<b>121 017</b>
<b>Non current liabilities</b>				
Borrowing	15 645	19 467	19 467	2 058
Provisions	83 013	95 439	95 439	75 428
<b>Total non current liabilities</b>	<b>98 658</b>	<b>114 907</b>	<b>114 907</b>	<b>77 486</b>
<b>TOTAL LIABILITIES</b>	<b>217 599</b>	<b>225 994</b>	<b>227 592</b>	<b>198 503</b>
<b>NET ASSETS</b>	<b>1 135 823</b>	<b>1 221 424</b>	<b>1 226 187</b>	<b>1 185 665</b>
<b>COMMUNITY WEALTH/EQUITY</b>				
Accumulated Surplus/(Deficit)	1 135 823	1 211 424	1 216 187	1 185 665
Reserves	–	10 000	10 000	–
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>1 135 823</b>	<b>1 221 424</b>	<b>1 226 187</b>	<b>1 185 665</b>

## COMMENT ON FINANCIAL PERFORMANCE

1. The total budgeted operating revenue is R546, 753 million and the actual revenue amounts to R476, 347 million. These result in underperformance of R70, 406 million.
2. Services charges relating to electricity and refuse removal, these revenue sources contribute significantly to the revenue basket of the municipality and the contribution thereof totals R117, 968 million for the 2022/23 financial year and increasing to R107, 754 million in 2021/22 financial year.
3. Service charges electricity is based on the actual performance in conjunction with the audited amount and CPI. The audited amount is R98 371 million and performed poorly compared to the adjusted budget of R121 343.
4. Services charges relating to refuse removal underperformed by R185 thousand however performed better than prior year based on audited amounts.
5. Property rates was budgeted R42 616 million and the actual performance is R39 913 million resulting in unfavourable variance of R2 703 million.
6. Transfers recognized operational – includes the local government equitable share, financial management grant, extended public works programme grant and the allocation is as per DORA. All gazetted grants were received
7. Rental of facilities and equipment slightly overperformed by R61 thousand when comparing adjusted budget and audited actual amount realized.
8. Interest on external investment slightly underperformed by R124 thousand and as a result of a decrease in interest rate on ESKOM security held investment.
9. Interest on outstanding debtors – overperformance of R395 thousand is due to non-payment of customers which results in an increase of the debt book.
10. Fines, penalties and forfeits – there is a slight underperformance of R60 thousand when comparing adjusted budget and actual audited amount.
11. Other revenue - the variance is as a result of staff and council recoveries and insurance refunds that were not anticipated during Budget preparation.
12. Licences and permits - there is a slight underperformance of R60 thousand when comparing adjusted budget and actual audited amount.
13. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.
14. There is an overperformance on employee related cost of R5 296 million and this is a result of actuarial amounts computed at year end.
15. Remuneration of councillors overspent by R181 thousand when comparing adjusted budget and actual audited amount.
16. Bulk purchases underspent by R2 086 million when comparing adjusted budget and actual audited amount and this is a result of electrification of Masakaneng project not being completed.
17. There is unfavourable variance on transfer and subsidies of R680 thousand and this is due to creation of new indigent register resulting in majority of households remove from the register as qualifying beneficiaries.
18. Debt impairment decreased by 0.2% compared to the audited amount. Debt that the municipality wrote off has a huge impact on the methodology the municipality is using suggested by Auditor General hence a slight decrease. Note must be taken that an increase in consumer debtors has a minimal impact in terms of the allocation in the likelihood of debt being impairment taking into account that they considered the newest
19. Depreciation – there is a slight underperformance of R622 thousand and it is as a result of infrastructure projects being completed late in the financial year.



20. Contracted services - there is an overspending of R6 054 million when comparing the adjusted budget and actual audited figures.
21. Finance charges - the underspending is as a result of budget provision for the new lease of vehicles that commenced later than projected. Therefore the budgeted interest were not realized.
22. Repairs and maintenance - unforeseen road maintenance had to be had to be undertaken
23. An increase in other expenditure of 25% is due to commission on speed camera and is as per the contract.
24. Inventory consumed increase is due an increase the municipality made on repairs and maintenance in an attempt to work towards achieving the norm as per circular 71.

## 5.2 GRANTS

Description	2021/22	Current Year 2021/22		
	Audited Outcome	Original Budget	Adjusted Budget	YTD Actual
<b>RECEIPTS:</b>				
<b>Operating Transfers and Grants</b>				
<b>National Government:</b>	<b>307 637</b>	<b>307 637</b>	<b>307 637</b>	<b>307 637</b>
Local Government Equitable Share	302 788	302 788	302 788	302 788
Finance Management	2 650	2 650	2 650	2 650
EPWP Incentive	2 199	2 199	2 199	2 199
Disaster Relief Grant	-	-	-	-
Energy Efficiency and Demand Management	-	-	-	-
<b>District Municipality:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
N/A	-	-	-	-
<b>Other grant providers:</b>	<b>267</b>	<b>130</b>	<b>130</b>	<b>130</b>
Education, Training and Development Practices SETA	267	130	130	130
<b>Total Operating Transfers and Grants</b>	<b>307 904</b>	<b>307 767</b>	<b>307 767</b>	<b>307 767</b>
<b>Capital Transfers and Grants</b>				
<b>National Government:</b>	<b>79 332</b>	<b>79 332</b>	<b>79 332</b>	<b>79 332</b>
Municipal Infrastructure Grant (MIG)	57 984	57 984	57 984	57 984
Intergrated National Electrification Grant	21 348	21 348	21 348	21 348
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	<b>387 236</b>	<b>387 099</b>	<b>387 099</b>	<b>387 099</b>

### COMMENT ON OPERATING TRANSFERS AND GRANTS:

All grants gazetted for 2021/22 financial year were received and cognizance should be taken that the above table does include capital grants. The total amount received on operational grants amounted to R307, 637 during the 2021/22 financial year. All grants were received from national sphere of government and SETA, nothing was gazetted to be received from the provincial government and the district municipality.

### COMMENT ON CONDITIONAL GRANTS AND GRANTS RECEIVED FROM OTHER SOURCES:

R267 thousand was received from Education Training and Development Practice SETA and was meant for in-service training.

### 5.3 ASSET MANAGEMENT

Vote Description	2021/22	Current Year 2021/22			Variance (Original budget)
	Audited Outcome	Original Budget	Adjusted Budget	YTD Actual	
Repairs and maintenance	37 886	19 205	28 395	38 380	135%
Depreciation and assets impairment/reversal	52 826	58 392	58 892	57 070	97%
Renewal of existing assets	44 874	39 750	39 750	36 366	91%
Assets register summary	1 184 479	1 289 902	1 286 730	1 209 546	94%
<b>Total</b>	<b>1 320 066</b>	<b>1 407 250</b>	<b>1 413 767</b>	<b>1 341 362</b>	<b>104%</b>

#### COMMENT ON ASSET MANAGEMENT:

The audited asset register value for 2021/22 is R1, 184, 479 billion and the original budget thereof is R1, 289, 902 billion. Taking the actual book value as at end of 2021/22 financial year of R1, 209, 546 billion, and the asset register value had increased compared to 2020/21 audited amount and this attributed to spending on capital budget.

Audited depreciation and asset impairment reversal for 2021/22 financial year amounts to R52 826 million and it's a decrease of R5.9 million. Cognizance should be taken that depreciation and asset impairment from budget point of view is a non-cash item (i.e. the movement did not have cash flow implication) and as a result it is pure financial accounting transaction.

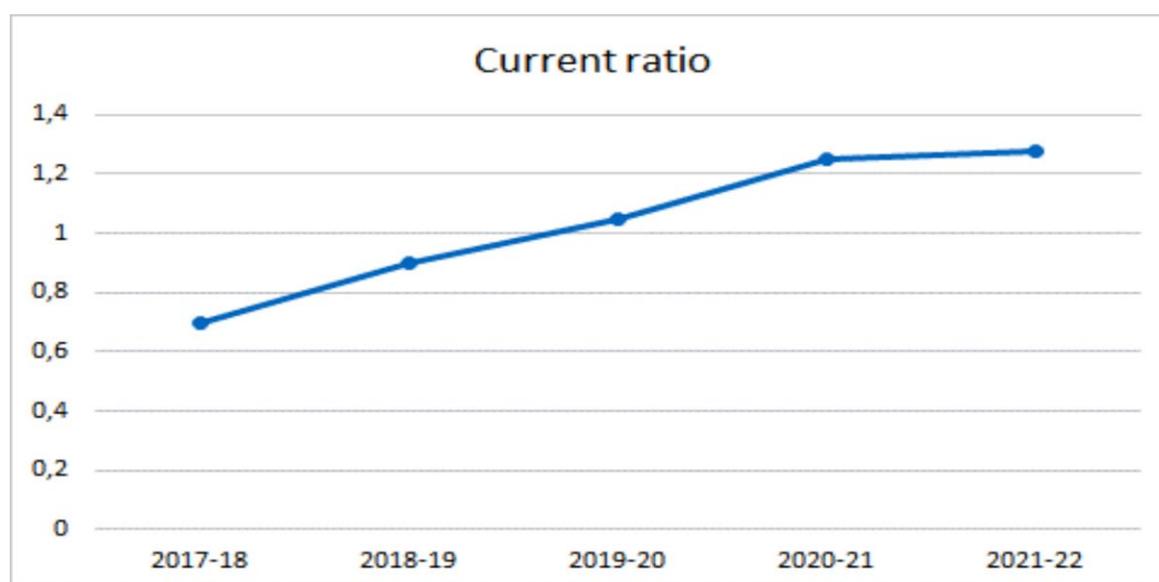
In addition, capital expenditure (renewal of existing assets) amounting to R44, 874 million and repairs and maintenance amounting to R37 886 million was incurred during the 2021/22 financial year.

#### COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:

The repairs and maintenance budget represent 3.6% of the total original budget and 5.4% of the adjusted budget and in terms of the actual expenditure, the spending represent 7.9% of the total operating expenditure incurred for 2021/22 financial year. A total of R38, 380 million was spent, reflecting an overspending variance of 200% based on original budget and 135% over-spending variance on adjusted budget.

### 5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

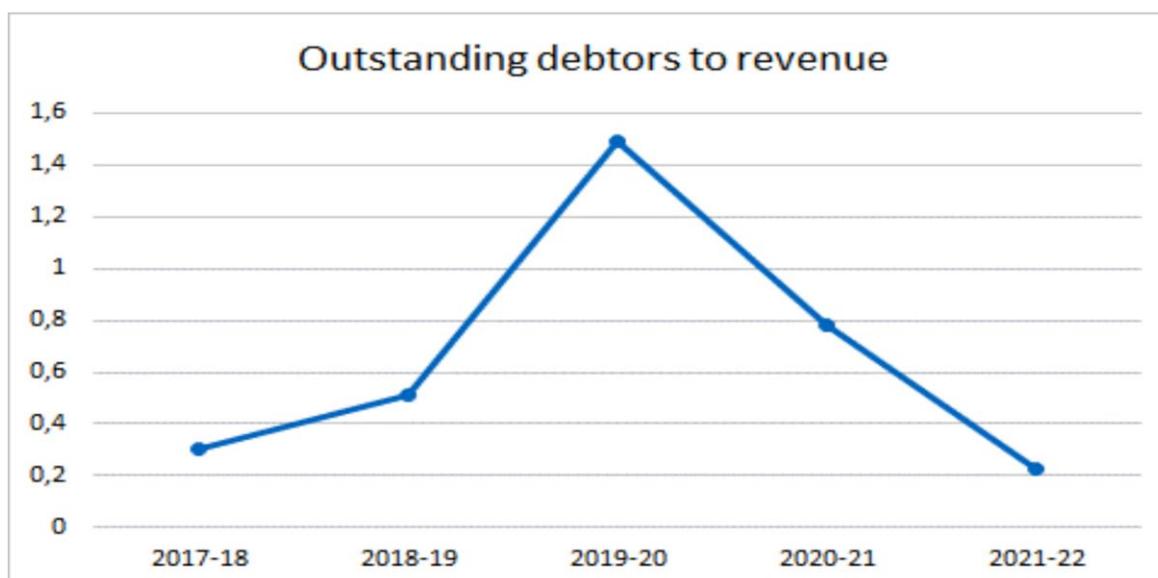
Graph 1: Liquidity ratio



Liquidity Ratio – Measures the municipality's ability to pay its bills, and is calculated by dividing the monetary assets by the municipality's current liabilities. A higher ratio is better and the graph portrays a picture that shows an improved liquidity ratio for 2021/22 financial year since the ratio is more than 1.

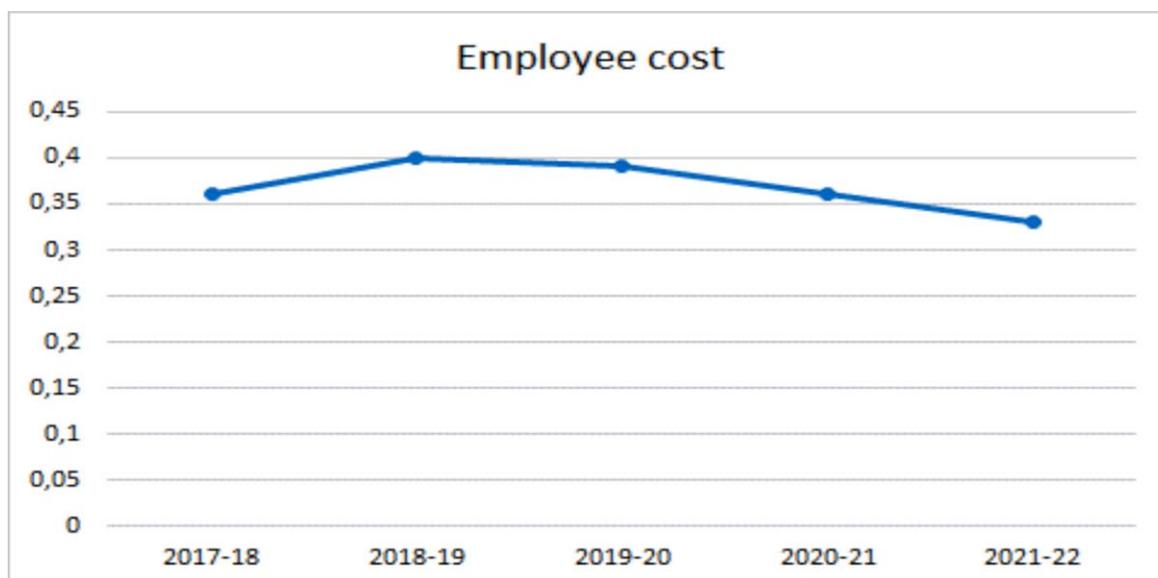


Graph 2: Outstanding Debtors to revenue

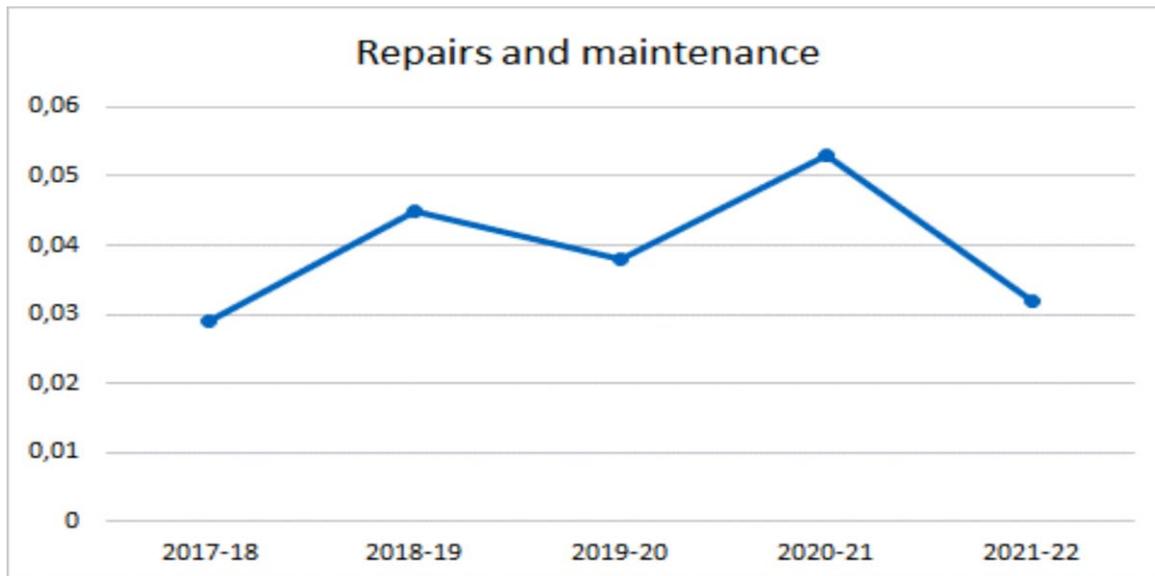


Outstanding service debtors to revenue - Measures how much money is still owed by the community for electricity, waste removal and other services, compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors, by the total annual revenue thereof. A lower score is better. The graph shows that the municipality has a ratio of 0.23 outstanding debtors that has slightly decreased by 0.55 when compared to 2020/21 ratio.

Graph 3: Employee cost



Employee related cost ratio measures what portion of 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

**Graph 4: Repairs and maintenance**

Repairs and Maintenance - This represent the proportion of operating expenditure spent, and is calculated by dividing the total repairs and maintenance by total property plant and equipment and investment property carrying values.

#### COMMENT ON FINANCIAL RATIOS:

The municipality is still facing a challenge of achieving 8% threshold of operating expenditure for repairs and maintenance. Liquidity ratio is negatively affected by invoiced that are paid accruals at year end since the magnitude thereof was too high in 2021/22 financial year as those invoices are treated as current liabilities. The municipality is in a process of implementing cost containment measures as documented in the National Treasury Instruction letter number 03 and this will result in improved liquidity ratio and in addition, it will do away with unnecessary expenditure.

## COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

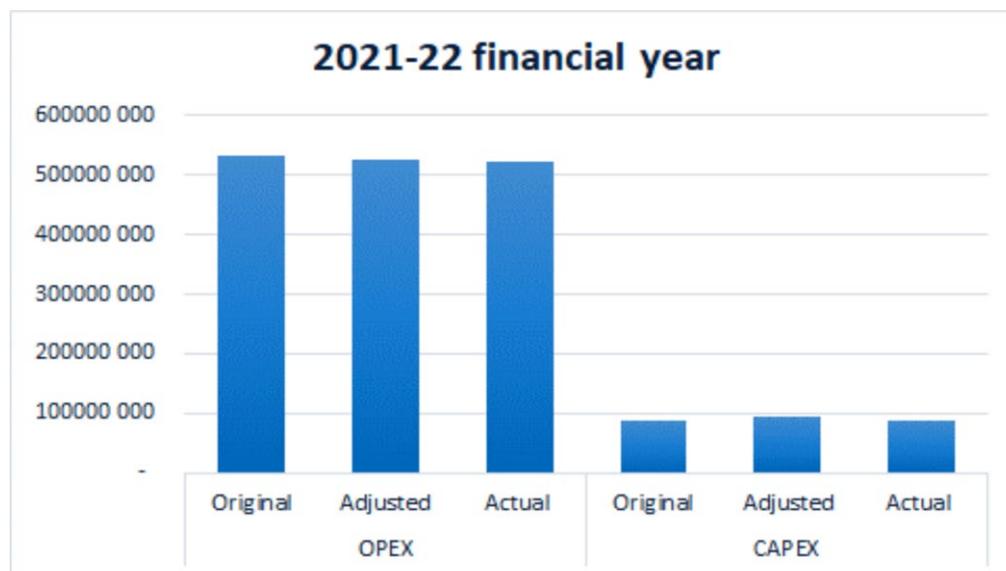
#### INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

Capital expenditure relates mainly to projects and/or items whose outputs will result in assets that will have to be documented in the asset register. Capital expenditure is funded from grants and own revenue. Graph 5 deals with capital spending, indicating where the funding comes from and whether the Municipality is able to spend the available funding as planned. In this component, it is important to indicate the different sources of funding as well as how these funds are spent.



## 5. CAPITAL EXPENDITURE

GRAPH 5: EXPENDITURE 2021/22



### 5.6 SOURCES OF FINANCE

Vote Description	2021/22	Current Year 2021/22		
	Audited Outcome	Original Budget	Adjusted Budget	YTD Actual
<b>Funded by:</b>				
National Government	74 316	79 332	79 772	74 316
Provincial Government	–	–	300	–
District Municipality	–	–	–	–
Transfers and subsidies - capital (monetary allocations)	–	–	–	–
<b>Transfers recognised - capital</b>	<b>74 316</b>	<b>79 332</b>	<b>80 072</b>	<b>74 316</b>
<b>Borrowing</b>	–	–	–	–
<b>Internally generated funds</b>	14 040	8 700	14 163	14 040
<b>Total Capital Funding</b>	<b>88 356</b>	<b>88 032</b>	<b>94 236</b>	<b>88 356</b>

#### COMMENT ON SOURCES OF FUNDING:

The capital budget for 2021/22 financial year was R94, 236 million. The actual expenditure is R88, 356 million and this reflects an under-spending variance of 6% and this under spending was on grants funded and internally funded projects.

#### Funding of capital budget:

Original budget: R79, 332 million was funded by grants and R8, 700 million was funded internally.

Adjusted budget: R80, 072 million was funded by grants and R14, 163 million was funded internally.

Actual expenditure: R74, 316 million was funded by grants and R14, 040 million was funded internally.

## CAPITAL SPENDING ON FIVE LARGEST PROJECTS

Capital Expenditure on Five Largest Projects*					
R'000					
Name of Project	Current Year	Variance Current Year			
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment Variance (%)
A – Dipakapakeng	21,750	19,527	19,581	90%	100%
B – Tafelkop Stadium	13,184	18,314	18,314	138%	100%
C – Bloempoot to Uitspanning	13,000	20,039	20,029	154%	100%
E – Groblersdal Landfill Site	10,000	0	0	0%	0%

Name of Project - A	Upgrading of Dipakapakeng Access Road
Objective of Project	Reduction in the level of service delivery backlogs
Delays	Slow progress on site due to contractors poor performance.
Future Challenges	None
Anticipated citizen benefits	Easy access to services

Name of Project - B	Upgrading of Tafelkop stadium Access Road
Objective of Project	Reduction in the level of service delivery backlogs
Delays	None
Future Challenges	None
Anticipated citizen benefits	Easy access to services

Name of Project - C	Upgrading of Bloempoot to Uitspaning Access Road
Objective of Project	Reduction in the level of service delivery backlogs
Delays	None
Future Challenges	None
Anticipated citizen benefits	Easy access to services

Name of Project - E	Refurbishment of Groblersdal Landfill Site
Objective of Project	Reduction in the level of service delivery backlogs
Delays	Delays in approval of new designs by LEDET
Future Challenges	None
Anticipated citizen benefits	Easy access to services

### COMMENT ON CAPITAL PROJECTS:

During 2021/22 Financial Year, the Municipality received a Total Allocation of R57 984 000.00 of MIG grant. A total of four (4) projects were implemented, of which four (3) were roads projects and one (1) was Landfill site. Two 2 road projects are multi year projects and are to be completed at end of the next financial year 2022/23 FY. The landfill site project is on hold due the changes of the design as per LEDET requirements.



## 5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS - OVERVIEW

### INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

There is still huge backlog in terms of Basic Infrastructure that is Water and Sanitation, which is implemented at District level. The backlog for Electricity is only 4%.

Service Backlogs as at 30 June 2022				
Households (HHs)				
	*Service level above minimum standard	**Service level below minimum standard		
	No HHs	% HHs	No HHs	% HHs
Electricity	66 330	95.3%	3112	4.7 %
Waste management	66 330	0%	66 330	16.5
Housing	N/A	N/A	N/A	N/A

% HHs are the service above/below minimum standard as a proportion of total HHs.  
 'Housing' refers to \* formal and \*\* informal settlements.

### COMMENT ON BACKLOGS:

There is a minor backlog in terms of electricity only 4% backlog has been identified with regards to households that do not have access to basic electricity. This backlog is due to expansion of the existing villages.

Roads and storm water as key function of the municipality is being implemented by MIG funds and own funding. The municipality has a serious backlog on roads and storm water and has challenges of resources and lack of funding to enable them to deal with the backlog. The identified backlog of unsurfaced roads and storm water controls is up to 92% on the municipal road networks.

## Municipal Infrastructure Grant (MIG)\* Expenditure 2020/2021 on Service backlogs

R' 000						
Details	Budget	Adjustment Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Original Budget	Adjustment Budget	
<b>Infrastructure - Road transport</b>						
Roads, Pavements & Bridges	R57 984 000.00		R57 984 000.00	R0	R0	Prioritize residential infrastructure for roads and sports facilities
Storm water	R0	R0	R0	R0	R0	
<b>Infrastructure - Electricity</b>	R21 348 000.00		R21 788 005.00			Prioritize residential infrastructure for electricity
Generation	R0	R0	R0	R0	R0	
Street Lighting	R0	R0	R0	R0	R0	
<b>Infrastructure - Other</b>						
Transportation	R0	R0	R0	R0	R0	
Gas	R0	R0	R0	R0	R0	
<b>Other Specify:</b>						
Sports - Outdoor	R0	R0	R0	R0	R0	
Street Parking	R0	R0	R0	R0	R0	
Waste Management	R0	R0	R0	R0	R0	
<b>Total</b>	<b>R79 332 000</b>			<b>R 79 332 000</b>		

## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

**INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS**

The cash flow outcome presents the actual revenue collected and actual payments made during the year under review. Actual revenue realized should be differentiated from revenue billed because revenue billed does not portray the holistic financial position and performance of the municipality.

As a result, the cash flow outcome is presented on cash basis as opposed accrual basis of accounting.

Cash and cash equivalent of the municipality is made up of cash in the primary and all the short term investment. There are no long term investment made by the municipality as this will hinder service delivery.



## 5.9 CASH FLOW

Description	2021/22	Current Year 2021/22		
	Audited Outcome	Original Budget	Adjusted Budget	YTD Actual
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Property rates	39 913	29 997	34 083	28 584
Service charges	95 661	108 538	99 738	96 402
Other revenue	8 777	20 923	22 389	65 127
Transfers and Subsidies - Operational	307 904	307 637	307 637	307 767
Transfers and Subsidies - Capital	79 332	79 332	79 772	79 332
Interest	1 780	1 900	2 432	3 408
<b>Payments</b>				
Suppliers and employees	(442 993)	(447 293)	(443 826)	(508 510)
Finance charges	(526)	(3 729)	(845)	(44)
Transfers and Grants	(1 547)	-	(513)	(2 625)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>(445 067)</b>	<b>97 304</b>	<b>100 866</b>	<b>69 441</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Receipts</b>				
Proceeds on disposal of PPE	-	-	5 544	-
Proceeds on disposal of investment property	1 011	-	-	-
Decrease (increase) in non-current receivables	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-
<b>Payments</b>				
Capital assets	(76 960)	(80 993)	(84 002)	(69 692)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(75 949)</b>	<b>(80 993)</b>	<b>(78 458)</b>	<b>(69 692)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Receipts</b>				
Short term loans	-	-	-	-
Borrowing long term/refinancing	-	-	-	-
Increase (decrease) in consumer deposits	-	325	325	(33)
<b>Payments</b>				
Repayment of borrowing	(4 457)	(12 271)	(12 271)	(2 441)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(4 457)</b>	<b>(11 947)</b>	<b>(11 947)</b>	<b>(2 474)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>7 894</b>	<b>4 364</b>	<b>10 462</b>	<b>(1 834)</b>
Cash/cash equivalents at the year begin:	6 816	27 487	6 848	6 413
<b>Cash/cash equivalents at the year end:</b>	<b>14 710</b>	<b>31 852</b>	<b>17 310</b>	<b>4 581</b>

### COMMENT ON CASH-FLOW OUTCOMES:

Cash and cash equivalent at the beginning of the financial year was R6, 816 million and when comparing this to the cash and cash equivalent as at end of 2021/22 financial year, the results reflects a increase in cash and cash equivalent of R14, 710 million and this portrays a positive picture about cash management of the municipality. Cognizance should be taken that the municipality is still dependent on grants since a major portion of revenue realized is made up of transfer recognized (both operating and capital).

## 5.10 BORROWING AND INVESTMENTS

### INTRODUCTION TO BORROWING AND INVESTMENTS

Actual Borrowings 2019/20-2021/22			
R'000			
Instrument	2019/20	2020/21	2021/22
<b>Municipality</b>			
Long-term loans (annuity/reducing balance)	-	-	-
Long-term loans (non-annuity)	-	-	-
Local registered stock	-	-	-
Instalment credit	-	-	-
Financial leases	11 219	2 441	19 340
PPP liabilities	-	-	-
Finance granted by cap equipment supplier	-	-	-
Marketable bonds	-	-	-
Non-marketable bonds	-	-	-
Bankers acceptances	-	-	-
Financial derivatives	-	-	-
Other securities	-	-	-
<b>Municipal Total</b>	<b>11 219</b>	<b>2 441</b>	<b>19 340</b>
<b>Municipal Entities</b>			
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	-	-	-
<b>Entities Total</b>	<b>-</b>	<b>-</b>	<b>-</b>



Municipal and Entity Investments 2019/20 – 2021/22			
R'000			
Investment type	2019/20	2020/21	2021/22
	Actual	Actual	Actual
<b>Municipality</b>			
Securities - national government	-	-	-
Listed corporate bonds	-	-	-
Deposits –bank	-	-	-
Deposits -public investment commissioners	-	-	-
Deposits -corporation for public deposits	-	-	-
Bankers' acceptance certificates	-	-	-
Negotiable certificates of deposit - Banks	-	-	-
Guaranteed endowment policies (sinking)	-	-	-
Repurchase agreements - Banks	-	-	-
Municipal bonds	-	-	-
Other	-	-	-
<b>Municipality Sub-Total</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Municipal Entities</b>			
Securities - National government	-	-	-
Listed corporate bonds	-	-	-
Deposits – Bank	-	-	-
Deposits - Public Investment Commissioners	-	-	-
Deposits - Corporation for Public Deposits	-	-	-
Bankers' acceptance certificates	-	-	-
Negotiable certificates of deposit- Banks	-	-	-
Guaranteed endowment policies (sinking)	-	-	-
Repurchase agreements – Banks	-	-	-
Municipal bonds	-	-	-
Other	-	-	-
<b>Entities Sub-Total</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Consolidated Total:</b>	<b>-</b>	<b>-</b>	<b>-</b>

### COMMENT ON BORROWING AND INVESTMENTS:

The municipality had borrowing in the form of finance lease for heavy machinery and equipment and vehicles amounting to R19, 340 million at end of 2021/22 financial year.

There were no investments for the financial year under review.

## 5.11 PUBLIC-PRIVATE PARTNERSHIPS

### PUBLIC-PRIVATE PARTNERSHIPS

Not applicable

## COMPONENT D: OTHER FINANCIAL MATTERS

### 5.12 SUPPLY CHAIN MANAGEMENT

The financial statements for the 2021/22 financial year presents an irregular expenditure balance of R349, 015 million as opening balance and during the year irregular expenditure amounting to R76, 739 million was incurred. This leaves the municipality with overall irregular expenditure of R425, 754 million that emanated from procurement of goods and services without fully following the supply chain management processes. For 2020/21 financial year council wrote off irregular expenditure amounting to R18, 593 relating to 2017/18 financial year and R60, 702 relating to 2018/19 financial year. In 2021/22 financial year, council wrote off R39, 337 irregular expenditure relating to 2019/20 financial year.

The municipality has implemented central supplier database that has been rolled out by National Treasury with the intention of maintaining a database of organisations, institutions and individuals who can provide goods and services to government institutions. This database serves as the single source of key supplier information for organs of state and it provides consolidated, accurate, up-to date, complete and verified supplier information to procuring organs of state.

### 5.13 GRAP COMPLIANCE

GRAP provides the rules and principles by which municipalities are required to abide by in preparing the financial statements. Successful GRAP compliance and implementation will ensure that municipal accounts are transparent, comparable and more informative to the users of the financial statements.

Elias Motsoaledi local municipality was audited on annual financial statements that were prepared using mSCOA trial balance and general ledger that were GRAP compliant.





## 5.14 Service provider's performance

Project Name	2021/2022 budget	Challenges (any signs of poor performance)	Mitigations (any warning given to the service provider)	Name of Consultant / Contractor	Assessment Rating or comments	Construction Tender Awarded to
Upgrading of Dipakapakeng Access Road	R 19,527,356.48	None	None	Ralema Consulting Engineers	3	Rural Blue Belt jv Katlego ya Sentsho
				Katlego ya sentso JV Rural Blue Belt	1	
Upgrading of Tafelkop Stadium Access Road	R 18,313,805.49	None	None	Afritec Consulting Engineers	1	SDVK construction and projects 15cc
				SDVK construction and Projects	2	
Upgrading of Bloempoot to Uitspanning Access Road	R 20,039,374.64	None	None	Sejagobe Engineers	5	Mwelase & Ntshiana JV
				Mwelase & Ntshiana JV	5	
Refurbishment of Groblersdal landfill site	R0.00	None	None	Ralema Consulting Engineers	1	Moribo/Maditsi JV
				Moribo / Maditsi JV	1	
Electrification of Masakaneng	R 6,405,745.19	Poor performance by thr contractor	Contractor terminated and new contractor appointed	AES Consulting	2	FTech Construction
				F-Tech Services	3	
Electrification of Vlakkfontein	R1,480,809.85	None	None	Rural Blue Belt	1	T.M Consortium
				NSK Electrical	4	
Electrification of Matlala Lehwelere	R2,620,000	None	None	T.M Consortium	4	K.F Phetla
				NSK Electrical	4	
Electrification of Ga Phosa	R3,975,425.80	None	None	KF Phetla	3	Lephata la basha trading
				AES Consulting	4	
Electrification of Rondebosc	R1,440,815.33	None	None	Lephata La Basha Trading	4	FTech
				Medupi Energy F-Tech Services	2	
Electrification of Maleoskop	R3,300,000.00	None	None	Mogalemole Consulting	2	Mwelase Tobs
Feasibility study	R4,5000,000.00	None	None	Afrika invest	4	N/A
Investigation Support to MPAC	R1 600 000	None	None	RCA & Company inc	4	n/a
Investigation Support to MPAC	R1 600 000	none	none	Makanaka Risk and advisory Services	4	n/a
Investigation Support to MPAC	R1 600 000	none	none	KEP Consulting (Pty) Ltd	4	n/a
Develop Land Use Scheme status quo analysis	R500 000. 00	None	None	Nhlase Development Consultants	3	n/a
Site Demarcations at 'Kgoshi' Mahlangu	R500 000	None	None	Pfukani Kusile Consulting	3	n/a
Site Demarcations at Kgoshi Matsepe	R500 000	None	None	Mok Development Consultants	3	n/a
Subdivision of Residential Ervens in Roosenekal Town	R350 000	None	None	Black Dot Property Consultants	3	n/a

## 5.14 Service provider's performance (Cont)

Project Name	2021/2022 budget	Challenges (any signs of poor performance)	Mitigations (any warning given to the service provider)	Name of Consultant / Contractor	Assessment Rating or comments	Construction Tender Awarded to
Proposed Rezoning & Subdivision of erf 832, Groblersdal Extension 15	R500 000	None	None	Nkanivo Development Consultants	3	
Proposed Subdivision of the Remainder of Mapochegrond 911 JS	R250 000	None	None	Spatial Institute	3	
Proposed Township Establishment: Portion 11 of Farm Klipbank 26 JS	R500 000	None	None	Nkanivo Development Consultants	3	
Outdoor advertising	n/a	Yes	None	DirectoSign	1	n/a
Server, network maintenance and support	R8,332,578	None	None	Matupunuka ICT	4	n/a
Microsoft software licensing	R 1,378.444	Submission of invoice in dollars	Continuous engagement with National / Provincial Treasury	Microsoft	4	n/a
Maintenance of telephone management system	R9,515,249.80	None	None	Lekokonetsa LCS Telecommunications	4	n/a
Bulk printing maintenance and support	RATES	None	None	Matupunuka ICT	4	n/a
Website maintenance and support	R60 349	None	None	SITA	5	n/a
Municipal Finance Management Programme training	As per the rates	None	None	Talent Emporium Academy	3	n/a
Munsoft Consultants	R6 440 000 pa	None	None	Munsoft	4	n/a
Asset Management	R4 700 000 pa	None	None	Market Demand	4	n/a
Financial system	R 120 000 pa	None	None	Caseware	4	n/a
Valuation services	R144 000 pa	None	None	UNIQUECO	5	n/a
Financial services	Bank charges	None	None	Nedbank	4	n/a
Data Validations [Expired]	R540 000 pa	None	None	LKCentrix	4	n/a
Payroll services	R98 000 pa	None	None	VIP	5	n/a
Waste Management Services	R7 500 000 pm	None	None	Just- Breeze General Trading CC /Tlou Ya Ko Hlaka Projects(Pty) Ltd JV	3	n/a
Operations and maintenance of Groblersdal landfill site	R5 820 000.12 pm	None	None	Selema Plant Hire Construction	3	n/a
Operations and maintenance of Roosenekal landfill site	R3 020 820 pm	None	None	Stop and Go Properties	3	N/a
Provision of a VHF DMR digital 2-way radio communication system (Tender: EMLM 25/2020)	860 000 p.a.	None	None	Loskop Radios Newstar JV	4	N/A

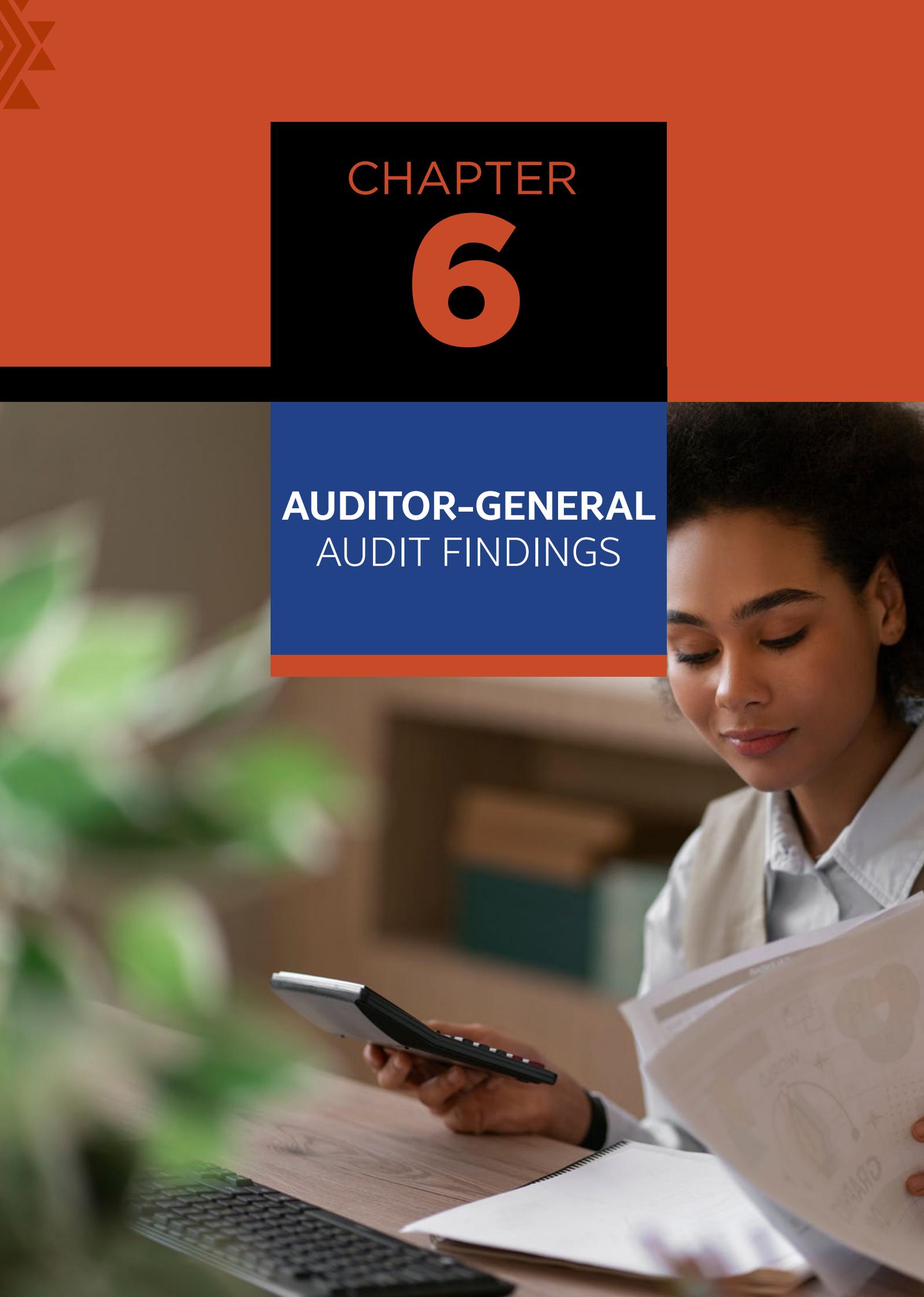


## 5.14 Service provider's performance (Cont)

Project Name	2021/2022 budget	Challenges (any signs of poor performance)	Mitigations (any warning given to the service provider)	Name of Consultant / Contractor	Assessment Rating or comments	Construction Tender Awarded to
Supply and installation of license plate recognition cameras & CCTV surveillance monitoring system (Tender: EMLM 06/2022)	750 000 p.a.	None	None	Loskop Alarms (Pty) LTD	4	N/A
<b>Rating description</b>						
Poor Performance	1					
Fair Performance	2					
Good Performance	3					
Excellent Performance	4					
Outstanding Performance	5					

CHAPTER  
**6**

**AUDITOR-GENERAL**  
AUDIT FINDINGS





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# AUDITOR GENERAL OPINION OF FINANCIAL STATEMENT

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## COMPONENT A: AUDITOR GENERAL OPINION OF FINANCIAL STATEMENT

Report of the auditor-general to Limpopo  
Legislature and the council of Elias Motsoaledi  
Local Municipality

## Report on the audit of the financial statements

### Opinion

1. I have audited the financial statements of the Elias Motsoaledi Local Municipality set out on pages x to x, which comprise the statement of financial position as at 30 June 2022, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Elias Motsoaledi Local Municipality as at 30 June 2022, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 9 of 2021 (DoRA).

### Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
4. 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.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Emphasis of matters

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

### Restatement of the corresponding figures

7. As disclosed in note 40 to the financial statement, the corresponding figures for 30 June 2021 have been restated as a result of errors discovered in the financial statements of the municipality at, and for the year ended, 30 June 2022.



### Significant uncertainties

8. As disclosed in note 37 to the financial statements, the municipality is the defendant in various lawsuits. The ultimate outcome of these matters cannot presently be determined and no provision for any liability that may result was made in the financial statements.

### Material distribution losses

9. As disclosed in note 47 to the financial statement, material electricity losses of R20 519 274 (2021: R17 744 528) were incurred, which represents 21% (2021:20%) of total electricity purchased. The losses were as a result of technical losses caused by the distribution process of electricity as well as non-technical losses due to theft and vandalism.

### Material impairment

10. As disclosed in note 31 to the financial statements, material impairment of R19 689 866 was incurred as a result of irrecoverable consumer debtors and traffic fine debtors.

### Material under spending of conditional grants

11. As disclosed in note 16 to the financial statement, the municipality materially underspent conditional grants of R5 396 288 on integrated national electrification programme under key performance area basic service delivery and infrastructure development.

### Other matter

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

### Unaudited disclosure notes

13. 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.

### Responsibilities of the accounting officer for the financial statements

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



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

16. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
17. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

### Report on the audit of the annual performance report

#### Introduction and scope

18. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected key performance area presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
19. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipality's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
20. 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 key performance area presented in the municipality's annual performance report for the year ended 30 June 2022:

Key performance area	Pages in the annual performance report
KPA 4 -Basic service delivery and Infrastructure development	21 – 38

21. 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.

22. The material findings on the usefulness and reliability of the performance information of the selected key performance area are as follows:

#### KPA 4: Basic service delivery and Infrastructure development

23. 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 indicator is 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. There was also no clear and logical link on how these indicators will contribute to achieving the planned outcome or will measure the actual service delivery and the planned output to which they relate.

Indicator description	Annual target	Reported achievement
Waste removal in Groblersdal Hlogotlou Roosenekaal Motetema	Waste removal in Groblersdal Hlogotlou Roosenekaal Motetema by 30 June 2022	Waste removal in Groblersdal Hlogotlou Roosenekaal Motetema by 30 June 2022
Installation of pre-paid meters and vending system at Roosenekaal	Installation of pre-paid meters and vending system at Roosenekaal by end of March 2022	Installation of pre-paid meters and vending system at Roosenekaal by end of March 2022
Upgrading of Tafelkop stadium access road	Upgrading of Tafelkop stadium access road by 30 June 2022	Contractor busy with base and storm water pipe
Upgrading of Groblersdal landfill site	Zero weight	Zero weight
Upgrading of Bloompoot to Uitspanning Access Road	Upgrading of Bloompoot / Uitspanning access road by 30 June 2022	Contractor busy with base layers.
Construction of Motetema internal access streets	Zero weight	Zero weight
Upgrading of 2.2km of Dipakapakeng access road	2.2 km Upgrading of Dipakapakeng access road by 30 June 2022	0 km Upgrading of Dipakapakeng access road by 30 June 2022  (Layer works completed and base stabilised)

#### Other matters

24. I draw attention to the matters below.

## Achievement of planned targets

25. Refer to the annual performance report on pages xx to xx 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 22 of this report.

## Adjustment of material misstatements

26. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of KPA 4: Basic service delivery and infrastructure development. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

## Report on the audit of compliance with legislation

### Introduction and scope

27. 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.

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

### Annual financial statements and annual reports

29. The financial statements submitted for auditing were not fully prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets and disclosure items identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.
30. The oversight report adopted by the council on the 2020-21 annual report was not made public, as required by section 129(3) of the MFMA.

### Expenditure management

31. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R2 763 256, as disclosed in note 44 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by budget overspending on the community services vote.
32. Reasonable steps were not taken to prevent irregular expenditure amounting to R76 739 211 as disclosed in note 46 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by incorrect allocation of functionality points.



33. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R826 237, as disclosed in note 45 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by unauthorised debit orders.

### Strategic planning and performance management

34. The performance management system and related controls were inadequate as it did not describe how the performance planning and measurement processes should be conducted, as required by municipal planning and performance management regulation 7(1).

### Procurement and contract management

35. Some of the contracts were awarded to bidders based on points given for criteria that differed from those stipulated in the original invitation for bidding, in contravention of supply chain management (SCM) regulations 21(b) and 28(1)(a)(i) and the preferential procurement regulations.
36. Some contracts above R30 million did not include a condition for mandatory subcontracting to advance designated groups, as required by the 2017 preferential procurement regulation 9(1).
37. Some of the invitations to tender for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as required by the 2017 preferential procurement regulation 8(2). This non-compliance was identified in the procurement processes for the appointment of panel of contractors, maximum of 10 for electrification projects.
38. The performance of contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA. Similar non-compliance was also reported in the prior year.
39. The contract performance and monitoring measures were not in place to ensure effective contract management, as required by section 116(2)(c)(ii) of the MFMA. Similar non-compliance was also reported in the prior year.

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### Other information

40. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes the audit committee's report. The other information does not include the financial statements, the auditor's report and those key performance areas presented in the annual performance report that have been specifically reported in this auditor's report.
41. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.

42. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected key performance area presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
43. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary

### Internal control deficiencies

44. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.
45. Management did not always provide adequate supervision and reviews over operations to ensure the usefulness of performance information and compliance with laws and regulations as numerous misstatements were identified during the audit. Supply chain management processes were also inadequate resulting in irregular expenditure
46. Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information. The accounting officer did not adequately review the financial statements and annual performance report before submitting for audit.
47. The action plan developed by the municipality to address internal and external audit findings for performance information and compliance with laws and regulations was not effective and did not ensure that root causes that resulted in these findings are properly identified to resolve the issues.
48. A significant number of positions at senior management level are vacant resulting inadequate review process in procurement, performance, and financial management.

### Other reports

49. I draw attention to the following engagements conducted by various parties which 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. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.



50. The Special Investigations Unit (SIU) submitted referrals to the municipality for investigation into alleged irregularities for the period 2011-2018 in respect of the affairs of the municipality in terms of proclamation number: R7 of 2018. The municipality addressed the recommendation and submitted a report to the SIU. The municipality is awaiting the final SIU report on the investigation from the office of the Presidency at date of this report.

*Auditor General*

Polokwane

30 November 2022



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## Annexure – Auditor-general's responsibility for the audit

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

### Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
  - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
  - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
  - conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Elias Motsoaledi Local Municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease operating as a going concern
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

### Communication with those charged with governance

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



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



## COMPONENT B: AUDITOR GENERAL'S OPINION 2021/2022

### 5.2 AUDITOR GENERAL'S REPORT 2021/2022

Auditor – General's Report on Financial Performance 2021/2022	
Audit Report Status*:	Unqualified

Non- Compliance Issues	Remedial Action Taken
As stipulated in the AGSA report	Audit action plan developed

Auditor-General's Report on Service Delivery Performance 2021/2022	
Audit Report Status:	Qualified

Non-Compliance Issues	Remedial Action Taken
As stipulated in the AGSA report	Audit action plan developed

### 5.3 MUNICIPAL MANAGER AND CHIEF FINANCIAL OFFICER'S COMMENTS:

In terms of section 126(1) of the MFMA the Accounting Officer of a municipality must:

"Prepare the annual financial statements of the municipality and, within two months after the end of the financial year to which those statements relate, submit the statements to the Auditor-General for auditing;"

The financial statement as on 30 June 2022 of the municipality was submitted to the Auditor General on 31 August 2022.

In terms of section 126(3)(a)(b) of the MFMA the Auditor General must:

"Audit those financial statements; and submit an audit report on those statements to the Accounting Officer of the municipality or entity within three months of receipt of the statements."

The Audit report for 2021/2022 was submitted to Accounting Officer on 30 November 2022 .The financial statements as at 30 June 2022 of the municipality was submitted within the timeframe to Auditor General. Municipality received an Unqualified Audit opinion for financial year ended 30 June 2022. Council take note of the contents in the Auditor General report and Audit Action Plan developed to address issues raised by AGSA and the Annual Financial Statements.

### 5.4 AUDIT COMMITTEE COMMENTS:

The Audit Committee of the municipality has considered the Auditor General of South Africa (AGSA) audit report at a special meeting held with AGSA on the 23rd November 2022. The report showed that in the 2021/2022 audit, the Municipality obtained the unqualified audit opinion and in the 2020/2021 financial year, the municipality obtained an unqualified audit opinion. The municipality has improved its performance and is striving to do even better.

## AUDIT ACTION PLAN

FINANCIAL YEAR	2021/2022
Municipality Name	Elias Motsoaledi Local Municipality
Audit Opinion	Unqualified
Reporting Period	2021/2022

## AUDIT ACTION PLAN

No	Audit Findings	Category of Finding	Description of Finding	Finding status	Root Cause	Action Plan Description	Completion Date	Position	"Progress (Addressed/ Not addressed)"
4	Procurement	Matters affecting the auditor's report	ISS.67-COMAF 37: Contract Management – Insufficient monitoring evidence (minutes of the meetings)	Recurring	Late Submission by the End- Users	Management to prepare monthly report to provide progress in terms of performance assessments of the service providers and present the report to MM in the monthly management meetings.	30-Jun-23	Manager Compliance	(Addressed/ Not addressed)"
7	Payments	Other important matters	ISS.80-COMAF 46 ISS 2- Inconvenience allowance incorrectly classified as Overtime & Underpayment.	New	Incorrect interpretation of the inconvenience allowance since it is meant to prevent the recipient from claiming overtime	Reclassify the transaction during the preparation of interim financial statements and the process thereof has kickstarted and projected to be completed by 26 May 2023	30-Jun-23	ACFO	In progress
10	Information Technology	Other important matters	ISS.42-ISA: Inadequate user access management processes on VIP system	Recurring	The VIP system is an old system that was not configured to generate user lists or reports indicating new user creations, profile modifications, password resets and user terminations. The municipality had engaged with the service provider to configure the system to generate the required logs or reports but due to the system being an old system, the system could not be configured to generate such logs or reports	Engage the service provider to provide the new version of the system to enable IT pull reports required	30-Jun-23	Acting Manager IT	In-progress
16	Information Technology	Other important matters	ISS.50-ISA: User access management processes on Nedbank EFT system were inadequately designed and implemented	New	Lack of formally documented user access procedure manual for Nedbank EFT system could be attributed to over reliance on the Nedbank system administrators to manage user access on the system.	Develop procedure manual that will have designated forms from banking service provider side as annexures for the Nedbank EFT system.	30-Jun-23	ACFO	In-progress
30	Other Disclosure	Other important matters	ISS.3-COMAF 03: Internal control deficiency - Review of policies	New	Management oversight	To ensure that all policies are revised annually and be submitted to council for approval	30-Jun-23	Manager Compliance	In-progress
34	Other Disclosure	Other important matters	ISS.8-COMAF 08 :Consultancy reduction plan	New	Oversight from management	Develop the consultancy reduction plan	30-Jun-23	ACFO	In progress
									In progress



# APPENDICES

## APPENDIX A - COUNCILLORS, COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Surname	Full names	full time/ Part time FT/PT	Committee Allocated	Ward and /or Party represented	No of council meetings held	no. of council meetings attended	No. of apologies for non- attendance	No of Absence without leave
Thethe	Junior Semole	PT	Chairperson Executive Support Chairperson	ward	14	13	1	0
Kgagara	Thabo Peter	PT	MPAC	ward	14	14	0	0
Malapela	Samuel Mogome	PT	Development Planning	ward	14	14	0	0
Msiza	Mahwetse Phillip	PT	Budget and Treasury	ward	14	14	0	0
Mohlamonyane	Tshepo Emmanuel	PT	Rules and Petitions	ward	14	11	3	0
Ndlovu	Raymond Ndumiso	PT	Chairperson MPAC	ward	14	13	1	0
Sithole	Thembi Cynthia	PT	Chairperson Budget and Treasury	ward	14	14	0	0
Mathabathe	Mohlamme Glyde	PT	EXCO	Ward	14	14	0	0
Mogotlana	Jersey Sphiwe	PT	Chairperson Local Geographical Names Change	ward	14	13	1	0
Ramongana	Nkitseng Jenneth	PT	EXCO Community Services	ward	14	13	1	0
Mafiri	Moses Aphiri	PT	Development Planning	ward	14	14	0	0
Phorothhoe	Thabiso Andries	PT	Chairperson Development Planning	ward	14	14	0	0
Oosthuizen	Willem Nicolaas Saaiman	PT	Community Services	ward	14	12	2	0
Phokwane	Marang Codney	PT	Corporate Services	ward	14	14	0	0
Nkosi	Sibongile Beauty	PT	Budget and Treasury	ward	14	14	0	0
Buta	Medo Zephania	PT	Chairperson Ethics	ward	14	14	0	0
Malau	Toswi Samuel	PT	Corporate Services	ward	14	14	0	0
Letageng	Johannes	PT	Executive Support	ward	14	13	1	0
Masimula	Phahlana (M)	PT	Chairperson Community Services	ward	14	14	0	0
Tshehla	Mokgokong Eric	PT	Budget and Treasury	ward	14	12	2	0
Maphopha	Cheleboy Mpho	PT	MPAC	ward	14	13	1	0
Nduli	Msanyana Elias	PT	Chairperson Infrastructure	ward	14	14	0	0
Mohlala	Nkgetheng Piet	PT	Community Services	ward	14	14	0	0



## APPENDIX A - COUNCILLORS, COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE (Cont)

Surname	Full names	full time/ Part time FT/PT	Committee Allocated	Ward and /or Party represented	No of council meetings held	no. of council meetings attended	No. of apologies for non- attendance	No of Absence without leave
Lehungwane	Frank Kgomontshware	PT	Community Sercises	ward	14	12	2	0
Makuwa	Nkhubedu Sarah	PT	Chairperson Rules and Petitions	ward	14	13	1	0
Morare	Sephantsi Donald	PT	Ethics	ward	14	13	1	0
Tlaka	Kgoputso Wiseman	PT	MPAC	ward	14	12	2	0
Makuwa	Reginah Mamoshasha	PT	Budget and Treasury	ward	14	13	1	0
Msiza	Mothibe Rhodes	FT	EXCO Infrastructure	ward	14	13	1	0
Tladi	Magetle David	FT	Mayor	PR	14	13	1	0
Phahlamohlaka	Tebogo Mafereke	PT	Chair of Chairs	PR	14	12	2	0
Machipa	Toudi Aron	FT	EXCO Budget and Treasury	PR	14	14	0	0
Mashilo	Malope Samaria	PT	MPAC	PR	14	13	1	0
Mashego	Dieketseng Masesi	FT	Speaker	PR	14	13	1	0
Mahlangu	Julia	PT	Chairperson Corporate Services	PR	14	14	0	0
Matjomane	Germinor Delly (F)	FT	EXCO Development Planning	PR	14	12	2	0
Makunyane	Hlako Justice	FT	Chief Whip	PR	14	14	0	0
Phetla	Mannyana Grace	FT	EXCO Corporate Services	PR	14	14	0	0
Koka	Petrus Thomo	PT	Executive Support	PR	14	13	1	0
Gulube	April Lucky	PT	Rules and Petitions	PR	14	12	2	0
Radingwana	Sentsho Herbert	PT	Infrastructure	PR	14	12	2	0
Mmaboko	Sipho Hlabishi	PT	Executive Support	PR	14	13	1	0
Kotze	Johan Pieter	PT	EXCO	PR	14	12	2	0
Matsomane	Shiko Tebogo	PT	Corporate Services	PR	14	11	3	0
Ganedi	David Jack	PT	Development Planning	PR	14	06	02	06
Malapela	Hope Mashego Constance	PT	EXCO	PR	14	13	1	0
Mmotla	Sewisha Collen	PT	Infrastructure	PR	14	12	2	0
Ngwenya	Zodwa	PT	Ethics	PR	14	13	1	0
Mabelane	Kagiso	PT	Development Planning	PR	14	13	1	0
Lecheko	Virginia Morotse	PT	Executive Support	PR	14	13	1	0
Mthimunye	Maremoshe Simon	PT	Community Services	PR	14	14	0	0
Sithole	Maguwe Elias	PT	Sekhukhune Rep	PR	14	13	1	0
Maibelo	Legasa Sandy	PT	Sekhukhune Rep	PR	14	13	1	0

**APPENDIX A - COUNCILLORS, COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE (Cont)**

Surname	Full names	full time/ Part time FT/PT	Committee Allocated	Ward and /or Party represented	No of council meetings held	no. of council meetings attended	No. of apologies for non- attendance	No of Absence without leave
Segope	Godfrey Madingwane	PT	Budget and Treasury	PR	14	13	1	0
Komane	Legobole Sharon	PT	Corporate Services	PR	14	14	0	0
Ranala	Maselopi	PT	Local Geographical Names Change	PR	14	04	0	0
Ramphisa	Motiba William	PT	EXCO	PR	14	13	1	0
Limakwe	Adelaide	PT	MPAC	PR	14	14	0	0
DeBeer	Willem	PT	Ethics	PR	14	13	1	0

**APPENDIX B - COMMITTEE AND COMMITTEE PURPOSE**

Committees (other than Mayoral/Executive Committee) and Purposes of Committees	
Municipal Committee	Purpose of Committee
Corporate Services Committee	Addressing relevant issues and reports
Infrastructure Committee	Addressing relevant issues and reports
Finance Committee	Addressing relevant issues and reports
Social Development Committee	Addressing relevant issues and reports
Executive Support Management Committee	Addressing relevant issues and reports
Development Planning Committee	Addressing relevant issues and reports
Local labour forum	Address all employer and employee related matters
Municipal public accounts committee	Oversight committee addressing AG report, financial reporting investigating items delegated by council
Executive Committee	Give political direction to executive management and report to council
Rules and ethics	Investigates reports of unethical conduct, formulates rules and principles, and recommends actions on ethical issues
Programming	Deals with all items submitted and determines which items must serve in portfolio committees and which one must serve in council without serving in portfolio committees
Local geographical names change(LGNC):	Deals with changing of street names within the municipal area



## APPENDIX C- THIRD TIER ADMINISTRATIVE STRUCTURE

Designation	Initial And Surname	Gender
Municipal Manager	Mr M. M Kgware	Male
Senior Manager: Executive Support	Vacant	-
Senior Manager: Corporate Services	Mr. N.D. Matumane	Male
Senior Manager: Infrastructure	Vacant	-
Chief Financial Officer	Vacant	-
Deputy Chief Financial Officer	Mr L.M Sebelemetja	Male
Senior Manager: Community Services	Ms. G. E. Kegopotsemang	Female
Senior Manager: Development Planning	Vacant	-
Manager: Property Management and Housing	Mr. R Palmer	Male
Manager: Mayor Support	Mr J. Manganyi	Male
Manager: Assets	Mr. C. Tjiane	Male
Manager: Budget	Ms K.U Sebelebele	Female
Manager: Council Support	Mrs. M Burger	Female
Manager: Supply Chain Management	Mr M Mthimunya	Male
Manager: Revenue	Ms M. Namane	Female
Manager: Hlogotlou	Mr. A Madiba	Male
Manager: Roosenekal	Mr M. Mahlangu	Male
Manager: Labour Relations	Mr. M. J. Maboa	Male
Manager: Motetema	Mr. C. C. Masemola	Male
Manager: Human Resources	Mr. L. Mafiri	Male
Manager: Administration	Mr. G. M. Ditshego	Male
Manager: ICT	Mr T. Mashaba	Male
Manager: Environmental services	Ms M Mokhulwane	Female
Manager: Expenditure	Mr. C Mtsweni	Male
Superintendent Roads Construction Unit	Mr. J Malaka	Male
Manager: Public Safety	Mr. C Coetzee	Male
Manager: Licensing	Ms. P. Ntobeng	Female
Manager: LED	Mr. M Sebei	Male
Manager: IDP	Mr. J Motha	Male
Manager: PMU	Mr. F Debeila	Male
Manager: PMS	Ms P Mdluli	Female
Manager: IGR	Ms V. Matlala	Female
Electrical engineer	Mr K.K. Mametsa	Male
Chief Risk Officer	Mr K. Mathebe	Male
Manager: Development and Town Planning	Mr B. Sethojoa	Male
Manager: Internal Audit	Ms. P. Mailula	Female
Manager: Legal Services	Ms. S Mahlangu	Female
Manager: Compliance	Mr. H Masemola	Male
Manager: Fleet	Mr. V. Masilela	Male
Manager Parks	Mr J. M Mathebe	Male



## APPENDIX D - FUNCTIONS OF MUNICIPALITY/ENTITY

Municipal/Entity Functions	Function Applicable to Municipality (Yes/No)*	Function Applicable to Entity (yes/no)
<b>Municipal Functions</b>		
<b>Constitution, Schedule 4, Part B Functions</b>		
Air pollution	yes	No
Building regulations	yes	No
Child-care facilities	yes	No
Electricity and gas reticulation	yes	No
Fire-fighting services	No	Sekhukhune District Municipality
Local tourism	yes	No
Municipal airports	yes	No
Municipal planning	yes	No
Municipal health services	yes	No
Municipal public transport	yes	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	yes	No
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and related matters	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	No	Sekhukhune District Municipality
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	yes	no
Facilities for the accommodation, care and burial of animals	yes	no
Fencing and fences	yes	no
Licensing of dogs	no	no
Licensing and control of undertakings that sell food to the public	yes	no
Local amenities	yes	no
Local sport facilities	yes	no
Markets	yes	no
Municipal abattoirs	yes	no
Municipal parks and recreation	yes	no
Municipal roads	yes	no
Noise pollution	yes	no
Pounds	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	n/a



## APPENDIX E - WARD REPORTING

Ward Name (Number)	Name of Ward Councillor and Elected Ward Committee Members	Committee Established (Yes/No)	Number of Monthly Committee Meetings Held During Year	Number of Monthly Reports Submitted to Speakers 'Office on Time	Number of Quarterly Public Ward Meetings Held During Year
Ward No 01	CLLR J.S THETHE	Yes	03	03	02
	Ward Committee				
	TSHEPO D MOKOENA				
	NAPE S MOKGABUDI				
	JAN K MAHLANGU				
	LUCAS MAIMELA				
	PORTIA MOILOA				
	NKHENSANI O MAKHUBELE				
	EDDY M MASOLA				
	MALEFUFU L NKADIMENG				
	STOFFEL H MALAPANE				
	THUTO RAMPHISA				
Ward No 02	CLLR T.P KGAGARA	Yes	03	03	02
	Ward Committee				
	MMINA PHETLA				
	KENNETH T MTHIMIUNYE				
	DOLLY RALEKWE				
	NGAWANAMOTIBANE M CHEGO				
	SAMUEL O MAKUA				
	HERMANS P MANKGE				
	MATEBO G MMAKO				
	MOROKOLO MMATABANE				
	SEGOPOTSO PHATLANE				
	BOIKY SELLO MOLOI				
Ward No 03	CLLR S.M MALAPELA	Yes	03	03	02
	Ward Committee				
	EPHRAIM MATHEBELE				
	MARIA T SELALA				
	MMATSHIMA D DITSHEGO				
	MATETE E MAMPANNA				
	LUCY KGAPHOLA				
	SAM M MOLALA				
	MOSES S LETSOALO				
	JOB MAMAHLODI				
	NTHEPANE THOBANE				
	NKELE MABASA				



## APPENDIX E - WARD REPORTING (Cont)

Ward Name (Number)	Name of Ward Councillor and Elected Ward Committee Members	Committee Established (Yes/No)	Number of Monthly Committee Meetings Held During Year	Number of Monthly Reports Submitted to Speakers' Office on Time	Number of Quarterly Public Ward Meetings Held During Year
Ward No 04	CLLR M.P MSIZA	Yes	03	03	02
	Ward Committee				
	MONAGENG TOBIE MARIA				
	KOMANE CONSTANCE DIBOLELO				
	LECHELELE MATHIBELA PATRICK				
	MAEPA ELAH				
	SEBOTHOMA JOHANNES MADIMETJA				
	MALEMONE MORARE BADNEY				
	KGOETE ELLEN RAMMABELE				
	MAKOPO MAHLODI SEIPATI JOSEPHINAH				
	MALAPELA ISRAEL JAMES				
	RIBA BABA GEOGE				
Ward No 05	CLLR T.E MOHLAMONYANE	Yes	03	03	02
	Ward Committee				
	MOIPONE DITSHEGO				
	CHRISTOPHEL M MALEMONE				
	MAMA A MOKWENA				
	HOSIA M MOTAU				
	VIOLET M MASHIGO				
	NELSON M MOGANO				
	THOMAS PHASHA				
	THANDI SIBANYONI				
	MAMSY RAMPHISA				
	LESHATE MASHABELA				
Ward No 06	CLLR N.R NDLOVU	Yes	03	03	02
	Ward Committee				
	SIBONGILE SKOSANA				
	JOHN M NCONGWANE				
	HAZEL S MAGAGULA				
	JONAS S SANDLANA				
	JOHANNA MOGOLA				
	SARAH M NTIMANE				
	DIMPHO MABONA				
	NTOMBI MAHLABA				
	NTHOMENG NKOSI				



## APPENDIX E - WARD REPORTING (Cont)

Ward Name (Number)	Name of Ward Councillor and Elected Ward Committee Members	Committee Established (Yes/No)	Number of Monthly Committee Meetings Held During Year	Number of Monthly Reports Submitted to Speakers 'Office on Time	Number of Quarterly Public Ward Meetings Held During Year
Ward No 07	CLLR T.C SITHOLE	Yes	03	03	02
	Ward Committees:				
	SUZAN SKOSANA				
	MMPATENG MATHUPA				
	OLGA DUNGE				
	NKEKO MPHAKE				
	CYNTHIA T LANGA				
	COMFORT MATHOTHO				
	KHOLIWE MSIZA				
	KEDIBONE RASEROKA				
	JACOB MOKWENA				
	JOHANNES MATHEBULA				
Ward No 08	CLLR M.G MATHABATHA	Yes	03	03	02
	Ward committees				
	ISAIAH P MAHLANGU				
	SKHUMBUZO TSHABALALA				
	SANNAH M PHOHU				
	ANNA M MAGADI				
	ANNA WESSELS				
	NTHABISENG MPHAGA				
	WINNIE MOYANA				
	MAHLOMOLA MAKOLA				
	MOLEBELEDI NTOBENG				
	PETER CHOMA				
Ward No 09	CLLR J.S MOGOTLANA	Yes	03	03	02
	Ward Committees:				
	ZANELE MSIZA				
	ELIZABETH MANASWE				
	JONAS MOEPYA				
	ELIJAH NTOMBELA				
	OBED G MAHLANGU				
	MORONGWE MASHILO				
	EMILY MSIZA				
	GETRUDE CHABA				
	FLORENCE SKHOSANA				
	TLAKALE MAHUBANE				



## APPENDIX E - WARD REPORTING (Cont)

Ward Name (Number)	Name of Ward Councillor and Elected Ward Committee Members	Committee Established (Yes/No)	Number of Monthly Committee Meetings Held During Year	Number of Monthly Reports Submitted to Speakers 'Office on Time	Number of Quarterly Public Ward Meetings Held During Year
Ward No 10	CLLR N.J RAMONGANA	Yes	03	03	02
	Ward Committees:				
	KALUDI MOHLAMONYANE				
	SYLVIA MONAGENG				
	IVY MATHABATHE				
	TUMELO BORO KO				
	MMAMOGOLWANE MONAGENG				
	MMULEDI MALEMONE				
	MAPULE MAKITLA				
	GERMINAH MAKITLA				
	NTLHANE MOHLAMONYANE				
	SHIRLEY NAMANE				
Ward No 11	CLLR M.A MAFIRI	Yes	03	03	02
	Ward Committees:				
	KATE MOKWENA				
	KHULELAPHI MDLULI				
	CONNY NTOBENG				
	MAGOMARELA NKOPODI				
	MAFATA MASHU				
	KGORI TSARO				
	BELLA MTHIMUNYE				
	HELLEN MALAPELA				
	ZANELE KINIDA				
	SIBUSISO MBANYELA				
Ward No 12	CLLR TA PHOROTHLOE	Yes	03	03	02
	Ward Committees				
	KGETLANE PHORA				
	KHOMOTSO KOTLELO				
	KGATWANE MATHEBE				
	SENTANANA RATLHOGO				
	MACESELA NDLOVU				
	CATHERINE KABINI				
	MAROPENG MONARENG				
	ELIZABETH MONAGENG				
	SELLO MONAGENG				
	MATLOKOLO MOEKETSI				



## APPENDIX E - WARD REPORTING (Cont)

Ward Name (Number)	Name of Ward Councillor and Elected Ward Committee Members	Committee Established (Yes/No)	Number of Monthly Committee Meetings Held During Year	Number of Monthly Reports Submitted to Speakers 'Office on Time	Number of Quarterly Public Ward Meetings Held During Year
Ward No 13	CLLR W OOSTHUIZEN	Yes	03	03	02
	Ward Committees:				
	SARA HESSELS				
	KAREN OOSTHUIZEN				
	ARNOLDUS SCHOOMBEE				
	FRANCINA KLENHANS				
	MARIA FOURIE				
	SHAUN MELLORS				
	JOSHUA MMAKOLA				
	NICOLETTE PRETORIUS				
	CORNEL BOTHA				
	ZACHARIAS SAAYMAN				
Ward No 14	CLLR M.C PHOKWANE	Yes	03	03	02
	Ward Committees:				
	SEBOTHOMA RUTH LEBOGANG				
	MAPEA MAHLODI JOYCE				
	UQUELO MIKE				
	PHETLA MANTWA KELLY				
	CHEGO ROIDA MPHO				
	PHETLA TEREMIA KATISI				
	APHANE LEHLOGONOLO				
	NKADIMENG INNOCENTIA SEMELA				
	MPHAHLELE MANIE QUEEN				
	RYAN LEGWAI				
Ward No 15	CLLR S.B NKOSI	Yes	03	03	02
	Ward Committees:				
	BONGINKOSI MAHLANGU				
	MPOROME MAPHAKA				
	LUCAS MOHLAHLA				
	ELIZABETH MHLONGO				
	LIZZY SINDANE				
	BONGANI NDULI				
	MASEBOTSANA MOKWANA				
	SIBONGILE MASILELA				
	JOHANNAH MASHIYA				



## APPENDIX E - WARD REPORTING (Cont)

Ward Name (Number)	Name of Ward Councillor and Elected Ward Committee Members	Committee Established (Yes/No)	Number of Monthly Committee Meetings Held During Year	Number of Monthly Reports Submitted to Speakers' Office on Time	Number of Quarterly Public Ward Meetings Held During Year
Ward No 16	CLLR Z. B BUTA	Yes	03	03	02
	Ward Committees				
	LOMUSA SKHOSANA				
	KHOMOTSO MAPHOSA				
	TLAMAGA ROSI				
	PATRICIA XELIBOKWE				
	AMOS SKHOSANA				
	SARA MOKWENA				
	POPPIE MAHLANGU				
	JEREMIA ZULU				
	KLEINBOOI MAHLANGU				
	THEMBA MATEBULA				
Ward No 17	CLLR T. S MALAU	Yes	03	03	02
	Ward Committees:				
	JANNIE MAREDI				
	PABALLO SEOPELA				
	TSHEPHANG MASEMOLA				
	MAKGOPANE MOHLAPE				
	RANKEPILE MABELANE				
	SELLO NKOANA				
	TEBOGO MOSOHLAWE				
	MOKWAZI MOKWANA				
	THABANG MOTSEDI				
	MOTSHANA SARAH				
Ward No 18	CLLR J. LETAGENG	Yes	03	03	02
	Ward Committees:				
	KGOTHATSO J MAKUA				
	TUMISHI A MOHLAHLA				
	RANGOATO MNGUNI				
	NGWANAMOKWENENG CHEGO				
	NTENENG MANKGE				
	PETRUS MAKUWE				
	MAPULE MOTAU				
	MOSES MAGANE				
	DORCUS T PHETLA				
	KATLEGO C MAKEKE				



## APPENDIX E - WARD REPORTING (Cont)

Ward Name (Number)	Name of Ward Councillor and Elected Ward Committee Members	Committee Established (Yes/No)	Number of Monthly Committee Meetings Held During Year	Number of Monthly Reports Submitted to Speakers 'Office on Time	Number of Quarterly Public Ward Meetings Held During Year
Ward No 19	CLLR P. MASIMULA	Yes	03	03	02
	Ward Committees:				
	MASHIFANE WINDY SESI				
	NEZZY MAHLANGU				
	MTHOMBENI BENZANI ANDRIES				
	MAHLANGU THANDAZILE CECILIA				
	MABULA PAULINE TSHIDI				
	NTULI SIVUYILE AYANDA				
	MAHLANGU KENNETH				
	SEGafa KENNETH				
	MABUTANA JOHANNES MAHLANGU				
	LYDIA MAILE				
Ward No 20	CLLR M.E TSHEHLA	No	00	00	2
	Ward Committees:				
	Mokoana Felicia Moremadi				
	Sumani Sydney Dimakatso				
	Mokoana Bafana Lucas				
	Makola Abram Semopo				
	Tshehla Eunic Ntebaleng				
	Mabogoane Sylvester Thulani				
	Chego Piet Butie				
	Machika Themba Joseph				
	Gama Elizabeth Morder				
	Mathupane Napo John				
Ward No 21	CLLR C M. MAPHOPHA	Yes	03	03	02
	Ward Committees:				
	MAKUWA MASHALANE LAZARUS				
	MAKUA MONOCCA NKELE				
	MAKUWA MOROKA MARIA				
	MOHOSANA KENEILWE MAPOME				
	MTHIMUNYE JANE MALI				
	MAPULE MABELANE				
	MTHIMUNYE THEMBA FRANCE				
	NKGUDI MOTLAPELE EDWARD				
	SITHOLE CAIPHUS NGINI				
	TSHELA ZODWA LEAH				



## APPENDIX E - WARD REPORTING (Cont)

Ward Name (Number)	Name of Ward Councillor and Elected Ward Committee Members	Committee Established (Yes/No)	Number of Monthly Committee Meetings Held During Year	Number of Monthly Reports Submitted to Speakers' Office on Time	Number of Quarterly Public Ward Meetings Held During Year
Ward No 22	CLLR M.E NDULI	Yes	03	03	02
	Ward Committees:				
	MAKENA KATLEGO BEAUTY				
	TLOU JOHANNES CAIPHUS				
	MAHLOKO LEBOGANG PHASWANE				
	TSHOMA PHASUDI OTTO				
	MASHILE NANA MARIA				
	NTOBENG MPHOS ROSE				
	SKOSANA TSHWARELO OBED				
	MOHLALA KOKETSO J				
	MALEKA MAMMILENG LINDIWE				
	RANDINGOANE THABO				
Ward No 23	CLLR N.P MOHLALA	Yes	03	03	02
	Ward Committees:				
	NTULI NOMTHANAZO REGINAH				
	DIKOTOPE THABO				
	MAHLANGU DUMISANI KLAAS				
	NKABINDE ANTHONIA				
	MAHLANGU BRENDA ELDA				
	MKONENI MANDLA MXOLISI				
	MORENA LUCY MPUKANA				
	MOKGAJANE BETTY MAKGOLONYANA				
	MAHLANGU EDWARD NICOLAS				
	MAHLANGU ELIAS THENJWA				
Ward No 24	CLLR F.K LEHUNGWANE	Yes	03	03	02
	Ward Committees:				
	MALOPE WILLIAM				
	MOGOLA ELIAS MOTSHAKANE				
	NKADIMENG MMATAU MARTHA				
	MOGOLA EVA RAMOLAPO				
	MASEMOLA TEMANA KAGISO				
	SIBEKO WESSEL KGOATHATSO				
	THOKWANE MATSIE SINAH				
	MADIHLABA RAMODUBJANE RINKIE				
	SEKWATI MORATO JANE				
	MAEPA MACDONALD CLEMENT				



## APPENDIX E - WARD REPORTING (Cont)

Ward Name (Number)	Name of Ward Councillor and Elected Ward Committee Members	Committee Established (Yes/No)	Number of Monthly Committee Meetings Held During Year	Number of Monthly Reports Submitted to Speakers 'Office on Time	Number of Quarterly Public Ward Meetings Held During Year
Ward No 25	CLLR N.S MAKUWA	Yes	03	03	02
	Ward Committees:				
	MOHLALA MOJALEFA JOSEPH				
	MNGUNI SIPHO				
	MASHILO MAKASHWELA BEAUTY				
	MPUBANE KENNETH NKHWENG				
	MATSIPE THOBOLE PATRICK				
	MABASA LEBO MARIA				
	MATLOU MATLOLE DANIEL				
	MOKGOATJANE MAGAVE DAVID				
	MOHLALA MAKOBOTSENG ALPHINA				
	MATHONYANE GRACE				
Ward No 26	CLLR S.D MORARE	Yes	03	03	02
	Ward Committees:				
	MAHLANGU SMANGALISO GIFT				
	SKOSANA LEHLOGONOLO PATRICK				
	MAMARIGA INNOCENT				
	MAABA ANNA MALOPE				
	SEFOLOSHI SEKWALA JAN				
	MAGAMPA SENGALELA DITAU				
	MAGAMPE PESHIWA BOITUMELO				
	MAMPURU TEBOGO MAKGOFE				
	MAGANE PUSELETSO				
	MATHEBE NTHABISENG DORCAS				
Ward No 27	CLLR K.W TLAKA	Yes	03	03	02
	Ward Committees:				
	MALAPANE LERATO CHARITY				
	MABALANGANYE SEKANAH REGINAH				
	MASHILO WALTER TSHAKA				
	THABANG MARCUS SEAGE				
	MAKUWA THANDI SEGOPOTSE				
	TSHEHLO THATA JERRY				
	HAKUDI MALETSI MAGDELINE				
	MOKGANYETSI ROBERT KHUPE				
	KHAKA MARGARETT NCAZANA				
	MATENTSI THABO LAZARUS				

**APPENDIX E - WARD REPORTING (Cont)**

Ward Name (Number)	Name of Ward Councillor and Elected Ward Committee Members	Committee Established (Yes/No)	Number of Monthly Committee Meetings Held During Year	Number of Monthly Reports Submitted to Speakers' Office on Time	Number of Quarterly Public Ward Meetings Held During Year
Ward No 28	CLLR P.K TLADI	Yes	03	03	02
	Ward Committees:				
	MATULUDI MAMOTALANE EVE				
	MOKOANA CONSTANCE				
	KGOPUTSO KABELO SHAUN				
	TSHEHLA ANNA PHELADI				
	SKOSANA ANGELINA				
	SKOSANA GOODNESS NTOMBIZODWA				
	FENYANE MODUPI DANIEL				
	MAREDI LEDWABA KLAAS				
	DIKOTOPE JERREN MASHIANOKE				
	MOKONE BIGBOY SYDNEY				
Ward No 29	CLLR R.M MAKUWA	Yes	03	03	02
	Ward Committees:				
	MOHLALA STEPHINAH RAMPHAHLELE				
	MOKABANE LUCAS MAUPE				
	MATJOMANE CAROL				
	MAKAU JEANETTE MUMSY				
	FENYANE THABANG BREADLY				
	RATAU NICOLADE				
	MASHILO KWETEPE MAGDELINE				
	MAKWANA ALFRED NYEREDI				
	CHOMA CHISTOPH MACHENG				
	THABANG KADING SALTHIEL				
Ward No 30	CLLR M. MAMPANE	Yes	00	00	01
	Ward Committees:				
	LEKHULENG LEONA				
	MAMOKABI OLIVIA				
	MADIHLABA LOSTA				
	TSHEHLA MAREMA				
	MAGOLEGO MEISIE				
	ISAAH PHAMANE				
	NTOMBI LEDIMO				
	PHETLA MOHLABANENG				
	WALTER MAKUWA				
	JEANETH MASOMBUKA				
Ward 31	CLLR M R. MSIZA				
	Ward Committee	Yes	03	03	01



## APPENDIX E - WARD REPORTING (Cont)

Ward Name (Number)	Name of Ward Councillor and Elected Ward Committee Members	Committee Established (Yes/No)	Number of Monthly Committee Meetings Held During Year	Number of Monthly Reports Submitted to Speakers 'Office on Time	Number of Quarterly Public Ward Meetings Held During Year
	SETHOPANE T RIBA				
	MAHLASE TSOKELA				
	ABRAHM MASHAO				
	GLADYS MAAKE				
	MARIA MONOGE				
	NTOMBAZANA MASHIANE				
	PRINCE B THOBEJANE				
	KATLEGO KGONYANE				
	NGWATOMOSADI KHUMALO				
	NELSON J NTULI				

## APPENDIX F - WARD INFORMATION

Ward Title: Ward Name (Number)				
Capital Projects: Seven Largest in 2021/2022 (Full List in Appendix L)				
R'000				
Ward No	Project Name & Detail	Start Date	End Date	Total Value
21	Upgrading of Dipakapakeng Access Road	21 Jul 22	18 April 2022	R21 750 000.00
9	Upgrading of Tafelkop Stadium Access Road	21 Jul 22	21 Feb 2023	R18 313 805.00
13	Upgrading of Bloempoot to Uitspanning Access Road	21 Jul 22	21 Feb 2023	R20 039 374.64
13	Refurbishment of Groblersdal landfill site	21 Jul 22	30 June 2022	R0.00
14	Electrification of Masakaneng	21 Jul 22	30 June 2022	R6 405 745.19
23	Electrification of Vlakfontein	21 Jul 22	30 June 2022	R1 480 809.85
14	Electrification of Matlala Lehwelere	21 Jul 22	30 June 2022	R5 185 208.83
24	Electrification of Ga Phosa	21 Jul 22	30 June 2022	R3 975 425.80
19	Electrification of Rondebosc	21 Jul 22	30 June 2022	R1 1440 815.33
12	Electrification of Maleoskop	21 Jul 22	30 June 2022	R3 300 000.00



## APPENDIX G - RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE

### ORDINARY MEETING

4th ORDINARY AUDIT COMMITTEE MEETING – 30 July 2021										
ITEM NO	ITEM UNDER DISCUSSION	CONCERNS AND RECOMMENDATIONS								
<b>MANAGEMENT REPORTS</b>										
AC 21/31	2020/2021 4th Quarter Performance Report (April - June 2021) (MM)	<ul style="list-style-type: none"> <li>The Audit Committee took note of the report and raised concern that the municipality has achieved 75% of its performance targets for the fourth quarter of 2020/2021 financial year which is below the norm prescribed by the National Treasury.</li> <li>The Audit Committee was concerned that local economic development got 0% and financial management and viability achieved 60%.</li> <li>Audit Committee advised management to develop a quarterly summary report where they will indicate the previous and current annual performance targets in order to give the overview of the target achievement.</li> </ul>								
AC 21/32	2020/2021 4th Quarter Litigation Report (April - June 2021) (Manager Legal Services)	<ul style="list-style-type: none"> <li>The Audit Committee took note of the report and raised a concern about the J. Breed and J. Oosthuizen case that the eviction was supposed to be issued long time ago as the matter is long overdue. The Committee was also concerned that the lease agreement had expired and there are people who are still staying in the farm</li> <li>Audit Committee requested assurance and confirmation from legal unit that the municipality is fighting for principle on the matter of high legal fees compared to amount claimed.</li> <li>In terms of Peri for work case, the Audit committee advised management that when plaintiff withdraw the case, they must also attain the cost.</li> <li>Audit Committee advised management to take in consideration that labour matters should be discussed in-committee because it cover current employees and previous employees.</li> <li>Audit Committee advised that before management refer the matter to legal team, the legal unit should perform an internal assessment to check if there are prospect of success for such cases.</li> </ul>								
<b>FINANCE</b>										
AC 21/33	2020/2021 4th Quarter report on Unauthorized/ Irregular and Fruitless and wasteful expenditure (UIF) (April - June 2021) (CFO)	<p>The Audit Committee took note of the report and was concerned about the high fruitless and wasteful expenditure incurred for the quarter under review.</p> <p>The table below illustrates the expenditures in total for the quarters 1, 2, 3 and 4:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="2">Cumulative figures as at end of Quarter 4 of 2020/2021 financial year</th> </tr> </thead> <tbody> <tr> <td>Total Unauthorized expenditure</td> <td style="text-align: right;">R2 461 000.00</td> </tr> <tr> <td>Total irregular expenditure</td> <td style="text-align: right;">R58 445 421.00</td> </tr> <tr> <td>Total fruitless and wasteful expenditure</td> <td style="text-align: right;">R1 369 486.82</td> </tr> </tbody> </table> <p>Refer to annexure A for detailed expenditures</p>	Cumulative figures as at end of Quarter 4 of 2020/2021 financial year		Total Unauthorized expenditure	R2 461 000.00	Total irregular expenditure	R58 445 421.00	Total fruitless and wasteful expenditure	R1 369 486.82
Cumulative figures as at end of Quarter 4 of 2020/2021 financial year										
Total Unauthorized expenditure	R2 461 000.00									
Total irregular expenditure	R58 445 421.00									
Total fruitless and wasteful expenditure	R1 369 486.82									



## APPENDIX G - RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE (Cont)

4th ORDINARY AUDIT COMMITTEE MEETING – 30 July 2021														
ITEM NO	ITEM UNDER DISCUSSION	CONCERNS AND RECOMMENDATIONS												
AC 20/33	2020/2021 4th Quarter report on debt collection (April - June 2021) (CFO)	<p>The Audit Committee took note of the report and no recommendations and concerns were raised.</p> <p><i>The table below illustrates the details:</i></p> <table border="1"> <thead> <tr> <th>Month</th> <th>Revenue collected</th> <th>Revenue %</th> </tr> </thead> <tbody> <tr> <td>April</td> <td>R137 237 169.62</td> <td>62%</td> </tr> <tr> <td>May</td> <td>R137 822 290.29</td> <td>96%</td> </tr> <tr> <td>June</td> <td>R125 011 405.95</td> <td>86%</td> </tr> </tbody> </table>	Month	Revenue collected	Revenue %	April	R137 237 169.62	62%	May	R137 822 290.29	96%	June	R125 011 405.95	86%
Month	Revenue collected	Revenue %												
April	R137 237 169.62	62%												
May	R137 822 290.29	96%												
June	R125 011 405.95	86%												
AC 21/33	2020/2021 4th Quarter Section 52 Report (April - June 2021) (CFO)	The Audit Committee took note of the report and raised concern that the accruals should have been budgeted for in line with the procurement plan.												
AC 21/33	2020/2021 4th Quarter Supply Chain / Procurement Report (April - June 2021) (CFO)	The Audit Committee took note of the report and no recommendations and concerns were raised.												
AC 21/33	2020/2021 4th Quarter Overtime Report (April - June 2021) (CFO)	<ul style="list-style-type: none"> <li>The Audit Committee raised a concern that the employees from Electrical and Solid Waste employees have exceeded the threshold for overtime. Management responded that arrangement has been put in place to limit their hourly rate to enable the overtime expenditure to be within the threshold.</li> <li>The Audit Committee advised management to implement the overtime standard operating procedure manual as this will serve as a prevention measures for excessive overtime.</li> </ul>												
COMPLIANCE REPORTS														
AC21/34	2020/2021 4th Quarterly Compliance Report (April - June 2021) (CCO)	<ul style="list-style-type: none"> <li>The Committee raised a concern that the record management issue was a recurring finding, management suggested that they will appoint few interns to clear/ remove old records in the storeroom to create space for new records.</li> <li>The Municipality should identify the records which their retention periods have lapsed and take them through the disposal process.</li> <li>Committee agrees with the recommendation of the Compliance Officer that management should inspect the records and determine which one should be disposed in consultation with Manager records and provincial archivist.</li> <li>The Committee advised management that this matter seek urgent attention.</li> <li>Committee advised management that they must check the various legislations and regulations on record management when determining the retention periods because some documents may require more than five years' retention periods.</li> <li>Audit Committee advised the Compliance Officer that he should send the regulatory compliance universe report to the relevant department in order to update the compliance status on the relevant legislations.</li> </ul>												

**APPENDIX G - RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE (Cont)**

4th ORDINARY AUDIT COMMITTEE MEETING – 30 July 2021																	
ITEM NO	ITEM UNDER DISCUSSION	CONCERNS AND RECOMMENDATIONS															
<b>INFRASTRUCTURE SERVICES DEPARTMENT</b>																	
AC 21/35	2021 4th Quarter Infrastructure Report (Including initial plan, budget, progress report on spending, actual work done, variances and reasons) (April - June 2021) (SMI)	<p>The Audit Committee took note of the report and no recommendations and concerns were raised.</p> <p><i>The table below illustrates the expenditures in totals for the quarter:</i></p> <table border="1"> <thead> <tr> <th>Project Category</th> <th>Expenditure</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>MIG Funded</td> <td>R53 891 000.00</td> <td>99%</td> </tr> <tr> <td>INEP Funded</td> <td>R15 000 000.00</td> <td>97%</td> </tr> <tr> <td>Internal Funded</td> <td>R13 728 860.10</td> <td>98%</td> </tr> </tbody> </table>	Project Category	Expenditure	%	MIG Funded	R53 891 000.00	99%	INEP Funded	R15 000 000.00	97%	Internal Funded	R13 728 860.10	98%			
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<b>CORPORATE SERVICES DEPARTMENT</b>																	
AC 21/36	2020/2021 ICT 4th Quarter Steering Committee Report (April - June 2021) (ICT)	The Audit Committee raised a concern that the Manager ICT is absent without apology and without assigned delegated person to present the report. The Municipal Manager was requested to intervene in this matter.															
AC 21/37	2020/2021 4th Quarter Human Resources Report (must include section 56 managers' vacancies and signing of performance contracts) (April - June 2021) (SMCS)	<p>The Audit Committee took note of the report and raised a concern that the Municipality is operating with the acting positions in critical positions.</p> <p><i>There are three (3) vacancies of Directors/Senior Managers and one (1) for the Chief Finance Officer (CFO) and the progress on filling the positions is as follows:</i></p> <table border="1"> <thead> <tr> <th>No</th> <th>Position</th> <th>Progress</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Senior manager executive support</td> <td>To be filled after the new elected council</td> </tr> <tr> <td>2</td> <td>Senior manager planning Land, and local economic development</td> <td>To be filled after the new elected council</td> </tr> <tr> <td>3</td> <td>Senior manager infrastructure services</td> <td>To be filled after the new elected council</td> </tr> <tr> <td>4</td> <td>Chief financial officer</td> <td>To be filled after the new elected council</td> </tr> </tbody> </table>	No	Position	Progress	1	Senior manager executive support	To be filled after the new elected council	2	Senior manager planning Land, and local economic development	To be filled after the new elected council	3	Senior manager infrastructure services	To be filled after the new elected council	4	Chief financial officer	To be filled after the new elected council
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<b>EXECUTIVE SUPPORT DEPARTMENT</b>																	
AC 21/38	2020/2021 4th Quarter Council Resolutions Implementation Register/ Report (April - June 2021) (SMES)	The Audit Committee took note of the report and no recommendations and concerns were raised as all the resolutions were registered and implemented.															
<b>RISK MANAGEMENT</b>																	
AC 20/39	2020/2021 4th Quarter Risk Management Committee Report (April - June 2021) (CRO)	The Audit Committee took note of the report and no recommendations and concerns were raised.															
<b>INTERNAL AUDIT</b>																	
AC 20/40	2020/2021 4th Progress report on Internal Audit Annual Plan (April - June 2021) (IA)	<ul style="list-style-type: none"> <li>The Audit Committee took note of the report and appreciated the 100% achievement of the internal audit plan for the 2020/2021 financial year.</li> </ul>															



## SPECIAL MEETING

1 <sup>st</sup> SPECIAL AUDIT COMMITTEE MEETING – 23 AUGUST 2021		
ITEM NO	ITEM UNDER DISCUSSION	CONCERNS AND RECOMMENDATIONS
<b>MANAGEMENT REPORTS</b>		
AC 21/01	2020/2021 Annual Performance Report	<ul style="list-style-type: none"> <li>The Audit Committee took note of the report and raised concern that the target set for the SCM deviation to support the target achieved that it is not clear.</li> <li>Audit committee is concerned that there are inconsistencies on the presentation of the annual report as some departments there is a column for challenges and some departments there is a column for reason for non-achievement.</li> <li>Audit committee advised management to change the name of column in the annual performance report from reason for non-achievement to reason for variance to allow provision for reason for both under and over achievement.</li> </ul>
AC 21/02	Progress on 2019/2020 AG Action plan (Report on how qualification paragraphs were addressed in the current AFS)	<ul style="list-style-type: none"> <li>Audit committee is concerned about how the measuring and comparison of readings done and the fact that there is a huge variance between the readings from Municipality and Eskom.</li> <li>Audit committee is concerned that there are 6 audit findings that are not addressed from the Action Plan.</li> </ul>
<b>FINANCE</b>		
AC 21/03	2020/2021 Annual Financial Statements	<ul style="list-style-type: none"> <li>Audit Committee advised Acting CFO to meet with internal audit to address the finding raised and submit the outstanding documents.</li> <li>Audit committee advised that when the acting CFO prepares the financial statement, they should do a thorough check to ensure that all item that needs to be disclosed are included on the phase of the financials.</li> <li>Audit committee advised management to familiarize themselves with the new GRAP standard 18.</li> </ul>
<b>INTERNAL AUDIT</b>		
AC 21/04	2020/2021 Internal Audit Report on Annual Performance Report	<ul style="list-style-type: none"> <li>The Audit Committee took note of the report and no recommendations and concerns were raised.</li> </ul>
AC 21/05	2020/2021 Internal Audit Report on Annual Financial Statements	<ul style="list-style-type: none"> <li>Audit committee suggested that after the meeting acting CFO should have a meeting with internal audit to go through the report together and submit the remaining documents to address all findings raised.</li> <li>Audit committee is concerned that the impact and nature of the notes on prior period errors is not shown on the AFS.</li> </ul>

**ORDINARY MEETING**

1 <sup>st</sup> ORDINARY AUDIT COMMITTEE MEETING – 22 October 2021		
ITEM NO	ITEM UNDER DISCUSSION	CONCERNS AND RECOMMENDATIONS
<b>MANAGEMENT REPORTS</b>		
AC 21/1	2021/2022 1st Quarter Performance Report (July-September 2021) (MM)	<ul style="list-style-type: none"> <li>• The Audit Committee took note of the report that stated that the Municipality has achieved 86% on performance target.</li> <li>• The Audit Committee raised concern under the Development Planning Department KPAs that for the target of 14 SMME's, only 6 were implemented as per the progress reported yet the KPI is reported as achieved while not achieved.</li> <li>• Audit Committee advised management create a column in the report to state reasons for variance, whether KPI is under or over achieved.</li> </ul>
AC 21/17	2021/2022 1st Quarter Litigation Report (July-September 2021) (Manager Legal Services)	<ul style="list-style-type: none"> <li>• The Audit Committee took note of the report with Two (2) new cases as follows:               <ul style="list-style-type: none"> <li>o Labour Court, filed notice of intention to oppose on the 30 May 2021.</li> <li>o The Municipality got served with summons from Peri Formwork Scaffolding Engineering Ltd (PTY) and the plea is due to be filed on the 06 may 2021.</li> </ul> </li> <li>• Audit Committee advised management to add a column in the report that will reflect how much was paid in terms of Legal Fee Attorneys</li> <li>• No recommendations and concerns were raised.</li> </ul>
<b>FINANCE</b>		



## ORDINARY MEETING (Cont)

1 <sup>st</sup> ORDINARY AUDIT COMMITTEE MEETING – 22 October 2021																						
ITEM NO	ITEM UNDER DISCUSSION	CONCERNS AND RECOMMENDATIONS																				
AC 21/18	<p>2021/2022 1<sup>st</sup> Quarter Finance Report on the following:</p> <p>a) Unauthorised/ Irregular and Fruitless and wasteful expenditure (UIF)</p> <p>b) Debt collection</p> <p>c) Section 52 Report</p> <p>d) Supply Chain / Procurement Report</p> <p>e) Overtime Report</p> <p>(July-September 2021) (CFO)</p>	<p>The Audit Committee took note of the reports and raised a concern on the high spending on over-time within Community Services Department.</p> <p>a) <b>Unauthorised/Irregular and Fruitless and wasteful expenditure (UIF)</b></p> <p>The table below illustrates the expenditures in total for quarter 1</p> <table border="1"> <thead> <tr> <th colspan="2">Cumulative figures as at end of Quarter 1 of 2021/2022 financial year</th> </tr> </thead> <tbody> <tr> <td>Total Unauthorized expenditure</td> <td>R0.00</td> </tr> <tr> <td>Total irregular expenditure</td> <td>R6 245 917.00</td> </tr> <tr> <td>Total fruitless and wasteful expenditure</td> <td>R202 734.51</td> </tr> </tbody> </table> <p><b>Refer to annexure A for detailed expenditures</b></p> <p>b) <b>Debt collection</b></p> <p>The table below illustrates the revenue collected in total for quarter 1:</p> <table border="1"> <thead> <tr> <th>Month</th> <th>Revenue collected</th> <th>Revenue %</th> </tr> </thead> <tbody> <tr> <td>July</td> <td>R15 438 934</td> <td>87%</td> </tr> <tr> <td>August</td> <td>R14 583 739</td> <td>80%</td> </tr> <tr> <td>September</td> <td>R15 347 296</td> <td>88%</td> </tr> </tbody> </table> <p>c) <b>Supply Chain /Procurement Report</b></p> <p>Deviations - no deviations were processed during first quarter</p> <p>d) <b>Overtime Report</b></p> <p>The departmental proportional contribution towards overtime expenditure is as follows:</p> <ul style="list-style-type: none"> <li>Community Services – 77,87%</li> <li>Infrastructure – 20,25%</li> <li>Finance – 1,03%</li> <li>Executive Support – 0,85%</li> </ul> <p><b>Refer to annexure B for detailed expenditures</b></p> <p>The Audit Committee requested that management should adjust the project that are on hold to zero weighted during the SDBIP adjustment.</p>	Cumulative figures as at end of Quarter 1 of 2021/2022 financial year		Total Unauthorized expenditure	R0.00	Total irregular expenditure	R6 245 917.00	Total fruitless and wasteful expenditure	R202 734.51	Month	Revenue collected	Revenue %	July	R15 438 934	87%	August	R14 583 739	80%	September	R15 347 296	88%
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AC 21/33	<p>2020/2021 4<sup>th</sup> Quarter Overtime Report (April - June 2021) (CFO)</p>	<ul style="list-style-type: none"> <li>The Audit Committee raised a concern that the employees from Electrical and Solid Waste employees have exceeded the threshold for overtime. Management responded that arrangement has been put in place to limit their hourly rate to enable the overtime expenditure to be within the threshold.</li> <li>The Audit Committee advised management to implement the overtime standard operating procedure manual as this will serve as a prevention measures for excessive overtime.</li> </ul>																				



## ORDINARY MEETING (Cont)

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<b>COMPLIANCE REPORTS</b>																	
AC 21/23	2021/2022 1st Quarterly Compliance Report (July-September 2021) (CCO)	<ul style="list-style-type: none"> <li>• The Audit Committee took note of the report and recommended the below:               <ul style="list-style-type: none"> <li>o The Compliance Unit to indicate on the report the recurring findings</li> <li>o The Compliance Unit to add on the report the tracker indicating the findings</li> <li>o that was raised and the progress on the implementation of the action plan</li> </ul> </li> </ul>															
<b>INFRASTRUCTURE SERVICES DEPARTMENT</b>																	
AC 21/24	2021/2022 1st Quarter Infrastructure Report (Including initial plan, budget, progress report on spending, actual work done, variances and reasons) (July-September 2021) (SMI)	<ul style="list-style-type: none"> <li>• The Audit Committee took note of the report and raised a concern of none alignment between budget spending and project status. The budget spending is high when comparing with the project status is low, e.g. Tafelkop project the budget spending 45% and project status 0%.</li> </ul> <p><b>The table below illustrates the expenditures in totals for the quarter:</b></p> <table border="1" style="margin-left: 20px;"> <thead> <tr> <th>Project Category</th> <th>Expenditure</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>MIG Funded</td> <td>R19 373 519.95</td> <td>33%</td> </tr> <tr> <td>INEP Funded</td> <td>R767 013.55</td> <td>4%</td> </tr> </tbody> </table>	Project Category	Expenditure	%	MIG Funded	R19 373 519.95	33%	INEP Funded	R767 013.55	4%						
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<b>CORPORATE SERVICES DEPARTMENT</b>																	
AC 21/25	2021/2022 ICT 1st Quarter Steering Committee Report (July- September 2021) (ICT)	<ul style="list-style-type: none"> <li>• The Audit Committee took note of the report and raised a concern regarding the budget allocated to ICT Unit. Management was requested to increase the budget allocation for ICT in the next budget adjustment to enable ICT Unit to install the record management system as municipal records are not safe in the building. All manual records may not be recovered in case of disaster.</li> <li>• The Audit Committee requested Manager ICT to add in the report the audit findings and the status of implementation, in order to avoid recurring findings.</li> </ul>															
AC 21/26	2021/2022 1st Quarter Human Resources Report (must include section 56 managers' vacancies and signing of performance contracts) (July-September 2021) (SMCS)	<p>The Audit Committee took note of the report and raised a concern that the Municipality is operating with the acting positions in critical positions.</p> <p>There are three (3) vacancies of Directors/Senior Managers and one (1) for the Chief Finance Officer (CFO) and the progress on filling the positions is as follows:</p> <table border="1" style="margin-left: 20px;"> <thead> <tr> <th>No</th> <th>Position</th> <th>Progress</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Senior manager executive support</td> <td>To be filled after the new elected council</td> </tr> <tr> <td>2</td> <td>Senior manager planning Land, and local economic development</td> <td>To be filled after the new elected council</td> </tr> <tr> <td>3</td> <td>Senior manager infrastructure services</td> <td>To be filled after the new elected council</td> </tr> <tr> <td>4</td> <td>Chief financial officer</td> <td>To be filled after the new elected council</td> </tr> </tbody> </table>	No	Position	Progress	1	Senior manager executive support	To be filled after the new elected council	2	Senior manager planning Land, and local economic development	To be filled after the new elected council	3	Senior manager infrastructure services	To be filled after the new elected council	4	Chief financial officer	To be filled after the new elected council
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<b>EXECUTIVE SUPPORT DEPARTMENT</b>																	
AC 21/27	2021/2022 1st Quarter Council Resolutions Implementation Register/Report (July- September 2021) (SMES)	The Audit Committee took note of the report and no recommendations and concerns were raised as all the resolutions were registered and implemented.															



## ORDINARY MEETING (Cont)

1 <sup>st</sup> ORDINARY AUDIT COMMITTEE MEETING – 22 October 2021		
ITEM NO	ITEM UNDER DISCUSSION	CONCERNS AND RECOMMENDATIONS
<b>RISK MANAGEMENT</b>		
AC 21/28	2021/2022 1st Quarter Risk Management Committee Report (July- September 2021) (CRO)	Audit Committee deferred the report to the next meeting as there was no representative from Risk unit to present the report.
<b>INTERNAL AUDIT</b>		
AC 21/29 AC 21/30	2021/2022 1st Quarter Progress report on Internal Audit Annual Plan (July- September 2021) (IA)	<ul style="list-style-type: none"> <li>The Audit Committee took note of the report and appreciated the 100% achievement of the 1<sup>st</sup> quarter progress on implementation of the internal audit plan for the 2021/2022 financial year.</li> <li>The Audit Committee took note of the Internal Audit Reports</li> </ul>

## SPECIAL MEETINGS

### 2nd Special Meeting

2 <sup>nd</sup> SPECIAL AUDIT COMMITTEE MEETING – 21 OCTOBER 2021		
ITEM NO	ITEM UNDER DISCUSSION	CONCERNS AND RECOMMENDATIONS
<b>MANAGEMENT REPORTS</b>		
AC 21/06 AC 21/07	2020/2021 AGSA Engagement Letter 2020/2021 AGSA Audit Strategy	<ul style="list-style-type: none"> <li>The Audit Committee took note of the AGSA Engagement Letter and Audit Strategy and raised the below concerns. <ul style="list-style-type: none"> <li>The Audit Committee is concerned of the fees increment of 7% as compared to other municipalities and national government who received less than 5% increased fees</li> <li>The Audit Committee is concerned that the 7% increase is not the true reflection of the budget increase as the budget was compared to the actual amount.</li> <li>Furthermore, the Audit Committee is concern that while the audit team is still the same as of previous year, the time planned for the audit increased with over 360 hours, the fees also increased while is it assumed that the same planning documents such as the system descriptions and audit programs of the previous audit will be used.</li> <li>The Audit Committee is concerned about the high pricing of travel and subsistence.</li> </ul> </li> </ul>

### 3rd Special Meeting

3 <sup>rd</sup> SPECIAL AUDIT COMMITTEE MEETING – 10 DECEMBER 2021		
ITEM NO	ITEM UNDER DISCUSSION	CONCERNS AND RECOMMENDATIONS
<b>MANAGEMENT REPORTS</b>		
AC 21/09 AC 21/09	2020/2021 AGSA Audit Management Report 2020/2021 AGSA Audit Report	<ul style="list-style-type: none"> <li>The Audit Committee took note of the AGSA Audit Management Report and AGSA Audit Report and raised concern about the high number of non-compliance issues raised by AGSA and requested MM to provide the strategy on how municipality is going to address the issues</li> <li>The Audit Committee requested AGSA to share the pre adjustments made for management to develop an action plan on the matters and to prevent them being raised again in the coming financial year</li> </ul>

**SPECIAL MEETINGS**

4 <sup>th</sup> SPECIAL AUDIT COMMITTEE MEETING – 23 JANUARY 2022		
ITEM NO	ITEM UNDER DISCUSSION	CONCERNS AND RECOMMENDATIONS
<b>MANAGEMENT REPORTS</b>		
AC 21/11	2020/2021 Draft Annual Report	<p>The Audit Committee took note of the Draft Annual Report and recommended the report with subject to all inputs incorporated before submission with the following supporting documents:</p> <ul style="list-style-type: none"> <li>o AGSA Report</li> <li>o Audit Committee Report</li> <li>o Audit Action Plan</li> <li>o Audited AFS</li> <li>o Oversight Report</li> </ul>
AC 21/12	2021 Mid-year Performance Report	<p>The Audit Committee took note of the Report and raised the following:</p> <ul style="list-style-type: none"> <li>• Audit Committee raised a concern on the capital expenditure and conditional grant that were not spend and recommended that the institution should perform over 50% of spending for good assessment results by National Treasury.</li> <li>• Audit Committee advise management to measure the KPI of air conditions with a number and not in percentage as it is a unit of number</li> <li>• Audit Committee advise management to take in to consideration and implement all requirements of section 72 of the MFMA</li> <li>• Audit Committee advise management to develop Material Variance Policy</li> <li>• Audit Committee advise management to develop a process plan for the Annual and Mid-Year Performance Assessment Reports</li> </ul>
AC 21/13	2021/2022 Internal Audit Report on Mid-Year Performance Assessment Report	<p>The Audit Committee took note of the Report and raised the following:</p> <ul style="list-style-type: none"> <li>• Audit Committee raised a concern of deadlines that the Annual Report should be submitted to council in a day and yet there are quite a lot of findings to address and requested that MM should oversee and ensure that all inputs are incorporated and internal audit findings addressed before submission of the Mid-Year Report</li> <li>• Audit Committee raised a concern that we still having non alignment issues between IDP, SDBIP, Budget and mid-year performance report as per internal audit report that can lead to an audit query or regression on our audit opinion.</li> </ul>



## SPECIAL MEETINGS

5 <sup>th</sup> SPECIAL AUDIT COMMITTEE MEETING – 23 FEBRUARY 2022		
ITEM NO	ITEM UNDER DISCUSSION	CONCERNS AND RECOMMENDATIONS
MANAGEMENT REPORTS		
AC 21/14	2020/2021 Internal Audit Report on adjusted SDBIB and Budget.	<ul style="list-style-type: none"> <li>• Audit Committee welcomed the report as presented without concerns.</li> <li>• Audit Committee advised management to avail the technical indicators description manual (data sheet) to members of the committee so that they can assist in shaping it to meets the description of description manual for KPI's.</li> <li>• Audit Committee advised management to consider the review of Data Sheets in the 2022/2023 FY in the Internal Audit Plan</li> </ul>
AC 21/15	2021/2022 adjusted SDBIB	<p>The Audit Committee took note of the Report and raised the following:</p> <ul style="list-style-type: none"> <li>• Audit Committee raised a concerned that the KPI for Number of strategic and operational risk assessment conducted is conducted quarterly while the assessment should be done annually.</li> <li>• Audit Committee raised a concerned that some KPI e.g. number of LLF meetings held, are not clear as to what the KPI seek to achieve</li> <li>• Audit Committee raised a concerned that the budget was significantly decreased for Reticulation of stands with electrical infrastructure at Vlakfontein yet the target has not been changed.</li> <li>• The adjusted SDBIP was recommended for council approval with the incorporation of the inputs made.</li> <li>• Audit Committee advised management to relook and strengthen the evidence or POE required for verification of the achievement to align with the achievement.</li> </ul>
AC 21/16	2021 Adjusted budget	<p>The Audit Committee took note of the Report and raised the following:</p> <ul style="list-style-type: none"> <li>• Audit Committee raised a concern that there is no narration for property rates on what informed the significant adjustment upwards from R38m to R42m.</li> <li>• Audit Committee raised a concern on investment revenue that we planned to invest for 5 months and there is only 4 months left before year end. The committee advised that investments must be in line with the financial year</li> <li>• Audit Committee raised a concern on the delay on acquiring the speed cameras when we are supposed to be generating more revenue on.</li> <li>• Audit Committee raised a concern that our debtors are growing up and impairment are more or less the same. That indicate that the strategy in place is not working as intended.</li> </ul>



## ORDINARY MEETING

2 <sup>nd</sup> ORDINARY AUDIT COMMITTEE MEETING – 11 FEBRUARY 2022		
ITEM NO	ITEM UNDER DISCUSSION	CONCERNS AND RECOMMENDATIONS
<b>MANAGEMENT REPORTS</b>		
AC 22/10	2021/2022 2 <sup>nd</sup> Progress report on Internal Audit Annual Plan (October-December 2021) (IA)	The Audit Committee took note of the report, raised concern that Internal Auditors were not trained for the entire financial year and advised that the Accounting Officer should allocate budget for training of internal audit staff during budget adjustment.
AC 22/9	2021/2022 2 <sup>nd</sup> Quarter Risk Management Committee Report (October - December 2021) (CRO)	The Audit Committee took note of the report and advised that management should add a column that will show the movement of risk against the action plans from the last quarter to the current quarter in order to monitor the progress made.
AC22/4	2021/2022 2 <sup>nd</sup> Quarterly Compliance Report (October – December 2021) (C&O)	<ul style="list-style-type: none"> <li>• The Audit Committee took note of the report and advised that since POPIA affects the whole Municipality, therefore it should not be left to one particular division and recommended all other division must participate in the implementation and compliance of the Act.</li> <li>• The Audit Committee requested that Manager Compliance provides the compliance regulatory universe tracker going forward so that they can analyse the progress made.</li> <li>• The Audit Committee advised that the manager compliance need to indicate the recurring findings in the report.</li> <li>• The Audit Committee advised that compliance Office should take note of the new regulation on Municipal Staff Regulations.</li> </ul>
AC 22/3	2021/2022 2 <sup>nd</sup> Quarter Litigation Report (October – December 2021) (Manager Legal Services)	<p>The Audit Committee took note of the Report and raised the following:</p> <ul style="list-style-type: none"> <li>• Audit Committee advised that Manager Legal should add commencement dates of cases as it will assist the committee to understand how long it took the municipality to actually finalize cases.</li> <li>• Legal Manager was advised to also include the legal fees spent for each case in order for the members to perform a cost benefit analysis.</li> <li>• Legal Manager is advised to separate civil and labour cases for statistical purposes</li> <li>• Audit Committee advised the legal and finance department to look into GRAAP 19 in details regarding treatment and provision of legal matters.</li> <li>• The Municipality should also guard against the provision for contingent asset and liabilities.</li> </ul>
<b>FINANCE</b>		



## ORDINARY MEETING (Cont)

2 <sup>nd</sup> ORDINARY AUDIT COMMITTEE MEETING – 11 FEBRUARY 2022																						
ITEM NO	ITEM UNDER DISCUSSION	CONCERNS AND RECOMMENDATIONS																				
AC22/3	2021/2022 2nd Quarter report on Unauthorised/ Irregular and Fruitless and wasteful expenditure (UIF)	<p>The Audit Committee took note of the reports and raised the following concerns:</p> <ul style="list-style-type: none"> <li>The high spending on overtime within Community Services Department.</li> <li>Audit Committee raised a concern that the Municipality is at an urge of financial recovery. The Municipality is only left with R76million which is invested and not immediately available to pay creditors.</li> <li>Audit Committee is concerned that the cost coverage ratio presented indicates that the Municipality is not in a good financial position and the operational costs of the Municipality still need to be covered</li> <li>Audit Committee requested the opportunity to review the current budget policy and make inputs.</li> </ul> <p><b>The Audit Committee advised as follows:</b></p> <ul style="list-style-type: none"> <li>Audit Committee advised that the overtime issue must also be discussed at a level of LLF so that everyone understand the process and application of the internal controls in place.</li> <li>The Municipality should ensure that where they collect more revenue the services are rendered to maintain the good collection rate.</li> <li>Audit Committee advised the municipality to prepare a financial recovery plan as there is a risk that the municipality can be put under administration.</li> <li>The cost cutting measures needs to be strengthens in order to manage the current situation.</li> <li>Audit Committee advised that the municipality need to develop an SCM deviation check list.</li> <li>CFO should engage the bank to find out if the current bank account can be upgraded to put the suggested internal controls whereby a customer can select Elias Motsoaledi as a beneficiary when making payments.</li> <li>All material variances to be explained in detail.</li> <li>Audit Committee advised the Acting CFO not to proceed with the appropriation of the Land Affairs Grant until approval is received in writing from the National Treasury.</li> <li>Compliance Office to review compliance of the various legislation relating to the application of overtime and report back to Audit Committee.</li> </ul> <p><b>Unauthorised/Irregular and Fruitless and wasteful expenditure (UIF)</b></p> <p>The table below illustrates the expenditures in total for quarter 2</p> <table border="1"> <thead> <tr> <th colspan="2">Cumulative figures as at end of Quarter 1 of 2021/2022 financial year</th> </tr> </thead> <tbody> <tr> <td>Total Unauthorized expenditure</td> <td>R0.00</td> </tr> <tr> <td>Total irregular expenditure</td> <td>R23 312 416.00</td> </tr> <tr> <td>Total fruitless and wasteful expenditure</td> <td>R316 295.06</td> </tr> </tbody> </table> <p><b>Refer to annexure A for detailed expenditures</b></p> <ul style="list-style-type: none"> <li><b>Debt collection</b></li> </ul> <p>The table below illustrates the revenue collected in total for quarter 2:</p> <table border="1"> <thead> <tr> <th>Month</th> <th>Revenue collected</th> <th>Revenue %</th> </tr> </thead> <tbody> <tr> <td>October</td> <td>R140 398 956.35</td> <td>57%</td> </tr> <tr> <td>November</td> <td>R138 982 807.82</td> <td>115%</td> </tr> <tr> <td>December</td> <td>R140 813 315.64</td> <td>87%</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li><b>Supply Chain /Procurement Report</b></li> </ul> <p>Deviations - no deviations were processed during first and second quarter</p> <ul style="list-style-type: none"> <li><b>Overtime Report</b></li> </ul> <p>The departmental proportional contribution towards overtime expenditure is as follows:</p> <ul style="list-style-type: none"> <li>Community Services – 73.3%</li> <li>Infrastructure – 23,74%</li> <li>Executive Support – 1,81%</li> <li>Finance – 0,81%</li> </ul> <p><b>Refer to annexure B for detailed expenditures</b></p>	Cumulative figures as at end of Quarter 1 of 2021/2022 financial year		Total Unauthorized expenditure	R0.00	Total irregular expenditure	R23 312 416.00	Total fruitless and wasteful expenditure	R316 295.06	Month	Revenue collected	Revenue %	October	R140 398 956.35	57%	November	R138 982 807.82	115%	December	R140 813 315.64	87%
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## ORDINARY MEETING (Cont)

2 <sup>nd</sup> ORDINARY AUDIT COMMITTEE MEETING – 11 FEBRUARY 2022											
ITEM NO	ITEM UNDER DISCUSSION	CONCERNS AND RECOMMENDATIONS									
AC22/5	2021/2022 2 <sup>nd</sup> Quarter Infrastructure Report (Including initial plan, budget, progress report on spending, actual work done, variances and reasons) (October - December 2021) (SMI).	<ul style="list-style-type: none"> <li>The Audit Committee took note of the report and raised a concern of non-alignment between budget spending and project status. The budget spending is high when comparing with the project status is low.</li> <li>The Audit Committee advised management to submit an acceleration plan for capital projects that are still in progress to Audit Committee for review and monitoring.</li> </ul> <p><b>The table below illustrates the expenditures in totals for the quarter:</b></p> <table border="1"> <thead> <tr> <th>Project Category</th> <th>Expenditure</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>MIG Funded</td> <td>R32 548 969.39</td> <td>59%</td> </tr> <tr> <td>INEP Funded</td> <td>R871 472.29</td> <td>0%</td> </tr> </tbody> </table>	Project Category	Expenditure	%	MIG Funded	R32 548 969.39	59%	INEP Funded	R871 472.29	0%
Project Category	Expenditure	%									
MIG Funded	R32 548 969.39	59%									
INEP Funded	R871 472.29	0%									
<b>CORPORATE SERVICES DEPARTMENT</b>											
AC22/6	2021/2022 ICT 2 <sup>nd</sup> Quarter Steering Committee Report (October-December 2021) (ICT)	<p>The Audit Committee took note of the report and raised concerns as follows:</p> <ul style="list-style-type: none"> <li>Audit Committee indicated that they are concerned about the lack of budget for ICT policies and systems.</li> <li>The picture relating to lack of budget painted by ICT manager in his reports is alarming and require urgent attention from Management.</li> <li>The Audit Committee raised a concern that lack of ICT policies will prevent them to perform proper oversight on ICT security issues.</li> <li>Audit Committee advised management to make provision of budget for ICT.</li> <li>Audit Committee advised management to make commitments and action plans to address challenges relating to ICT budget.</li> <li>Audit Committee advised ICT to sell itself to management on various issues especially on the integration of some projects to show that ICT can add value in the projects and services of the Municipality</li> </ul>									
AC22/7	2021/2022 2 <sup>nd</sup> Quarter Human Resources Report (must include section 56 managers' vacancies and signing of performance contracts) (October - December 2021) (SMCS).	<ul style="list-style-type: none"> <li>Audit Committee noted the presentation by the Director Corporate Services however raised a concern that the report is only made verbally and no document is attached.</li> <li>Director Corporate Services presented that there will be a special meeting with council to request approval for advertisement of all vacant senior manager's positions.</li> <li>Audit Committee requested that Corporate Services should develop a comprehensive report on human resource issues.</li> <li>ICT unit should establish an ICT Steering Committee that will deal with ICT related issues and ensure that ICT services are fully implemented in the Municipality.</li> </ul>									
<b>EXECUTIVE SUPPORT DEPARTMENT</b>											
AC22/8	2021/2022 2 <sup>nd</sup> Quarter Council Resolutions Implementation Register/ Report (October - December 2021) (SMES)	The Audit Committee took note of the report and no recommendations and concerns were raised.									



## SPECIAL MEETINGS

6 <sup>th</sup> SPECIAL AUDIT COMMITTEE MEETING – 19 and 30 MAY 2022		
ITEM NO	ITEM UNDER DISCUSSION	CONCERNS AND RECOMMENDATIONS
MANAGEMENT REPORTS		
AC 21/18	2022/2023 IDP	<p>The Audit Committee took note of the IDP and raised the following concerns:</p> <ul style="list-style-type: none"> <li>The Audit Committee raised a concern that Audit Committee, Performance Audit Committee and committee of Council are not included in the list of committees established.</li> <li>The Audit Committee recommended that the appointments dated of the Audit Committee should be aligned.</li> <li>The Audit Committee raised a concern that the municipality is in the first year of new council and the IDP does not have 5 years' view as it covers 2020/2021 to 2025/2026 Financial years instead of covering 2021/2022 to 2026/2027.</li> <li>The Audit Committee raised a concern that the IDP contain the outdated data.</li> <li>Audit Committee raised a concern that volume of the document although reduced however there was still a lot of academic data that has no direct impact to the IDP.</li> <li>Audit Committee raised a concern that programs were not consistence across the document, some program were on the annual plan however not reflect on the summary of the program.</li> <li>The Audit Committee advised management to include Audit Committee, Performance Audit Committee and committee of Council on the list of committees established in the next review.</li> <li>The Audit Committee advised management to review the policies and by-laws.</li> <li>The Audit Committee advised management to factor in the IDP the strategic Risk Register with mitigation measures and Waste Management Plan.</li> </ul>

7 <sup>th</sup> SPECIAL AUDIT COMMITTEE MEETING – 27 JUNE 2022		
ITEM NO	ITEM UNDER DISCUSSION	CONCERNS AND RECOMMENDATIONS
MANAGEMENT REPORTS		
AC 21/22	2022/2023 Draft Risk Management Plan	<ul style="list-style-type: none"> <li>The Audit Committee welcomed and noted the report with no concerns. The Committee advised CRO to Include combine assurance activities in the Risk Management Plan.</li> </ul>
AC 21/23	Risk Management Strategies <ul style="list-style-type: none"> <li>Draft Risk Management strategy</li> <li>Draft Anti- Fraud and Corruption Strategy</li> </ul>	<p>The Audit Committee took note of the report and raised concerns as follows:</p> <ul style="list-style-type: none"> <li>Audit Committee is concerned that there are no roles and responsibilities of Risk Management Champions in the draft Risk Management Strategy.</li> <li>Audit Committee is concerned there is a tolerance range for authorized expenditure, fruitless and wasteful and irregular expenditure that should not be there.</li> <li>Audit Committee is concerned that the alignment of the Anti-Fraud and corruption strategy and Internal Audit plan as the strategy states that Internal Audit perform surprise audits as well as forensic Audit while the Internal audit plan does not include those assignments. CRO was requested to adjust the strategy to be aligned with Internal Audit Plan.</li> <li>Audit Committee advised management to replace the heading of statute of Anti-Fraud and corruption to policies or procedures because what is listed under the heading statute, is not correct as statute refer to Acts of parliament that have been promulgated.</li> <li>Audit Committee advised management to be clear on who is responsible for investigations</li> <li>Audit Committee advised management to include Code of conduct for councilors in the Anti-Fraud and corruption strategy.</li> </ul>



## SPECIAL MEETINGS (Cont)

7 <sup>th</sup> SPECIAL AUDIT COMMITTEE MEETING – 27 JUNE 2022		
ITEM NO	ITEM UNDER DISCUSSION	CONCERNS AND RECOMMENDATIONS
AC 21/24	<p>Risk Management Policies</p> <ul style="list-style-type: none"> <li>• Draft Risk Management Committee Charter</li> <li>• Draft Risk Management Policy</li> <li>• Draft Business Continuity Policy</li> <li>• Draft Councilors Protection Policy</li> </ul>	<p>The Audit Committee took note of the report and advised as follows:</p> <ul style="list-style-type: none"> <li>• Audit Committee advised management to include the aspect of contract termination in the charter.</li> <li>• Audit Committee advised management to appoint an independent external Risk Committee Chairperson.</li> <li>• Audit Committee advised management to make the role of individual councilors clear in the Draft Councilors Protection Policy.</li> </ul>
AC 21/25	<p>Draft Strategic and 2022/2023 Operational Internal Audit Plan</p>	<p>Audit Committee took note of the Draft Strategic and 2022/2023 Operational Internal Audit Plan and raised the concerns as follows:</p> <ul style="list-style-type: none"> <li>• The plan is aligned with the old structure as the new staff establishment is not yet approved by Council that may affect hours planned for the year.</li> <li>• Audit Committee advised management to reflect the financial implication for outsourced activities.</li> </ul>
AC 20/26	<p>2021/2022 Internal Audit Policies</p> <ul style="list-style-type: none"> <li>• Draft Internal Audit Charter</li> <li>• Draft Audit Committee Charter</li> <li>• Draft Internal Audit Methodology</li> </ul>	<ul style="list-style-type: none"> <li>• Audit Committee took note of the Internal Audit and Audit Committee charters with no concerns, however made recommendations and inputs that need to be incorporated before approval. The committee requested that inputs provided should be incorporated and charters to be forwarded back to the committee for final review and approval.</li> </ul> <p>The following are some inputs:</p> <ul style="list-style-type: none"> <li>• Audit Committee advised management not to summarize certain information as important aspect may be hidden</li> <li>• Audit Committee advised management to highlight the role of Audit Committee Misconduct Board, POPIA, circular 65 requirements, sections adopted from King IV report and time frames for external assessment in the charter.</li> <li>• Audit Committee requested Internal Audit to cluster correctly information under independence paragraph mainly on the relationship between Internal Audit and Audit Committee.</li> <li>• Audit Committee note and approves the 2022/2023 Internal Audit Methodology with no concerns and inputs.</li> </ul>



## ORDINARY MEETING

2 <sup>nd</sup> ORDINARY AUDIT COMMITTEE MEETING – 25 APRIL and 9 MAY 2022		
ITEM NO	ITEM UNDER DISCUSSION	CONCERNS AND RECOMMENDATIONS
<b>MANAGEMENT REPORTS</b>		
AC 22/12 AC 22/13 AC 22/14	<ul style="list-style-type: none"> <li>- 2021/2022 3rd Quarter Progress report on Internal Audit Annual Plan (January - March 2022)</li> <li>- 2021/2022 Internal Audit Reports (January - March 2022)</li> <li>- 2020/2021 AG Action Plan</li> </ul>	<ul style="list-style-type: none"> <li>• The Audit Committee took note of the report, raised concern that Internal Auditors were not trained for the entire financial year and advised that the Accounting Officer should allocate budget for training of Internal Audit staff during budget adjustment.</li> <li>• Audit Committee raised a concern that there are still misalignments recurring on the SDBIP and Budget. This proves that there is no strategy in place to ensure alignment of the 2 documents.</li> <li>• The Audit Committee is concerned that the municipality is moving very slow in terms of addressing findings raised by Internal Audit. The progress is not satisfying for most departments.</li> <li>• The Audit Committee is concerned that some Service Level Agreements have not been fully signed by both parties, specifically the contractors as evidence that they acknowledge and accepted the offer.</li> <li>• Audit Committee advised management to come with controls that will force contactors to sign SLA. Also advised the CFO not to process payment of contractors who failed to sign service level agreement(SLA) as an internal control.</li> <li>• Audit Committee chairperson promised one on one meeting with the Municipal manager to discuss and develop internal controls that will add value to the organisation and that will prevent unnecessary and costly litigations.</li> </ul>
AC 22/15	2021/2022 3rd Quarter Risk Management Committee Report (January - March 2022)	<ul style="list-style-type: none"> <li>• The Audit Committee took note of the report with no concerns. The committee advised that management should add the Business Continuity Plan in the report.</li> <li>• The Audit Committee requested management to do follow ups on the appointment of the Risk Management Chairperson as it is a matter of urgency and compliance.</li> </ul>
AC22/16	2021/2022 3rd Quarterly Compliance Report (January - March 2022)	<ul style="list-style-type: none"> <li>• The Audit Committee took note of the report and raised a concern that monitoring of the service providers is not performed on monthly basis and advised that the Manager Compliance need to have a control tool that will assist that this particular activity is properly monitored on a monthly basis.</li> </ul>
AC22/17	2021/2022 3rd Quarter Performance Report (January - March 2022)	<ul style="list-style-type: none"> <li>• Audit Committee deferred the item to next meeting as Manager PMS was absent to the meeting and there was no one to present the report.</li> </ul>
AC 22/18	2021/2022 3rd Quarter Litigation Report (January - March 2022) (Manager Legal Services)	<p>The Audit Committee took note of the report and advised as follows:</p> <ul style="list-style-type: none"> <li>• Management to focus on the quarterly progress status when reporting and also avoid the use of legal language to allow people who are not legally qualified to also be able to understand the report.</li> <li>• Management to highlight in the summary the total expenditure for the quarter under review.</li> </ul>



## ORDINARY MEETING (Cont)

2<sup>nd</sup> ORDINARY AUDIT COMMITTEE MEETING – 25 APRIL and 9 MAY 2022

ITEM NO	ITEM UNDER DISCUSSION	CONCERNS AND RECOMMENDATIONS																				
<b>FINANCE</b>																						
AC22/19	2021/2022 2nd Quarter report on Unauthorized/ Irregular and Fruitless and wasteful expenditure (UIF)	<p>The Audit Committee took note of the reports and raised the following concerns:</p> <ul style="list-style-type: none"> <li>The financial difficulties that led to depletion of funds mainly on Repairs and Maintenance.</li> <li>The underperformance of INEP Grant caused by delays in the appointment of Service Providers. The late approval of design from Eskom also contributed to the late appointment of contractors.</li> </ul> <p><b>Unauthorized/Irregular and Fruitless and wasteful expenditure (UIF)</b></p> <p>The table below illustrates the expenditures in total for quarter 2</p> <table border="1"> <thead> <tr> <th colspan="2">Cumulative figures as at end of Quarter 1 of 2021/2022 financial year</th> </tr> </thead> <tbody> <tr> <td>Total Unauthorized expenditure</td> <td style="text-align: right;">R0.00</td> </tr> <tr> <td>Total irregular expenditure</td> <td style="text-align: right;">R31 894 919.00</td> </tr> <tr> <td>Total fruitless and wasteful expenditure</td> <td style="text-align: right;">R572 830.54</td> </tr> </tbody> </table> <p><b>Refer to annexure D for detailed expenditures</b></p> <p>Debt collection</p> <p>The table below illustrates the revenue collected in total for quarter 2:</p> <table border="1"> <thead> <tr> <th>Month</th> <th>Revenue collected</th> <th>Revenue %</th> </tr> </thead> <tbody> <tr> <td>January</td> <td style="text-align: right;">R140 398 956.35</td> <td style="text-align: right;">69%</td> </tr> <tr> <td>February</td> <td style="text-align: right;">R138 982 807.82</td> <td style="text-align: right;">75%</td> </tr> <tr> <td>March</td> <td style="text-align: right;">R140 813 315.64</td> <td style="text-align: right;">93%</td> </tr> </tbody> </table> <p>Supply Chain /Procurement Report</p> <p>Deviations - no deviations were processed during first and second quarter</p> <p><b>Overtime Report</b></p> <p>The departmental proportional contribution towards overtime expenditure is as follows:</p> <ul style="list-style-type: none"> <li>Community Services – 68.13%</li> <li>Infrastructure – 28.48%</li> <li>Executive Support – 1,29%</li> <li>Finance – 2.10%</li> </ul> <p>Refer to annexure D for detailed expenditures</p>	Cumulative figures as at end of Quarter 1 of 2021/2022 financial year		Total Unauthorized expenditure	R0.00	Total irregular expenditure	R31 894 919.00	Total fruitless and wasteful expenditure	R572 830.54	Month	Revenue collected	Revenue %	January	R140 398 956.35	69%	February	R138 982 807.82	75%	March	R140 813 315.64	93%
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## ORDINARY MEETING (Cont)

2 <sup>nd</sup> ORDINARY AUDIT COMMITTEE MEETING – 25 APRIL and 9 MAY 2022											
ITEM NO	ITEM UNDER DISCUSSION	CONCERNS AND RECOMMENDATIONS									
<b>INFRASTRUCTURE SERVICES DEPARTMENT</b>											
AC22/20	2021/2022 3rd Quarter Infrastructure Report (Including initial plan, budget, progress report on spending, actual work done, variances and reasons) (January - March 2022) (SMI)	<p><b>2021/2022 3rd Quarter Infrastructure Report (Including initial plan, budget, progress report on spending, actual work done, variances and reasons) (January - March 2022) (SMI)</b></p> <p>The Audit Committee took note of the report and raised a concerns as follows:</p> <ul style="list-style-type: none"> <li>• Audit Committee is concerned about the late appointment of most service providers for implementation of projects.</li> <li>• Audit Committee raised a concern that the actual completion dates are not captured and that will lead to targets not achieved at the correct or planned time.</li> <li>• Audit Committee raised a concern that some projects are overspending yet the progress is not satisfying.</li> <li>• Audit Committee is concerned about the value add with regards to the use of consultants as we have delays and expenses attached to the projects.</li> <li>• Audit Committee advised management to properly plan and seek support to avoid delays in the processes.</li> <li>• Audit Committee advised management to include overall performance report with regards to the number of the projects planned for the financial year versus the completed and not completed.</li> </ul> <p><b>The table below illustrates the expenditures in totals for the quarter:</b></p> <table border="1"> <thead> <tr> <th>Project Category</th> <th>Expenditure</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>MIG Funded</td> <td>R43 285 809.05</td> <td>75%</td> </tr> <tr> <td>INEP Funded</td> <td>R6 763 940.08</td> <td>31%</td> </tr> </tbody> </table>	Project Category	Expenditure	%	MIG Funded	R43 285 809.05	75%	INEP Funded	R6 763 940.08	31%
Project Category	Expenditure	%									
MIG Funded	R43 285 809.05	75%									
INEP Funded	R6 763 940.08	31%									
<b>CORPORATE SERVICES DEPARTMENT</b>											
AC22/21	2021/2022 ICT 3rd Quarter Steering Committee Report (January - March 2022)	<p>The Audit Committee took note of the report and raised concern and advised as follows:</p> <ul style="list-style-type: none"> <li>• Audit Committee raised a concern that there is a unauthorized expenditure with regards to the service provider expenditure that exceeded the budget</li> <li>• Audit Committee advised management to priorities the issue of procuring servers</li> <li>• Audit Committee advised management to consult and engage with Treasury if they can be assisted with resolving the issue of servers or get alternative option such as cloud at reasonable price.</li> <li>• Audit Committee advised management to write to Treasury and apply for exemptions of procuring ICT emergency services.</li> <li>• Audit Committee advised management to identify IT risks and highlight them in the ICT report to the Audit Committee for further management and advises.</li> </ul>									

**ORDINARY MEETING (Cont)**

2 <sup>nd</sup> ORDINARY AUDIT COMMITTEE MEETING – 25 APRIL and 9 MAY 2022		
ITEM NO	ITEM UNDER DISCUSSION	CONCERNS AND RECOMMENDATIONS
AC22/22	2021/2022 3rd Quarter Human Resources Report (must include section 56 manager's vacancies and signing of performance contracts) (January - March 2022)	<ul style="list-style-type: none"> <li>Audit Committee noted the presentation by the Director Corporate Services raised a concern that the overtime policy or SOP does not require an agreement between the official and head of department that should be in place before overtime is performed.</li> <li>The Audit Committee advised management to have a Human Resources Vacancy Report that highlight the timeframes as to when the position was vacant till it is filled to help in assessing the reasonability of time taken to fill the post and to help address challenges that may cause delays and also attend compliance matters.</li> </ul>
<b>PLANNING DEVELOPMENT AND LED</b>		
AC22/23	2021/2022 3rd Quarter Planning Development and LED Report (January - March 2022)	The Audit Committee took note of the report and no recommendations and concerns were raised as the report was submitted just few minutes before the meeting.
<b>COMMUNITY SERVICES</b>		
AC22/24	2021/2022 3rd Quarter Community Services Report (January - March 2022)	<ul style="list-style-type: none"> <li>The Audit Committee took note of the report and no recommendations and concerns were raised.</li> <li>The Audit Committee appreciate the assurance by Manager Public safety that overtime issues will be addressed going forward as Traffic officers will no longer work overtime unless as and when required in a matter of emergency.</li> </ul>
<b>EXECUTIVE SUPPORT DEPARTMENT</b>		
AC22/25	2021/2022 3rd Quarter Council Resolutions Implementation Register/ Report (January - March 2022)	The Audit Committee took note of the report and no recommendations and concerns were raised.



## APPENDIX H – LONG-TERM CONTRACTS AND PUBLIC PRIVATE PARTNERS

Long-Term Contracts (20 Largest Contracts Entered into 2021/2022)						
Number	Description of services rendered by service provider	Name of service provider (entity of municipal department)	Contract value	PERIOD		End User Dept.
				Start date of contract	Expiry date of contract	
1.	Upgrading of Dipakapakeng Access Road	Ralema Consulting Engineers  Katlego ya sentso JV Rural Blue Belt	R 19,527,356.48	01 July 21	18 Apr 22	Infrastructure
2.	Upgrading of Tafelkop Stadium Access Road	Afritec Consulting Engineers SDVK construction and Projects	R 18,313,805.49	01 July 21	21 Feb 23	Infrastructure
3.	Upgrading of Bloempoort to Uitspanning Access Road	Sejagobe Engineers Mwelase & Ntshiana JV	R 20,039,374.64	01 July 21	21 Feb 23	Infrastructure
4.	Refurbishment of Groblersdal landfill site	Ralema Consulting Engineers Moribo / Maditsi JV	R0.00	N/A	N/A	Infrastructure
5.	Electrification of Masakaneng	AES Consulting F-Tech Services Rural Blue Belt	R 6,405,745.19	01 July 21	30 June 22	Infrastructure
6.	Electrification of Masakaneng	AES Consulting F-Tech Services Rural Blue Belt	R 6,405,745.19	01 Jul 21	30 June 23	Infrastructure
7.	Electrification of Vlakfontein	NSK Electrical T.M Consortium	R1,480,809.85	01 Jul 21		Infrastructure
8.	Electrification of Matlala Lehwelere	NSK Electrical T.M Consortium	R2,620,000	01 Jul 21	30 June 23	Infrastructure
9.	Electrification of Ga Phosa	AES Consulting Lephata La Basha Trading	R3,975,425.80	01 Jul 21	30 June 23	Infrastructure
10.	Electrification of Rondebosc	Medupi Energy F-Tech Services	R1,440,815.33	01 Jul 21	30 June 23	Infrastructure
11.	Electrification of Maleoskop	Mogalemole Consulting Mwelase THOBS	R3,300,000.00	01 Jul 21	30 June 23	Infrastructure

**APPENDIX I - MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE****Not applicable****APPENDIX J - DISCLOSURES OF FINANCIAL INTERESTS**

Disclosures of Financial Interests		
Period 1 July 2021- 30 June 2022		
Position	Name	Description of Financial Interest* (Nil/or details)
( Mayor)	ClI: Mathebe L.J	Nil
Speaker	ClI: Tladi M.D	Nil
EXCO members	ClI:Matjomane G.D	Nil
	ClI: Phatlane A	Nil
	ClI: Ratlou S.W	Nil
	ClI: Mashilo M.S	Nil
	ClI: Phetla M.G	Nil
	ClI: Maloba A.M	Nil
	ClI: Shai K.C	50% Shareholder of Shaizo
	ClI: Kotze J.P	Nil
		Nil
Councillors	51 councillors	
Municipal Manager	Kgwale M.M	500 Ordinary Share Sasol Inzalo
Chief Financial Officer		
Other S57 Officials		
Director Community Services	Kegopotsemang	Nil
Director Corporate services	Matumane M.D	96 Public Shares- Sasol Inzalo

**APPENDIX K – REVENUE COLLECTION PERFORMANCE**

Description	2020/21	Budget Year 2021/22							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
<b>Revenue By Source</b>									
Property rates	39 442	38 865	42 616	3 345	39 913	42 616	(2 702)	-6%	42 616
Service charges - electricity revenue	88 812	104 214	121 343	8 179	99 127	121 343	(22 216)	-18%	121 343
Service charges - refuse revenue	8 926	9 276	9 568	781	9 383	9 568	(185)	-2%	9 568
Rental of facilities and equipment	956	898	958	66	805	958	(153)	-16%	958
Interest earned - external investments	585	1 900	2 432	60	1 780	2 432	(652)	-27%	2 432
Interest earned - outstanding debtors	17 041	12 860	18 360	1 758	18 755	18 360	396	2%	18 360
Fines, penalties and forfeits	2 861	65 071	30 986	14	380	30 986	(30 606)	-99%	30 986
Licences and permits	4 635	5 240	6 026	-	5 513	6 026	(513)	-9%	6 026
Other revenue	1 819	664	6 829	269	2 924	6 829	(3 904)	-57%	6 829
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>165 077</b>	<b>238 989</b>	<b>239 116</b>	<b>14 471</b>	<b>178 582</b>	<b>239 116</b>	<b>(60 535)</b>	<b>-26%</b>	<b>239 116</b>



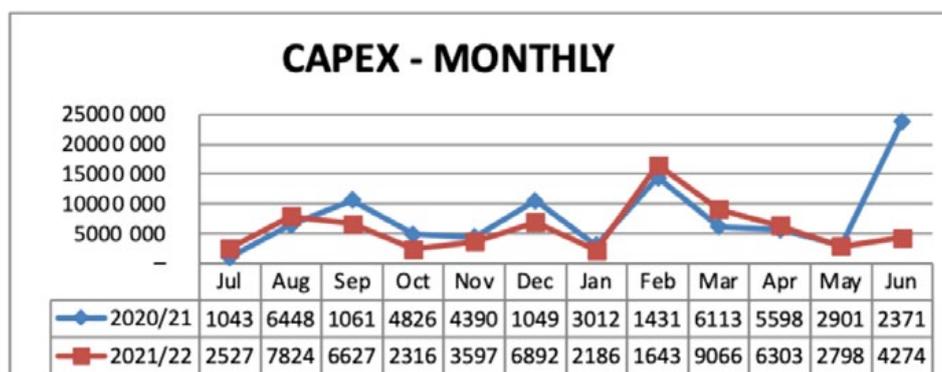
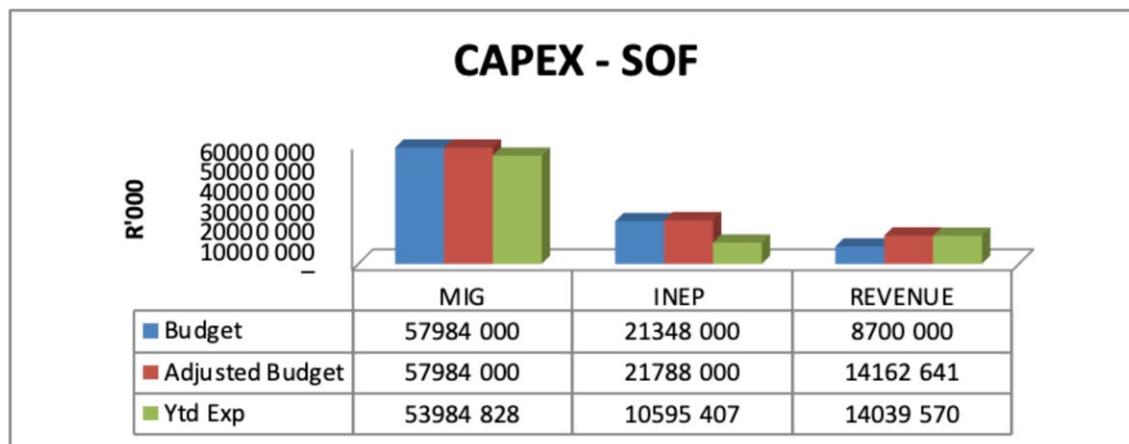
## APPENDIX L - CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Description	2020/21	Budget Year 2021/22					
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	YearTD budget	YTD variance	Full Year Forecast
<b>RECEIPTS:</b>							
<b>Operating Transfers and Grants</b>							
<b>National Government:</b>	4 281	4 849	4 849	4 849	4 849	-	4 849
Finance Management	2 600	2 650	2 650	2 650	2 650	-	2 650
EPWP Incentive	1 681	2 199	2 199	2 199	2 199	-	2 199
<b>Other grant providers:</b>	102	130	130	-	130	-	130
LGSETA Learnership and Development	102	130	130	-	130	-	130
<b>Total Operating Transfers and Grants</b>	<b>4 383</b>	<b>4 979</b>	<b>4 979</b>	<b>4 849</b>	<b>4 979</b>	<b>-</b>	<b>4 979</b>
<b>Capital Transfers and Grants</b>							
<b>National Government:</b>	15 000	21 348	21 348	11 593	21 348	-	21 348
Intergrated National Electrification Grant	15 000	21 348	21 348	11 593	21 348	-	21 348
<b>Provincial Government:</b>	-	-	-	-	-	-	-
Coghsta - Development	-	-	-	-	-	-	-
<b>District Municipality:</b>	-	-	-	-	-	-	-
N/A	-	-	-	-	-	-	-
<b>Other grant providers:</b>	-	-	-	-	-	-	-
N/A	-	-	-	-	-	-	-
<b>Total Capital Transfers and Grants</b>	<b>15 000</b>	<b>21 348</b>	<b>21 348</b>	<b>11 593</b>	<b>21 348</b>	<b>-</b>	<b>21 348</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	<b>19 383</b>	<b>26 327</b>	<b>26 327</b>	<b>16 442</b>	<b>26 327</b>	<b>-</b>	<b>26 327</b>

## APPENDIX M - CAPITAL EXPENDITURE NEW AND UPGRADE /RENEWAL PROGRAMMES INCLUDING MIG

### CAPITAL EXPENDITURE

GRAPH 5: CAPITAL EXPENDITURE 2021/2022



## APPENDIX N – CAPITAL PROGRAMME BY PROJECT YEAR 2021/2022

Capital Programme by Project 2021/2022 (,000)					
Capital Project	Original Budget	Adjustment Budget	Actual Expenditure	Variance (Act-Adj) %	Variance (Act-OB) %
<b>Water</b>					
District function					
<b>Sanitation/Sewerage</b>					
District function					
<b>Electricity</b>					
Electrification of Zuma Park	R2,076,000		R2,076,000		100%
Electrification of Mashemong	R10,494,000	R10,737,000	R10,301,888.18		97%
Electrification of Ntswelemotse	R2,430,000.00	R2,190,000.00	R2,181,874.46		100%
<b>Roads and Storm Water</b>					
Kgaphamadi construction of bus route, bridge and storm water control	R5,500,000.00	R11,654,018.00	R11,654,018.00		100%
Tambo construction of access road	R9,581,466.00	R10,065,679.00	R10,064,777.28		100%
Laersdrift bus route	R510,907.00	R806,095.00	R806,653.44		100%
Mogaung Construction Access Road Phase 2	R15,250,000.00	R15,543,556.00	R14,989,736.84		96%
Kgoshi Rammupudu Construction of Access Road Phase 2	R16,500,000.00	R16,491,620.00	R16,491,620.37		100%
Refurbishment of landfill site	R13,000,000	R0	R0		100%
Establishment of Fleet Centre	R1,512,286.96	R1,349,961.00	R1,349,960.43		100%
Upgrading of Motetema internal streets	R6,634,252.17	R6,461,803.45	R6,435,936.14		100%
Upgrading of Nyakurane internal access road (Design only)	R782,680.70	R608,695.65	R608,678.56		100%



## APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD 2021/2022

Capital Programme by Project by Ward 2021/2022 R`000		
Capital Project	Ward(s) affected	Works completed (Yes/No)
<b>Water</b>		
District function		
<b>Sanitation/sewerage</b>		
District function		
<b>Electricity</b>		
Electrification of Masakaneng	14	No
Electrification of Maleoskop	12	No
Electrification of Rondebosch	19	Yes
Electrification of Ga-Phosa	24	Yes
Electrification of Matlala/Lehwelere	14	Yes
Electrification of Vlakfontein	23	Yes
<b>Housing</b>		
<b>Cemeteries</b>		
Fencing of Elandsdoorn/ Ntwane cemeteries	11	Yes
<b>Roads &amp; stormwater</b>		
Construction of Dipakapakeng Access Route	28	No
Construction of Bloompoot/Uitspanning Access Route	11	No (multi year project)
Construction of Tafelkop Access Route	27 & 28	No Multi year project

## APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

Service Backlogs: Schools & Clinics				
Establishments lacking basic services	Water	Sanitation	Electricity	Solid Waste Collection
Schools (Names, Locations)				
Not applicable	0	0	0	0
Not applicable	0	0	0	0

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

Service Backlogs Experienced by Community Where Another Sphere of Government is the Service Provider (Whether or Not Municipality Acts on Agency Basis)		
Services and locations	Scale of backlogs	Impact of backlogs
Clinics	none	
Housing	none	
Licensing and testing centre	none	
Reservoirs	none	
Schools (primary & high)	none	
Sports fields	none	

**APPENDIX R - DECLARATION OF LOANS AND GRANTS MADE BY MUNICIPALITY**

Declaration of Loans And Grants Made by Municipality 2021/2022				
All organisations or persons in receipt of loans*/ Grants* provided by the municipality	Nature of project	Conditions attached to funding	Value 2021/2022 R`000	Total amount committed over previous and future years
No grants and loans granted during the year under review			n/a	

**APPENDIX S - DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA S71**

MFMA Section 71 Returns Not Made During 2021/2022 According to Reporting Requirements	
Return	Reason return not properly made on due date
All MFMA Section 71 returns were made according to reporting requirements, and submitted in time	n/a

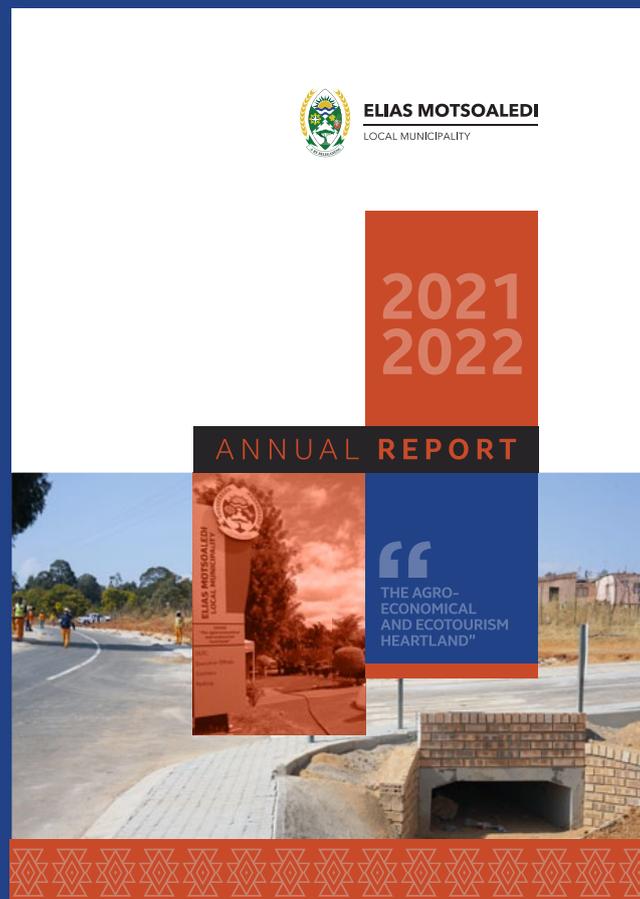
**APPENDIX T – NATIONAL AND PROVINCIAL OUTCOME FOR LOCAL GOVERNMENT**

**Not applicable: all information is addressed in the annual report**

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# OVERSIGHT REPORT FOR THE 2021/2022 ANNUAL REPORT

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**“THE AGRO-ECONOMICAL AND ECOTOURISM HEARTLAND”**

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**ELIAS MOTSOALEDI**

LOCAL MUNICIPALITY



## 1. PURPOSE

To inform Council about the work of the Municipal Public Accounts Committee (MPAC) and to make recommendations to Council as required in terms of Section 129 (1) of the Local Government: Municipal Finance Management Act 56 of 2003 and on the draft 2021/2022 annual report.

## 2. BACKGROUND

In terms of Section 129 (1) of the Local Government: Municipal Finance Management Act 56 of 2003, Council of a Municipality must consider the annual report of the Municipality by no later than two months from the date on which the annual report was tabled in Council in terms of Section 127, adopt an oversight report containing the Council's comments on the annual report, which must include a statement whether the Council: -

- (a) Has approved the annual report with or without reservations;
- (b) Has rejected the annual report; or
- (c) Has referred the annual report back for revision of those components that can be revised.

In terms of section 121 (1) of the Local Government: Municipal Finance Management Act 56 of 2003: the council of a municipality must within nine months after the end of financial year deal with the annual report of the municipality and of any municipal entity under the municipality's sole or shared control in accordance with section 129.

During council meeting of the 25 January 2023, the Mayor tabled the Draft 2021/2022 Annual Report as prescribed by Section 127 (2) of the Local Government: Municipal Finance Management Act 56 of 2003. In dealing with the tabled annual report, Council resolved inter alia:

- 1. That council consider the presentation of 2021/2022 audit report of draft 2021/2022 Annual Report by the Auditor General.**
- 2. That the report be made public for local community representation submissions.**
- 3. That the tabled draft annual report be submitted to AGSA, Treasuries, and CoGHSTA for comments.**
- 4. That the public hearing sessions on draft 2021/2022 annual report be commenced with by the MPAC as part of Annual Oversight Report on the Council Annual Report process**

In terms of the Local Government: Municipal Structures Amendment Act, 2021, Section 79A (3)(c) which states that a Municipal Public Accounts Committee should "Initiate and develop the oversight report on annual reports contemplated in section 129 of the Local Government: Municipal Finance Management Act".



### **3. ESTABLISHMENT OF MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)**

During 2016, Elias Motsoaledi Municipal Council resolved to establish a Municipal Public Accounts Committee (MPAC) in terms of the provisions of the Local Government: Municipal Structures Act (Act 117 of 1998) and the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) to serve as an Oversight Committee to exercise oversight over the executive obligations of Council. In terms of Local Government: Municipal Structures Amendment Act, 2021, Section 79A.

- (1) A municipal council must establish a committee called the municipal public accounts committee.
- (2) The mayor or executive mayor, deputy mayor or executive deputy mayor, any member of the executive committee, any member of the mayoral committee, speaker, whip and municipal officials are not allowed to be members of the municipal public accounts committee.
- (3) The municipal council must determine the functions of the municipal public accounts committee, which must include the following:
  - a. Review the Auditor-General's reports and comments of the management committee and the audit committee and make recommendations to the municipal council;
  - b. Review internal audit reports together with comments from the management committee and the audit committee and make recommendations to the municipal council;
  - c. Initiate and develop the oversight report on annual reports contemplated in section 129 of the Local Government: Municipal Finance Management Act;
  - d. attend to and make recommendations to the municipal council on any matter referred to it by the municipal council, executive committee, a committee of the council, a member of this committee, a Councillor and the municipal manager; and
  - e. On its own initiative, subject to the direction of the municipal council, investigate and report to the municipal council on any matter affecting the municipality.
- (4) Reports of the municipal public accounts committee must be submitted to the speaker who must table such reports in the next meeting of the municipal council.



The MPAC committee constitutes of the following members:

PARTY	SURNAME	FULL NAMES	TITLE	GENDER
ANC	Ndlovu	Raymond Ndumiso	Chairperson	MALE
ANC	Makuwa	Nkhubedu Sarah	Member	FEMALE
ANC	Tlaka	Kgopotso Wiseman	Member	MALE
ANC	Mashilo	Malope Samaria	Member	FEMALE
EFF	Maphopha	Cheleboy Mpho	Member	MALE
ANC	Kgagara	Thabo Peter	Member	MALE
MP	Limakwe	Adelaide	Member	FEMALE
EFF	Mampana	Moleke	Member	MALE
ANC	Nkosi	Sibongile Beauty	Member	FEMALE
ANC	Buta	Medo Zephania	Member	MALE
DA	Matsomane	Shiko Tebogo	Member	FEMALE

### Mechanisms for public participation process

Immediately after the annual report was tabled in Council, the Accounting Officer in accordance with Section 21A of the Local Government: Municipal Systems Act 32 of 2000 made the draft annual report Public. The following are mechanisms which were followed to ensure that the public viewing of the draft 2021/2022 annual report was extensively published for public comments.

DATE	ACTIVITY
25 January 2023	The draft 2019/2020 Annual Report is uploaded on municipal website and made available in municipal offices, municipal library and Municipal Satellite Offices.



Below is the programme for Public hearings:

### OVERSIGHT VISIT PROGRAM

<u>DATE</u>	<u>TIME</u>	<u>VENUE</u>
03/04/2023	10h00	Liberty sports ground

Below are the processes undertaken by the MPAC in dealing with the report:

<u>DATE</u>	<u>PURPOSE</u>	<u>VENUE</u>
15-17 March 2023	Strategic Session to draft questionnaire to Management of their findings.	Municipal Manager's boardroom
29 March 2023	Compiling Oversight report on the Draft 2021/2022 Annual Report	Municipal Manager's boardroom

### Summary of comments on the draft 2021/2022 Annual Report

The MPAC believes that the draft 2021/2022 annual report reflects a substantial and positive improvement in municipal annual planning, budgeting and reporting processes. It is a significant improvement over the previous years' annual report. The annual report complies with the requirements of the Local Government: Municipal Finance Management Act 56 of 2003 (MFMA) and with National Treasury (NT) guidelines for annual reports. MPAC congratulate EMLM for having improved on their audit opinion and we hope that the municipality will be able to sustain the unqualified audit opinion and translate it to the improvement of service delivery.

**The draft annual report complies with Circular 63 of the MFMA as it contains the following:**



CHAPTERS	DETAILS
01	Mayor's Foreword and Executive Summary
02	Governance
03	Service Delivery
04	Organizational Development Performance
05	Financial Performance
06	Audit General's Findings
07	Appendices and Volume : AFS

#### 4. CHALLENGES

Due to budget constrains MPAC was unable to conduct Public Hearing which caused a delay in the submission of the oversight report.

#### 5. FINDINGS AND PROPOSED SOLUTIONS

The table below shows challenges noted by the Committee during the perusal of the Draft 2021/2022 Annual Report and proposed solutions to these challenges;

##### FINDINGS NOTED BY MPAC

<b>MPAC has noted that copies of the Performance Report still does not reach the entire communities as envisaged.</b>	Ward Councillors, through the assistance of ward committees must convene community meetings where the objectives and purpose of the meetings are to extensively discuss the draft Annual Report to ensure participation.
<b>Community members are challenge by the language in which the reports are written (English only)</b>	It is therefore recommended that a summary of the original document be translated to local languages. The municipality can utilise translation software's or website to assist with translation while looking into hiring someone who can assist the municipality with such.
<b>Higher dependency on National grants</b>	The municipality should develop a S.M.A.R.T revenue enhancement strategy for implementation.
<b>High dependency on outsourced services</b>	The municipality should implement and comply with its developed outsourced services reduction plan
<b>Lack of oversight on in-year reporting</b>	Section 79 committees must sit and peruse their departmental quarterly reports.



DEPARTMENTAL PERFORMANCE FINDINGS

DEPARTMENT	CHALLENGE/FINDING	PROPOSED SOLUTION
CORPORATE SERVICES	The municipality does not have staff skills retention policy	<ul style="list-style-type: none"> <li>The municipality must develop skill retention policy, more especially where the municipality use its own resources to capacitate employees.</li> </ul>
	Struggling to fill vacant posts	<ul style="list-style-type: none"> <li>The municipality should come up with a way to fill the highly prioritized vacancies.</li> <li>The municipality should ensure that the organisational structure is realistic.</li> </ul>
DEVELOPMENT PLANNING	Excluding of other partnerships	<ul style="list-style-type: none"> <li>The annual report does not include all the organisations that have a partnership with the municipality.</li> </ul>
	Lack of awareness campaign	<ul style="list-style-type: none"> <li>That the municipality should conduct awareness campaigns with regards to services offered by the development planning and LED department. e.g. Small business licenses and site inspections.</li> </ul>
	Delay in addressing issues of informal settlement	<ul style="list-style-type: none"> <li>The municipality should fast track getting eviction orders for mushrooming community before its too late for eviction. e.g. Lusaka (Steve Biko extension)</li> <li>The municipality should improve the working relationship with the tribal offices in terms of land distribution for human settlement.</li> </ul>
BUDGET & TREASURY	Regress on revenue collection	<ul style="list-style-type: none"> <li>The municipality must look on developing a method where one cannot access any service from the municipality when still owing other services billed.</li> <li>Where people are not able to pay, the municipality must invoke on the own policies e.g. credit control and indigent policy.</li> </ul>
	Over spending on operational budget	<ul style="list-style-type: none"> <li>The municipality must find a way to avoid over spending as it tarnishes the image of the municipality.</li> </ul>
	High percentage on contracted services	<ul style="list-style-type: none"> <li>The municipality must where possible avoid using too much outsourced services.</li> </ul>

INFRASTRUCTURE	Incomplete projects	<ul style="list-style-type: none"> <li>The municipality must develop a monitoring mechanism on the projects that are being implemented. Notably Kgaphamadi Bus route and Laersdrift Access Road could have been completed in time had reasonable measures implemented.</li> <li>The PSC members who are appointed must be capacitated by the municipality to know their role so that they are able to see when the contractor is not doing quality work.</li> <li>Section 79 committee of infrastructure must do project visits to play oversight on the projects during implementation.</li> </ul>
	Lack of maintenance on roads	<ul style="list-style-type: none"> <li>The municipality must allocate sufficient budget to maintain the completed roads. Although the negative variance on revenue contributes to this, we believe that a little should be done as opposed to nothing.</li> </ul>
	Unrealistic project timelines with regards to road construction.	<ul style="list-style-type: none"> <li>The municipality should set realistic timeframes and give provision of natural hazards that may occur.</li> <li>The section 79 committee of infrastructure should develop a project oversight model.</li> </ul>
	Poor working conditions in satellite offices	<ul style="list-style-type: none"> <li>The municipality must put a budget aside for renovations of satellite offices. E.g. Elandsdoring Satellite and Magaseng Satellite</li> <li>The municipality must come up with a plan on how the satellite offices can be used for revenue collection.</li> </ul>
	Unrealistic budgets for projects	<ul style="list-style-type: none"> <li>Municipality should set realistic budget when it comes to projects especially on road construction projects</li> <li>Municipality should appoint consultants that are capable of executing the given task in the best possible way.</li> </ul>
COMMUNITY SERVICES	Lack of oversight on municipal cemeteries	<ul style="list-style-type: none"> <li>The municipality must maintain cleanliness in all municipal cemeteries and they must also set budget aside for fencing.</li> </ul>
	Insufficient skip bins	<ul style="list-style-type: none"> <li>The municipality must increase the number of skip bins in strategic areas in different wards.</li> </ul>
	Lack of improvement in the Waste management in the municipality.	<ul style="list-style-type: none"> <li>Sec 79 committee for community services department should make a plan of action on address the finding and compile a reports which will be submitted to council.</li> </ul>

**1. FINANCIAL STATEMENTS**

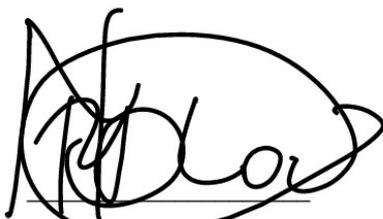
- MPAC notes maintenance on the municipality on AG's audit opinion. The municipality has moved from unqualified to qualified audit opinion.
- Whereas there is an undertaking from the management to turn this around, MPAC will continue to follow this matter up to check to the adequacy and efficiency of the Audit Action Plan.
- We commend management on the fact that there is no finding on performance, meaning that the municipality has performed well in terms of their annual targets.
- The AG's findings on Unauthorised, Irregular and Fruitless & Wasteful expenditure will be investigated and a report will be submitted to council.

**2. CONCLUSION**

The MPAC committee thank all the relevant participants for their support and cooperation during the oversight process. The committee believes that Elias Motsoaledi Municipality and its citizens will realize substantial and tangible benefits if a similar process is consistently followed in years to come. The draft annual report was easy for MPAC to play oversight as it is aligned to MFMA Circular 63, unlike in the past. We wish that this standard could be maintained for the credibility of the report.

**3. MUNICIPAL PUBLIC ACCOUNTS COMMITTEE: 29 MARCH 2023****RESOLVE TO RECOMMEND:**

1. That Council approves the draft 2020/2021 Annual Report with reservations
2. That the oversight report be made public in accordance with Section 129 (3) of the Local Government: Municipal Finance Management Act 56 of 2003.
3. That the oversight report be submitted to the Provincial Legislature in accordance with section 132 (2) of the Local Government: Municipal Finance Management Act 56 of 2003.

**CLLR. R.N NDLOVU****MPAC CHAIRPERSON**



VOLUME



**AUDITED ANNUAL  
FINANCIAL STATEMENTS**

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# **ELIAS MOTSOALEDI**

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LOCAL MUNICIPALITY

(Registration number LIM 472)

## **ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

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Office of the Auditor General (Polokwane) - Auditors

## GENERAL INFORMATION

### NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

### COUNCILLORS LIST

<b>MAYOR</b>	Cllr MD Tladi
<b>CHIEF WHIP</b>	Cllr HJ Makunyane
<b>SPEAKER</b>	Cllr DM Mashego

### NEW COUNCIL

Cllr MD Tladi (Mayor)	Cllr MS Mashilo
Cllr DM Mashego (Speaker)	Cllr MS Mthimunye
Cllr HJ Makunyane (Chief Whip)	Cllr MZ Buta
Cllr GD Matjomane (Exco member)	Cllr NJ Ramongana
Cllr JP Kotze (Exco member)	Cllr NP Mohlala
Cllr MG Phetla (Exco member)	Cllr NS Makuwa
Cllr MP Msiza (Exco member)	Cllr P Masimula
Cllr MW Ramphisa (Exco member)	Cllr PK Tladi
Cllr TA Machipa (Exco member)	Cllr PT Koka
Cllr AL Gulube	Cllr RM Makuwa
Cllr AN Limakwe	Cllr RN Ndlovu
Cllr CM Maphopha	Cllr SB Nkosi
Cllr DJ Ganedi	Cllr SC Mmotla
Cllr FK Lehungwane	Cllr SD Morare
Cllr FS Mohlahlo	Cllr SH Mmaboko
Cllr GM Segope	Cllr SH Radigwana
Cllr HMC Malapela	Cllr SK Matsomane
Cllr J Letageng	Cllr SM Malapela
Cllr J Mahlangu	Cllr ST Matsomane
Cllr JS Mogotlana	Cllr SZ Ngwenya
Cllr K Mabelane	Cllr TA Phorotlho
Cllr KW Tlaka	Cllr TC Sithole
Cllr LS Komane	Cllr TE Mohlamonyane
Cllr LS Maibelo	Cllr TM Phahlamohlaka
Cllr M Mampana	Cllr TP Kgagara
Cllr MA Mafiri	Cllr TS Malau
Cllr MC Phokwane	Cllr TS Thethe
Cllr ME Nduli	Cllr VM Lecheko
Cllr ME Sithole	Cllr W De beer
Cllr ME Tshehla	
Cllr MG Mathabathe	
Cllr MNS Oosthuizen	
Cllr MR Msiza	

### OUTGOING COUNCIL

Cllr JL Mathebe (Mayor)	Cllr MN Malatji
Cllr TM Phahlamohlaka (Chief Whip)	Cllr MP Tshivhula
Cllr MD Tladi (Speaker)	Cllr MR Msiza
Cllr A Phatlane (Exco Member)	Cllr MT Mosotho
Cllr AM Maloba (Exco Member)	Cllr MW Ramphisa
Cllr GD Matjomane (Exco Member)	Cllr MZ Hlathi
Cllr JP Kotze (Exco Member)	Cllr NN Mahlangu
Cllr KC Shai (Exco Member)	Cllr NT Matunyane
Cllr MG Phetla (Exco Member)	Cllr P Masimula
Cllr MS Mashilo (Exco Member)	Cllr RJ Makitla
Cllr TA Machipa (Exco Member)	Cllr RM Ratau
Cllr SW Ratlou (Exco Member)	Cllr RN Ndlovu
Cllr AM Makweoane	Cllr SH Mehlape
Cllr B Bogopa	Cllr SM Maipushe
Cllr BM Zulu	Cllr TA Phorotlho
Cllr CN Mathebe	Cllr TM Mokganyetji
Cllr EM Maphopha	Cllr TM Ntheko
Cllr FM Mogotji	Cllr TS Matsepe
Cllr GM Makeke	Cllr TT Ratau
Cllr GR Namane	Cllr VL Mthombeni
Cllr HJ Makunyane	Cllr VM Lecheko
Cllr J Mahlangu	Cllr WJ Skhosana
Cllr KF Madisa	Cllr WN Oosthuizen
Cllr KS Kgopa	Cllr Z Ngwenya
Cllr LM Moima	Cllr D Mashego
Cllr M Ranala	Cllr H Bolotni
Cllr MA Mphela	Cllr A Gulube
Cllr MB Ntuli	Cllr VC Matsepas
Cllr MG Motlape	
Cllr MK Mokwane	
Cllr ML Mamakoko	
Cllr ML Phala	
Cllr MM Matsepe	



## GENERAL INFORMATION

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<b>Accounting Officer</b>	Mr M M Kgwale
<b>Acting Chief Finance Officer (CFO)</b>	Mr ML Sebelemetja
<b>Business address</b>	2nd Grobler Avenue - Civic Centre Groblersdal 0470
<b>Postal address</b>	PO Box 48 Groblersdal 0470
<b>Bankers</b>	Nedbank
<b>Auditors</b>	Office of the Auditor General (Polokwane)
<b>Grading of the Municipality</b>	Grade 3

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## INDEX

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

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*The following supplementary information does not form part of the annual financial statements and is unaudited:*

## ABBREVIATIONS

PPPFA	Preferential Procurement Policy Framework Act
GRAP	Generally Recognised Accounting Practice
WCA	Workmen's Compensation Act.
PAYE	Pay As You Earn
IAS	International Accounting Standards
INEP	Integrated National Electrification Programme
EPWP	Expanded Public works programme
UIF	Unemployment Insurance Fund
VAT	Value Added Tax
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
MSCOA	Municipal Standard Chart Of Accounts
FMG	Finance Management Grant
AG	Auditor General

## Accounting Officer's Responsibilities and Approval

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

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

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

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

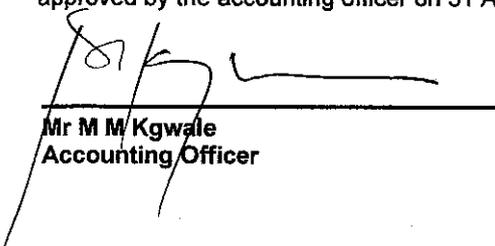
The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2023 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

I certify that the salaries, allowances and benefits of councillors as disclosed in note 71 to these annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Office Bearers Act, Act 20 of 1998 and the Minister of Provincial and Local Government's determination in accordance with the Act.

The external auditor, being the Auditor General of South Africa, is responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors.

The annual financial statements set out on pages 10 to 103, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2022.



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Mr M M Kgware  
Accounting Officer

Wednesday, 31 August 2022

## Audit Committee Report

We are pleased to present our report for the year ended 30 June 2022.

### Audit committee members and attendance

The Audit Committee of the Municipality was established in terms of Section 166 of the Municipal Finance Management Act, Act 56 of 2003. For 2021/2022 Financial year, the Audit Committee comprised of five (05) members appointed for the period of three (03) years with effect from 04 January 2019 to 03 January 2022.

New five (5) members were appointed for the period of three (03) years with effect from 12 January 2022 to 13 January 2025.

The Audit Committee reported to council on their activities and recommendations as required by the Audit Committee Charter and section 166 of the MFMA. For the year under review, five (5) ordinary and ten (10) special Audit Committee meetings were held (Induction and strategic session included in special meetings held).

The Audit Committee consists of the members listed hereunder.

#### Current Audit Committee members

Mr. TC Modipane (Chairperson)  
Mr. MM Tshivule  
Ms. MJ Masite  
Ms. MJ Mabuza  
Mr. MJ Rabalao

#### Number of meetings attended

3 Normal – 7 Special - 10 Total  
3 Normal – 7 Special - 10 Total  
3 Normal – 6 Special - 9 Total  
3 Normal – 7 Special - 10 Total  
3 Normal – 7 Special - 10 Total

#### Previous Audit Committee members

Mrs M.P Ramutsheli (Chairperson)  
Mr V.K Chuene  
Mr M.O Mojapelo  
Adv M.M Thipe  
Mr M.J Rabalao

#### Number of meetings attended

2 Normal - 3 Special - 5 Total  
2 Normal - 3 Special - 5 Total  
2 Normal - 3 Special - 5 Total  
2 Normal - 2 Special - 4 Total  
2 Normal - 3 Special - 5 Total

### Audit Committee responsibility

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

The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee charter.

It has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

### The effectiveness of internal control

The content and the quality of the yearly management and monthly/quarterly reports submitted in terms of the MFMA and the Division of Revenue Act have been reviewed by the Audit Committee.

The Audit Committee is satisfied with Management's action to address deficiencies identified.

### Evaluation of annual financial statements

The Audit Committee has:

- reviewed and discussed the unaudited annual financial statements to be included in the annual report, with the Auditor-General and the Accounting Officer;
- reviewed the Auditor-General of South Africa's management report and management's response thereto;
- reviewed changes in accounting policies and practices
- reviewed the municipality's compliance with legal and regulatory provisions;
- reviewed significant adjustments resulting from the audit.
- reviewed the performance of the institution.

The Audit Committee concur with and accept the Auditor-General of South Africa's report on the annual financial statements, and are of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor-General of South Africa.



## Audit Committee Report

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### Internal audit

Internal audit engaged and supported management team during the review of performance management information.

The audit committee engaged and supported management team during the review of performance management information.

For the year under review the Internal Audit performed their responsibility in terms of the approved Internal Audit Plan and reported their findings on regular basis to the Audit Committee and management for implementation.

The total number of planned audits as per the 2021/2022 Internal Audit Plan was seventeen (17) excluding ADHOC audits. Total of seventeen (17) audits were performed and finalized as per the plan and the total of three (3) ADHOC audits were performed and finalised totaling to twenty (20) audit assignments performed during 2021/2022 Financial Year. The implementation of the Internal Audit Plan was 100% achieved.

In the quest for maintaining a sound control environment, the Audit Committee continues to build the necessary capacity within the municipality.

### Risk management

Every year the Council reviews the critical strategic risks facing the municipality and approves the municipality's risk approach.

The identification and assessment of those risks are informed amongst other things, by and understanding of our operational model including trends and interests of relevant stakeholders. The Audit Committee has overseen the process of developing risk strategy, risk register including mitigating factors for consideration by council.

The risk assessment was conducted quarterly during the year under review. The municipality had a full time Chief Risk Officer during the financial year.

### Auditor-General of South Africa

The Audit Committee has met with the Auditor-General of South Africa to ensure that there are no unresolved issues.

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Chairperson of the Audit Committee : Mr. TC Modipane CA (SA)

Date: \_\_\_\_\_

# Accounting Officer's Report

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

## 1. Review of activities

### Main business and operations

The municipality is engaged in local governance activities, which includes planning and promotion of integrated development planning, land, economic and environmental development and delivery of municipal services to the community.

The operating results and state of affairs of the municipality are fully set out in the attached annual financial statements and fully elaborated in the Statement of Comparison of Budget and Actual Amounts.

The operating results and state of affairs of the municipality are fully set out in the attached annual financial statements and do not in our opinion require any further comment other than the impact of COVID 19 on the operations.

COVID 19 negatively effected the municipality cash flow due to decreased debt collection process and as a result of lockdown. Many consumers could not afford to pay their debts. Expenditure was also diverted from their budget to cover for unexpected COVID 19 expenditure.

The suspension of PPPFA negatively affected the procurement processes of the municipality and as a result, some conditional grants underperformed.

Net surplus of the municipality was R 51,639,924 (2021: surplus R 48,895,579).

## 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 COVID-19 pandemic is having a devastating impact on the economy of the country, and the health and livelihoods of its citizens. During this crisis, The municipality still need to function and provide essential services such as access roads, electricity, licensing and solid waste removal.

Property rates and services revenue collection is highly vulnerable to defaulting by households as a result of income losses. COVID 19 had no significant impact on the municipality's going concern as grants were received as expected.

## 3. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial period which resulted in an adjusting subsequent event.

## 4. Accounting Officer's interest in contracts

The Accounting Officers does not have any interest in contracts of the Municipality.

## 5. Accounting policies

The annual financial statements are 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.

## 6. Non-current assets

Details of major changes in the nature of the non-current assets of the municipality during the year are set out in the notes to the financial statements.

## 7. Accounting Officer

The Accounting Officer of the municipality during the financial year and to the date of this report is :

Name Nationality

Mr M M Kgwale South African



# Accounting Officer's Report

## 8. 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.

### Councillors

The councillors:

- retains full control over the municipality, its plans and strategy;
- acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the municipality;
- is of a unitary structure comprising;
  - Mayor
  - Speaker
  - Executive committee councillors, and
  - Councillors.

### Mayor and Municipal Manager

The roles of the Mayor and Accounting Officer are separate, with responsibilities divided between them, so that no individual has unfettered powers of discretion. The Council and Mayor performs their oversight role and duties in terms of the prescribed legislation and delegated authorities.

### Audit committee

The Audit Committee met during the financial year to review matters necessary to fulfil its role.

In terms of Section 166 of the Municipal Finance Management Act, the municipality must appoint members of the Audit Committee.

### Internal audit

The municipality had one full time internal auditor for the year under review. The internal audit operates under section 165 of the Municipal Finance Management Act (Act 56 of 2003) (MFMA).

## 9. Bankers

The municipality banks primarily with Nedbank.

## 10. Auditors

The Office of the Auditor General (Polokwane) will continue in office for the next financial period.

## Statement of Financial Position

Figures in Rand	Note(s)	2022	2021 Restated
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	9	20,354,683	11,081,710
Receivables from exchange transactions	10	2,657,511	2,238,764
Receivables from non-exchange transactions	11	3,684,827	3,875,024
VAT receivable	12	14,467,607	16,224,118
Consumer debtors - From Exchange Transactions	13	37,010,720	34,019,372
Consumer debtors - From Non Exchange Transactions	13	59,520,455	48,413,121
Cash and cash equivalents	14	14,710,030	6,815,700
		<b>152,405,833</b>	<b>122,667,809</b>
<b>Non-Current Assets</b>			
Investment property	3	96,398,574	81,077,025
Property Plant and Equipment	4	1,087,603,299	1,040,425,692
Heritage Assets	5	463,363	463,363
Intangible assets	6	14,161	22,562
Deposit (Security held in advance)	8	16,536,410	16,008,248
		<b>1,201,015,807</b>	<b>1,137,996,890</b>
<b>Total Assets</b>		<b>1,353,421,640</b>	<b>1,260,664,699</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Deferred income	17	192,983	192,983
Finance lease obligation	15	6,638,010	2,441,380
Landfill Site Provision	18	1,978,644	1,081,774
Payables from exchange transactions	19	96,037,249	84,859,196
Payables from non - exchange transactions	20	499,189	499,189
Consumer deposits	21	5,621,490	5,778,288
Employee benefit obligation	7	948,000	1,022,000
Unspent conditional grants and receipts	16	6,489,344	1,206,622
Provision for Long Service Leave	18	536,000	921,000
		<b>118,940,909</b>	<b>98,002,432</b>
<b>Non-Current Liabilities</b>			
Deferred income	17	2,942,982	3,135,964
Finance lease obligation	15	12,702,191	-
Landfill Site Provision	18	51,866,769	45,546,427
Employee benefit obligation	7	23,583,000	23,302,000
Provision for Long Service Leave	18	7,563,000	6,495,000
		<b>98,657,942</b>	<b>78,479,391</b>
<b>Total Liabilities</b>		<b>217,598,851</b>	<b>176,481,823</b>
<b>Net Assets</b>		<b>1,135,822,789</b>	<b>1,084,182,876</b>
<b>Net Assets</b>			
Accumulated surplus		1,135,822,790	1,084,182,876



## Statement of Financial Performance

Figures in Rand	Note(s)	2022	2021 Restated
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Interest revenue	24	5,833,788	4,555,567
Agency fees	49	5,966,441	4,635,464
Other income	23	1,415,317	1,276,755
Recoveries	23	639,276	557,523
Rental of facilities and equipment	34	1,018,944	1,007,428
Service charges	22	107,753,377	102,363,177
<b>Total revenue from exchange transactions</b>		<b>122,627,143</b>	<b>114,395,914</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	25	39,913,236	39,441,861
Interest charged on consumer debtors	24	15,229,408	12,870,041
<b>Transfer revenue</b>			
Government grants & subsidies	27	381,953,131	420,358,807
Fines, Penalties and Forfeits		2,236,200	2,861,136
<b>Total revenue from non-exchange transactions</b>		<b>439,331,975</b>	<b>475,531,845</b>
<b>Total revenue</b>		<b>561,959,118</b>	<b>589,927,759</b>
<b>Expenditure</b>			
Bulk purchases	32	(97,948,551)	(88,245,584)
Debt Impairment	31	(19,689,866)	(61,327,066)
Depreciation and amortisation	4&5&6	(57,069,878)	(59,117,720)
Employee related costs	28	(160,186,944)	(160,454,657)
Finance costs	30	(526,378)	(2,122,948)
General Expenses	33	(120,900,391)	(133,112,254)
Impairment loss/ Reversal of impairments		4,244,020	(377,898)
Lease rentals on operating lease		(5,545,249)	(4,637,254)
Remuneration of councillors	29	(25,567,078)	(24,845,265)
Repairs and maintenance		(37,886,110)	(24,229,910)
Transfers and Subsidies	26	(2,591,315)	(3,275,138)
<b>Total expenditure</b>		<b>(523,667,740)</b>	<b>(561,745,694)</b>
<b>Operating surplus/(deficit)</b>		<b>38,291,378</b>	<b>28,182,065</b>
Fair value adjustments - actuarial gains	18&7	1,472,347	10,519,340
Investment property fair value adjustment	3	16,701,549	10,514,434
Profit/(Loss) on disposal of assets		(4,825,350)	(320,260)
		<b>13,348,546</b>	<b>20,713,514</b>
<b>Surplus for the year</b>		<b>51,639,924</b>	<b>48,895,579</b>

## Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
<b>Balance at 01 July 2020</b>	<b>1,042,058,619</b>	<b>1,042,058,619</b>
Changes in net assets		
Surplus for the year	48,895,579	48,895,579
Correction of errors June 2020 year	(6,771,322)	(6,771,322)
Total changes	42,124,257	42,124,257
Opening balance as previously reported	1,095,315,093	1,095,315,093
Adjustments		
Correction of errors June 2021 year	(4,360,896)	(4,360,896)
<b>Balance at 01 July 2021 as restated</b>	<b>1,084,182,873</b>	<b>1,084,182,873</b>
Changes in net assets		
Surplus for the year	51,639,924	51,639,924
Total changes	51,639,924	51,639,924
<b>Balance at 30 June 2022</b>	<b>1,135,822,797</b>	<b>1,135,822,797</b>
Note(s)	40	



## Cash Flow Statement

Figures in Rand	Note(s)	2022	2021 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Fines		348,958	473,287
Sale of goods and services		135,574,314	109,009,608
Grants		387,235,853	415,948,998
Interest		1,779,822	584,827
Other receipts		2,461,807	3,280,935
Licences and Permits		5,966,441	4,635,464
		<u>533,367,195</u>	<u>533,933,119</u>
<b>Payments</b>			
Employee costs		(182,996,568)	(178,051,743)
Suppliers		(259,996,449)	(251,236,004)
Transfers and Subsidies		(1,547,315)	(1,523,138)
Finance cost		(526,378)	(2,122,948)
		<u>(445,066,710)</u>	<u>(432,933,833)</u>
<b>Net cash flows from operating activities</b>	35	<b><u>88,300,485</u></b>	<b><u>100,999,286</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property plant and equipment	4	(76,960,490)	(85,237,793)
Proceeds from sale of investment property	3	1,011,133	451,000
Purchase of Investment property		-	(348,381)
<b>Net cash flows from investing activities</b>		<b><u>(75,949,357)</u></b>	<b><u>(85,135,174)</u></b>
<b>Cash flows from financing activities</b>			
Finance lease payments		(4,456,797)	(10,977,796)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b><u>7,894,331</u></b>	<b><u>4,886,316</u></b>
Cash and cash equivalents at the beginning of the year		6,815,700	1,929,384
<b>Cash and cash equivalents at the end of the year</b>	14	<b><u>14,710,031</u></b>	<b><u>6,815,700</u></b>

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Service charges	113,490,125	17,420,509	<b>130,910,634</b>	107,753,377	<b>(23,157,257)</b>	
Rental of facilities and equipment	898,369	59,634	<b>958,003</b>	1,018,944	<b>60,941</b>	1
Licences and permits	5,240,278	785,642	<b>6,025,920</b>	5,966,441	<b>(59,479)</b>	
Recoveries	-	-	-	639,276	<b>639,276</b>	
Other income	663,678	6,164,974	<b>6,828,652</b>	1,415,317	<b>(5,413,335)</b>	2
Interest earned	14,760,009	6,031,635	<b>20,791,644</b>	5,833,788	<b>(14,957,856)</b>	
<b>Total revenue from exchange transactions</b>	<b>135,052,459</b>	<b>30,462,394</b>	<b>165,514,853</b>	<b>122,627,143</b>	<b>(42,887,710)</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Taxation revenue</b>						
Property rates	38,865,439	3,750,094	<b>42,615,533</b>	39,913,236	<b>(2,702,297)</b>	
Interest charged on consumer debtors	-	-	-	15,229,408	<b>15,229,408</b>	
<b>Transfer revenue</b>						
Government grants & subsidies	386,969,275	739,477	<b>387,708,752</b>	381,953,131	<b>(5,755,621)</b>	
Fines, Penalties and Forfeits	65,071,199	(34,085,259)	<b>30,985,940</b>	2,236,200	<b>(28,749,740)</b>	3
<b>Total revenue from non-exchange transactions</b>	<b>490,905,913</b>	<b>(29,595,688)</b>	<b>461,310,225</b>	<b>439,331,975</b>	<b>(21,978,250)</b>	
<b>Total revenue</b>	<b>625,958,372</b>	<b>866,706</b>	<b>626,825,078</b>	<b>561,959,118</b>	<b>(64,865,960)</b>	
<b>Expenditure</b>						
Employee related costs	(163,211,548)	4,596,124	<b>(158,615,424)</b>	(160,186,944)	<b>(1,571,520)</b>	
Remuneration of councillors	(27,334,311)	1,948,583	<b>(25,385,728)</b>	(25,567,078)	<b>(181,350)</b>	
Depreciation and amortisation	(58,392,453)	(1,980,987)	<b>(60,373,440)</b>	(57,069,878)	<b>3,303,562</b>	
Impairment loss/ Reversal of impairments	-	-	-	4,244,020	<b>4,244,020</b>	
Finance costs	(240,856)	(1,503,556)	<b>(1,744,412)</b>	(526,378)	<b>1,218,034</b>	4
Lease rentals on operating lease	(6,773,338)	1,562,997	<b>(5,210,341)</b>	(5,545,249)	<b>(334,908)</b>	8

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Debt Impairment	(48,632,094)	22,141,568	(26,490,526)	(19,689,866)	6,800,660	3
Repairs and maintenance	(22,058,612)	(12,818,306)	(34,876,918)	(37,886,110)	(3,009,192)	5
Bulk purchases	(110,034,993)	9,999,994	(100,034,999)	(97,948,551)	2,086,448	7
Transfers and Subsidies	(2,884,070)	(386,630)	(3,270,700)	(2,591,315)	679,385	6
General Expenses	(93,112,604)	(25,692,393)	(118,804,997)	(120,900,391)	(2,095,394)	9
<b>Total expenditure</b>	<b>(532,674,879)</b>	<b>(2,132,606)</b>	<b>(534,807,485)</b>	<b>(523,667,740)</b>	<b>11,139,745</b>	
<b>Operating surplus</b>	<b>93,283,493</b>	<b>(1,265,900)</b>	<b>92,017,593</b>	<b>38,291,378</b>	<b>(53,726,215)</b>	
Loss on disposal of assets and liabilities	-	-	-	(4,825,350)	(4,825,350)	10
Fair value adjustments	-	-	-	1,472,347	1,472,347	12
Investment property fair value adjustment	-	-	-	16,701,549	16,701,549	30
	-	-	-	13,348,546	13,348,546	
<b>Surplus/(Deficit) before taxation</b>	<b>93,283,493</b>	<b>(1,265,900)</b>	<b>92,017,593</b>	<b>51,639,924</b>	<b>(40,377,669)</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>93,283,493</b>	<b>(1,265,900)</b>	<b>92,017,593</b>	<b>51,639,924</b>	<b>(40,377,669)</b>	

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
<b>Statement of Financial Position</b>						
<b>Assets</b>						
<b>Current Assets</b>						
Inventories	8,605,587	220,000	8,825,587	20,354,683	11,529,096	13
Receivables from exchange transactions	-	118,702	118,702	2,657,511	2,538,809	14
Receivables from non-exchange transactions	60,917,402	1,848,100	62,765,502	3,684,827	(59,080,675)	15
VAT receivable	-	-	-	14,467,607	14,467,607	16
Consumer debtors	63,923,997	(1,427,677)	62,496,320	96,531,175	34,034,855	17
Cash and cash equivalents	8,536,434	8,578,431	17,114,865	14,710,030	(2,404,835)	18
	<b>141,983,420</b>	<b>9,337,556</b>	<b>151,320,976</b>	<b>152,405,833</b>	<b>1,084,857</b>	
<b>Non-Current Assets</b>						
Investment property	60,342,566	(4,502,908)	55,839,658	96,398,574	40,558,916	
Property Plant and Equipment	1,229,095,273	1,249,934	1,230,345,207	1,087,603,299	(142,741,908)	
Heritage Assets	463,363	-	463,363	463,363	-	19
Intangible assets	30,963	-	30,963	14,161	(16,802)	20
Deposit (Security held in advance)	15,502,418	(463,464)	15,038,954	16,536,410	1,497,456	21
Long term lease Debtor - restated	-	-	-	-	-	
	<b>1,305,434,583</b>	<b>(3,716,438)</b>	<b>1,301,718,145</b>	<b>1,201,015,807</b>	<b>(100,702,338)</b>	
<b>Total Assets</b>	<b>1,447,418,003</b>	<b>5,621,118</b>	<b>1,453,039,121</b>	<b>1,353,421,640</b>	<b>(99,617,481)</b>	
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Deferred income	-	-	-	192,983	192,983	
Finance lease obligation	12,271,345	-	12,271,345	6,638,009	(5,633,336)	23
Landfill Rehabilitation Provision	-	-	-	1,978,644	1,978,644	
Payables from exchange transactions	87,165,237	1,598,238	88,763,475	96,037,249	7,273,774	25
Payables from non-exchanged transactions	-	-	-	499,189	499,189	25
Consumer deposits	5,700,293	-	5,700,293	5,621,490	(78,803)	

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Employee benefit obligation	-	-	-	948,000	948,000	26
Unspent conditional grants and receipts	-	-	-	6,489,344	6,489,344	27
Provision for Long Service Leave	5,950,265	-	5,950,265	536,000	(5,414,265)	28
	<b>111,087,140</b>	<b>1,598,238</b>	<b>112,685,378</b>	<b>118,940,908</b>	<b>6,255,530</b>	
<b>Non-Current Liabilities</b>						
Deferred income	-	-	-	2,942,982	2,942,982	22
Finance lease obligation	19,467,500	-	19,467,500	12,702,191	(6,765,309)	24
Landfill Site Rehabilitation provision	-	-	-	51,866,769	51,866,769	24
Employee benefit obligation	-	-	-	23,583,000	23,583,000	26
Provision for Long Service Leave	95,439,029	-	95,439,029	7,563,000	(87,876,029)	28
	<b>114,906,529</b>	<b>-</b>	<b>114,906,529</b>	<b>98,657,942</b>	<b>(16,248,587)</b>	
<b>Total Liabilities</b>	<b>225,993,669</b>	<b>1,598,238</b>	<b>227,591,907</b>	<b>217,598,850</b>	<b>(9,993,057)</b>	
<b>Net Assets</b>	<b>1,221,424,334</b>	<b>4,022,880</b>	<b>1,225,447,214</b>	<b>1,135,822,790</b>	<b>(89,624,424)</b>	
<b>Net Assets</b>						
<b>Net Assets Attributable to Owners of Controlling Entity</b>						
Reserves	10,000,000	-	10,000,000	-	(10,000,000)	40
Reserves	1,211,424,334	4,022,880	1,215,447,214	1,135,822,790	(79,624,424)	41
Accumulated surplus						
<b>Total Net Assets</b>	<b>1,221,424,334</b>	<b>4,022,880</b>	<b>1,225,447,214</b>	<b>1,135,822,790</b>	<b>(89,624,424)</b>	

The budget is approved on an accrual basis by nature classification. The approved budget covers the period from 1 July 2021 to 30 June 2022. The budget and accounting bases are the same.

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Approved budget	Adjustments	Final Bu
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Figures in Rand

### Budget and Actual Amounts variance explanation : Material difference between budget and actual amounts

The comparison of the municipality's financial performance with that budgeted is set out in the statement of comparison of budget and actual amounts.

The budget is approved on accrual basis using a classification based on the nature of the expense. The approved budget covers the period from 01 July 2021 to 30 June 2022. The changes between the approved final budget and adjusted budget are as a consequence of adjustments and roll-overs of grants.

Variances of 10% or more are explained as set out below:

#### 1. Services Charges

The variance is attributed to over projected Adjustment Budget, that was informed by the bi-annual performance.

#### 2. Other income

The variance is as a result staff and council recoveries and insurance refunds that were not anticipated during Budget preparation.

#### 3. Fines; penalties and forfeits

The variance is due to the ending of section 32 traffic fines speed cameras contract and the tender was re-advertised and no appointment has been made during the year under review. Furthermore traffic fines system is not integrated with the core financial system therefore there is a delay in capturing fines on the core financial system.

#### 4. Finance charges

The underspending is as a result of budget provision for the new lease of vehicles that commenced later than projected. Therefore the budgeted interest were not realized.

#### 5. Repairs and maintenance

unforeseen road maintenance had to be had to be undertaken

#### 6. Lease rentals on operating lease

The budget is included in other expenditure budget as per National Treasury template

#### 7. General expenses

The variance is caused by those accounts that are presented separately in the National Treasury schedules whereas they are classified as other expenditure on the face of statement of financial performance (e.g. contracted services)

#### 8. Loss on disposal of assets and liabilities

National Treasury template does not make provision for this component to be budgeted for.

#### 9. Additional contribution landfill rehabilitation

National Treasury template does not make provision for this component to be budgeted for.

#### 10. Fair value adjustments

National Treasury template does not make provision for this component to be budgeted for.

#### 12. Inventory

The municipality is embarking on a project of pre-paid meters installation therefore pre-paid meters form part of the inventory balance

#### 13. Receivables from exchange transaction

Please see explanation 14

#### 14. Receivables from non-exchange transaction

Adding receivables from both exchange and non-exchange transactions and VAT receivables we remain with overperformance variance that is caused by the municipality not having access to efilling

#### 15. VAT receivables

Please see explanation 14.

#### 16. Consumer debtors

The variance is attributed to high debt impairment on consumer debtors

#### 17. Cash and cash equivalent

The variance is due to low revenue collection rate and other commitments that impacted negatively on the cash flow position

#### 18. Property plant and equipment

The PPE variance is attributed to transferred(donated) assets

#### 19. Heritage assets

The budget for this account is included in the property plant and equipment

#### 20. Intangible assets

The variance is due to the amortisation difference not properly computed

#### 21. Deferred income

Please see explanation 28.

#### 22. Finance lease obligation

Finance lease planned to be taken up during the year were delayed and taken later on.

#### 23. Landfill Rehabilitation Provisions

Please see explanation 28.



## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Bu
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Figures in Rand

### **24. Trade and other payables**

The variance is attributed to a significant amount for accruals retention.

### **25. Payables from exchange transactions**

The variance is attributed to a significant amount for creditors that were accrued in 2021/22 financial year

### **26. Employee benefit obligation**

Please see explanation 28.

### **27. Unspent conditional grants**

The budget for this account is included in the payable from exchange budget

### **28. Provisions**

Taking the employee benefit obligation; landfill rehabilitation and deferred income into consideration whose budget is included in the provision budget the variance is to a change in landfill site provision and policy change relating to medical aid contribution

### **29. Investment property fair value adjustment**

National Treasury template does not make provision for this component to be budgeted for.

The accounting policies on pages 20 to 46 and the notes on page 47 form an integral part of the annual financial statements.

## 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) including any interpretations, guidelines and directives issued by the Accounting Standards Board. In situations where the application of GRAP is not practicable, the International Accounting Standards will apply.

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

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

#### 1.1 Presentation currency

These annual financial statements are presented in South African Rand. Amounts are rounded to the nearest Rand.

#### 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 judgements 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 judgments include:

##### Useful lives and residual values of property plant and equipment and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for the property, plant and equipment and other assets. This estimation should be based on the expected pattern in which an asset's future economic benefits or service potential are to be consumed by the municipality.

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

##### Trade receivables

The municipality assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgments 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 is calculated based on historical collection rate ratios and expected debt collection rates.

##### Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. The write down is included in the operation surplus note.

##### Fair value estimation

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The municipality uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period.

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



## ACCOUNTING POLICIES

### 1. Presentation of Annual Financial Statements (continued)

#### 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.

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 tangible assets are inherently uncertain and could materially change over time.

#### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 18 - Provisions.

#### Post retirement benefits

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 7.

#### Effective interest rate

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

#### Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows.

#### Provision for landfill sites

The provision for rehabilitation site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value of the expected future cash flows to rehabilitate the landfill site at year-end. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the related asset are charged to the Statement of Financial Performance.

Provision of rehabilitation of landfill site is determined by :

- Calculating the cost of rehabilitation of landfill sites and assessing the useful life of each land fill site as done by an Actuary/Specialist
- The effect of time value of money is calculated using interest rates (investment rate) linked to the prime rate.

## ACCOUNTING POLICIES

### 1. Presentation of Annual Financial Statements (continued)

#### 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, and only when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the enterprise, 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 at no cost or for a nominal cost, its cost is its fair value as at the date of acquisition.

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

#### Fair value

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

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

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

If the entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be 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 measure 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 apply 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 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 services 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.

## ACCOUNTING POLICIES

### 1. Presentation of Annual Financial Statements (continued)

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 at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

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

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

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

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

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

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property plant and equipment are accounted for as property plant and equipment.

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	Average useful life
Land	Indefinite
Buildings	30 years
Plant and machinery	5 - 15 years
Furniture and fixtures	7 - 10 years
Motor vehicles	3 - 20 years
Office equipment	3 - 5 years
IT equipment	3 - 6 years
Infrastructure	5 - 30 years
Other property, plant and equipment	5 - 30 years
Other equipment	5- 25 years
Specialised vehicles	10 years
Tools and loose gear	5 years

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

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

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

The depreciation charge for each period is recognised on the straight line basis 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.

## ACCOUNTING POLICIES

### 1. Presentation of Annual Financial Statements (continued)

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. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

#### 1.6 Intangible assets

An asset is identified as an intangible asset when it:

- 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, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the municipality or from other rights and obligations.

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.

Intangible assets are initially recognised at cost.

An intangible asset acquired at no or nominal cost, the cost shall be its fair value as at the date of acquisition.

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

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

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

Item	Useful life
Computer Software	3-5 years

Intangible assets are derecognised:

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

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

#### 1.7 Heritage assets

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

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 heritage asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

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 the heritage asset's net selling price and its value in use.

Value in use of the heritage 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.



## ACCOUNTING POLICIES

### 1. Presentation of Annual Financial Statements (continued)

#### 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 initial cost less any accumulated impairment losses.

#### 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.

The gain or loss arising from the derecognition of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

### 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.

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).

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

A financial asset is:

## ACCOUNTING POLICIES

### 1. Presentation of Annual Financial Statements (continued)

- 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 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.

Long term advance payments are financial liabilities, other than short-term payables on normal credit terms.

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

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

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

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

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

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

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

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

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

Financial instruments at fair value comprise financial assets or financial liabilities that do not meet the definition of financial instruments at amortised cost or financial.



## ACCOUNTING POLICIES

### 1. Presentation of Annual Financial Statements (continued)

#### Classification

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

Class	Category
Deposit (Security held in advance)	Financial Asset measured at amortised cost
Investments - Call accounts	Financial Asset measured at amortised cost
Consumer Debtors	Financial Asset measured at amortised cost
VAT	Financial Asset measured at amortised cost
Receivables from exchange transactions	Financial Asset measured at amortised cost

The Municipality 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
Consumer deposits	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
Accruals	Financial liability measured at amortised cost
Finance lease obligation	Financial liability measured at amortised cost

#### Initial recognition

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

#### Initial measurement of financial assets and financial liabilities

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

## ACCOUNTING POLICIES

### 1. Presentation of Annual Financial Statements (continued)

#### Subsequent measurement of financial assets and financial liabilities

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

- Financial instruments at fair value.
- Financial instruments at amortised 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 effective interest rate.

#### Derecognition

##### Financial assets

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.

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 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, is recognised in surplus or deficit.

## ACCOUNTING POLICIES

### 1. Presentation of Annual Financial Statements (continued)

#### 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.

#### 1.9 Leases

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

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

##### Finance leases - lessee

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

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

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

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

##### Operating leases - lessor

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

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

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

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

##### Operating leases - lessee

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

#### 1.10 Inventories

Inventories are initially measured at cost except where inventories are acquired at no cost, or for nominal consideration, 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.

## ACCOUNTING POLICIES

### 1. Presentation of Annual Financial Statements (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 weighted average cost 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 those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

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 held with the primary 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:

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

#### Identification

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

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

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

#### Value in use

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

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

## ACCOUNTING POLICIES

### 1. Presentation of Annual Financial Statements (continued)

#### Basis for estimates of future cash flows

In measuring value in use the municipality:

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

#### Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

#### Cash-generating units

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

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

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

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

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

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

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

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

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

## ACCOUNTING POLICIES

### 1. Presentation of Annual Financial Statements (continued)

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

#### 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.

#### 1.12 Impairment of non-cash-generating assets

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

##### Identification

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

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

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

##### Value in use

Value in use of an asset is the present value of the asset's remaining service potential.

The present value of the remaining service potential of an asset is determined using the following approach:

## ACCOUNTING POLICIES

### 1. Presentation of Annual Financial Statements (continued)

#### Depreciated replacement cost approach

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

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

#### Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

#### Reversal of an impairment loss

The municipality 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.

## ACCOUNTING POLICIES

### 1. Presentation of Annual Financial Statements (continued)

#### 1.13 Electricity distribution losses

The electricity distribution losses are as a result of technical losses caused by the nature of electricity and the manner of its distribution, via the network, status / condition and age of the network, weather conditions and load on the system as well as non-technical losses, e.g theft and vandalism, as a result the losses are not recoverable.

Cost of units purchased include all costs incurred as a resulting of buying electricity or that are directly attributable to purchasing electricity.

The rand value of distribution loss is calculated per month using the unit cost of purchasing electricity in that month.

At the end of the year total distribution loss is calculated by adding up distribution losses for the 12 months.

#### 1.14 Employee benefits

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

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

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

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

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

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

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

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



## ACCOUNTING POLICIES

### 1. Presentation of Annual Financial Statements (continued)

#### Short-term employee benefits

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

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.

Short-term employee benefits include items such as:

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

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

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity 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
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

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

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

#### Post-employment benefits

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

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

## ACCOUNTING POLICIES

### 1. Presentation of Annual Financial Statements (continued)

#### Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

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

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

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

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

#### Other post retirement obligations

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

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

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

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

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

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

#### 1.15 Provisions and Contingent Liabilities

Provisions are recognised when:

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

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

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

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

## ACCOUNTING POLICIES

### 1. Presentation of Annual Financial Statements (continued)

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

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

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

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

Provisions are not recognised for future operating deficits.

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

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 37.

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

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

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

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgements. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

## ACCOUNTING POLICIES

### 1. Presentation of Annual Financial Statements (continued)

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

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

#### Decommissioning, restoration and similar liability

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

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.

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.

#### 1.16 Commitments

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

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

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

#### 1.17 Revenue from exchange transactions

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

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

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

Interest levied on transactions arising from exchange transactions is classified based on the nature of the underlying transaction, i.e. if the underlying transaction is an exchange transaction then any interest levied is also classified as exchange.

#### Measurement

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



## ACCOUNTING POLICIES

### 1. Presentation of Annual Financial Statements (continued)

#### Sale of goods

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

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

#### Rendering of services

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

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

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

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

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

#### Interest

Revenue arising from the use by others of entity assets yielding interest 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.

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

#### 1.18 Revenue from non-exchange transactions

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

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

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

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

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

## ACCOUNTING POLICIES

### 1. Presentation of Annual Financial Statements (continued)

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

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

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

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

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

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

Interest levied on transactions arising from non-exchange transactions is classified based on the nature of the underlying transaction, i.e. if the underlying transaction is a non-exchange transaction then any interest levied is also classified as non-exchange.

#### Recognition

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

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

#### Measurement

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

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

#### 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.

#### Transfers

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

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

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

#### Fines

## ACCOUNTING POLICIES

### 1. Presentation of Annual Financial Statements (continued)

Fines are recognised when it is probable that future economic benefits will flow to the entity, the costs can be reliably measured and all restrictions have been complied with. Revenue is recognised when fines or summons are issued. The amount due by a particular offender is specified on the notice, summons or equivalent document. The municipality issuing the traffic fine may indicate that reductions are available, subject to further processes being undertaken.

Fines reductions are not within the Elias Motsoaledi Municipality's discretion, they are subject to a further judicial process which is outside the municipality's control, then these reductions are not considered in measuring the asset (receivable) on initial recognition. This is because of the high degree of uncertainty in estimating the likely outcome of this process.

Relevant disclosures should be made on the assumptions used to estimate revenue and any other relevant information. The municipality is able to reliably measure the fair value of fines issued. The value of the fine that can be imposed on the offender is usually stipulated in legislation, regulation or equivalent, and will vary depending on the nature and severity of the offence. The amount due by a particular offender is usually indicated on the notice, summons or similar document issued. In these instances, the asset (receivable) can be measured reliably.

The basis of a receivables provision for fines outstanding as at year end in Elias Motsoaledi Municipality is based on an average percentage of fines outstanding divided by the total fines issued for each financial year.

Impairment on all traffic fines outstanding is calculated on a basis of the average of uncollectable rate over the full period of traffic fines per type of traffic fine.

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

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

### Levies

Levies are recognised as revenue 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.

Levies are based on declarations completed by levy payers. The estimate of levies revenue when a levy payer has not submitted a declaration are based on the following factors:

- the extent and success of procedures to investigate the non-submission of a declaration by defaulting levy payers;
- Internal records maintained of historical comparisons of estimated levies with actual levies received from individual levy payers.

### 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 on receipt probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

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

When government remit grants on a re-imburement basis, revenue is recognised when the qualifying expense has been incurred and to the period, such revenue is recognised on receipt or when the Act becomes effective, which-ever is earlier.

## ACCOUNTING POLICIES

### 1. Presentation of Annual Financial Statements (continued)

#### Property rates - revenue

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

#### Other grants and donations

Other grants and donations are recognised as revenue when:

- > it is probably 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.

#### 1.19 Investment income

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

#### 1.20 Accounting by principals and agents

##### Identification

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

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

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

##### Identifying whether an entity is a principal or an agent

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

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

##### Binding arrangement

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

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

## ACCOUNTING POLICIES

### 1. Presentation of Annual Financial Statements (continued)

#### Assessing which entity benefits from the transactions with third parties

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

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

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

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

#### Recognition

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

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

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

#### 1.21 Comparative figures

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

#### 1.22 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to operational unauthorised expenditure is initially recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure relating to capital expenditure is initially recognised as an asset in the statement of financial position in the year the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense or asset, and where council resolves on recovery, it is subsequently accounted for as revenue in the statement of financial performance and debtors in the statement of financial position. When the payment is subsequently received, the payment is receipted against the debtor.

For operational expenditure and capital assets the amounts are recognised excluding VAT.

The unauthorised expenditure note to the financial statements is disclosed excluding VAT.

#### 1.23 Fruitless and wasteful expenditure

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

Expenditure relating to fruitless and wasteful expenditure is initially 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 subsequently recovered, it is accounted for as revenue and debtor in the statement of financial performance and statement of financial position respectively.

For operational expenditure and capital assets the amounts are recognised excluding VAT.

Fruitless and wasteful expenditure note to the financial statements is disclosed excluding VAT.

## ACCOUNTING POLICIES

### 1. Presentation of Annual Financial Statements (continued)

#### 1.24 Irregular expenditure

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

- (a) Municipal Finance Management Act (Act No.56 of 2003); or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

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 that was incurred and identified during the current financial year and which was written off 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 write off 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 written off in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount written off.

Irregular expenditure that was incurred and identified during the current financial year and which was not written off by council 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 may account for it 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 written off 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 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 and debtor in the Statement of Financial Performance and Statement of Financial Position respectively.

Irregular expenditure note to the financial statements is disclosed including VAT.

#### 1.25 Use of estimates

The preparation of annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgements in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgements or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

## ACCOUNTING POLICIES

### 1. Presentation of Annual Financial Statements (continued)

#### 1.26 Expenditure

The municipality uses the accrual basis of accounting and recognises expenditures when they occur and are recognised in the period to which they relate and not only recognised when cash is paid.

Expenditure is decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrences of liabilities that result in decreases in net assets, other than those relating to distributions to owners.

#### 1.27 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised. Grants are included in Non exchange transactions revenue.

#### 1.28 Segmental reporting

A segment is an activity of an entity:

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

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

#### Measurement

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

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

#### 1.29 Budget information

Municipalities 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 municipalities shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

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

The Statement of comparative and actual information have been included in the annual financial statements as the recommended disclosure when the annual financial statements and the budget are on the same basis of accounting as determined by National Treasury.

Comparative information is not required.

## ACCOUNTING POLICIES

### 1. Presentation of Annual Financial Statements (continued)

#### 1.30 Related parties

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

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

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

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

#### 1.31 Events after reporting date

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

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

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

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

#### 1.32 Consumer Deposits

Consumer Deposits represents funds received by the municipality as security for payment of consumer accounts. The amount represent the actual cash received and can either be paid back or set off against an consumer account. The gross un-utilised deposit amount is indicated. No interest is paid to the consumers on the deposits held by the municipality.

#### 1.33 Trade payables

A liability is a present obligation of an entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits or service potential.

Payables are liabilities to pay for goods or services that have been received or supplied and have been invoiced or formally agreed with the supplier (and include payments in respect of social benefits where formal agreements for specified amounts exist).

Accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amounts due to employees.



## 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	Expected impact:
• Guideline: Guideline on Accounting for Landfill Sites	01 April 2021	
• Guideline: Guideline on the Application of Materiality to Financial Statements	01 April 2021	

### 2.2 Standards and Interpretations early adopted

The municipality has chosen to early adopt the following standards and interpretations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
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### 2.3 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2022 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 25 (as revised 2021): Employee Benefits	01 April 2023	Unlikely there will be a material impact
• iGRAP 7 (as revised 2021): Limit on defined benefit asset, minimum funding requirements and their interaction	01 April 2023	Unlikely there will be a material impact
• GRAP 104 (amended): Financial Instruments	01 April 2025	Unlikely there will be a material impact
• iGRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	Unlikely there will be a material impact
• GRAP 2020: Improvements to the standards of GRAP 2020	01 April 2023	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	Unlikely there will be a material impact

## Notes to the Annual Financial Statements

Figures in Rand

### 3. Investment property

	2022		2021			
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	96,398,574	-	96,398,574	81,077,025	-	81,077,025

### Reconciliation of investment property - June 2022

Investment property	Opening balance	Disposals	Fair value adjustments	Total
	81,077,025	(1,380,000)	16,701,549	96,398,574

### Reconciliation of investment property - June 2021

Investment property	Opening balance	Additions	Disposals	Fair value adjustments	Total
	70,854,211	58,380	(350,000)	10,514,434	81,077,025



## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality. None of the assets of the Municipality has been pledged as security for any purposes.

The valuation of the Investment properties was performed by an independent valuator, Uniqueco property valuers (Pty) Ltd. Sales research was conducted for property transactions taking place in the period starting July 2021 to June 2022. Year-on-year increases were calculated based on the average sales data collected for each township within the larger municipal area. The property market in the greater Elias Motsoaledi area was very quiet, overall little if any increases took place.

### Amounts recognised in surplus or deficit

There were no direct operating expenses and repairs and maintenance for Investment property that generated rental revenue for the 2021 and 2022 year

## Notes to the Annual Financial Statements

Figures in Rand

### 4. Property Plant and Equipment

	2022		2021	
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation
Land	173,835,386	-	173,835,386	184,335,386
Buildings	131,749,299	(72,588,049)	59,161,250	132,528,150
Leased assets capitalised	21,355,619	(1,028,004)	20,327,615	26,156,047
Roads Infrastructure	1,064,338,682	(487,978,210)	576,360,472	1,037,639,085
Solid Waste Infrastructure	37,552,709	(14,181,913)	23,370,796	31,457,391
Electrical Infrastructure	101,693,400	(46,562,028)	55,131,372	89,572,324
Community	30,273,423	(14,598,055)	15,675,368	32,108,366
Furniture and Office Equipment	9,222,778	(6,734,946)	2,487,832	9,014,534
Machinery and Equipment	26,986,214	(13,746,216)	13,239,998	13,239,807
Computer Equipment	5,859,018	(3,672,976)	2,186,042	4,883,285
Transport Assets	50,723,252	(32,955,432)	17,767,820	38,841,936
Capital - Work in Progress	131,883,906	(3,824,558)	128,059,348	91,795,661
<b>Total</b>	<b>1,785,473,686</b>	<b>(697,870,387)</b>	<b>1,087,603,299</b>	<b>1,691,571,972</b>
				<b>(651,146,280)</b>
				<b>1,040,425,692</b>

## Notes to the Annual Financial Statements

Figures in Rand

### Reconciliation of property plant and equipment - June 2022

	Opening balance	Additions	Disposals	Transfers	Assets Expensed	Depreciation	Impairment loss	Total
Land	175,308,486	-	-	(10,500,000)	-	-	9,026,900	173,835,386
Buildings	63,444,160	33,382	(254,169)	-	-	(4,062,123)	-	59,161,250
Leased assets capitalised	19,356,917	21,355,619	-	(19,356,917)	-	(1,028,004)	-	20,327,615
Roads Infrastructure	587,851,991	-	(356,267)	27,430,701	-	(37,643,802)	(922,151)	576,360,472
Solid Waste Infrastructure	18,281,663	6,135,438	(12,706)	-	-	(1,033,599)	-	23,370,796
Electrical Infrastructure	45,225,888	-	(2,813,490)	17,548,770	-	(4,811,761)	(18,035)	55,131,372
Community	17,394,727	-	(569,389)	-	-	(1,149,970)	-	15,675,368
Furniture and Office Equipment	2,875,972	291,390	(5,280)	-	-	(659,759)	(14,491)	2,487,832
Machinery and Equipment	5,441,038	-	(22,125)	10,155,324	-	(2,333,303)	(936)	13,239,998
Computer Equipment	1,714,262	1,051,130	(22,937)	-	-	(553,704)	(2,709)	2,186,042
Transport Assets	11,734,927	1,079,482	(462,729)	9,201,592	-	(3,785,452)	-	17,767,820
Capital - Work in Progress	91,795,661	83,111,727	-	(43,023,482)	-	-	(3,824,558)	128,059,348
	<b>1,040,425,692</b>	<b>113,058,168</b>	<b>(4,519,092)</b>	<b>(8,544,012)</b>	<b>-</b>	<b>(57,061,477)</b>	<b>4,244,020</b>	<b>1,087,603,299</b>

## Notes to the Annual Financial Statements

Figures in Rand

### Reconciliation of property plant and equipment - June 2021

	Opening balance	Additions	Disposals	Transfers	Assets Expensed	Depreciation	Impairment loss	Total
Land	175,308,486	-	-	-	-	-	-	175,308,486
Buildings	60,547,784	6,858,209	-	-	-	(3,956,793)	(5,040)	63,444,160
Leased assets capitalised	21,776,301	-	-	-	-	(2,419,384)	-	19,356,917
Roads Infrastructure	570,533,515	-	(395,713)	58,410,523	-	(40,562,698)	(133,636)	587,851,991
Solid Waste Infrastructure	11,740,724	7,217,218	-	135,601	-	(811,880)	-	18,281,663
Electrical Infrastructure	46,741,258	-	(11,922)	3,009,399	-	(4,301,901)	(210,946)	45,225,888
Community	18,203,372	352,641	(7,909)	-	-	(1,152,954)	(423)	17,394,727
Furniture and Office Equipment	2,055,464	1,453,963	(559)	-	-	(625,385)	(7,511)	2,875,972
Machinery and Equipment	5,124,992	1,760,111	(5,155)	-	-	(1,438,849)	(61)	5,441,038
Computer Equipment	1,424,137	769,069	-	-	-	(458,663)	(20,281)	1,714,262
Transport Assets	15,115,726	-	-	-	-	(3,380,799)	-	11,734,927
Capital - Work in Progress	94,441,805	78,750,066	-	(66,221,782)	(15,174,428)	-	-	91,795,661
	<b>1,023,013,564</b>	<b>97,161,277</b>	<b>(421,258)</b>	<b>(4,666,259)</b>	<b>(15,174,428)</b>	<b>(59,109,306)</b>	<b>(377,898)</b>	<b>1,040,425,692</b>

### Changes to 2021 disclosure

The Reconciliation of property plant and equipment - June 2021 was amended by disclosing R3 009 399 under transfers instead of additions. This is because this amount relate to transfers from inventory.



## Notes to the Annual Financial Statements

Figures in Rand

### Property, plant and equipment in the process of being constructed or developed

Below are halted property, plant and equipment that are taking a significantly longer period of time to complete than expected.

Project Name	Property, plant and equipment class	Impairment losses recognised	Reason for halting the construction	Impairment June 2022	Carrying value of halted projects June 2022	Impairment June 2021	Carrying value of halted projects June 2021
Electrification of Zenzele	Work in Progress	No	Projects implemented on land that is privately owned	-	2,907,494	-	2,907,494
Fencing of Elandsdoorn Cemetery	Work in Progress	Yes	The project was disrupted by community	648,202	216,067	-	864,269
<b>Total</b>		-		<b>648,202</b>	<b>3,123,561</b>		<b>3,771,763</b>

## Notes to the Annual Financial Statements

Figures in Rand

Below are delayed property, plant and equipment that are taking a significantly longer period of time to complete than expected.

Project Name	Property, plant and equipment class	Impairment losses recognised	Reason for halting the construction	Impairment June 2022	Carrying value of halted projects June 2022	Impairment June 2021	Carrying value of halted projects June 2021
Kgaphamadi Bus Road Phase 1E	Work in Progress	No	The project had delays that negatively affected the finalization of the remaining snaglist on site	-	43,440,141	-	43,440,141
Groblerdsdal Landfill site	Work in Progress	No	Designs not compliant with new Department of Water and Sanitation standards/ requirements on landfill sites	-	9,795,810	-	9,795,810
<b>Total</b>				-	<b>53,235,951</b>	-	<b>53,235,951</b>

**Expenditure incurred to repair and maintain property, plant and equipment**

**Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance**

Expenditure

10,849,640

7,026,445



## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality. None of the assets of the Municipality has been pledged as security for any purposes.

Certain assets were impaired during the year, based on physical verification that was performed during the 2022 and 2021 financial year. The fair value less costs to sell method was used.

The impairment review was limited to review of the possible "Physical impairment" of the assets. This impairment review is therefore directly linked to the high-level condition assessment carried out on the assets that have been physically verified. Impairment was raised in cases where the carrying amount at yearend (Including accumulated impairment in prior years but before current year impairment losses) exceeded the recoverable service amount calculated. The additional impairment will be equal to the difference between the carrying value and the recoverable service amount.

Once the condition of an asset is determined the condition rating is applied in order to ensure that the value of the asset is correctly reflected, this is done by reducing the carrying value of the asset based on its condition, as per the table below:

Description	Rating
Very Good	95%
Good	70%
Fair	45%
Poor	25%
Very Poor	10%
Broken	0%

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

## Notes to the Annual Financial Statements

Figures in Rand

### 5. Heritage Assets

	2022		2021			
Heritage Assets	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
	463,363	-	463,363	463,363	-	463,363

### Reconciliation of heritage assets - June 2022

Heritage Assets	Opening balance	Total
	463,363	463,363

### Reconciliation of heritage assets - June 2021

Heritage Assets	Opening balance	Total
	463,363	463,363

## Notes to the Annual Financial Statements

Figures in Rand

### 6. Intangible assets

	2022		2021			
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	1,554,591	(1,540,430)	14,161	1,554,591	(1,532,029)	22,562

#### Reconciliation of intangible assets - June 2022

Computer software	Opening balance	Amortisation	Total
	22,562	(8,401)	14,161

#### Reconciliation of intangible assets - June 2021

Computer software	Opening balance	Amortisation	Total
	30,963	(8,401)	22,562

#### Other information

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

## Notes to the Annual Financial Statements

Figures in Rand

2022

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### 7. Employee benefit obligations

#### Defined benefit plan

The municipality provides a Defined Benefit Plan to its employees. A defined contribution plan is a type of retirement plan in which the municipality and employee both make contributions on a monthly basis.

The Municipality offers employees and continuation members the opportunity of belonging to one of several medical schemes, most of which offer a range of options pertaining to levels of cover.

Upon retirement, an employee may continue membership of the medical scheme. Upon a member's death-in-service or death-in-retirement, the surviving dependents may continue membership of the medical scheme.

Members contribute according to sliding tables of contribution rates which differentiate between them on the type and number of dependents. Some options also differentiate on the basis of income.

Eligible employees will receive a post-employment subsidy of either 60% or 70% of the contribution payable should they be a member of a medical scheme at retirement. Continuation members and their eligible dependents receive a subsidy of either 60% or 70%. Upon a member's death-in-service, surviving dependents are not allowed to commence receipt of the subsidy. Upon a member's death-in-retirement, surviving dependents are allowed to continue to receive the same subsidy.

Eligible employees will receive a post-employment subsidy of 60% of the contribution payable should they be a member of a medical scheme at retirement. Continuation members and their eligible dependants receive a 60% subsidy.

Upon a member's death-in-service, surviving dependants are not entitled to commence receipt of the subsidy. Upon a member's death-in-retirement, surviving dependants are entitled to continue to receive the same subsidy.

All post-employment subsidies are subject to a maximum subsidy. The maximum for the year ending 30 June 2022 is an assumed value of R 4,773.12 per member per month (the same as the previous year's maximum), as instructed by management. The maximum subsidy amount has been assumed to increase in future at 75% of salary inflation.

#### Impact of COVID-19

It is difficult to estimate what impact the pandemic is likely to have on the Municipality's liability at this stage. There is still much uncertainty as to how it will affect mortality in the medium to long term, and what effect treatments and/or vaccines will have.

Once any long-term impacts of COVID-19 on the various valuation parameters becomes more evident, appropriate adjustments to the parameters will be feasible. In the meanwhile, any short-term impacts of actual experience being different to the current long-term assumptions will contribute to actuarial gain/loss items.

#### The amounts recognised in the statement of financial position are as follows:

##### Carrying value

Present value of the Post Employment Medical Health Care obligation -Opening balance	(24,324,000)	(33,047,000)
Interest charge	(2,378,000)	(3,210,000)
Net actuarial gains or losses recognised	2,084,200	11,258,054
Current Service Cost	(1,025,000)	(937,000)
Benefits paid out of the fund	1,111,799	1,611,946
	<b>(24,531,000)</b>	<b>(24,324,000)</b>
Non-current liabilities	(23,583,000)	(23,302,000)
Current liabilities	(948,000)	(1,022,000)
	<b>(24,531,000)</b>	<b>(24,324,000)</b>



## Notes to the Annual Financial Statements

Figures in Rand

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### Changes in the present value of the defined benefit obligation are as follows:

Opening balance	15,601,000	24,324,000
Net expense recognised in the statement of financial performance	207,001	(8,723,000)
	<b>15,808,001</b>	<b>15,601,000</b>

### Net expense recognised in the statement of financial performance

Current service cost	1,025,000	937,000
Interest cost	2,378,000	3,210,000
Actuarial (gains) losses	(2,084,200)	(11,258,054)
Paid out to current members	(1,111,799)	(1,611,946)
	<b>207,001</b>	<b>(8,723,000)</b>

### Calculation of actuarial gains and losses

Actuarial (gains) losses	(2,084,201)	(11,258,054)
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### Key assumptions used

Assumptions used at the reporting date:

Discount rates used: Long service awards	11.03 %	9.27 %
General salary inflation (Long Term)	7.33 %	5.79 %
Nett effective discount rate - Long service awards	3.45 %	3.29 %
Discount rate used: Post employment benefits	11.82 %	9.98 %
Health care inflation rate	8.43 %	6.78 %
Net effective discount rate - Post employment benefits	3.13 %	3.00 %

## Notes to the Annual Financial Statements

Figures in Rand 2022 2021

### 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:

	One percentage point increase	One percentage point decrease
Effect on the aggregate of the service cost and interest cost (defined benefit obligation)	3,680,000	3,059,000
Effect on defined benefit obligation	26,033,000	22,633,000

	One percentage point increase	One percentage point decrease
Effect on the aggregate of the service cost and interest cost ( Long service awards)	- 1,508,000	1,309,000
Effect on Long service awards obligation	- 8,596,000	7,645,000

Amounts disclosed span the total information available as the municipality applied the GRAP standard only from 2017 annual financial statements. Future periods will include all further information as it ages.

	2022 R	2021 R	2020 R	2019 R	2018 R
Defined benefit obligation	24,531,000	24,324,000	33,047,000	36,472,000	38,040,665
Experience adjustments on plan liabilities	(957,000)	(2,118,000)	174,000	(2,204,000)	(1,888,000)

	2022 R	2021 R	2020 R	2019 R	2018 R
Long service award	8,099,000	7,416,000	6,900,000	6,010,000	5,347,000
Experience adjustments on plan liabilities	750,854	774,714	455,307	582,882	287,873

### 8. Deposit (Security held in advance)

A security deposit is held by Eskom who is the bulk electricity supplier to the municipality. The Municipality occasionally pays additional deposits as required by the supplier. The deposit attracts interest at rates determined by the supplier on an annual basis. The annual interest is accounted for in the additional deposit amounts held and the relevant interest earned amount on the statement of financial performance. The amount equals approximately twice the monthly account and will be held until the service is no longer required.

#### Eskom Deposits

Account payable security	16,536,410	16,008,248
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## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>9. Inventories</b>		
Consumables	9,854,683	11,081,710
Unsold Properties Held for Resale	10,500,000	-
	<b>20,354,683</b>	<b>11,081,710</b>
<b>9.1 Consumables expenses</b>		
<b>Statement of Financial Position</b>		
Opening stock	11,081,710	8,963,783
Add: Purchases	19,900,034	9,579,912
Less: Consumed	(21,127,060)	(7,461,986)
Closing stock	9,854,683	11,081,710
<b>Statement of Financial Performance</b>		
Repairs And Maintenance used	7,278,941	5,309,015
Printing And Stationery used	1,462,005	1,291,584
Advertising	-	32,807
Motor vehicle expenses	-	55,000
Materials and supplies	3,728,321	-
Inventories recognised as an expense during the year	<b>12,469,267</b>	<b>6,688,406</b>
Inventories Recognised as Non current assets	8,657,793	773,580
<b>Total inventory consumed</b>	<b>21,127,060</b>	<b>7,461,986</b>

Inventories recognised as expenses during the year are included in different expenditure line items in the statement of financial performance as illustrated above.

## Notes to the Annual Financial Statements

Figures in Rand

### 10. Receivables from exchange transactions

Prepayments	240,999	207,304
Trade debtors	2,416,512	2,031,460
	<b>2,657,511</b>	<b>2,238,764</b>

### 11. Receivables from non-exchange transactions

Traffic fines	4,367,127	7,063,800
Less: Provision for irrecoverable debt traffic fines	(1,142,466)	(3,500,372)
Debit orders to be recovered	460,166	311,596
	<b>3,684,827</b>	<b>3,875,024</b>

### Reconciliation of provision for impairment of receivables from non-exchange transactions

Opening balance	3,500,372	143,722,460
Contribution to provision for traffic fines impairment	(2,357,906)	41,690,213
Bad debts traffic fines	-	(181,912,301)
	<b>1,142,466</b>	<b>3,500,372</b>

As of 30 June 2022, traffic fines debtors of R 4 367 127 (2021: R 7 063 800) were impaired and provided for.

The amount of the provision was R 1 142 466 as at 30 June 2022 (2021: R 3 500 372).

Debt impairment written off against allowance was R 0 as at 30 June 2022 (2021: R 181 912 301)

### 12. VAT receivable

VAT Accrual	12,514,107	8,883,151
VAT Cash basis	1,953,500	7,340,967
	<b>14,467,607</b>	<b>16,224,118</b>

VAT receivable is a statutory receivable per GRAP 108.

In terms of the VAT Act, 1991 (Act No. 89 of 1991) and its amendments, municipalities must be VAT registered and must declare Output tax on the taxable supply of goods and services and claim Input tax credits on expenses incurred in the course or furtherance of the enterprise (the taxable supplies).

That VAT balance accumulates every time the municipality transact in taxable supplies.

The transaction amount is determined by multiplying the standard-rated supplies by 15% and Zero-rated supplies by 0%.

Statutory receivable are impaired only when SARS reduces an assessment, and the municipality objection is denied by SARS.

There are no VAT balances that are past due as at year end.

The municipality is registered on the cash basis and the timing of payments to/from SARS is at the end of each month.

Due to the accrual basis of accounting applied the amount disclosed for VAT include the total movement of VAT accounts. The basis includes a set of accounts that indicate the amount accrued for VAT in debtors and creditors separate from the amount receivable or owed to SARS. The basis of accounting does not lend itself to the separate disclosure of vat movement items. In terms of the prescribed guidelines only the nett VAT receivable or payable are disclosed.



## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>13. Consumer debtors</b>		
<b>Gross balances</b>		
Rates	61,774,080	51,790,625
Electricity	16,699,890	16,365,855
Refuse	21,020,711	16,883,656
Interest exchange	10,827,701	7,564,089
Interest non-exchange	46,721,071	33,279,221
VAT	6,368,905	5,643,469
Other	2,304,905	2,627,809
	<b>165,717,263</b>	<b>134,154,724</b>
<b>Less: Allowance for impairment</b>		
Rates	(27,321,349)	(21,700,172)
Electricity	(1,768,649)	(1,300,854)
Refuse	(10,169,026)	(7,672,508)
Interest exchange	(5,232,810)	(3,399,500)
Interest non-exchange	(21,653,347)	(14,956,553)
VAT	(2,074,402)	(1,679,555)
Other	(966,505)	(1,013,089)
	<b>(69,186,088)</b>	<b>(51,722,231)</b>
<b>Net balance</b>		
Rates	34,452,731	30,090,453
Electricity	14,931,241	15,065,001
Refuse	10,851,685	9,211,148
Interest exchange	5,594,891	4,164,589
Interest non-exchange	25,067,724	18,322,668
VAT	4,294,503	3,963,914
Other	1,338,400	1,614,720
	<b>96,531,175</b>	<b>82,432,493</b>
<b>Rates</b>		
Current (0 -30 days)	3,158,222	3,120,892
31 - 60 days	1,724,169	1,886,687
61 - 90 days	1,327,826	1,367,626
91 - 120 days	1,267,561	1,318,771
121 - 365 days	7,895,706	7,981,843
> 365 days	46,400,596	36,114,806
	<b>61,774,080</b>	<b>51,790,625</b>
<b>Electricity</b>		
Current (0 -30 days)	11,246,717	11,212,054
31 - 60 days	1,810,208	2,292,233
61 - 90 days	177,449	167,532
91 - 120 days	135,003	124,031
121 - 365 days	779,848	614,165
> 365 days	2,550,665	1,955,840
	<b>16,699,890</b>	<b>16,365,855</b>

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>Refuse</b>		
Current (0 -30 days)	772,691	752,178
31 - 60 days	571,740	540,104
61 - 90 days	421,746	413,344
91 - 120 days	393,500	406,750
121 - 365 days	2,744,676	2,767,246
> 365 days	16,116,358	12,004,034
	<b>21,020,711</b>	<b>16,883,656</b>
<b>Interest</b>		
Current (0 -30 days)	1,765,514	1,368,119
31 - 60 days	1,693,265	1,495,270
61 - 90 days	1,650,851	1,444,199
91 - 120 days	1,609,403	1,396,787
121 - 365 days	10,172,882	8,722,783
> 365 days	40,656,858	26,416,152
	<b>57,548,773</b>	<b>40,843,310</b>
<b>VAT</b>		
Current (0 -30 days)	1,192,631	1,794,483
31 - 60 days	363,848	427,891
61 - 90 days	94,377	90,944
91 - 120 days	80,904	98,832
121 - 365 days	549,071	530,484
> 365 days	3,468,679	2,700,836
	<b>5,749,510</b>	<b>5,643,470</b>
<b>Other</b>		
Current (0 -30 days)	74,097	59,043
31 - 60 days	50,016	58,550
61 - 90 days	29,784	28,426
91 - 120 days	28,630	149,850
121 - 365 days	154,529	202,517
> 365 days	1,967,849	2,129,423
	<b>2,304,905</b>	<b>2,627,809</b>



## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>Summary of debtors by customer classification</b>		
<b>Consumers</b>		
Current (0 -30 days)	10,031,740	4,805,076
31 - 60 days	3,060,173	2,933,042
61 - 90 days	2,067,983	1,827,595
91 - 120 days	1,991,573	1,760,440
121 - 365 days	12,897,554	11,316,059
> 365 days	64,839,826	42,761,628
	<b>94,888,849</b>	<b>65,403,840</b>
Less: Allowance for impairment	(40,975,482)	(28,011,592)
	<b>53,913,367</b>	<b>37,392,248</b>
<b>Industrial/ commercial</b>		
Current (0 -30 days)	8,080,105	7,299,415
31 - 60 days	2,855,205	3,000,993
61 - 90 days	1,510,078	1,248,205
91 - 120 days	1,436,586	1,210,236
121 - 365 days	8,832,640	6,972,489
> 365 days	42,265,441	29,338,273
	<b>64,980,055</b>	<b>49,069,611</b>
Less: Allowance for impairment	(26,040,195)	(18,386,956)
	<b>38,939,860</b>	<b>30,682,655</b>
<b>National and provincial government</b>		
Current (0 -30 days)	717,423	1,067,900
31 - 60 days	297,868	766,701
61 - 90 days	123,973	436,270
91 - 120 days	86,842	524,344
121 - 365 days	566,518	2,530,488
> 365 days	4,055,737	9,221,191
	<b>5,848,361</b>	<b>14,546,894</b>
Less: Allowance for impairment	(2,170,412)	(5,323,684)
	<b>3,677,949</b>	<b>9,223,210</b>
<b>Total</b>		
Consumers	94,888,848	70,538,219
Commercial / industrial / agricultural	64,980,055	49,069,613
National, Provincial and other government organisations	5,848,360	14,546,894
	<b>165,717,263</b>	<b>134,154,726</b>
Less: Allowance for impairment	(69,186,088)	(51,722,233)
	<b>96,531,175</b>	<b>82,432,493</b>
<b>Reconciliation of allowance for impairment</b>		
Balance at beginning of the year	(51,722,229)	(46,833,837)
Contributions to allowance	(17,463,859)	(19,636,852)
Debt impairment written off against allowance	-	14,748,458
	<b>(69,186,088)</b>	<b>(51,722,231)</b>

## Notes to the Annual Financial Statements

Figures in Rand 2022 2021

### Consumer debtors impaired

As of 30 June 2022, consumer debtors of R 165 717 263 (2021: R 134 154 726) were impaired and provided for.

The amount of the provision was R 69,186,088 as at 30 June 2022 (2021: R (51,722,231)). The basis of the calculation of debt impairment is based on the risk assessment required in terms of GRAP 19.

Debt impairment written off against allowance amounted to zero as at 30 June 2022 and R14 748 458 as at 30 June 2021.

### Consumer debtors breakdown

The carrying amount of consumer debtors consist of the following:

Consumer debtors from non-exchange transactions	59,520,455	48,413,121
Consumer debtors from exchange transactions	37,010,720	34,019,372
<b>Total</b>	<b><u>96,531,175</u></b>	<b><u>82,432,493</u></b>

### 14. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	6,799	1,180
Bank balances	14,703,231	6,814,520
	<b><u>14,710,030</u></b>	<b><u>6,815,700</u></b>

The investment balance was fully withdrawn by 30 June 2021.

### The municipality had the following bank accounts

Account number / description	Bank statement balances		Cash book balances	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
Nedbank Limited: Cheque Account (Acc no 1137278765)	4,581,155	-	6,723,762	4,703,231
Nedbank Limited: Call Account (1211262103)	9,999,575	-	-	10,000,000
<b>Total</b>	<b><u>14,580,730</u></b>	<b><u>-</u></b>	<b><u>6,723,762</u></b>	<b><u>14,703,231</u></b>

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>15. Finance lease obligation</b>		
<b>Minimum lease payments due</b>		
- within one year	8,117,986	2,480,665
- in second to fifth year inclusive	13,810,318	-
	21,928,304	2,480,665
less: future finance charges	(2,588,102)	(39,284)
<b>Present value of minimum lease payments</b>	<b>19,340,202</b>	<b>2,441,381</b>
Non-current liabilities	12,702,191	-
Current liabilities	6,638,010	2,441,380
	<b>19,340,201</b>	<b>2,441,380</b>

It is municipality policy to lease certain motor vehicles and equipment under finance leases.

Interest rates are linked to prime at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

The municipality's obligations under finance leases were secured by the lessor's charge over the leased assets. Refer note 4.

### 16. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

<b>Unspent conditional grants and receipts</b>		
Land Affairs Grant	466,250	466,250
Integrated National Electrification Programme (Municipal Grant)	5,396,288	440,611
Municipal Infrastructure Grant	60,192	-
CoGHSTA - Development of Masakaneng	299,762	299,762
Education Training and Development Practices SETA	266,853	(1)
	<b>6,489,345</b>	<b>1,206,622</b>

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited and unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note 27 for reconciliation of grants from National/Provincial Government.

## Notes to the Annual Financial Statements

Figures in Rand

### 17. Deferred income

#### At amortised cost

	2022	2021
Deferred income - Long term portion	2,942,982	3,135,964

#### At amortised cost

Deferred income - Short term portion	192,983	192,983
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The municipality received R 5 500 000 in advance for the market related lease of a business property. As part of the lease agreement these payments are amortised over the period of the lease agreement. No escalation is applicable on the lease and the lease payments are amortised utilising the straight line method. The lease amounts to R 192 982 per annum excluding VAT (value added tax).

#### Non-current liabilities

Deferred income	2,942,982	3,135,964
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#### Current liabilities

Deferred income	192,983	192,983
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## Notes to the Annual Financial Statements

Figures in Rand 2022 2021

### 18. Provisions

#### Reconciliation of provisions - June 2022

	Opening Balance	Current Service Cost/Change in provision	Benefit Vested	Interest Cost	Actuarial Loss / (Gain)	Total
Environmental rehabilitation - Landfill	46,628,201	6,135,438	-	1,081,774	-	53,845,413
Provision for Long Service Leave	7,416,000	757,000	(1,331,854)	646,000	611,854	8,099,000
	<b>54,044,201</b>	<b>6,892,438</b>	<b>(1,331,854)</b>	<b>1,727,774</b>	<b>611,854</b>	<b>61,944,413</b>

#### Reconciliation of provisions - June 2021

	Opening Balance	Current Service Cost/Change in provision	Benefit Vested	Interest Cost	Actuarial Loss / (Gain)	Total
Environmental rehabilitation - Landfill	37,898,820	7,217,218	-	1,512,163	-	46,628,201
Provision for Long Service Leave Bonus	6,900,000	707,000	(1,404,714)	475,000	738,714	7,416,000
	<b>44,798,820</b>	<b>7,924,218</b>	<b>(1,404,714)</b>	<b>1,987,163</b>	<b>738,714</b>	<b>54,044,201</b>

Non Current Portion Landfill site provision	51,866,769	45,546,427
Current Portion Landfill site provision	1,978,644	1,081,774
Non-current portion of long service leave provision	7,563,000	6,495,000
Current portion of long service leave provision	536,000	921,000
	<b>61,944,413</b>	<b>54,044,201</b>

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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### Employee benefit cost provision

An actuarial valuation was performed on the long service bonus awards - current and non current - liability for the purpose of reporting under the statement of Generally Recognised Accounting Practice 25 (GRAP 25) of the Accounting Standards Board (ASB) Directive 5, which is based on the International Accounting Standards 19 (IAS 19) was performed.

In terms of the basic conditions of employment long service accumulated leave must be wholly or partially converted to payment on the date on which the employee qualifies for it or at any stage thereafter subject to budget provisions.

Detailed assumptions are disclosed under note 7

### Environmental rehabilitation provision

An actuarial valuation was performed on the environmental rehabilitation - current and non current - liability. The municipality appointed external experts to perform the rehabilitation review and estimation for the 2020 and 2021 financial year. The appropriate procedures were followed to ensure that the provision is appropriate for the landfill sites operated.

### Discount Rate Assumption

Accounting Standard GRAP19 defines the determination of the investment return assumption to be used as the rate that can be determined by reference to market yields (at the balance sheet date) on government bonds. The currency and term of the government bonds should be consistent with the currency and estimated term/life of the landfill site.

#### Key financial assumptions used

#### June 2022

#### Rates and information used:

Discount rate (D): 8.58%  
 Price inflation (I): 5.76%  
 Net discount rate  $(1+D)/(1+I)-1 = 5.11\%$

Net present value calculations based on the Government Bond Yield Rate for 10-years as discount rate.

In order to escalate and calculate the future values, the average CPI of the past ten years was used as escalation rate as obtained from StatsSA.

At the time the previous assessment was calculated and entries finalised, the available information indicated that the Roossenekal Landfill licence had expired and therefore had no remaining lifetime remaining to legally operate. In December 2020 (after report finalisation) an amendment to the Roossenekal licence was issued which extended its validity until 2025. Due to this and for the purpose of the calculations below, the previous year's entries were recalculated with the extended remaining lifetime for Roossenekal as opposed to a zero lifetime. The effect is shown as prior period error.

#### June 2021

#### Rates and information used:

Groblersdal Discount rate (D1): 8.10%  
 Roossenekal Discount rate (D2): 6.34%  
 Price inflation (I): 5.21%  
 Net discount rate Groblersdal  $(1+D1)/(1+I)-1 = 2.75\%$   
 Net discount rate Roossenekal  $(1+D2)/(1+I)-1 = 1.07\%$

Net present value calculations based on the Government Bond Yield Rate for 10-years and 2-years respectively as discount rates. Refer to the screenshots below for the rates as at 28 June 2019 (latest published rates before 1 July 2019). Discount rate for Groblersdal Landfill = 8.10% and for Roossenekal Landfill = 6.34%.

In order to escalate and calculate the future values, the average CPI of the past ten years was used as escalation rate as obtained from StatsSA.

## Notes to the Annual Financial Statements

Figures in Rand

2022

2021

The following are the details of the two landfill sites:

Landfill site	Date License Issued	Date License Expiry	of Years valid	Remaining life in yrs on 30 June 2022	Remaining life in yrs on 30 June 2021
Groblersdal	7/4/2011	7/4/2027	16	4.77	5.77
Roosenekal	17/12/2020	16/4/2025	5	2.8	3.8

### 19. Payables from exchange transactions

Trade payables	43,896,395	31,347,251
Payments received in advanced Consumer Accounts	3,255,220	4,008,936
Accrued leave pay	20,977,717	20,955,479
Accrued bonus	8,456,229	7,663,003
Retention Creditors	16,574,051	17,235,470
Unallocated deposits	2,877,637	3,630,362
Reimbursements	-	18,695
	<b>96,037,249</b>	<b>84,859,196</b>

### 20. Payables from non - exchange transactions

SARS tax directives	499,189	499,189
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Tax directives are instructions from SARS to the municipality on how to deduct employees' tax from lump sum payments which are not covered by the prescribed tax table.

### 21. Consumer deposits

Electricity	5,621,490	5,778,288
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The electricity deposit relates to the guarantees or amounts paid by consumers on initial connection to municipal services. The deposit will be used to settle the debt in case of disconnection of services or payment default by the customer.

### 22. Service charges

Sale of electricity	98,370,604	93,437,504
Refuse removal	9,382,773	8,925,673
	<b>107,753,377</b>	<b>102,363,177</b>

## Notes to the Annual Financial Statements

Figures in Rand

### 23. Other income

Staff Recoveries	639,276	557,523
Other income	1,415,317	1,276,755
	<b>2,054,593</b>	<b>1,834,278</b>

Other income comprises of income from different sources as follows: Tender Documents, Plan Printing and Duplicates, Administrative fees, Cemetery and Burial, Clearance Certificates, Insurance Refund, Bad Debts Recovered, General recoveries, Valuation Services, Building Plan Approval, Photocopies and Faxes, Application Fees for Land Usage, Photocopies, Facilities and Advertisements.

### 24. Interest revenue

#### Interest revenue

Bank and investments	1,779,822	584,827
Interest charged on exchange consumer debtors	3,525,804	3,341,059
Interest charged on non-exchange consumer debtors	15,229,408	12,870,041
Interest received on Eskom deposits	528,162	629,681
	<b>21,063,196</b>	<b>17,425,608</b>

### 25. Property rates

#### Rates billed

Rates levied	47,634,929	47,281,286
Less: Income forgone (Property rates rebates)	(7,721,693)	(7,839,425)
	<b>39,913,236</b>	<b>39,441,861</b>

#### Valuations

Residential	2,451,732,500	2,366,495,500
Commercial	1,080,581,000	1,067,861,000
State	219,497,050	385,036,050
Municipal	316,749,100	270,912,100
Small holdings and farms	4,354,758,725	4,291,338,725
Social	59,886,000	59,816,000
	<b>8,483,204,375</b>	<b>8,441,459,375</b>

The municipality implemented the new valuation roll effective on 1 July 2017. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

### 26. Grants and subsidies paid

#### Other subsidies

Electricity Subsidies	1,232,051	1,311,550
Bursaries	315,264	211,588
Post Employment Medical Aid Benefits - Interest Charge	1,044,000	1,752,000
	<b>2,591,315</b>	<b>3,275,138</b>



## Notes to the Annual Financial Statements

Figures in Rand

2022

2021

### 27. Government grants and subsidies

#### Operating grants

Equitable share	302,788,000	347,525,830
Expanded Public Works Programme Integrated Grant for Municipalities	2,199,000	1,681,000
Local Government Financial Management Grant	2,650,000	2,600,000
Education Training and Development Practices SETA	-	101,588
	<b>307,637,000</b>	<b>351,908,418</b>

#### Capital grants

Municipal Infrastructure Grant (MIG)	57,923,808	53,891,000
Integrated National Electrification Programme Grant (INEP)	16,392,323	14,559,389
	<b>74,316,131</b>	<b>68,450,389</b>
	<b>381,953,131</b>	<b>420,358,807</b>

#### Municipal Infrastructure Grant (MIG)

Balance unspent at beginning of year	-	4,690,394
Current-year receipts	57,984,000	53,891,000
Conditions met - transferred to revenue	(57,923,808)	(53,891,000)
Amount paid back to NRF	-	(4,690,394)
	<b>60,192</b>	<b>-</b>

Conditions still to be met - remain liabilities (see note 16).

#### Financial Management Grant (FMG)

Current-year receipts	2,650,000	2,600,000
Conditions met - transferred to revenue	(2,650,000)	(2,600,000)
	<b>-</b>	<b>-</b>

Conditions still to be met - remain liabilities (see note 16).

#### Land Affairs Grant

Balance unspent at beginning of year	466,250	466,250
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Conditions still to be met - remain liabilities (see note 16).

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>INEP-Integrated national Electrification Programme Grant</b>		
Balance unspent at beginning of year	440,611	58,342
Current-year receipts	21,348,000	15,000,000
Conditions met - transferred to revenue	(16,391,937)	(14,559,389)
Amount paid to NRF	-	(58,342)
	<b>5,396,674</b>	<b>440,611</b>
Conditions still to be met - remain liabilities (see note 16).		
<b>Expanded Public Works Programme Integrated Grant for Municipalities (EPWP)</b>		
Current-year receipts	2,199,000	1,681,000
Conditions met - transferred to revenue	(2,199,000)	(1,681,000)
	-	-
Conditions still to be met - remain liabilities (see note 16).		
<b>Education Training and Development Practices SETA</b>		
Balance unspent at beginning of year	-	101,588
Conditions met - transferred to revenue	-	(101,588)
Current-year receipts	266,852	-
	<b>(266,852)</b>	-
Conditions still to be met - remain liabilities (see note 16)		
<b>COGHSTA - Development of Masakaneng</b>		
Balance unspent at beginning of year	299,762	299,762
Conditions still to be met - remain liabilities (see note 16).		



## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>28. Employee related costs</b>		
Acting allowances	524,057	697,830
Basic salary	98,264,765	93,585,230
Bonus	7,813,884	7,661,486
Defined contribution plans	19,954,081	18,358,318
Housing benefits and allowances	219,908	206,404
Contribution to provision for Leave and bonus pay	1,439,117	6,687,829
Medical aid - company contributions	5,442,199	5,227,775
Directors' remuneration as disclosed below	3,847,153	6,614,733
Overtime payments	2,024,967	2,150,339
Post Employment Medical Aid Benefits and Long Service Leave - Current Service Charge	1,737,981	1,644,001
Post Employment Medical Aid Benefits and Long Service Leave - Interest Charge	1,980,000	1,933,000
SDL	1,241,199	997,869
Car, Cellphone and other allowances	14,935,174	14,019,902
UIF	719,880	629,024
WCA	42,579	40,917
	<b>160,186,944</b>	<b>160,454,657</b>

Included in the above balances is (unless stated otherwise) the remuneration for the following s57 municipal employees:

## Notes to the Annual Financial Statements

Figures in Rand

### Remuneration of Municipal Manager - R Maredi

Annual Remuneration	-	177,933
Retirement settlement	-	1,386,637
Car Allowance	-	20,000
Cell Phone Allowance	-	5,000
Contributions to Medical and Pension Funds	-	13,345
Contribution to UIF and SDL	-	297
Annual Bonus	-	59,311
Contribution to Bargaining Council	-	20
N.P.A	-	5,000
	-	<b>1,667,543</b>

### Director Planning and Development - N Phala

Annual Remuneration	-	84,455
Car Allowance	-	10,000
Cellphone allowance	-	2,300
Contribution to Bargaining Council	-	10
Contribution to UIF and SDL	-	149
	-	<b>96,914</b>

### Remuneration of Acting Directors Director Planning and Development - B Sethojoa

Acting allowance (July 2021 to June 2022)	24,357	78,619
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### Remuneration of Municipal Manager - M Kgwale

Annual Remuneration	1,081,664	551,930
Car Allowance	108,000	54,000
Contributions to Medical and Pension Funds	106,334	41,395
Contribution to UIF and SDL	14,463	6,608
Annual Bonus	91,988	-
Contribution to Bargaining Council	124	59
Cellphone allowance	30,000	15,000
	<b>1,432,573</b>	<b>668,992</b>

### Remuneration of Acting Chief Financial Officer - Tjiane M C

Acting allowances - (July 2020 to November 2020)	-	10,171
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## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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### Remuneration of Director of Community Services - G Kegopotsemang

Annual Remuneration	940,045	953,818
Car Allowance	60,000	60,000
Contributions to Medical and Pension Funds	55,005	49,910
Cellphone allowance	27,600	27,600
Contribution to UIF and SDL	14,012	11,611
Contribution to Bargaining Council	124	119
Annual Bonus	117,976	78,819
	<b>1,214,762</b>	<b>1,181,877</b>

### Remuneration of Acting Directors Community Services

Acting Allowance (M Mathebe - January 2021)	-	5,523
Acting Allowance (C Coetzee - 2022) (September 2021)	2,832	-
Acting Allowance (N Mahlangu - 2022) (January 2022)	3,739	-
	<b>6,571</b>	<b>5,523</b>

### Remuneration of Director of Corporate Services - N Matumane

Annual Remuneration	1,115,463	1,115,463
Car Allowance	42,902	45,961
Annual Bonus	-	77,181
Cellphone allowance	27,600	27,600
Contribution to Bargaining Council	124	119
Contribution to UIF and SDL	13,729	12,257
	<b>1,199,818</b>	<b>1,278,581</b>

### Remuneration of Acting Director Infrastructure - J Maboja

Acting Allowance (April - 2022)	8,794	-
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### Director Executive Support - M Kgwale

Annual Remuneration	-	442,646
Car Allowance	-	54,000
Cellphone allowance	-	13,800
Contributions to Medical and Pension Funds	-	33,198
Annual Bonus	-	73,774
Contribution to UIF and SDL	-	5,052
Contribution to Bargaining Council	-	59
	-	<b>622,529</b>

### Remuneration of Acting Municipal Manager - M M Kgwale

Acting Allowance (July to December 2021)	-	46,825
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### Director of Infrastructure - N Makgata

Annual Remuneration	-	620,264
Annual Bonus	-	81,715
Leave pay	-	32,993
Car Allowance	-	204,184
Contributions to Medical and Pension Funds	-	76,606

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
Cell Phone Allowance	-	23,000
Contribution to UIF and SDL	-	9,016
Contribution to Bargaining Council	-	99
Acting Allowance - Acting Municipal Manager (January 2021)	-	3,594
	-	<b>1,051,471</b>

### Remuneration of Acting Director of Infrastructure - Malaka Jk

Acting Allowance (July and June 2022)	74,891	3,378
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## Notes to the Annual Financial Statements

Figures in Rand

### 29. Remuneration of councillors

Mayor	964,015	944,482
Speaker	776,758	764,394
Executive Committee Councillors	5,005,548	4,823,446
Ordinary Councillors	18,076,637	17,591,927
Chief Whip	744,120	721,019
	<b>25,567,076</b>	<b>24,845,268</b>

#### In-kind benefits

The Mayor, Speaker, Chief Whip and three full time Exco councillors and four (MMC Finance, MMC Infrastructure, MMC Corporate services and MMC Development planning) part time Exco councillors. The aforementioned are provided with an office and secretarial support at the cost of the Council

It is certified in the accounting officer's report that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 29 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

The additional disclosures as required by the Municipal Finance Management Act of 2004 as part of the MFMA disclosure note 52.

#### Remuneration of Mayor

Car Allowance	226,213	223,463
Annual Remuneration	580,919	507,263
Contributions to Medical and Pension Funds	113,364	163,124
SDL	7,319	6,232
Cellphone and other	36,200	44,400
	<b>964,015</b>	<b>944,482</b>

#### Remuneration of Speaker

Car Allowance	184,432	178,770
Annual Remuneration	474,003	466,355
Contributions to Medical and Pension Funds	71,629	69,953
SDL	5,894	4,914
Cellphone and other	40,800	44,400
	<b>776,758</b>	<b>764,392</b>

#### Remuneration of Executive Committee

Annual bonus	36,000	-
Car Allowance	1,165,694	1,194,113
Annual Remuneration	2,982,656	2,787,950
Contributions to Medical and Pension Funds	423,979	409,371
SDL	39,418	32,413
Cellphone and other	357,800	399,600
	<b>5,005,547</b>	<b>4,823,447</b>

#### Remuneration of Chief Whip

Car Allowance	182,853	168,667
Annual Remuneration	424,611	388,226
Contributions to Medical and Pension Funds	90,243	114,960
Cellphone and other	40,800	44,400
SDL	5,613	4,766
	<b>744,120</b>	<b>721,019</b>

## Notes to the Annual Financial Statements

Figures in Rand

2022 2021

### Remuneration of Ordinary Councilors

Car Allowance	4,038,728	4,024,217
Annual Remuneration	10,439,624	10,034,124
Contributions to Medical and Pension Funds	1,404,408	1,238,338
Cellphone and other	2,050,519	2,175,600
SDL	143,357	119,649
	<b>18,076,636</b>	<b>17,591,928</b>

### 30. Finance costs

Finance leases	523,929	850,672
Late payment of creditors	2,449	1,272,276
	<b>526,378</b>	<b>2,122,948</b>

Total Lease interest expense R523 929 for 2022 financial year and R850 671.52 for 2021 financial year, calculated using the effective interest rate of 10.25% and 10% on finance leases. The amount that relate to late payment of creditors is R2 449 and R1 272 276 for 2022 and 2021 financial years respectively.

### 31. Debt impairment

Contributions to debt impairment consumers	17,463,857	19,636,853
Contributions to debt impairment traffic fines	2,226,009	41,690,213
	<b>19,689,866</b>	<b>61,327,066</b>

### 32. Bulk purchases

Electricity	97,948,551	88,245,584
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## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>33. General expenses</b>		
Administration and management fees	1,581,046	1,467,910
Advertising	450,621	462,478
Assets expensed	96,310	15,259,247
Audit Committee	992,975	811,134
Auditors remuneration	5,553,965	5,433,649
Bank charges	414,394	544,658
Bursaries	483,875	579,613
Community services - developmental and outreach programmes	140,117	23,412
Conferences and seminars	6,837,955	4,911,791
Consulting and professional fees	22,643,428	21,417,467
Consumables	7,754,951	6,651,569
Discount allowed - COVID 19 Relief to consumers	-	4,777,652
Electricity Water and Refuse - Municipal Consumption	8,454,688	12,902,845
Entertainment	22,040	722
Eskom Connection Fees	-	160,146
IT expenses	10,835,054	9,508,580
Insurance	4,840,552	3,608,570
Landfill site - interest landfill rehabilitation provision	1,081,774	1,512,163
Motor vehicle expenses	764,871	568,373
Operation of landfill site	1,236,357	2,220,024
Postage and courier	48,748	13,909
Printing and stationery	4,390,094	4,823,218
Resettlement Cost	858	20,750
Remuneration to Ward Committees	3,257,600	5,097,500
SARS Adjustments	884,685	563,649
Security (Guarding of municipal property)	22,023,806	20,927,172
Staff welfare	1,303,164	1,271,738
Subscriptions and membership fees	2,018,209	1,900,468
Telephone and fax	2,023,831	2,912,619
Town planning - Valuation costs	6,635,407	784,970
Travel and Subsistence reimbursement	2,338,021	1,385,181
Uniforms	1,790,995	589,077
	<b>120,900,391</b>	<b>133,112,254</b>

During the 2021 year the council approved a COVID 19 relief to consumers in the form of discounts on consumer accounts, the discount allowed totaled R4 777 652.

### 34. Operating lease Income

#### Operating leases - as lessor (income)

##### Minimum lease payments due

- within one year	396,040	249,506
- in second to fifth year inclusive	416,773	748,840
- later than five years	-	495,820
	<b>812,813</b>	<b>1,494,166</b>

Revenue for the year included Rental income from facilities and equipment	<b>1,018,944</b>	<b>1 007 428</b>
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## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>35. Cash generated from operations</b>		
Surplus/(deficit)	51,639,924	48,895,579
<b>Adjustments for:</b>		
Depreciation and amortisation	57,069,878	59,117,720
Loss/(Gain) on sale of assets	4,825,350	658,508
Landfill site - additional interest landfill rehabilitation provision	1,081,774	1,512,163
Fair value adjustments - actuarial gains and losses	(1,472,347)	(10,519,340)
Fines withdrawn/reduced	1,473,950	1,855,200
Impairment	(4,244,020)	377,898
Debt impairment	19,689,866	61,327,066
Discount allowed - COVID 19 Relief to consumers	-	4,777,652
Movements in retirement benefit assets and liabilities	(1,111,800)	(1,611,946)
Movements in provision for long service awards	(1,331,854)	(1,404,714)
Eskom interest	(528,162)	(629,681)
Deferred Income movement	(192,983)	(192,983)
VAT Adjustments	884,685	563,649
Post Employment Medical Aid Benefits and Long Service Leave interest	2,781,981	3,396,000
Employee costs Contribution to provision for Leave and bonus pay	1,483,136	6,687,829
Post Employment Medical Aid Benefits and Long Service Leave current service cost	1,980,000	1,933,000
Fair Value Adjustments	(16,701,549)	(10,494,434)
<b>Changes in working capital:</b>		
Inventories	(9,272,982)	(2,117,927)
Receivables from exchange transactions	(418,747)	265,485
Consumer debtors	(31,562,539)	(31,188,854)
Receivables from non-exchange transactions	(3,361,192)	(4,243,049)
Payables from exchange transactions	9,738,936	(14,231,616)
VAT	871,826	(9,783,540)
Payables from non - exchange transactions	-	499,189
Unspent conditional grants and receipts	5,282,722	(4,409,809)
Consumer deposits	(156,798)	271,837
Debit orders to be recovered	(148,570)	(311,596)
	<b>88,300,485</b>	<b>100,999,286</b>



## Notes to the Annual Financial Statements

Figures in Rand 2022 2021

### 36. Commitments

#### Authorised capital expenditure

##### Already contracted for but not provided for

• Property, plant and equipment	70,984,259	8,646,469
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##### Total capital commitments

Already contracted for but not provided for	70,984,259	8,646,469
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#### Total commitments

##### Total commitments

Authorised capital expenditure	70,984,259	8,646,469
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This committed expenditure relates to property, plant and equipment and will be financed by available grants, retained surpluses, existing cash resources and funds internally generated. The commitments disclosed amounts are VAT inclusive.

#### Finance leases - as lessee (expense)

Finance lease payments represent rentals payable by the municipality for its fleet. These rentals are negotiated for a three year term. No contingent rent is payable.

##### Minimum lease payments due

- within one year	8,117,986	2,480,665
- in second to fifth year inclusive	13,810,318	-
	<b>21,928,304</b>	<b>2,480,665</b>

#### Operating leases - as lessee (expense)

##### Minimum lease payments due

- within one year	4,860,611	2,552,365
- in second to fifth year inclusive	5,779,256	4,394,859
	<b>10,639,867</b>	<b>6,947,224</b>

Operating lease payments represent rentals payable by the municipality for leased assets used in the day to day operations of the municipality. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years.

## Notes to the Annual Financial Statements

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### 37. Contingent Liabilities

Litigation is in the process against the municipality relating to disputes with stakeholders.

The estimate of the contingent liability is +/- R 5 478 425.03 (June 2022); +/- R 6 081 754 (June 2021)

The litigation matters for the year under review are detailed below as follows:

Attorneys	Parties	Report or Management's description of matter (including current status; amount claimed and legal counsel's reference if known)	Status	Estimated claim 2022	Estimated claim 2021
Phambane Mokone Inc	Elias Motsoaledi Municipality v Mohlala Leonox	Description: Labour court application to set aside a contract of employment Unfair dismissal dispute (CCMA matter) JR 1077/18 Legal Counsel used: Adv Tshitereke	Matter is finalised. It was finalised in favour of the Municipality. The employee's application was dismissed. No cost order on the matter.		350,000.00
Phambane Mokone Inc	Elias Motsoaledi Local Municipality // Mohlala Leonox	Description: High Court matter. the plaintiff is suing the municipality for contaventing its own Bylaws Legal Counsel used: Adv Ramatsekisa	Matter pending: applicant has not yet filed his papers. we are awaiting for the applicant to respond.	550,000.00	550,000.00
Phambane Mokone Inc	Masutha//EMLM	Ms Masutha is alleging that she was unfairly discriminated against due to the fact that she her position was a T16 yet she was not remunerated as such. Legal Counsel used: Adv Maphosa	Matter pending: Municipality still awaiting for the applicant to reply.	600,000.00	600,000.00
MASONDO KHUMALO INC	REKHUDITSE CONTRACT AND CLEANING SERVICES // ELIAS MOTSOALEDI LOCAL MUNICIPALITY	The plaintiff was suing the municipality for loss of income and unpaid invoices for services rendered, the total estimated claim was R1 250 409.14 and the matter was finalised and we were instructed to oppose a bill of cost brought by Rekhuditse for their legal cost, which were granted against the Municipality.	Bill of cost opposed and the amount billed and reduced to R85 133,58;	145,133.58	258,403.00
MASONDO KHUMALO INC	MOFOKENG // ELIAS MOTSOALEDI LOCAL MUNICIPALITY	We were instructed to bring a review application against the Award made by the SALGBC regarding an alleged unfair dismissal of Mofokeng, an employee of the municipality.	Matter finalised. The application was dismissed and the Council resolved to reinstate the employee.		820,000.00

## Notes to the Annual Financial Statements

Figures in Rand		2022	2021		
MASONDO KHUMALO INC	PERI FORMWORK SCAFFOLDING AND ENGINEERING (PTY) LTD // ELIAS MOTSOLEDI LOCAL MUNICIPALITY ELI1/0016/YS	The Plaintiff claims an amount of R1 133 352.46 against the Municipality and one of its Contractors, jointly and severally.	Municipality was removed as party to the matter by the Plaintiff. Municipality is in the process of making an application to recover legal costs incurred thus far.	200,000.00	1,333,352.00
SETSOALO MAHUBE ATTORNEYS	Maboe Rachidi //Elias Motsoaledi Local Municipality // C Coetzee / Melinda Marshall	Rachidi is suing the Municipality for unlawful arrest under Case Number: MRCC 104/2011. The Plaintiff Mr. Maboe Rachidi is suing the municipality and two traffic officers in their personal capacity for damages he suffered as a result of an alleged assault. He is alleging that he was assaulted by two traffic officials who were on duty on the date in question. The matter went on trial which was partly heard.	We attended Court and the matter was postponed sine die. We are still awaiting judgment from Court	450,000.00	450,000.00
MPOYANA LEDWABA INC	MOHLANGANE K.J // EMLM	The plaintiff alleges that he fell on a ditch pit and sustain a fracture on his right hand and abrasions on the said hand. He is claiming an amount of R150 000.00 for damages.	Matter pending: awaiting for the applicant to set down the matter.	310,000.00	310,000.00
MPOYANA LEDWABA INC	Mohlala and Others vs EMLM and others	The Office of the Municipal Manager received a letter from Bolshevik Party informing the municipality that Mr. Mohlala is expelled from the party and further requesting the Municipality to declare a vacancy. The Municipality declared a vacancy and Mr. Mohlala filed application disputing the dismissal and requesting reinstatement.	Matter finalised and order was granted in favour of the municipality with costs.		580,000.00
MPOYANA LEDWABA INC	MPHELA ATTORNEYS// EMLM Case 374/2020	The Plaintiff alleges that the Municipality owes them the legal fees of the matter they worked for on behalf of the Municipality in January 2013.	Matter pending. Parties are in the process of exchanging documents	333,482.58	
MPOYANA LEDWABA INC	MPHELA ATTORNEYS// EMLM Case 384/2020	The Plaintiff alleges that the Municipality owes them the legal fees of the matter they worked for on behalf of the Municipality in September 2013.	Matter pending. Parties are in the process of exchanging documents	339,808.87	
MPOYANA LEDWABA INC	Masakwameng Trading// EMLM	The Plaintiff claims that the Municipality appointed them on the tender and could not resume work and the tender was advertised and someone else was appointed.	Matter pending. Parties are in the process of exchanging documents	2,200,000.00	

## Notes to the Annual Financial Statements

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MPOYANA LEDWABA INC	EMLM // ILLEGAL OCCUPANTS OF MASAKANENG	There is invasion of land at Masakaneng, on the stands reserved for building schools. We have been instructed to evect the illegal occupants	Matter finalised and order was granted in favour of the municiplity.		480,000.00
Mpoyane Ledwaba Inc	EMLM/ Illegal occupiers of Farms Maphochsgrone and Vlaklaagte	Maphochsgrone and Vlaklaagte Illegal dwellersThe Municipality appointed attorneys to obtain an eviction order against the Maphochsgrone and Vlaklaagte Illegal dwellers.	Pending. The municipality to engage Mpumalanga provincial department for demarcation issues	350,000.00	350,000.00
				<b>5,478,425.03</b>	<b>6,081,755.00</b>



## Notes to the Annual Financial Statements

Figures in Rand

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### Contingent assets

Litigation is in progress in favour of the municipality relating to disputes with employees and members of the public. The municipality is likely to receive an amount of +/- R 3 508 186 (June 2022); +/- R 3 508 186 (June 2021). According to Council's legal advisors, it is probable that the proceedings will result in the recovery of the full amount.

Contingent asset for the year under review are detailed below as follows:

Attorneys	Parties	Report or Management's description of matter (including current status; amount claimed and legal counsel's reference if known)	Status	Estimated claim 2022	Estimated claim 2021
MASONDO KHUMALO INC	EMLM/BREED & J OOSTHUIZEN ELI1/0009/YS	The Municipality has a claim against the Lessees for outstanding rental in the amount of R1 018 186.39)	Matter pending: The Planning Department inspected the farm on the 18 March 2021 and discovered that the Lessee is still in the farm and has not vacated as his Legal Representative alleged it. The formal report and pictures taken were forwarded to the Municipal Legal Representative to proceed with the eviction case and pursue the litigation claim for the outstanding rent amount. Matter pending: application documents drafted and still to be served.	1,218,186.39	1,218,186.39
MPHOKE MAGANE P.K INC	EMLM// JQ FAMILY TRUST	The Municipality filed an application to compel the Respondent to comply with the Municipal By-Law.	Matter not finalised as at year-end.	500,000.00	

## Notes to the Annual Financial Statements

Figures in Rand				2022	2021
MPOYANA LEDWABA INC	EMLM// YB MASHALABA & ASSOCIATES CONSULTANTS CC & DR. YANDISA BAVULELE MASHALABA	01 October 2014, the Municipality appointed the First Defendant to establish a township at Portion 39 of Klipbank 26 JS under the project PROPOSED TOWNSHIP ESTABLISHMENT ON PORTION 39 OF FARM KLIPBANK 26 JS ELIAS MOTSOLEDI LOCAL MUNICIPALITY, project number EMLM 16/2014. The project was for a duration of 12 months. According to the implied terms of the agreement, the Defendants were duty-bound to deliver and/or submit to the Plaintiff the Land Surveyor diagrams that ought to have been endorsed, commissioned and approved by the General Surveyor to unlock and advertise the proclamation and opening of a township register for purposes of establishing a township development for the benefit of the community of Groblersdal, within the demarcated area of the Plaintiff. Which the defendants failed to do.	Matter finalised.the Respondent submitted the documents required for the establishment of the township. Council resolved to withdraw the matter.		2,290,000.00
				<b>1,718,186.39</b>	<b>3,508,186.39</b>

### 38. Related parties

Relationships  
Accounting Officer

Refer to accounting officer's report note 29

Nature of related party transactions:

Remuneration of Councilors and Employee costs paid to councilors and s57 managers respectively during the year.

#### Related party transactions

##### Transactions

Councillors - Councillor remuneration	29	25,567,078	24,845,266
Section 57 Managers remuneration	28	3,847,153	6,614,733

##### Balances

Post employment benefit plan for employees and/or other related parties	7	24,531,000	24,324,000
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## Notes to the Annual Financial Statements

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### 39. Bids awarded to family of employees in service of state

In terms of SCM regulation 45 – The notes to the annual financial statements of a municipality or municipal entity must disclose particulars of any award of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, including -

- the name of that person;
- the capacity in which that person is in the service of the state
- the amount of the award.

The following is a list as recorded for the 2022 and 2021 financial years.

Number	Company information		Person in employ of state			Financial Year	
	Service Provider	Director of the company	Department	Employee	Relationship	2,022	2021
1	Mogalemole Consulting Engineer	Njipa Herman Mankga	Road Agency Limpopo	Paulina Mankga (Project Manager)	Wife	669,199	781,257
2	Makgonatsohle Trading Entrepriise	Gift Nkabang Mawela	Department of Education	Masehoane Mawela (Teacher - Department of Education)	Wife	2,184,378	
3	Assist Communication Agency	Dikeledi Bertha Ramphisa	Elias Motsoaledi Local Municipality	Legogang Ramphisa (PA of Snr Manager Executive Support - EMLM)	Daughter		29,600
4	Just breeze	Christopher Ntadi	Department of Health	Matshidiso Ntadi (Dentist - Department of Health)	Wife	7,576,661	6,784,783
5	Democratic Construction and Services	Buta Ntina Lizzy	Elias Motsoaledi Local Municipality	Alfred Patlane (Ward Councillor)	Wife	16,500	165,300
6	Neobank	Stanley Subramoney	Department of Education	Venisha Subramoney (Teacher - Department of Education)	Wife	7,286,788	6,081,398
7	247 Travel and Tourism	Dikeledi Bertha Ramphisa	Elias Motsoaledi Local Municipality	Legogang Ramphisa (Secretary of Municipal Manager - EMLM)	Daughter		55,000
8	Moipone Lebesse Clinical Psychology	Moipone Veronicah Lebesse	Department of Education	Moipone Veronicah Lebesse (Doctor - Department of Education)	Director		2,600
<b>Total</b>						<b>17,733,526</b>	<b>13,899,938</b>

## Notes to the Annual Financial Statements

Figures in Rand

### 40. Prior period errors

The following prior year errors were identified and adjusted retrospectively:

1. VAT reduced assessment was incorrectly accounted for in previous year as a result of errors on SARS statement of accounts, the error was corrected by accounting for the reduced assessment.

2. EPWP payment of R1 000 was double captured in previous period and was corrected by reversing the transaction.

There was an error on petty cash reconciliations a result on inaccurate recording of petty cash, there error was result by correctly captured in 2021 year transactions amounting to R33,211.00 reducing petty cash and increasing some line items of general expenditure as disclosed below.

3. Recognising last year accrual on operating expenses that was not correctly classified in 2021, an adjustment was done to correct classification.

4. There were casting errors on bulk purchases amounts per Eskom debit orders, the errors were corrected by correctly casting the amounts per Eskom invoices and accrued for.

5. During the year management noticed that there were Eskom security deposits that were incorrectly classified, these deposits were corrected by correctly increasing the Eskom security deposits.

6. Prior period errors: Non-current Assets

6.1.

During the 2021/2022 financial year an invoice was received for R40 000 relating to an installation of Pavement at the Municipal main office which had been capitalised in the 2020/2021 financial year. The late receipt of the invoice has caused an understatement in the value of the pavement capitalised, depreciation expensed, and the Payables recognised.

Correction

To correct the error, we have recognised the expenditure and the payable in the 2020/2021 Financial year, we have adjusted the cost of Pavement by R40 000.00 and we have also accounted for the increase in depreciation expense. The Financial impact is stated below:

PPE: Buildings: Cost: (2020/2021) (Movement)	+R 40 000.00
Liabilities: Payable: (2020/2021) (Movement)	+R40 000.00
PPE: Buildings: Acc Depreciation: (2020/2021) (Movement)	+R 5.47
Depreciation expense: Buildings: (2020/2021)	+R 5.47

6.2.

During the preparation of the 2021/2022 Fixed assets Register we noticed that Land classified as Property, plant and Equipment and land classified as Investment property were duplicated in the records of the municipality. The duplication has caused an overstatement in Property, plant, and equipment and in Investment property.

Correction

To correct the error, we have removed the duplicated lands from the FAR and adjusted General ledger of the municipality accordingly. The financial Impact is stated below:

PPE: Land: Cost (2020/2021) (O/B)	-R 8 850 000
Investment Property (2020/2021) (O/B)	-R 26
Net Assets: Accumulated Surplus (2020/2021)	-R8 850 026

Investment Property (2020/2021) (Movement)	-R 1
Profit/Loss: Investment property (2020/2021) (Movement)	-R1

6.3.

During Fixed assets verification conducted in the 2021/2022 financial year we noticed that there are Fixed assets owned by the municipality that were omitted from the records of the municipality.

Correction

## Notes to the Annual Financial Statements

Figures in Rand

To correct the error, we have added the assets to the FAR using Depreciated Replacement Cost and, also made corresponding adjustments on the General Ledger. The financial impact is stated below:

PPE: Buildings: (2020/2021) (O/B)	+R 267 711.35
PPE: Buildings: Acc Depreciation: (2020/2021) (O/B)	+R 26 750.65
PPE: Buildings: Acc Depreciation: (2020/2021) (Movement)	+R 22 063.92
PPE: Electricity: (2020/2021) (O/B)	+R 434 923.79
PPE: Electricity: Acc Depreciation: (2020/2021) (O/B)	+R 44 680.94
PPE: Electricity: Acc Depreciation: (2020/2021) (Movement)	+R 21 790.84
PPE: Roads: (2020/2021) (O/B)	+R 352 447.04
PPE: Roads: Acc Depreciation: (2020/2021) (O/B)	+R 153 556.09
PPE: Roads: Acc Depreciation: (2020/2021) (Movement)	+R 21 208.16
PPE: Solid Waste: (2020/2021) (O/B)	+R 32 683.68
PPE: Solid Waste: Acc Depreciation: (2020/2021) (Movement)	+R 2 849.22
PPE: Machinery: (2020/2021) (O/B)	+R 5 925.08
PPE: Machinery: Acc Depreciation: (2020/2021) (O/B)	+R 888.76
PPE: Machinery: Acc Depreciation: (2020/2021) (Movement)	+R 1 187.45
Depreciation Expense (2020/2021)(Movement)	+R 70 522.82
Net Assets: Accumulated surplus	+R 877 039.61
PPE: Furniture: (2020/2021) (O/B)	+R 10 805.74
PPE: Furniture: Acc Depreciation: (2020/2021) (O/B)	+R 1 580.64
PPE: Furniture: Acc Depreciation: (2020/2021) (Movement)	+R 1 423.24

6.4.

According to the GRAP guideline on landfill assets, the change in obligation is supposed to be adjusted against the cost of the landfill asset. In the 2021 year the change in obligation was accounted for via profit and loss resulting in misstatement of landfill assets.

The correction was done in current year to reclassify the change in obligation from profit and loss to landfill asset.

The effect of the correction is shown below.

PPE: Infrastructure solid waste (2020/2021) (Movement)	+R 7 212 217.75
Liability: Provisions (2020/2021) (Movement)	+R 7 212 217.75
Depreciation Expense (2020/2021) (Movement)	+R 257 595.95
PPE: Solid Waste: acc Depreciation (2020/2021) (Movement)	+R 257 595.95

### 6.5. Investment Properties

## Notes to the Annual Financial Statements

Figures in Rand

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During verification and reconciliation of investment properties, management noticed that 18 stands in Roosenekal were not recorded in the Fixed Assets Register.

### Correction

The properties were recorded into the Assets Register in the prior period and the effect of the correction is indicated below: Investment properties fair value increased by R1,215 509 in as far back as 2008 Land to the value of R322,509 was recorded as PPE which was previously omitted from the fixed asset register resulting in overstatement of Investment properties and understatement of PPE. Fair value adjustment loss to the value of (R148,000) was recorded in 2021 which is a decrease in value of investment properties. Twenty five RDPs which were already valued at R1 by the municipality have been transferred to private owners

In the financial year 2021, ERF 910 was sold through competitive bidding and the buyer requested extension of the payment deadline beyond the end of the financial year and was granted. An amount of R290 000 plus R20 000 FV adjustment was disposed as cost against an amount of R460 000 as the purchase price and profit/loss of R150 000. When reversing the transaction, only R290 000 was erroneously reversed

### Correction

Decreased profit on sale of assets by R20 000 in the prior year and increased the fair value of the property by the same R20 000.

### 6.6. Work in Progress

## Notes to the Annual Financial Statements

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During the 2021 financial year, three electrification projects (Electrification of Ntshwelemotse, Zuma park and Mashemong) were completed and were erroneously not expensed in the financial year in question.

Correction

Transferred the completed projects to ESKOM as we are not licensed to provide electricity in these areas.

The Impact

Increase general expenses by debiting expenses with an amount of R15 174 428.95 and decreasing or writing off our projects by crediting our projects with the same amount of R15 174 428.95.

### 6.7 Furniture and Office Equipment

During 2021-2022 audit process, management realized that a Shredder that was bought and accounted for in 2021 financial year, was duplicated in 2022 financial year.

Correction

Management request adjustment to remove the duplication as presented below -  
Remove the duplication from the GL and the Fixed Assets Register as follows:

JNL		
Debit	Accumulated Net Surplus	R27 000
Credit	Furniture and Office Equipment	R27 000

The Impact

The correction reduces the Furniture and Equipment opening balance in 2022 and reduces our accumulated net surplus by R27 000.00.

7. Software license was incorrectly expensed in one financial year without pro- rata for the next financial year resulting in an error where prepayment was not recognised, this error was corrected as a prior period error.

8. In the previous year of 2021 it was noted that the the revenue accrual from unbilled transactions was not captured in the GL due to timing differences bewtween billing cycles, this error was corrected by recognising accruals on revenue unbilled increasing consumer debtors from exchange transactions and sale of electricity revenue.

9. During 2021 financial year ,online sale transactions for prepaid electricity as at 30 June 2021 amounting to (160 979(excl vat) was mistakenly included as revenue for 2022 fiancial year. This resulted in revenue being understated by R160 979 in 2021 and overstated in 2022 by R160 979.It was also noted that the GL was under receipted by R6 470 from ISUM total sales vending report.

10. A payment for tax directive was incorrectly allocated to expenditure in the previous period and the payables was not cleared. To correct the error the amount for correction was reclassified to non exchange payables.

11. Comparative amounts were restated as per council resolution and the amount disclosed is inclusive of VAT in terms of MFMA circular 68. This resulted in restatement of 2021 opening balance however, it was impractical to determine cumulative effects of the change in MFMA circular 68 and the municipality then applied the earliest period that was practical.

12. Council resolved on recovery of amount incurred in 2016/17 financial year amoun ting to R100,746 and 2017/18 financial year amoun ting to R421,359 and in addition, the closing fruitless and wasteful expenditure for 2021 financial year has been restated with amount actual recovered in that financial year and this amount was ommited for disclosure.

(The correction number is indicated in brackets next to the item adjusted. Brackets on amounts is for Credit adjustment and no brackets for Debit adjustment)

Presented below are those items contained in the statement of financial position and statement of financial performance that have been affected by prior-year adjustments:V

### Statement of financial position

## Notes to the Annual Financial Statements

Figures in Rand

### 2021

	As previously reported	Correction of error	Restated
Investment property (6.5)	80,312,052	764,973	81,077,025
VAT receivable (1) + (3) + (4) + (6.6) + (8) + (9)	17,401,086	(1,176,968)	16,224,118
Payables from exchange transactions (2) + (3) + (4)	(84,574,047)	(285,149)	(84,859,196)
Cash and cash equivalents - Bank (2)	6,847,911	(32,211)	6,815,700
Consumer debtors - From Exchange Transactions (8)	28,884,994	5,134,378	34,019,372
Property Plant and Equipment (6.1) + (6.2) + (6.3) + (6.6) + (6.7)	1,056,321,478	(15,895,786)	1,040,425,692
Deposit (Security held in advance) (5)	15,977,515	30,733	16,008,248
Non-Current Liabilities - Deferred income (7)	(3,087,719)	(48,245)	(3,135,964)
Accumulated surplus (5) + (7) + (6.1) + (6.2) + (6.3) + (6.5) + (6.7)	(1,095,315,093)	11,132,218	(1,084,182,875)
Receivables from exchange transactions (9)	1,880,703	358,061	2,238,764
Payables from non - exchange transactions (10)	(517,175)	17,986	(499,189)
	-	-	-

### Statement of financial performance

### 2021

	As previously reported	Correction of error	Restated
Operating surplus/(deficit) - Additional service cost landfill rehabilitation (6.4)	7,217,218	(7,217,218)	-
General expenses - SARS Adjustments (1)	46,963	516,686	563,649
Service charges (8) + (9)	(97,737,520)	(4,625,657)	(102,363,177)
Lease rentals on operating lease (3)	4,488,398	148,856	4,637,254
Depreciation and amortisation (6.1) + (6.2) + (6.3)	58,788,488	329,232	59,117,720
Bulk purchases (4)	88,182,137	63,447	88,245,584
Other income (5)	(1,261,323)	(15,432)	(1,276,755)
Repairs and maintenance (2)	24,224,503	5,407	24,229,910
Operating surplus/(deficit) - Investment property fair value adjustment (6.5)	(10,662,434)	148,000	(10,514,434)
General expenses - Consumables (2)	6,640,188	11,381	6,651,569
General expenses - Motor vehicle expenses (2)	563,829	4,544	568,373
General expenses - Printing and stationery (2)	4,821,080	2,138	4,823,218
General expenses - Assets expensed (2) + (6.6)	79,678	15,179,569	15,259,247
General expenses - Conferences and seminars (2)	4,908,913	2,878	4,911,791
General expenses - IT expenses (7)	9,681,515	(172,935)	9,508,580
Profit/(Loss) on disposal of assets (6.5)	340,260	(20,000)	320,000
<b>Surplus for the year</b>	-	<b>4,360,896</b>	-

## Notes to the Annual Financial Statements

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Figures in Rand

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### 41. Risk management

#### Capital risk management

The municipality's objectives when managing capital are to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the municipality as disclosed in the cash and cash equivalents note, 14.

This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

There are no externally imposed capital requirements.

There have been no changes to what the municipality manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

#### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Liquidity risk is the risk that the municipality will not be able to meet its obligations as they fall due. The municipality's approach is to ensure that sufficient liquidity is available to meet its liabilities when due. The municipality's risk to liquidity is a result of the funds available to cover future commitments.

The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored. The municipality analyses its financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. All items of financial liabilities are less than one year from settlement.

#### Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

The municipality have insignificant interest risk exposure in the form of finance costs from finance lease obligation, however the fluctuation in interest rates will not hinder any of the municipality operations.

## Notes to the Annual Financial Statements

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### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Receivables and consumer debtors comprise a widespread customer base and amounts owing by consumers and are presented net of impairment loss. The municipality has a credit control policy in place and the exposure to credit risk is monitored continuously. The municipality establishes an allowance for doubtful debts that represents its estimate of anticipated losses in respect of receivables. Payments of accounts of consumer debtors who are unable to pay are negotiated in line with the credit control policy and terms of payments are agreed upon with the consumer.

Cash and cash equivalent - The municipality limits its exposure to credit risk by investing with only reputable financial institutions and within specific guidelines set in accordance with council's approved investment policy. The municipality does not consider that to be any significant exposure to credit risk.

Financial instruments exposed to credit risk at year end were as follows positive for assets and negative for Liabilities:

Financial instrument	2022	2021
Receivables - From Exchange Transactions	2,657,511	2,238,764
Receivables - From Non Exchange Transactions	3,684,827	3,875,024
Consumer Debtors - From Exchange Transactions	37,010,720	34,019,372
Consumer Debtors - From Non Exchange Transactions	59,520,455	48,413,121
Deposit (Security held in advance)	16,536,410	16,008,248
Payables from exchange transactions	(96,037,249)	(84,859,196)
Payables from non - exchange transactions	(499,189)	(499,189)
Consumer deposits.	(5,621,490)	(5,778,288)
Finance lease obligation	(19,340,201)	(2,441,380)
Cash and cash equivalent	14,710,030	6,815,700

The above financial instruments are measured at amortised cost.

### Other risks

The COVID-19 pandemic is having a devastating impact on the economy of the country, and the health and livelihoods of its citizens. During this crisis, municipalities still need to function and provide essential services such as access roads, electricity, licencing and solid waste removal.

The municipality had to suspend operation and work with reduced staff. While there was demand for PPE expenditure, revenue collection it was largely affected.

Property rates and services revenue collection is highly vulnerable to defaulting by households as a result of income losses.

### 42. 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 COVID-19 pandemic is still having a devastating impact on the economy of the country, and the health and livelihoods of its citizens. During this crisis, municipalities still need to function and provide essential services such as access roads, electricity, licencing and solid waste removal.

The municipality had to suspend certain operation and work with reduced staff. While there was demand for PPE expenditure, revenue collection it was largely affected.

Property rates and services revenue collection is highly vulnerable to defaulting by households as a result of income losses.

COVID 19 had no significant impact on the municipality's going concern as grants were received as expected.

## Notes to the Annual Financial Statements

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### 43. Events after the reporting date

After year end there was an adjusting post balance sheet event where council approved resolution MPAC22/23-02

1. That Council rescinds the Budget Overriding function.
2. That the irregular register be compiled in line with MFMA Circular 68.
3. That the report is adopted by council.

The resolution affected the amounts disclosed for irregular under note 46.

### 44. Unauthorised expenditure

Opening balance	48,842,202	118,739,185
Incurred during the year	2,763,256	40,945,923
Written off: 2017/18 - Resolution: MPAC20/21-01	-	(75,392,906)
Written off: 2018/19 - Resolution: MPAC 19/20-02	-	(35,450,000)
Written off: 2019/20 - Resolution: MPAC 22/23-02	(834,000)	-
	<b>50,771,459</b>	<b>48,842,203</b>

Comparative amounts were restated as per council resolution

The total amount incurred for 2022 financial year is as a result of overspending on the approved budget at vote level.

The status for 2022 is: Investigations not yet conducted.

The status for 2021 is: Investigations in progress.

### 45. Fruitless and wasteful expenditure

Opening balance	6,162,328	4,573,291
Incurred during the year	826,237	2,184,677
Recovered during the year	(212,651)	-
Written off: 2018/19 - Resolution: MPAC 19/20-02	-	(595,640)
Written off: 2019/20 - Resolution: MPAC 22/23-02	(237,595)	-
	<b>6,538,319</b>	<b>6,162,328</b>

Comparative amounts were restated as per council resolution.

Current year fruitless and wasteful expenditure resulted from unauthorised debit orders, late payments of invoices and double payments, 2021 amount was as a result of late payment of suppliers (Eskom, SARS, Fleet horizon, Auditor General and Pension funds), unauthorised debit orders and double payments.

The status for 2022 is: Investigations not yet conducted.

The status for 2021 is: Investigations in progress.

Council resolved on recovery of amount incurred in 2016/17 financial year amounting to R100,746 and 2017/18 financial year amounting to R421,359 and in addition, the closing fruitless and wasteful expenditure for 2021 financial year has been restated with amount actual recovered in that financial year and this amount was omitted for disclosure.

### Details of fruitless and wasteful expenditure

Unauthorised debit orders	691,052
Double payment	132,737
Late payment	2,449
	<b>826,238</b>

## Notes to the Annual Financial Statements

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### 46. Irregular expenditure

Opening balance	349,015,324	339,325,027
Add: Irregular Expenditure - current year	76,739,211	88,986,307
Written off: 2017/18 - Resolution: MPAC 20/21-01	-	(18,593,201)
Written off: 2018/19 - Resolution: MPAC 19/20-02	-	(60,702,809)
Written off: 2019/20 - Resolution: MPAC 22/23-02	(39,337,067)	-
	<b>386,417,468</b>	<b>349,015,324</b>

Reason for irregular	2022	2021
Additional schedules added to transversal tender scope of work		8,969,644
Biased specification	8,323,809	24,052,738
Bidder did not meet minimum requirements	463,431	1,894,592
Deviation from BEC recommendation		378,313
Incorrect allocation of functionality points	39,881,668	24,066,248
Incorrect application of regulation 32		665,155
Technical expert not part of BAC	15,462,484	28,959,618
Local content declaration not done	9,588,430	
Failure to address subcontracting	3,019,389	
<b>Total</b>	<b>76,739,211</b>	<b>88,986,307</b>

The status for 2022 is: Investigations not yet conducted.

The status for 2021 is: Investigations in progress.

Comparative amounts were restated as per council resolution and the amount disclosed is inclusive of VAT in terms of MFMA circular 68. This resulted in restatement of 2021 opening balance however, it was impractical to determine cumulative effects of the change in MFMA circular 68 and the municipality then applied the earliest period that was practical.

### 47. Additional disclosure in terms of Municipal Finance Management Act

#### Electricity distribution losses

Losses incurred - units		14,308,276	14,451,968
% loss incurred		21.000 %	20.000 %
Purchased units		(68,175,996)	(71,845,975)
Sold units		53,867,720	57,394,007
		-	-
Losses incurred - Rand value	-	20,519,274	17,744,528
% Losses loss incurred	-	21.000 %	20.000 %
Purchased units Rand value	-	(97,948,551)	(88,182,176)
Sold units Rand value	-	77,429,276	70,437,649
	-	-	-

The above losses are as a result of technical losses caused by the nature of electricity and the manner of its distribution, via the network, status / condition and age of the network, weather conditions and load on the system as well as non-technical losses, e.g. theft and vandalism, as a result the losses are not recoverable.

#### SALGA Fees



## Notes to the Annual Financial Statements

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Current year subscription / fee	2,017,214	2,027,510
Amount paid - current year	(1,519,412)	(1,520,632)
Amount accrued to creditors	(497,802)	(506,878)
	-	-

The financial year cycle for SALGA differs from the municipality; the amount R2 017 214 is applicable for April 2021 to March 2022, whereas the municipal financial year runs from July 2020 to June 2021.

## Notes to the Annual Financial Statements

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### PAYE, SDL and UIF

Current year subscription / fee	28,904,456	28,905,124
Amount paid - current year	(28,904,456)	(28,905,124)
	-	-

### Pension and Medical Aid Deductions

Current year subscription / fee	26,466,379	38,459,618
Amount paid - current year	(26,466,379)	(38,459,618)
	-	-

### VAT

VAT receivable	14,467,607	16,224,118
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VAT output payables and VAT input receivables are shown in note 12.

All VAT returns have been submitted by the due date throughout the year. The municipality is registered on the cash basis and the timing of payments to/from SARS is at the end of each month.

Due to the accrual basis of accounting applied the amount disclosed for VAT include the total movement of VAT accounts. The basis includes a set of accounts that indicate the amount accrued for VAT in debtors and creditors separate from the amount receivable or owed to SARS. The basis of accounting does not lend itself to the separate disclosure of vat movement items. In terms of the prescribed guidelines only the nett VAT receivable or payable are disclosed.

### Councilors arrear

The was no councilors arrear accounts outstanding for more than 90 days as at 30 June 2022:

### Audit Fees - Auditor general:

Audit fees paid to auditor general for the 2022 year was R5,293,690 and for 2021 year was R5,433,649. There were no outstanding amounts due to Auditor General at year end.

### Non-compliance with MFMA

The municipality did not comply with MFMA section 99 (2) (b)

Audit fees	5,553,965	5,433,649
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### 48. Deferred income

Operating lease payments received in advance	3,135,965	3,328,947
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Operating lease payment received in advance have been utilized in accordance with the Municipal Finance Management Act. Sufficient resources are set aside to ensure that the liability can be serviced in the future.



## Notes to the Annual Financial Statements

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### 49. Accounting by principals and agents

The municipality is a party to a principal-agent arrangement(s).

Details of the arrangement(s) are as follows:

#### Entity as agent

The municipality is the Agent in the Principal-Agent arrangement with the Provincial Department of Transport, and collects licencing fees on behalf of the Provincial Department of Transport. The municipality can retain a portion of the fees collected and the net amount is due to the Provincial Department. The amount retained is recorded as Income from Agency Services in the Statement of Financial Performance as Licences and permits. The amounts due to the Provincial Department at year end is included in the balances reported as Payables from Exchange Transactions in the Statement of Financial Position.

#### Revenue recognised

The aggregate amount of revenue that the entity recognised as compensation for the transactions carried out on behalf of the principal is **5,966,441** for 2022 year and **4,635,464** for 2021 year.

#### Liabilities recognised:

Liabilities incurred on behalf of the principal(s) that have been recognised by the entity are R1 865 569 at as 30 June 2022 and R1 532 913 for 30 June 2021.

#### Entity as principal

Municipality is the Principal in arrangements with service providers who sell prepaid electricity on their behalf. Prepaid vendors earn commission on the value of each transaction.

Commission paid to agent during the year was R363 014 for 2022 year and R94 620 for 2021 year

### 50. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

There was no procurement that deviated from the provisions of paragraph 12(1)(d)(i) as stated above.

## Notes to the Annual Financial Statements

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### 51. Segment reporting

#### General information

#### Identification of segments

The municipality is organised and reports to management on the basis of major functional areas. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Some segments were aggregated for reporting purposes.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

#### Aggregated segments

The municipality operates throughout the LIM 472 demarcation. Segments were aggregated on the basis of services delivered as management considered that the economic characteristics of the segments throughout LIM 472 were sufficiently similar to warrant aggregation.

The following segments were aggregated:

1	Core Function:Roads
2	Core Function:Solid Waste Removal
3	Electricity:Electricity - 601
4	Pollution Control:Pollution Control - 505
5	Project Management Unit:PMU - 603
6	Roads:Roads - 600
7	Solid Waste Removal:Solid Waste Removal - 500
8	Cemeteries Funeral Parlours and Crematoriums:Cemeteries - 501
9	Community Parks (including Nurseries):Parks - 502
10	Core Function:Police Forces Traffic and Street Parking Control
11	Libraries and Archives:Libraries - 504
12	Police Forces Traffic and Street Parking Control: Police Forces Traffic - 507
13	Road and Traffic Regulation:Traffic Regulation - 508
14	Sports Grounds and Stadiums:Sports Grounds and Stadiums - 506
15	Asset Management:Asset Management - 301
16	Core Function:Finance
17	Finance: Budget and Treasury - 302
18	Finance:Default
19	Finance:Finance - 300
20	Fleet Management:Fleet Management - 602
21	Human Resources:Human Resources - 400
22	Information Technology:Information Technology - 401
23	Property Services:Property Services - 402
24	Mayor and Council:Chief Whip 6.1
25	Mayor and Council:Council General - 101
26	Mayor and Council:Executive committee 6.1
27	Mayor and Council:Mayor - 100
28	Mayor and Council:Speaker - 102
29	Municipal Manager Town Secretary and Chief Executive:Municipal Manager - 200



## Notes to the Annual Financial Statements

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### Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment	Nature of Goods and/or services
Finance	Finance, human resource and IT services to facilitate service delivery
Community services	Police, parks and libraries
Basic services	Basic services, roads, sewage, refuse, electricity
Executive & Council	Community outreach

There are no non reportable segments.

## Notes to the Annual Financial Statements

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The following information will enable users of financial statements to evaluate the nature and financial effects of the activities in which it engages and the economic environments in which it operates.

Below are the reconciliation's of the amounts in the statement of financial position for reportable segments to the amounts in the entity's statement of financial position.

	Basic services	Community services	Executive & Council	Finance	Grand Total
<b>Statement of Financial Performance</b>					
<b>Revenue</b>	<b>273,375,592</b>	<b>32,376,157</b>	<b>55,019,241</b>	<b>201,188,128</b>	<b>561,959,119</b>
Revenue from exchange transactions	113,456,122	6,074,121	-	3,096,901	122,627,143
<b>Revenue from exchange transactions</b>	<b>113,456,122</b>	<b>6,074,121</b>	<b>-</b>	<b>3,096,901</b>	<b>122,627,143</b>
Interest revenue	4,053,966	-	-	1,779,822	5,833,788
Licences and Permits	-	5,966,441	-	-	5,966,441
Other Income	629,833	107,681	-	677,803	1,415,317
Recoveries	-	-	-	639,276	639,276
Rental Of Facilities And Equipment	1,018,944	-	-	-	1,018,944
Service Charges	107,753,379	-	-	-	107,753,379
<b>Revenue from non-exchange transactions</b>	<b>159,919,471</b>	<b>26,302,036</b>	<b>55,019,241</b>	<b>198,091,228</b>	<b>439,331,975</b>
<b>Taxation revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>55,142,645</b>	<b>55,142,645</b>
Interest revenue	-	-	-	15,229,408	15,229,408
Property Rates	-	-	-	39,913,237	39,913,237
<b>Transfer revenue</b>	<b>159,919,471</b>	<b>26,302,036</b>	<b>55,019,241</b>	<b>142,948,583</b>	<b>384,189,330</b>
Fines, Penalties And Forfeits	2,245,316	9,116	-	-	2,236,200
Government Grants & Subsidies	157,674,154	26,311,152	55,019,241	142,948,583	381,953,130
<b>Expenditure</b>	<b>- 284,263,250</b>	<b>- 29,046,562</b>	<b>- 41,974,798</b>	<b>- 168,383,127</b>	<b>- 523,667,737</b>
Expenditure	- 284,263,250	- 29,046,562	- 41,974,798	- 168,383,127	- 523,667,737
Bulk Purchases	- 97,948,551	-	-	-	- 97,948,551
Employee Related Costs	- 62,299,685	- 22,433,458	- 4,596,664	- 70,857,127	- 160,186,944
Finance Costs	-	-	-	- 526,378	- 526,378
General expenses	- 25,134,440	- 338,732	- 11,125,720	- 84,301,496	- 120,900,387
Lease Rentals On Operating Lease	- 943,085	-	-	- 4,602,164	- 5,545,249
Remuneration Of Councillors	-	-	25,567,077	-	25,567,077
Repairs And Maintenance	- 32,091,829	- 522,452	- 370,073	- 4,901,757	- 37,886,112
Transfers And Subsidies	- 1,069,798	-	315,264	- 1,206,253	- 2,591,315
Depreciation	- 50,543,434	- 1,149,970	-	- 5,376,474	- 57,069,878
Debt Impairment	- 9,484,774	- 4,583,915	-	- 5,621,177	- 19,689,866
Impairment loss/ Reversal of impairments	- 4,747,645	- 18,035	-	- 9,009,700	- 4,244,019
<b>Operating surplus/(deficit)</b>	<b>12,736,013</b>	<b>1,358,437</b>	<b>-</b>	<b>1,970,968</b>	<b>13,348,545</b>
Fair value adjustments - actuarial gains	-	-	-	1,472,347	1,472,347
Profit/(Loss) on disposal of assets	- 3,965,536	- 1,358,437	-	498,621	- 4,825,351
Investment property fair value adjustment	16,701,549	-	-	-	16,701,549
	<b>1,848,356</b>	<b>1,971,158</b>	<b>13,044,443</b>	<b>34,775,969</b>	<b>51,639,926</b>

## Notes to the Annual Financial Statements

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	Basic services	Community services	Executive & Council	Finance	Grand Total
<b>Assets</b>	<b>1,419,770,890</b>	<b>115,764,944</b>	<b>171,973,462</b>	<b>- 354,087,644</b>	<b>1,353,421,652</b>
<b>Current Assets</b>	<b>363,942,618</b>	<b>84,502,131</b>	<b>171,972,418</b>	<b>- 468,011,329</b>	<b>152,405,837</b>
Inventories	- 28,952,392	- 895,158	- 1,532,036	- 51,734,271	- 20,354,685
Receivables from exchange transactions	48,247	-	211,881	2,397,384	2,657,511
Receivables from non-exchange transactions	28,222,311	24,997,650	-	460,166	3,684,827
VAT receivables	41,528,988	222,220	3,345,620	30,184,779	14,467,608
Cash and cash equivalents	289,924,660	119,903,488	156,154,239	551,272,357	14,710,031
Consumer Debtors : Exchange	33,170,804	9,286,328	13,741,603	615,358	37,010,720
Consumer Debtors :Non-Exchange	-	-	51,112	59,469,344	59,520,456
<b>Non-Current Assets</b>	<b>1,055,828,272</b>	<b>31,262,813</b>	<b>1,044</b>	<b>113,923,685</b>	<b>1,201,015,814</b>
Investment property	103,885,755	-	-	7,487,179	96,398,575
Property Plant and Equipment	934,942,644	31,262,813	1,044	121,396,804	1,087,603,305
Intangible assets	-	-	-	14,161	14,161
Deposit (Security held in advance)	16,536,410	-	-	-	16,536,410
Heritage assets	463,463	-	-	100	463,363
<b>Liabilities</b>	<b>74,208,205</b>	<b>6,651,307</b>	<b>0</b>	<b>136,739,337</b>	<b>217,598,850</b>
<b>Current Liabilities</b>	<b>22,920,384</b>	<b>6,651,307</b>	<b>0</b>	<b>89,369,217</b>	<b>118,940,908</b>
Deferred income	192,983	-	-	-	192,983
Finance Lease Obligation	-	-	-	6,638,009	6,638,009
Landfill Site Provision	1,978,644	-	-	-	1,978,644
Payable Exchange Transactions	8,829,244	6,649,868	0	80,558,138	96,037,249
Consumer deposits	5,697,020	1,439	-	76,970	5,621,489
Employee benefit obligation	-	-	-	948,000	948,000
Unspent conditional grants and receipts	6,222,493	-	-	266,852	6,489,345
Provision for Long Service Leave	-	-	-	536,000	536,000
Payables from non - exchange transactions	-	-	-	499,189	499,189
<b>Non - Current Liabilities</b>	<b>51,287,822</b>	<b>-</b>	<b>-</b>	<b>47,370,120</b>	<b>98,657,942</b>
Deferred income	- 578,947	-	-	3,521,929	2,942,982
Finance Lease Obligation	-	-	-	12,702,191	12,702,191
Landfill Site Provision	51,866,769	-	-	-	51,866,769
Employee benefit obligation	-	-	-	23,583,000	23,583,000
Provision for Long Service Leave	-	-	-	7,563,000	7,563,000
	<b>1,345,562,684</b>	<b>109,113,637</b>	<b>171,973,462</b>	<b>- 490,826,981</b>	<b>1,135,822,802</b>

## Notes to the Annual Financial Statements

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### 52. Public Office Holders Remuneration

All public officers	Annual Remuneration	Travelling and Car Allowance	Skills contribution	Medical aid	Pension Funds	Cell phone and Data	Grand Total
Cllr A Gulube	190,015	73,953	2,601		28,502	40,800	335,872
Cllr A Limakwe	122,427	49,283	1,694		18,967	27,200	219,572
Cllr A Makweoane	70,289	24,329	932		9,224	13,600	118,373
Cllr A Maloba	93,284	32,165	1,419	11,841		13,600	152,309
Cllr A Phatlane	150,560	57,683	2,053	18,513	19,445	13,600	261,854
Cllr B Bogopa	70,289	24,329	932		9,224	13,600	118,373
Cllr B Zulu	70,289	24,329	932		9,224	13,600	118,373
Cllr C Maphoha	123,543	50,464	1,695		19,135	27,200	222,037
Cllr C Matsepe	79,513	24,329	1,109			13,600	118,550
Cllr D Ganedi	74,228	29,996	1,043		11,530	17,600	134,398
Cllr D Mashego	380,045	148,414	4,795		57,535	40,800	631,590
Cllr E Maphoha	68,020	23,573	932		9,224	14,800	116,549
Cllr F Lehungwane	122,427	49,899	1,695		18,967	27,200	220,189
Cllr F Mogotji	65,931	24,329	1,109	13,581		13,600	118,550
Cllr F Mohlahlo	103,592	41,252	1,477		16,142	25,900	188,362
Cllr G Makeke	70,289	24,329	932		9,224	13,600	118,373
Cllr G Matjomane	424,177	183,149	5,603	24,594	64,426	40,800	742,749
Cllr G Namane	70,289	24,329	932		9,224	13,600	118,373
Cllr G Segope	122,427	49,283	1,694		18,967	27,200	219,572
Cllr H Bolotini	70,289	24,329	932		9,224	13,600	118,373
Cllr H Makunyane	442,951	181,292	5,512		66,908	40,800	737,464
Cllr H Malapela	161,674	65,376	2,156		25,077	27,200	281,483
Cllr J Kotze	288,906	96,302	3,997			40,800	430,005
Cllr J Letageng	122,427	49,283	1,721		18,967	27,200	219,600
Cllr J Mahlangu	225,308	90,552	3,013		33,832	40,800	393,504
Cllr J Mathebe	196,325	76,876	2,700	29,648	25,280	13,600	344,428
Cllr J Mogotlana	157,656	66,622	2,104		24,288	27,200	277,870
Cllr J Thethe	157,656	67,106	2,101		24,288	27,200	278,351
Cllr K Kgopa	70,289	24,329	932		9,224	13,600	118,373
Cllr K Mabelane	122,427	49,550	1,694		18,967	27,200	219,839
Cllr K Madisa	90,204	31,222	1,154		11,838	13,600	148,018
Cllr K Shai	105,125	32,165	1,419			13,600	152,309
Cllr K Tlaka	122,427	53,601	1,697		18,967	27,200	223,893
Cllr L Komane	122,427	48,472	1,694		18,967	27,200	218,761
Cllr L Maibelo	122,427	49,721	1,694		18,967	27,200	220,010
Cllr L Moima	70,289	24,329	932		9,224	13,600	118,373
Cllr M Buta	157,656	67,236	2,105		24,288	27,200	278,485
Cllr M Hlathi	79,513	24,329	1,109			13,600	118,550
Cllr M Mafiri	123,543	51,522	1,695		19,135	27,200	223,094
Cllr M Malatji	90,204	31,222	1,154		11,838	13,600	148,018
Cllr M Mamakoko	70,289	24,329	932		9,224	13,600	118,373
Cllr M Mampana	126,449	48,472	1,734		18,967	27,200	222,823
Cllr M Mashilo	210,417	86,208	2,835		31,563	40,800	371,823
Cllr M Mathabathe	153,036	60,204	2,041		23,558	27,200	266,039
Cllr M Matsepe	70,289	25,970	935		9,224	13,600	120,018
Cllr M Mokganyetsi	90,204	31,222	1,154		11,838	13,600	148,018
Cllr M Mokwane	70,289	24,329	932		9,224	13,600	118,373
Cllr M Mosotho	79,513	24,329	1,109			13,600	118,550
Cllr M Motlafe	62,331	26,371	957	9,151	8,030	13,600	120,441
Cllr M Mphela	70,289	24,329	932		9,224	13,600	118,373
Cllr M Msiza	500,904	194,766	6,466		76,213	68,000	846,349
Cllr M Mthimunye	122,427	49,283	1,694		18,967	27,200	219,572
Cllr M Nduli	157,656	64,720	2,102		24,288	27,200	275,966
Cllr M Nkopo	46,120	17,679	650		6,918	11,100	82,468



## Notes to the Annual Financial Statements

Figures in Rand

Cllr M Ntuli	79,513	24,329	1,109			13,600	118,550
Cllr M Phala	102,042	32,683	1,383			13,600	149,707
Cllr M Phetla	380,932	148,046	4,800		57,614	40,800	632,192
Cllr M Phokwane	122,427	49,283	1,694		18,967	27,200	219,572
Cllr M Ramphisa	225,868	89,296	3,009		33,880	40,800	392,853
Cllr M Ranala	97,722	30,399	1,370		208	17,000	146,698
Cllr M Sithole	122,427	49,283	1,694		18,967	27,200	219,572
Cllr M Tladi	555,420	214,820	6,801		84,060	40,800	901,901
Cllr M Tshehla	122,427	48,472	1,694		18,967	27,200	218,761
Cllr M Tshivhula	70,289	24,329	932		9,224	13,600	118,373
Cllr N Mahlangu	90,204	33,267	1,157		11,838	13,600	150,066
Cllr N Makuwa	157,656	65,093	2,102		24,288	27,200	276,339
Cllr N Matunyane	70,289	24,329	932		9,224	13,600	118,373
Cllr N Mohlala	122,427	49,957	1,695		18,967	27,200	220,246
Cllr N Ramongana	162,417	66,897	2,158		25,077	27,200	283,749
Cllr P Koka	122,427	49,780	1,695		18,967	27,200	220,070
Cllr P Masimula	225,308	90,981	3,008		33,832	40,800	393,929
Cllr P Tladi	122,427	51,094	1,695		18,967	27,200	221,384
Cllr R Makitla	70,289	24,329	932		9,224	13,600	118,373
Cllr R Makuwa	123,543	53,205	1,695		19,135	27,200	224,778
Cllr R Ndlovu	369,173	152,087	4,679		55,826	40,800	622,565
Cllr R Ratau	70,289	24,329	932		9,224	13,600	118,373
Cllr S Maipushe	90,204	33,264	1,157		11,838	13,600	150,062
Cllr S Malapela	122,427	49,283	1,694		18,967	27,200	219,572
Cllr S Matsomane	336,652	119,984	4,825		19,278	70,400	551,139
Cllr S Mehlaphe	69,070	32,859	1,217	24,304	8,667	13,600	149,718
Cllr S Mmaboko	122,427	48,472	1,694		18,967	27,200	218,761
Cllr S Mmotla	122,427	49,783	1,695		18,967	27,200	220,073
Cllr S Morare	122,427	49,762	1,695		18,967	27,200	220,051
Cllr S Ngwenya	215,381	73,650	3,087		3,136	40,800	336,054
Cllr S Nkosi	123,543	54,100	1,697		19,135	27,200	225,674
Cllr S Radigwana	121,392	51,915	1,695		19,775	30,119	224,897
Cllr S Ratlou	92,930	32,165	1,185		12,195	13,600	152,076
Cllr T Kgagara	122,427	52,391	1,696		18,967	27,200	222,682
Cllr T Machipa	448,136	176,260	5,560		64,970	40,800	735,726
Cllr T Malau	122,427	49,762	1,695		18,967	27,200	220,051
Cllr T Matsepe	70,289	24,329	932		9,224	13,600	118,373
Cllr T Mohlamonyan	122,427	49,657	1,694		18,967	27,200	219,946
Cllr T Ntheko	79,513	24,329	1,109			13,600	118,550
Cllr T Phahlamohlak	251,881	119,980	4,084	62,214	38,624	40,800	517,583
Cllr T Phorothoe	243,253	100,544	3,216		36,524	40,800	424,337
Cllr T Ratau	70,289	24,329	932		9,224	13,600	118,373
Cllr T Sithole	157,656	65,260	2,102		24,288	27,200	276,506
Cllr V Lecheko	232,804	81,047	3,311			40,800	357,962
Cllr V Mthombeni	79,513	24,329	1,109			13,600	118,550
Cllr W De Beer	122,427	48,472	1,721		18,967	27,200	218,789
Cllr W Oosthuizen	218,517	74,315	3,132			40,800	336,765
Cllr W Skhosana	70,289	24,329	932		9,224	13,600	118,373
	<b>14,937,814</b>	<b>5,797,920</b>	<b>201,600</b>	<b>193,846</b>	<b>1,909,777</b>	<b>2,526,119</b>	<b>25,567,077</b>



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