



**ELIAS MOTSOALEDI**

LOCAL MUNICIPALITY



**ANNUAL REPORT  
2020/2021**

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**“The agro-economical and ecotourism heartland”**





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ANNUAL REPORT  
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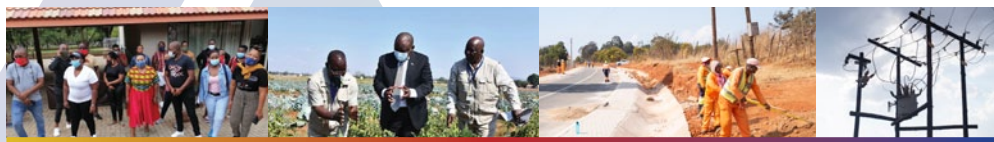




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## ACRONYMS

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
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
EMLM	: Elias Motsoaledi Local Municipality
DA	: Democratic Alliance
EFF	: Economic Freedom Fighters
EPWP	: Expanded Public Works Programme
ESS	: Employee Self Service
EXCO	: Executive Committee
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
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
LLF	: Local Labour Forum
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
Mscosa	: Municipal Standard Charts of Accounts
N/A	: Not applicable
NARSA	: National Archive Regulation of South Africa
OHS	: Occupational Health and Safety
PMS	: Performance Management System
SAMEBA	: South African Maintenance and Estate Beneficiaries Association
SCM	: Supply Chain Management
SDBIP	: Service Delivery and Budget Implementation Plan
SDM	: Sekhukhune District Municipality
SMME	: Small, Medium and Micro Enterprises
SPLUMA	: Spatial Planning and Land Use Management Act
TB	: Tuber Colossus
WSP	: Work Skill Plan



# ELIAS MOTSOALEDI

LOCAL MUNICIPALITY

## 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



## CHAPTER 1

---

# MAYOR'S FOREWORD AND EXECUTIVE SUMMARY





# 1. MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

## COMPONENT A: 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 the administrative and political arms of the municipality to progressively address the expectations of our people.

### INTRODUCTION

It is a pleasure for me to present Elias Motsoaledi Local Municipality 2020/2021 Annual Report to our residents and other interested parties. The 2020/2021 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 the work of the municipality 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. Financial year 2020/2021 it has never been a pleasant year for us as the municipality, the country and the world at large due to Covid 19 pandemic. The national lockdown affected municipal services, service delivery and revenue collection negatively. For the financial year 2020/2021 municipal performance increased from 49% of the financial year 2019/2020 to 74% of 2020/2021.

### KEY POLICY DEVELOPMENTS

During planning phase, the municipality had an engagement with the 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.

The Municipality 's performance is measured by satisfying 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 the 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

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



For the year under review 14.4km of roads were constructed. Municipality received an allocation of R54 561 018 of MIG grant for the year under review and the allocation was spent 100%. The following roads were constructed (Kgaphamadi, Tambo, Nyakuroane, Motetema, Mogaung and Laersdrift). 298 km gravelled and 674km bladed. 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 an allocation of R 15 million for INEP in 2020/2021 financial year for electrification projects. For the year under review, Municipality electrified the following villages: Mashemong, Zuma Park and Ntswelemotse using the allocated funds from INEP. The progress for electrification projects was at 100% at the 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 in collaboration with Department of Public Works created 71 work opportunities through EPWP and CWP 1064 programmes. Over and above the challenges faced during the year under review, Municipality managed to improve its audit opinion from Qualified to Unqualified audit opinion. As the EMLM team we really appreciate the improvement and looking forward to obtaining clean audit in the coming financial years.

## **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. The process of public participation was also affected by National lockdown where public gatherings were prohibited. Municipality resorted to media platforms to conduct public participation for 2021/2022 draft IDP and Budget to ensure that both the draft IDP and Budget are approved by council within the legislated timeframe. Communities were given an opportunity to raise their needs and submit them at municipal offices for incorporation in the 2021/2022 IDP and Budget. Public participation process is used to inform communities about success and challenges that municipality encounter during service delivery. Only prioritized and budgeted needs were incorporated in the reviewed 2021/2022 IDP and budget for implementation.

## **AGREEMENTS / PARTNERSHIPS**

Municipality is partnering with NYDA for implementation of entrepreneurship artisan programme for youth development.

## **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.

**David Tladi**  
MAYOR





**COMPONENT B: EXECUTIVE SUMMARY**



**M.M Kgware  
Municipal Manager**

This report records the progress made by the Municipality in fulfilling its objectives as reflected in the IDP, the Budget and the Service Delivery and Budget Implementation Plan. It also reflects on challenges and priorities for the 2020/2021 financial year. Chapter 12 of MFMA Section 121 (1) stipulates that every municipality must for each financial year prepare an annual report in accordance with this Chapter. EMLM has compiled the annual report to comply with legislation to give members of community and all stakeholders the performance of the municipality 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>

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. The municipality also signs the memorandum of understanding with the Department of Roads. The Municipality had a total revenue budget of R606, 129 million that was adjusted downwards to R594, 831 million during special budget adjustment. The actual revenue realized is R508, 935 million and this resulted in under-performance variance of R85, 896 million. All gazetted grants and subsidies amounting to R421, 367 million and they contributed a major portion of source of funding for budget of the municipality and the grants dependency rate was 74% on capital expenditure budget and 69% on revenue budget.



Municipality has unspent Integrated National Electrification Programme (INEP) of R441 thousand in 2020/21 financial. Other conditional grants, being Municipal Infrastructure Grant (MIG), Financial Management Grant (FMG) and Expanded Public Works Programme (EPWP) achieved 100% spending. Municipality received an award for MIG spending. Municipality has seven (07) approved senior manager positions. During financial year 2020/2021 four (04) senior manager's positions were vacant (CFO, Infrastructure, Executive support and Development planning). Municipality advertised the four vacant positions of senior managers to ensure that the positions are filled at an earlier time in the next financial year of 2021/2022. Five (05) senior managers concluded their performance agreements. The 2019/2020 annual performance assessments were conducted for three senior managers and 2020/2021 Mid-year performance were also assessed. The outcome of the assessments were that, none of senior managers qualified for performance bonuses for the financial year 2019/2020 annual assessments.

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 risks.

- Inadequate cash flow
- Inadequate municipal infrastructure
- Increased demand for services, potentially not aligned to budget
- Leaking of confidential information
- Low productivity

**M.M KGWALE**  
MUNICIPAL MANAGER





## 1.1 MUNICIPAL OVERVIEW

Elias Motsoaledi 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 Bronkhorstspruit, 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	-	-	-
<b>TOTAL</b>	<b>34,688</b>	<b>31,671</b>	<b>66,359</b>

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)

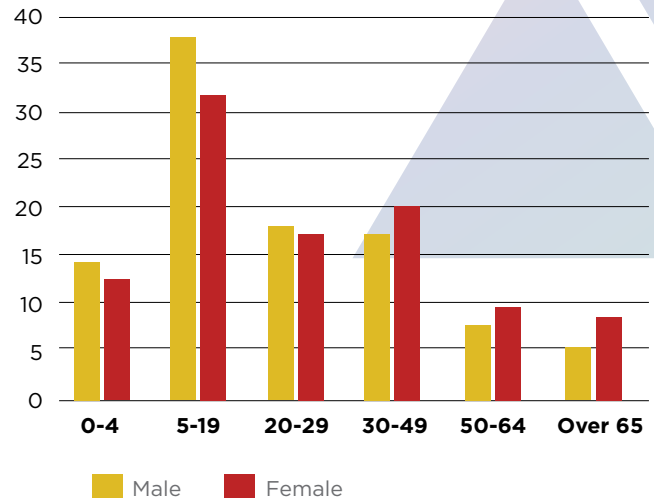
Economic Indicators	
Employment Category	Percentage
Employed	57,1%
Unemployed	42,9%
Total	100%

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 (2011)



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 2011 and 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
<b>Total</b>	<b>249 363</b>	<b>100</b>	<b>268256</b>	<b>99,9</b>

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
<b>TOTAL</b>	<b>66, 359</b>

Source: Stats SA. CS 2016

**Table 12: Natural resources within EMLM**

Natural Resources	
Major Natural Resource	Relevance to Community
<b>Minerals</b>	Economic empowerment and job creation
<b>Dam</b>	Agricultural use and consumption
<b>Caves</b>	Tourist attraction ( Roossenekal)
<b>Land</b>	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 extensins in villages.

A total number of 55698 Households (96%) has access to Electricity (served both Eskom and EMLM). The municipality received an allocation of R 15 million for INEP in 2020/2021 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 R606, 129 million that was adjusted downwards to R594, 831 million during special budget adjustment. The actual revenue realized is R508, 935 million and this resulted in under-performance

variance of R85, 896 million. All gazetted grants and subsidies amounting to R421, 367 million and they contributed a major portion of source of funding for budget of the municipality and the grants dependency rate was 74% on capital expenditure budget and 69% on revenue budget. The municipality have unspent Integrated National Electrification Programme (INEP) of R441 thousand in 2020/21 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 R512, 449 million that was adjusted upwards to R516, 328 million and the actual expenditure thereof is R411, 810 million. This reflects a positive variance of R104, 518 million. The major portion of operating expenditure is employee related cost that had original budget of R169, 749 million and the budget was adjusted downwards to R160, 564 million and the actual expenditure thereof is R150, 113 million and this reflected under-spending variance of R10, 451 million that is attributed to long service award and post retirement employee benefit obligation.

**Table 12: Summary of financial overview**

Details	Financial Overview - 2020/21		
	R'000		
	Original Budget	Adjustment Budget	Actual
Grants	293 916	351 806	347 058
Taxes, levies and tariffs	149 218	138 218	137 180
Other	88 434	35 246	24 697
<b>Sub -Total</b>	<b>531 568</b>	<b>525 270</b>	<b>508 935</b>
<b>Less Expenditure</b>	<b>-512 449</b>	<b>-510 357</b>	<b>-411 810</b>
<b>Net Total</b>	<b>19 119</b>	<b>14 913</b>	<b>97 125</b>

**Table 13: Operating ratios**

Operating Ratios	
Detail	%
Employee Costs	42%
Repairs & Maintenance	2.04%
Capital cost	0,48%



**Table 14: Total capital expenditure**

Detail	Total Capital Expenditure (R'000)	
	2019/20	2020/21
Original Budget	95654	89280
Adjustment Budget	113 103	95344
Actual	106 131	88994

## 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 353 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.

### 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/ Affirmative Action Committee
- EAP committee
- Batho Pele committee

### 1.4.2 BURSARIES

For the year under review, municipality approved 50 university and TVET students for Mayoral Bursary. Each student is awarded R10 000 each.

## WORKPLACE SKILLS PLAN (WSP)

Municipality has developed the WSP for the year for 2020/2021 and it was submitted to LGSETA during April (month) 2020 together with the Annual Training report. 33 employees (13 males and 20 females), and 13 councillors received various trainings. The Municipality received R104 881-00 in the form of rebates from LGSETA for the year under review.

## 1.5 AUDITOR GENERAL'S REPORT

For financial year 2020/2021, municipality received an Unqualified audit opinion which is an improvement from qualified audit opinion obtained during financial year 2019/2020. 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.	2018/2019	2019/2020	2020/2021
1.	Property, plant and equipment	Property, plant and equipment	Restatement of the corresponding figures.
2.	Finance lease obligation	Bulk purchase	Significant uncertainties
3.	Debt impairment		Material impairment
4.	Landfill site provision		Material distribution losses
5.	Traffic fines revenue		
6.	Bulk purchase		
7.	Cash flow statement		





## 1.6 STATUTORY ANNUAL REPORT PROCESS FOR 2020/2021

Table 16: statutory annual report process

No	Activity	Date	Responsibility
1	Finalise 4 <sup>th</sup> quarter report for previous financial year	30 July 2021	Municipal Manager
3	Audit/Performance Committee considers draft annual report of municipality	20 August 2021	Municipal Manager
4	Municipality submits draft annual report, including the consolidated annual financial statements and the performance report, to the Auditor General.	31 August 2021	Municipal Manager
5	Auditor General assesses draft annual report, including the consolidated annual financial statements and performance data	31 August 2021 to 10 December 2021	Auditor General
6	Municipalities receive and start to address the Auditor General's comments	10 December 2021	Municipal Manager
7	Mayor tables annual report and audited financial statements to council, complete with the Auditor General's Report	25 January 2022	Mayor
8	Audited annual report is made public and representation is invited	02 February 2022	Municipal Manager
9	MPAC Committee assesses the annual report	21 February to 18 March 2022	MPAC Chairperson
10	Council adopts oversight report	25 March 2022	Council
11	Oversight report is made public	28 March 2022	Municipal Manager
12	Oversight report is submitted to relevant provincial councils	30 March 2022	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 06 political parties namely: African National congress (ANC) with 41 seats, Economic Freedom

Fighters (EFF) with 10 seats, Democratic Alliance (DA) with 05 seats, and Bolshevik Party of South Africa (BPSA) with 03 seats, Mpumalanga Party (MP) with 01 seat and South African Maintenance and Estate Beneficiaries Association (SAMEBA) 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 Executive 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: Committee 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	06	06	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
<b>SCM committees</b>				
Specification	As and when	15	15	9
Evaluation	As and when	20	20	29
Adjudication	As and when	18	17	4

**Table 2: EMLM Councillors information**

WARD	PARTY	SURNAME	FULL NAMES	GENDER	CONTACT NO.
1	ANC	Mphela	Mojabeng Amelia	F	078 423 2082
2	ANC	Phatlane	Alfred	M	078 423 2094
3	ANC	Mamakoko	Mokgohlwe Lettie	F	078 423 2010
4	ANC	Moima	Lizzy Mahlatse	F	078 423 2233
5	ANC	Makweoane	Agnes Mapetle	F	078 423 2131
6	ANC	Ndlovu	Raymond Ndumiso	M	078 423 2245
7	ANC	Phala	Magabolle Lucas	M	078 423 2280
8	ANC	Ratlou	Sefako Winter	M	078 423 2067
9	ANC	Ratau	Rose Mmapule	F	078 423 2074
10	ANC	Madisa	Kgadi Francinah	F	078 423 2283
11	ANC	Namane	Given Ranyaba	M	078 423 2038
12	ANC	Phorotlhoe	Thabiso Andries	M	078 423 2033
14	ANC	Bogopa	Botha	M	078 423 2263
15	ANC	Mahlangu	Julia	F	078 423 2177
16	ANC	Zulu	Ben Madolombane	M	078 423 2306
17	ANC	Ratau	Tsimisi Thabiso	M	078 423 2154
18	ANC	Machipa	Toudi Aron	M	078 423 2114
19	ANC	Masimula	Phahlana	M	078 423 2273
20	ANC	Skhosana	Waziwa Jim	M	078 423 2251



# GOVERNANCE



Table 2: EMLM Councillors information (cont)

WARD	PARTY	SURNAME	FULL NAMES	GENDER	CONTACT NO.
21	ANC	Makeke	George Monnana	M	078 423 2127
22	ANC	Matsepe	Motlalekgomo Maria	F	078 423 2088
23	ANC	Mahlangu	Nomsa Ndazi	F	078 423 2259
24	ANC	Mokganyetji	Thomas Mareme	M	078 423 2272
25	ANC	Maphopha	Emily Maabele	F	078 423 2069
26	ANC	Motlafa	Manthwaleng Girly	F	078 423 2059
27	ANC	Mokwane	Magdeline Kubane	F	078 423 2149
28	ANC	Maipushe	Sekina Manku	F	078 423 2118
29	ANC	Malatji	Meriam Nape	F	078 423 2202
30	ANC	Kgopa	Kgabo Silas	M	078 423 2295
31	ANC	Msiza	Mothibe Rhodes	M	078 423 2125
PR1	ANC	Mathebe	Julia Lata	F	078 423 2078
PR2	ANC	Matjomane	Germinor Delly	F	078 423 2200
PR3	ANC	Tladi	Magetle David	M	078 423 2060
PR4	ANC	Phahlamohlaka	Tebogo Mafereke	M	078 423 2234
PR5	ANC	Mehlape	Salminah Hlaole	F	078 423 2036
PR7	ANC	Phetla	Mannyane Grace	F	078 423 2281
PR8	ANC	Matsepe	Thapelo Stephina	F	078 423 2179
PR9	ANC	Makunyane	Hlako Justice	M	078 423 2051
PR10	ANC	Mashilo	Malope Samaria	F	078 423 2107
PR11	ANC	Makitla	Ramotlogeli Johannes	M	078 423 2118
PR1	BPSA	Mogotji	Fanie Motshela	M	078 423 2142
PR2	BPSA	Madondo	Vernatia-Claudia Philile	F	078 423 2035
PR3	BPSA	Mohlala	Moses Themba	M	078 423 2152
13	DA	Oosthuizen	Willem Nicolaas Saaman	M	078 423 2117
PR1	DA	Alberts	Rots	M	078 423 2066
PR2	DA	Mathebe	Chipane Norman	M	078 423 2186
PR3	DA	Tshivhula	Murathi Pat	M	078 423 2282
PR4	DA	Kotze	Johan Pieter	M	078 423 2063
PR1	EFF	Hlathi	Margaret Zodwa	F	078 423 2195
PR2	EFF	Shai	Kweletsi Collen	M	078 423 2016
PR3	EFF	Lecheko	Virginia Morotse	F	078 423 2037
PR4	EFF	Ngwenya	Zodwa	F	078 423 2183
PR5	EFF	Ntuli	Mamotale Brenda	F	083 798 8080
PR6	EFF	Mosotho	Mooimane Tatane	M	078 423 2034
PR7	EFF	Ranala	Maselopi	F	078 423 2171
PR8	EFF	Ntheko	Tshepo Mokgobo	M	078 423 2181
PR9	EFF	Mthombeni	Vensile Lea	F	078 423 2119
PR10	EFF	Maloba	Alpheus Matome	M	078 423 2053
PR1	MP	Ramphisa	Motiba William	M	078 423 2182
PR1	SAMEBA	Matunyane	Nthabiseng Topsis	F	078 423 2124



**Table 3: Executive committee members**

Surname and Initials	Party	Ward no./ PR	Contact number	Gender
Cllr: Mathebe L.J	ANC	PR	078 423 2078	Female
Cllr: Machipa T.A	ANC	18	078 423 2114	Male
Cllr: Matjomane G.D	ANC	PR	078 423 2200	Female
Cllr: Phatlane A	ANC	02	078 423 2094	Male
Cllr: Ratlou S.W	ANC	PR	078 423 2067	Male
Cllr: Mashilo M.S	ANC	PR	078 423 2107	Female
Cllr: Phetla M.G	ANC	PR	078 423 2281	Female
Cllr: Maloba A.M	EFF	PR	078 423 2053	Male
Cllr: Shai K.C	EFF	PR	078 423 2016	Male
Cllr: Kotze J.P	DA	PR	078 423 2063	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 79 portfolio committees**

COMMITTEE	CHAIRPERSON	MEMBERS
<b>Municipal Public Accounts Committee (MPAC)</b>	Cllr. Hlako Justice Makunyane	<ol style="list-style-type: none"> <li>1. Cllr. M.S. Mohlala</li> <li>2. Cllr. G.M. Motlafe</li> <li>3. Cllr. G.M. Makeke</li> <li>4. Cllr. J. Mahlangu</li> <li>5. Cllr. V.M Lecheko</li> <li>6. Cllr. M.L. Phala</li> <li>7. Cllr. S.H. Mehlope</li> </ol>
<b>Rules &amp; Petitions</b>	Cllr. S.M. Maipushe	<ol style="list-style-type: none"> <li>1. Cllr. M. R. Msiza</li> <li>2. Cllr. T. M. Mkganyetji</li> <li>3. Cllr. S.W. Ratlou</li> <li>4. Cllr. T. A. Phorothloe</li> <li>5. Cllr. M.N. Malatji</li> <li>6. Cllr. P. Madondo</li> </ol>
<b>Ethics</b>	Cllr. M.L. Phala	<ol style="list-style-type: none"> <li>1. Cllr. M.G. Motlafe</li> <li>2. Cllr. G.M. Makeke</li> <li>3. Cllr. J. Mahlangu</li> <li>4. Cllr. T.M. Phahlamohlaka</li> <li>5. Cllr. A. Phatlane</li> <li>6. Cllr. V.L Mthobeni</li> <li>7. Cllr. N.T. Matunyane</li> <li>8. Cllr M.P. Tshivhula</li> </ol>

# GOVERNANCE



Table 4: Section 79 portfolio committees (continues)

COMMITTEE	CHAIRPERSON	MEMBERS
<b>Executive Support</b>	Cllr. T.M. Phorothloe	1.Cllr. P. Masimula 2. Cllr. K.S. Kgopa <b>3. Cllr. T.T. Ratau (Whip)</b> 4. Cllr.M.B. Ntuli 5. Cllr. F.M. Mogotji
<b>Corporate Services</b>	Cllr. M.N. Malatji	1.Cllr. G.R. Namane 2. Cllr. M.L. Mamakoko <b>3. Cllr. M.M. Matsepe (Whip)</b> 4. Cllr. R.J. Makitla 5. Cllr. M.P. Tshivhula 6. Cllr. M.T. Mosotho
<b>Community Services</b>	Cllr. T.M. Mokganyetji	1.Cllr. M.K. Zulu <b>2. Cllr. A.M. Mokweoane (Whip)</b> 3.Cllr. M.K. Mokwane 4. Cllr. W. Oosthuizen 5. Cllr. V.M. Lecheko
<b>Budget &amp; Treasury</b>	Cllr. N.R. Ndlovu	1.Cllr. E.M. Maphopha <b>2. Cllr. L.M. Moima (Whip)</b> 3. Cllr. B. Bogopa 4. Cllr. J. Kotze 5. Cllr. S. Ngwenya
<b>Development, Planning &amp; LED</b>	Cllr. N.N. Mahlangu	1.Cllr. R.N. Ndlovu 2. Cllr. R.M. Ratau <b>3. Cllr. S.M. Maipushe (Whip)</b> 4. Cllr. N.C. Mathebe 5. Cllr. M. Ranala
<b>Infrastructure</b>	Cllr. M.R. Msiza	1.Cllr. W.J. Skosana <b>2. Cllr.M.A. Mphela (Whip)</b> 3. Cllr. K. F. Madisa 4. Cllr. T.S. Matsepe 5. Cllr. A. Rots 6. Cllr. M.Z. Hlathi
<b>Local Geographical Names Change Committee (LGNCC)</b>	<ol style="list-style-type: none"> <li>1. Cllr. K.P. Madisa</li> <li>2. Leader of Executive Business</li> <li>3. Chair of Chairs</li> <li>4. Chairperson of Section 79 Development, Planning &amp; LED</li> <li>5. Chairperson of Rules &amp; Petition Committee</li> <li>6. Exco Member- Development, Planning &amp; LED</li> <li>7. Whip of Council</li> <li>8. Party Whips of the Opposition Parties in Council</li> <li>9. District Representative- Cllr. M.G. Motlafe</li> <li>10. Traditional Authorities in Council</li> </ol>	
<b>Committee of Presiding Officers</b>	Speaker	Cllr. M.D. Tladi
	Chair of Chairs	Cllr. S.H. Mehlape
<b>Leader of Executive Business</b>	Cllr A. Machipa	
<b>Council Whippery</b>	Chief Whip of Council	

**Table 4: Section 79 portfolio committees** (continues)

COMMITTEE	CHAIRPERSON	MEMBERS
	Party Whip of ANC	
	Party Whip of EFF	
	Party Whip of DA	
	Party Whip of BPSA	
	Party Whip of SAMEBA	
	Party Whip of MP	
<b>Sekhukhune District Representatives</b>	<b>Political Party</b>	<b>Councilor</b>
	ANC	1.Cllr. M.L. Phala 2.Cllr. M.G. Motlape 3.Cllr. S.H. Mehlape 4.Cllr. G.M. Makeke 5.Cllr. J. Mahlangu
	DA	6.Cllr. C.N. Mathebe
	EFF	1. Cllr. M.T. Mosotho
<b>SECTION 80 COMMITTEES</b>		
COMMITTEE	CHAIRPERSON	MEMBERS
<b>Budget &amp; Treasury</b>	Cllr. T.A. Machipa	1. Cllr.T.A. Phorotlho 2. Cllr. W.J. Skosana 3. Cllr. M.A. Mphela (Whip) 4. Cllr. M.N. Malatji 5. Cllr Matsepe TS 7. Cllr Dr Rotze 8. Cllr Hlathi M.Z
<b>Infrastructure</b>	Cllr Matjomane G.D	1. Cllr Mokganyetji TM 2. Cllr Zulu M.K 3. Cllr Makweoane Mk 4. Cllr Momwane M.K 5. Cllr Kotze 6. Cllr Shai K.C
<b>Community Services</b>	Cllr Mashilo S.M	1. Cllr 2. Cllr Maphopha E.M 3. Cllr Moima L.M 4. Cllr Bogopa B 5. Cllr Maloba 6. Cllr Mathebe C.N
<b>Corporate Services</b>	Cllr Phatlane A	1.Cllr Msiza M.R 2. Cllr Masimula P 3. Cllr Kgopa K.S 4. Cllr Ratau T 5. Cllr Ntuli MB 6. Cllr Oosthuizen W
Development Planning	Cllr Ratlou S.W	1.Cllr Madisa K.F 2.Cllr Namane G.R 3.Cllr Mamakoko M.L 4.Cllr Matsepe N.M 5.Cllr Makitla R.J 6.Cllr Mosotho M.T 7.Cllr Tshivhula M.D



**Table 4: Section 79 portfolio committees** (continues)

COMMITTEE	CHAIRPERSON	MEMBERS
Executive Support	Cllr Phetla PM	<ol style="list-style-type: none"> <li>1. Cllr Ndlovu R.N</li> <li>2. Cllr Ratau R.M</li> <li>3. Cllr Maipushe S.M</li> <li>4. Cllr Ranala M</li> <li>5. Cllr Mogotji F.M</li> <li>6. Cllr Mahlangu W.N</li> </ol>

## 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 WHIP

The Notice on the Upper Limits on Councillor Remuneration has introduced the Office of the Whip of Council in 2006. The ChiefWhip 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 not disposed of at a Council meeting

The Council Whip is accountable to the Council.



**MEMBERS OF EXECUTIVE COMMITTEE**



**Cllr Matjomane Germinor Delly**  
**Political Head Infrastructure**



**Cllr Phatlane Alfred**  
**Political Head Corporate Services**



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



**Cllr Mashilo Samaria Malope**  
**Political Head Community Services**



**Cllr Phetla Mannyana Grace**  
**Political Head Executive Support**



**Cllr Ratlou Sefako Winter**  
**Political Head Development Planning & LED**



**Cllr Maloba Alpheus Matome**  
**EXCO Member**



**Cllr Shai Kweletsi Collen**  
**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;





## 2.1.3 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 (7) senior managers and 32 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	Vacant	
<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
<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.J Maboja	Male
	Manager: Motetema	Mr. C. C. Masemola	Male
<b>Development Planning</b>	Senior manager : Development Planning	Vacant	
	Manager: Development and Town Planning	Mr. B. Sethoja	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 the affairs of the municipality, 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 numerous outreach programs to engage with communities of Elias Motsoaledi Local Municipality.

During the year under review, the Mayor embarked one Mayor’s outreach took place at Ntwane village and one Speaker’s forum took place at Luckau village. Further planned outreaches never took place due to the global pandemic of Covid 19.

#### 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.

Public participation in the municipality is coordinated through the ward committee, petitions committee, public hearings, and IDP and Budget public participation meetings and Mayoral Izimbizos. These forums are also utilized as report back platforms on service delivery matters. The Speaker of Council plays an important role in coordinating public participation. The 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 the Communications Unit.

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



The IDP forum is constituted by Councillors representatives from business organisations, Magosi, 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

The 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/eliasmotsoaledi.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.



PUBLIC MEETINGS								
Ward no	Nature and purpose of meeting	number of meetings	Number of Participating Municipal Councilors	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	Stakeholders Meeting	05	01	00	352	<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>Request for primary school</li> </ul>	No No No	Stakeholders meeting
02	Stakeholders Meeting	03	01	00	179	<ul style="list-style-type: none"> <li>Water shortage and challenges encountered with delivery by Tankers</li> <li>Illegal dumpings increasing, request for skips and request for ward to be included in municipal refuse removal function and be billed</li> </ul>	No No	Stakeholders meeting
03	Community meeting	03	01	00	92	<ul style="list-style-type: none"> <li>Unelectrified households at Naganeng.</li> <li>Request for proper road to new sections</li> </ul>	Yes No Yes	Community meeting & Stakeholders
04	Community meeting & Stakeholders	04	01	00	1236	<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 meeting	05	01	00	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> </ul>	Yes	Stakeholders





PUBLIC MEETINGS								
Ward no	Nature and purpose of meeting	number of meetings	Number of Participating Municipal Councilors	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
06	Community meeting & Stakeholders	07	01	00	1046	Stolen jojo tanks <ul style="list-style-type: none"> <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	n/a	00	00	00	00	n/a	n/a	n/a
08	Stakeholders meeting	03	00	00	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>	No  No	Stakeholders
						<p><b>No delivery of Jojo tanks in Taiwan section.</b>  <b>Illegal dumping on the increasing across the ward - Relevant unit to be notified.</b></p>		
09	Community meetings	01	01	00	41	<ul style="list-style-type: none"> <li>• Electricity for new stands at Phooko section</li> </ul>	No	Stakeholders meeting
10	Community meeting	01	01	00		<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> </ul>	No No No	Stakeholders Meeting
11	n/a	00	00	00	00	n/a	n/a	n/a



PUBLIC MEETINGS								
Ward no	Nature and purpose of meeting	number of meetings	Number of Participating Municipal Councilors	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
12	Community meeting	7	01	00	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> </ul>	No No	Community meeting Stakeholders meeting
13	n/a	00	00	00	00	n/a	n/a	n/a
14	Community meeting	01	00	00	00	<ul style="list-style-type: none"> <li>water shortage in the entire ward 14</li> <li>Electricity shortage at Masakaneng (other part)</li> </ul>		Community meeting
15	n/a	00	00	00	00	n/a	n/a	n/a
16	Community Meeting	01	00	00	622	<ul style="list-style-type: none"> <li><b>Roads in a bad state, submission to be done to municipality</b></li> <li>Sassa needs renovations to comply with Covid regulations</li> </ul>	No No	Community meeting Community meeting
17	n/a	00	00	00	00	n/a	n/a	n/a
18	Community meeting & stakeholder meetings	05	00	00	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> </ul>	No No No	Community meeting Stakeholders meeting Community meeting
19	Community meeting	03	00	00	365	<ul style="list-style-type: none"> <li>Thabaleboto Extension a VIP Toilets shortage</li> <li>Water challenges in the whole ward, mainly due to illegal connections on the main supply pipe</li> </ul>	No No No	Community meeting Community meeting Stakeholders meeting

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PUBLIC MEETINGS								
Ward no	Nature and purpose of meeting	number of meetings	Number of Participating Municipal Councilors	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
20	Community meeting	05	00	00	589	<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	n/a	00	00	00	00	n/a	n/a	n/a
22	n/a	00	00	00	00	n/a	n/a	n/a
23	Community meeting & Stakeholders	06	00	00	1962	<ul style="list-style-type: none"> <li>Speed humps needed at sterckfontein/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> </ul>	No No No	Community meeting Community meeting Stakeholders meeting
24	Community meeting	07	01	01	2461	<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</li> </ul>	Yes No Yes No Yes	Community meeting Community meeting Community meeting Community meeting Stakeholders meeting
25	n/a	00	00	00	00	n/a	n/a	n/a



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PUBLIC MEETINGS								
Ward no	Nature and purpose of meeting	number of meetings	Number of Participating Municipal Councilors	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
26	Community meeting	04	01	00	842	<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  Community meeting  Community meeting
27	Community meeting	04	01	00	1256	<ul style="list-style-type: none"> <li>Road mainly the one to Stadium</li> <li>Increase number of High mast lights</li> <li>Water</li> <li>Regravelling</li> <li>Vip units</li> <li>Tar road stadium road</li> <li>Waste collection</li> <li>Jojo tanks</li> <li>Highmass lights</li> <li>Water shortage</li> </ul>	No No No Yes Yes No No Yes No No	Community meeting  Community meeting  Community meeting  Community meeting  Community meeting Community meeting Community meeting  Community meeting
28	Community meeting	03	01	00	981	<ul style="list-style-type: none"> <li>Electrification Mashemong</li> <li>Tarring of Road Dipakapakeng to Stadium</li> <li>Water shortage</li> </ul>	No No	Community meeting Community meeting
29	Community meeting	04	01	00	1352	<ul style="list-style-type: none"> <li>Ramogwerane road refurbished</li> <li>Water shortage. JOJO Tanks needed</li> </ul>	Yes No	Community meeting Community meeting
30	n/a	00	00	00	00	n/a	n/a	n/a
31	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a



## 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 Mphela M.A	Yes	8	8	0
	<b>Ward Committee</b>				
	Julia Maredi				
	Simphiwe Mahlangu				
	Jane Sibiloane				
	Martha Nxumalo				
	junior Thethe				
	Anges Mmotong				
	Simphiwe Mthombeni				
	Samual Phasha				
	Christa kotelo Mabodika				
	Kgati Maepa				
Ward No 02	Cllr Phatlane A	Yes	10	10	0
	<b>Ward Committee</b>				
	Mathabathe Mpho				
	Monage Tshepo Khama				
	Mahlangu Geeilbooi				
	Makua Samuel				
	Dunge Olgar				
	Bafedi Aibiot (Deceased) replaced by Monamudi Ntlatleng				
	Mankge Hermans				
	Moloi Abednigo				
	Phatlane Lucy				
	Boroko Kodisang Mathews				
Ward No 03	Cllr Mamakoko M.L	Yes	05	05	01
	<b>Ward Committee</b>				
	Mputsu David Mahlangu				
	Sonia Magashule				
	Marie Mokwala				
	Matron Mokwana				
	Stephina Modiba				
	Mary Tshego				
	Mmapula Kgaphola				
	Delige Mothibi				
	Lucy Kgaphola				
	Frans Makua				





2.3.5 WARD BASED MEETINGS (cont)

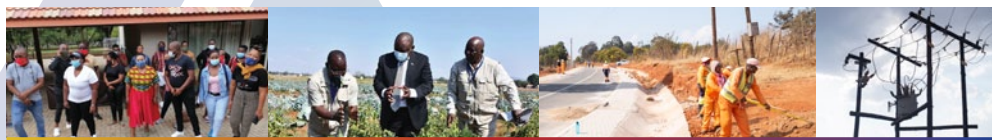
Ward Name (Number)	Name of Ward Councillor and Elected Ward Committee Members	Committee Established (Yes/No)	Number of Monthly Committee Meetings Held During Year	Number of Monthly Reports Submitted to Speakers 'Office on Time	Number of Quarterly Public Ward Meetings Held During Year
Ward No 04	Cllr Moima L.M	Yes	05	05	0
	<b>Ward Committee</b>				
	Dipuo Mashabela				
	Lebogang Dinba				
	Kanyane Mphahlele				
	Makitla Sello				
	Fatima Thabethe				
	Selina Matlou				
	Lucas Mathimunyane				
	Kenneth Malapele				
	Anges Ramphisa				
	Israel Malapela ( resigned)				
Ward No 05	Cllr Makweoane	Yes	07	07	0
	<b>Ward Committee</b>				
	Violet Mashigo				
	Fannie Nkambule				
	Monicca Makgatsela				
	Sharleen Mphake				
	Mankwe Mokgabudi				
	Petrus Matentshi				
	Mapaseka Mokgabudi				
	Leshate Mashabela				
	Nelson Mogano				
	Thili Lepota				
Ward No 06	Cllr Ndlovu R.N	Yes	9	9	02
	<b>Ward Committee</b>				
	Thethan Mahlangu				
	Ntombi Mahlaba				
	Nokuthula Reginah				
	Winile Ndlangamandla				
	Zakhele Hlathi				
	Sipho Mandlazi				
	Adelaide Limakwe				
	Zanele Magubane				
	Delisa Joseph				
	Popi Mashego				

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### 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:Phala Lucas	Yes	4	4	0
	<b>Ward Committees:</b>				
	Philimon Moshiga				
	Brenda Phasha				
	Nomsa Sibeko				
	Glass Makatelele				
	Jan Mtshweni				
	Busisiwe Magolego				
	Tebogo Mokgoadi				
	Ericca Makuwa				
	Benjamane masweu				
	Simon Thipe				
Ward No 08	Cllr Ratlou S.W	Yes	9	9	0
	<b>Ward committees</b>				
	Charlotte Mogudi				
	Moshingwaneng Ditshego				
	Isaiah Mahlangu				
	Annah Wessels				
	Friedah Phetla				
	Bangiswane Mthombeni				
	Resigned				
	Albert Mafa				
	Resigned				
	Gloria Rahlogo				
Ward No 09	Cllr Ratau R.M	Yes	10	10	0
	<b>Ward Committees:</b>				
	Elijah Ntombela				
	Isaac Makofane				
	Mafa Mashinini				
	Sebongile Mohlape				
	Coshiwe Nkambule				
	Eric Nkosi				
	Louisa Masilela				
	Fortune Tsholofelo				
	Aaron Mtshweni				
	Joseph Manzini				



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	ClIr Madisa K.F	Yes	10	10	0
	<b>Ward Committees:</b>				
	Zandra Makitla				
	Mathebe Rebbeca				
	Katlego Sifoleshe Madire				
	Modupi Mohlamanyane				
	Ivy Madisa				
	Zodwa Ngele				
	Sandra Ramphisa				
	Mathebe Buti				
	.Malefahlo Mokgase				
	mohlamonyane Motsumi				
Ward No 11	ClIr Namane G.R	Yes	04	04	0
	<b>Ward Committees:</b>				
	1 Wonderboy Cekhu( deceased not replaced)				
	2 Delane Mugeru				
	3 Eleoner Matlou				
	4 Sepadi Mampuru				
	5 Malelula leepo				
	6 Samora Madisa				
	7 Rina Mutha				
	8 Moses Mafiri				
	9 Thobile Mathibedi				
10 Anges setoto Magopa					
Ward No 12	ClIr Phorotlhoe	Yes	11	11	4
	<b>Ward Committees</b>				
	Mmadisele Mathebe				
	Moleme Podile				
	Mmalehu Mohlala				
	Mothaku Namane				
	Calvin Mathunyane				
	Elizabeth Monageng				
	Doctor Nakedi				
	Alfred Makitla				
	Betty Mathebe				
	Klass Mathebe				

## GOVERNANCE



### 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 Oosthuizen W.N.S	Yes	02	02	0
	<b>Ward Committees:</b>				
	Martin Coetsee				
	Dirk Hessels				
	phochanaD.M				
	Maria D.Fourie				
	J.H Mmakole				
	Dirk Walker				
	T.S Matsomane				
	A.J Schombee				
	Franska Kleinhans				
	Shaun A.Mellors				
Ward No 14	Cllr: Bogopa B	Yes	06	06	1
	<b>Ward Committees:</b>				
	Bareng Mphahlele(Resigned				
	Phakwane Mareng				
	Moses Boshielo				
	Chikane Kgorutle				
	Makeke Mantwa				
	Dipou Matlala				
	Stepen Maleka				
	Jaremia Phetla				
	Enock Ramoispa				
	Maggie Isa				
Ward No 15	Cllr: Mahlangu J	Yes	04	04	0
	<b>Ward Committees:</b>				
	Lucas Zwane				
	Rinah Mahlangu				
	Job Tshepo Mokwena				
	Sbongile Nkosi				
	Sibongile Masilela				
	Thomas Mthombeni				
	Johannah Mashiya				
	Malehu Mokoana				
	Jan Masimula				
	Msanomlane Mahlangu				



### 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: Zulu B.M	Yes	3	3	2
	<b>Ward Committees</b>				
	Mapule Mokgolokgotho(removed)				
	Jabulane Mahlangu				
	Sarah Skosana				
	Fanie Makua				
	December Msitsa				
	Sinah Mahlangu				
	Maria Mthimunyane				
	Nick Mgidi				
	Khomotso Maphosa(not on IEC roll)				
	Kodin Skhosana				
Ward No 17	Cllr: Ratau T.T	Yes	7	7	0
	<b>Ward Committees:</b>				
	Irene Mokwana				
	Moetana Mohlala				
	Rankepile Mabelane				
	Kagiso Mabelane				
	Gabriel Magashula				
	Jeaneth Motshana				
	Motlalepule Madihlaba				
	Freddy Nkadimeng(decease), replaced by Motjedi George				
	Andries Hlabishe				
	Annah Masemola				
Ward No 18	Cllr: Machipa T.A	Yes	9	9	1
	<b>Ward Committees:</b>				
	Martha Mohlahlo				
	Jamis Chego				
	Maria Tshehla				
	Mojalefa Rankwe				
	Tumishi Mohlahlo				
	Annah Mnguni				
	Elsa Fenyane(resigned)				
	Sydney Phetla				
	Shemeng Mtshweni				
	Maria Makuwa				



## 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: Masimula P	Yes	11	11	1
	<b>Ward Committees:</b>				
	Sophi Masemola				
	Amos Gabril				
	Sinkie Skosana				
	Ranapo Chigo				
	Rose Mtshweni				
	Keneth Mahlangu				
	Shabangu Dlalabaphi				
	Getrude Mashiane				
	Mahlangu Khonzepi				
	Nkosinathi Machuka				
Ward No 20	Cllr Skhosana W.J	Yes	9	9	1
	<b>Ward Committees:</b>				
	monica Madihlaba				
	Lina Makaleng				
	Felicia Mokoana				
	Zodwa Mokwena				
	Nteseng Madihlaba				
	Patricia Sekgala				
	Shima Monaledi				
	thabo Skosana				
	Debora Maredi				
	Thapedi letageng				
Ward No 21	Cllr: Makeke G.M	Yes	6	6	0
	<b>Ward Committees:</b>				
	1 Mavis Theresia Mthimunye				
	2 David Skhosana				
	3 Joel Mohlahlo				
	4 Khoza Dipuo				
	5 Kate Matenchi				
	6 Lejatau Seroka				
	7 Elsie Mamonyane				
	8 Sonnyboy Sekele				
	9 Dorcas Makeke				
	10 Motlapele Nkgudi				

### 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 Matsepe M.M	Yes	03	03	0
	<b>Ward Committees:</b>				
	Mathibela Mashego				
	Annah Radingwana				
	Frans Mdebele				
	Tebogo Tau				
	Stephina Mokwal				
	Thabo Radingwana				
	Leah Tshoma				
	Jan Mashilanwako				
	Patrick Moramaga				
	Iindiwe Maleka				
Ward No 23	Cllr:Mahlangu Nomsa	No	11	11	2
	<b>Ward Committees:</b>				
	Regina Ntuli				
	Lydia Lerobane				
	Jimmy Masemola				
	Thokozile Ntuli				
	Milzon Madhlaba				
	Busisiwe Motha				
	Simon Sithole				
	Rose Mokoana				
	Sipho Mahlangu				
	Sylvia Chego				
Ward No 24	Cllr: M.M	Yes	11	11	2
	<b>Ward Committees:</b>				
	Isaac Maladi				
	Mpotsing Mtshweni				
	Prince Maloma				
	Meshack Thobejane				
	Dorothy Makeke				
	Maputana Moloko				
	Martha Monareng				
	Thabeng Nyalungu				
	Elizabeth Mathunyane				
	Amos Tshoma				

## GOVERNANCE



### 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: Maphopha E.M	Yes	2	2	0
	<b>Ward Committees:</b>				
	Jane Lekala				
	Makgadi Malatji				
	Joseph Tsimba				
	Julia Mohlala				
	Lerato Skosane				
	Jack Motsana				
	Reneilwe Rampedi				
	khomotso Ramphisa				
	Francinah Mampuru				
	Thobole Matsepe				
	Cllr: Motlape M. G	Yes	8	8	1
	<b>Ward Committees:</b>				
	Sepedi Mohlala				
	Mmantwe Tagane				
	Matlakala Knowledge				
	Ditau Magampa( removed)				
	Deborah Mashabela				
	Dazie Msiza				
	Amos Chabedi				
	Mapule Mmuledi				
	Karabo Matshingwane				
	Mmabatsheleng Matsepe				
	Matladi Tshepho				
Ward No 27	Cllr: Mokwane M.K	Yes	08	08	1
	<b>Ward Committees:</b>				
	Job Matladi				
	Lebogang Choma				
	Tebatso Sihlangu				
	Mogudi Meba				
	Dudu Mokadi				
	Frans Tlaka				
	Motebu Arimbi				
	Thabo Makua				
	Caroline Mantsolo				
	Thandi makuwa				

### 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:Maipushe S.M	Yes	10	10	1
	<b>Ward Committees:</b>				
	Klass Maredi				
	Modupi Fenyane				
	Evah Matuludi				
	Prudence Skosana				
	Pratick Tladi				
	Rachel Mohlala				
	Amos Ntobeng				
	Sarah Pheladi				
	Lucas Aphane				
	Victor Seopela				
Ward No 29	Cllr: Malatji M.N	Yes	10	10	2
	<b>Ward Committees:</b>				
	Thuso Makuwa				
	Reginah Makuwa				
	Lindiwe Mahlangu				
	Grace Malatji				
	Diale Motla				
	Caroline Matjomane				
	Victor Diago				
	Thabang Fenyane				
	Gautana Matsumane				
	Lazarus Rakgalakane				
Ward No 30	Cllr: Kgopa K.S	Yes	4	4	0
	<b>Ward Committees:</b>				
	Ammina Magakwe				
	Sebutjwane Maduna				
	Seraki Motstsa				
	Jim Molapo				
	Bongi Maabane				
	Thabiso Matenji				
	Mahlonoko Riba				
	Patricia Mokwena				
	Sinky Kodi				
	Lina Masango				



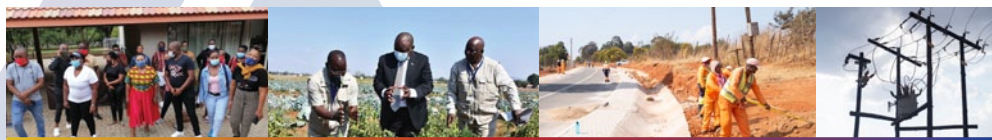


## 2.3.5 WARD BASED MEETINGS (cont)

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 : Msiza M.R				
	<b>Ward Committee</b>	Yes	4	4	0
	Gladys Maake				
	Kgaogelo Dikotope (deceased)				
	Alfred Manasoe				
	Moses simpho				
	Peter Tsokela				
	Lombard Mamogobo				
	Lebogang Mpunga(Resigned)				
	Ramosohlo Kgongane				
	Enny Matsepe				
	Prince Thobejane				

## 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 the municipality. The EMLM has in place a system of risk management for the 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 governance model of operation of the EMLM's systems of managing risk a decentralized one, wherein departments are responsible for performing risk identification, evaluation, mitigation and reporting processes. EMLM's has in place a service of Risk Committee and Audit Committee. The Risk Committee, which comprises of independent external member as a chairperson, is responsible for overseeing the entire risk management system of the municipality. EMLM's Audit Committee also supports the Risk Committee in its risk oversight role. The effective management of risk, is prioritized to ensure that business risks across the organisation are identified and managed on an ongoing basis for the achievement of the municipality's Strategic goals.

The initiatives and actions performed by the Risk Management Unit during 2020/21 include:

- An annual risk assessment conducted and facilitated by Risk Management unit, as a consulting engagement, per directorate, engaging all heads of departments
- Periodic assessments with monthly monitoring on status of risk register, as well as quarterly reporting and recommendations to various statutory and non-statutory committees
- Annual review of risk management documents
- Compilation and monitoring of the risk management implementation plan
- Continuous aim of building a sufficient municipal risk profile to constantly improve risk maturity
- Adding value of "best practice" developments to the Fraud and Risk Management Committee - review of the risk register, incident and emerging risks and corrupt, fraudulent and unethical incidents

are now standard agenda items for Risk Management Committee meetings

- Fraud and Risk Management Committee performance evaluation through individual assessments in the form of a questionnaire and the assessment of the approved Key Performance Indicators (KPIs) for the committee
- Regular communication and updates from various professional bodies
- Regular communication between Provincial Treasury (Corporate Governance) and the Chief Risk Officer on risk related matters
- Recommendations for improvement of software being utilised (Ignite Risk Assist Module)
- Risk universe and risk maturity initiatives through comparison reporting and benchmarking
- Exploiting opportunities and strategies through identification of emerging and incident risks
- Progressive application of compliance related documents and processes
- Exploring opportunities through meaningful integration of the functions of ethics, anti-corruption and fraud prevention, occupational health and safety, long term planning, business continuity and disaster management into the risk management objectives and processes
- Business continuity engagements with management to implement the Business Continuity Framework
- Continuous emphasis on fraud and corruption risks and the related risk action plans
- Improved co-operation between the Risk Management Unit and Internal Audit Services (Internal Audit Services), reducing duplication and increasing the sharing of risk information, while respecting Internal Audit Services independence
- Compilation of a COVID-19 Risk Register

One of the main purposes of an Anti-Corruption and Fraud Prevention Policies is to ensure that the Municipality is in compliance with the MSA and MFMA, which requires the Municipality to develop and adopt appropriate systems and procedures that contribute to effective and efficient management of its resources. The following revised policies were adopted by Council for 2020/2021:

- Revised Anti-Corruption and Fraud Prevention Strategy
- Revised Anti-Corruption and Fraud Prevention Policy



Top ten risks identified:

Risk Title	Category	IR	RR
Inadequate cash flow	Financial	20.00	13.00
Inadequate Municipal infrastructure	Service delivery	25.00	20.00
Increased demand for services, potentially not aligning budget	Financial	25.00	18.25
Leaking of confidential information	Compliance/ regulatory Risk	25.00	16.00
Low productivity	Human resources	16.00	16.00
Poor Community Participation	Reputation	12.00	9.00
Un-sustainable Population Growth and high unemployment.	Service delivery	20.00	15.00
Unconducive environment for growth and investment	Economic Environment	15.00	11.55
Uncoordinated urbanization	Service delivery	20.00	16.00
Under-Spending of funds/Grants	Financial	20.00	12.00

## 2.5.1 RISK FINANCE

Our insurance programs cover property damage, business interruption, public, product and professional liability, and Directors'and Officers' exposures. They aim to protect the Municipality against exceptionally large or numerous claims.

We neither own nor operate any captive insurance: we use 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 the help of leading insurance brokers with integrated international networks.

In this way we secure broad and consistent cover for all Municipalities activities and locations, cost optimization, and reporting and control, while ensuring compliance with local regulatory requirements. We review our insurance strategies periodically, taking into account changes in our 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.

During the year under review, we have developed an anti-fraud Strategy to prevent, detect, deter, report and respond

to fraudulent activities. This is overseen by the Municipal managers office, Anti-Fraud Committee comprising the 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 trained some key people in anti-fraud, anti-bribery, anti-trust and ethics. In addition, trained by Cogta or fraud and corruption, we also sent out awareness poster to all municipal departments.

## BUSINESS CONTINUITY MANAGEMENT

Municipality cannot identify all risk that faces the institution. Therefore, we have 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 financial constrains

## 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	<p>Manager: Fleet</p> <p>Manager: Roads, Storm Water and Building Maintenance</p> <p>Manager: PMU</p> <p>Manager: Budget &amp; Reporting</p> <p>SCM Accountant (Secretariat)</p>	<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, percentages as provided in the relevant sliding scales for the selected specified goals</li> </ul>
Bid Evaluation committee	14	<p>Manager: Fleet</p> <p>Manager: Roads, Storm Water and Building Maintenance</p> <p>Manager: PMU</p> <p>Manager: Budget &amp; Reporting</p> <p>SCM Accountant (Secretariat)</p>	<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, percentages as provided in the relevant sliding scales for the selected specified goals</li> </ul>
Bid Adjudication committee	19	<p>Chief Compliance: Municipal Manager's Office</p> <p>Manager: Development Planning</p> <p>Manager: Municipal Manager's Office</p> <p>PMU Technician: Infrastructure</p> <p>SCM Practitioner: Budget and Treasury</p> <p>Senior Environmental Officer: Community Services</p> <p>Manager: Executive Support</p> <p>Accountant Payroll: Budget and Treasury (Secretariat)</p>	<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>



## 2.8 BY-LAWS

For the year under review, the by-law for Municipal Property rates was reviewed.

## 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**

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's Website	Yes / No	Publishing Date
Current annual and adjustments budgets and all budget-related documents	Yes	-
All current budget-related policies	Yes	-
The annual report 2018/2019 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 2020/2021	no	n/a
All long-term borrowing contracts 2020/2021	n/a	n/a
All supply chain management contracts above a prescribed value	no	n/a
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 2020/2021	n/a	n/a
Contracts agreed in 2020/2021 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	n/a	n/a
Public-private partnership agreements referred to in section 120 made in 2020/2021	n/a	n/a
All quarterly reports tabled in the council in terms of section 52 (d) during 2020/2021	Yes	-

## 2.10 AUDIT COMMITTEE

The Audit Committee of Municipality 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 ending 03 January 2022. Audit committee members they 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 they assisted municipality in reviewing quarterly financial and non financial reports, annual report and Annual financial statements. Their contribution assisted municipality in obtaining improved audit opinion from qualified to unqualified audit opinion for financial year 2020/2021. 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, Four (4) ordinary and Seven (07) special audit committee meetings were held.

**Table 10: Audit Committee members**

Surname and initials	Gender
Ramutsheli M.P (Chairperson)	Female
Rabalao JM	Male
Thipe M.M	Male
Chuene V.K	Male
Mojapelo M.O	Male





Table 11: Attendance of meetings

NO	AUDIT COMMITTEE	ORDINARY MEETINGS					SPECIAL MEETINGS							
		1	2	3	4	Total	1	2	3	4	5	6	7	Total
1	Mrs Ramutsheli M.P (Chairperson)	✓	✓	✓	✓	4	✓	✓	✓	✓	✓	✓	✓	7
2	Mr Rabalao MJ	✓	✓	✓	✓	4	✓	✓	✓	✓	✓	✓	7	
3	Adv. Thipe M.M	✗	✓	✓	✓	3	✓	✓	✗	✓	✗	✗	4	
4	Mr. Chuene V.K	✓	✓	✓	✓	4	✓	✓	✓	✓	✓	✓	7	
5	Mr. Mojabelo M.O	✗	✓	✓	✗	2	✓	✓	✓	✗	✓	✓	6	

**Legend:**

- ✓ Attended
- ✗ Not attended

## CHAPTER 3

# SERVICE DELIVERY PERFORMANCE





## COMPONENT A: BASIC SERVICES

### 3.1 ELECTRICITY

Municipality is licensed to provide electricity in 2 wards, which are ward 13 and ward 30 (Groblersdal and Roossenekal 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 an allocation of R 15 Million for INEP in 2020/2021 financial year. For the year under review, Municipality electrified the following villages: Mashemong, Zuma Park, and Ntswelomotse using the allocated funds from INEP. The progress for electrification projects was at 100% at the 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

STRENGTHS	WEAKNESS
<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>
OPPORTUNITIES	THREATS
<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	2018/19	2019/20		Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Employees	Posts	Employees		
	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%
<b>Total</b>	<b>15</b>	<b>12</b>	<b>09</b>	<b>03</b>	<b>20%</b>



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

Capital expenditure on Electricity services

<b>Capital Expenditure Year 2020/2021 : Electricity Services</b>					
R' 000					
<b>Capital Project</b>	<b>2020/2021</b>				
	<b>Original budget</b>	<b>Budget Adjustment</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Total Budget</b>
Total All	R 15 000 000		R 15 000 000		
Electrification of Zuma Park	R 1 976 000	R 2 076 000	R 2 076 000.00		
Electrification of Mashemong	R 10 494 000	R 10 734 000	R 11 131 738.86		
Electrification of Ntswelemotse	R 2 430 000	R 2 190 000	R 2 243 275.06		

### 3.2 WASTE MANAGEMENT

Elias Motsoaledi Local Municipality renders an effective refuse removal service to households and Businesses in the following areas: Motetema, Hlogotlou, Groblersdal, Roosenekal (Town & RDP), Elandsdoring, and Walter Sisulu RDP. Refuse removal service has been outsourced to Just breeze / Tlou ya KO hlaka jv. Municipality provides street cleaning and litter picking services in Groblersdal town only, cleaning of illegal dumps is being done as when as it is required throughout the municipality. The project has created 30 Job opportunities.

#### 3.2.1 Landfill sites:

Municipality has two (2) licensed Landfill sites, namely Groblersdal, Roosenekal and one (1) transfer station at Hlogotlou. 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.

#### 3.2.2 Recycling:

**Table 4: Recycling firms operate within the municipality:**

<b>Name</b>	<b>Location</b>	<b>Material recycled</b>
Silver ink Environmental solution	Groblersdal	Card box and Plastic
Poverty combaters	Moutse	Card box and Plastic
Pieterse Scrap Metals	Groblersdal	Steel
JH Metals	Groblersdal	Steel



### 3.2.3 Awareness campaigns

NB: The Municipality could not conduct Awareness campaigns due to Covid-19.

**Table 5: Distribution of skips (Rented skip bins on monthly basis)**

Area	Number of containers	Ward	Frequency of collection
Groblersdal Taxi rank	3	13	As and when is required
Groblersdal bus terminal	1	13	As and when is required
Marble hall road next to standard bank	1	13	As and when is required
Voortrekker street	2	13	As and when is required
Open space behind quality meat	1	13	As and when is required
Complex next to Nandos	1	13	As and when is required
Home affairs	1	13	As and when is required
Parking opposite Groblersdal library	1	13	As and when is required
EMLM main Office	1	13	As and when is required
Mogaung	1	22	As and when is required
Luckau	1	24	As and when is required
Medupi crèche	1	25	As and when is required
U save Tafelkop	1	26	As and when is required
Tafelkop (Stadium)	1	27	As and when is required
Tafelkop: Boikano disability center	1	28	As and when is required
Tafelkop - Motetema road	1	R579	As and when is required

**Table 6: Skip bins places at strategically points to address illegal dumping**

Area	Number of containers	Ward	Frequency of collection
Groblersdal Taxi rank	3	13	As and when is required
Groblersdal bus terminal	1	13	As and when is required
Marble hall road next to standard bank	1	13	As and when is required
Voortrekker street	2	13	As and when is required
Open space behind quality meat	1	13	As and when is required
Complex next to Nandos	1	13	As and when is required
Home affairs	1	13	As and when is required
Parking opposite Groblersdal library	1	13	As and when is required
EMLM main Office	1	13	As and when is required
Mogaung	1	22	As and when is required
Luckau	1	24	As and when is required
Medupi crèche	1	25	As and when is required
U save Tafelkop	1	26	As and when is required
Tafelkop (Stadium)	1	27	As and when is required
Tafelkop: Boikano disability center	1	28	As and when is required
Tafelkop - Motetema road	1	R579	As and when is required





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

<b>Employees: Solid Waste Management Services</b>					
<b>Job Level task grades</b>	<b>2020/2021</b>				
	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>

### 3.2.4 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 6482 and the average number of 1685 was configured by Eskom to receive monthly free basic electricity which is an increase of 5% from 2020/2021 financial year. Municipality provides free basic electricity to both Eskom- and municipal-licensed areas. Municipality budgeted R1,121 million for free basic electricity and the actual expenditure thereof amounted to R1, 472 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 2020/2021: Cost to Municipality of Free Basic Services Delivered.**

<b>Financial Performance 2020/2021 : Cost to Municipality of Free Basic Services Delivered</b>				
<b>R'000</b>				
Services Delivered	2020/2021			
	Original Budget	Adjustment budget	Actuals	Variance to Budget
Electricity	R1,472	R1,072	R1,047	R25
Waste Management (Solid Waste)	R0	R0	R0	R0
<b>Total</b>	<b>R1,472</b>	<b>R1,072</b>	<b>R1,047</b>	<b>R25</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. The municipality has appointed a service provider for the development of roads and storm water master plan, the objectives is to get the maintenance plan, conditional assessment of the roads and priority list in terms of maintaining and upgrading the municipal roads.

#### 3.3.1 PERFORMANCE ON ROADS

The municipality has a backlog of 1291.73km of gravel roads by the end of the financial year all roads construction projects were completed. The total MIG allocation budget of municipality was R 54 561 018.00 and the actual expenditure was R 54 006 805.93. The municipality has gravel road programme in place. 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. The 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 the municipal area even though the Municipality relies on Grants for roads projects. To improve accessibility to villages, 298.5km has been regavelled and 673.3km bladed.

**Table 10: Gravelled and asphalted roads**

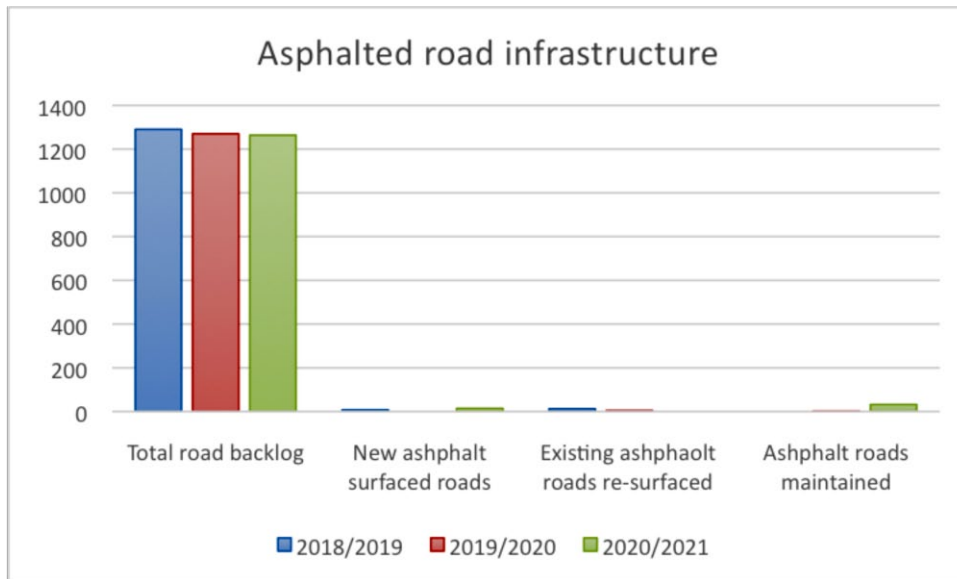
<b>Gravel Road Infrastructure</b>				
	<b>Kilometres</b>			
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to asphalt / surfaced roads	Gravel roads graded / maintained
2018/19	1299.44km	0km	7.71km	536.5km (Bladed) 70km (regavelled)
2019/20	1291.73 km	0km	0km	394km (Bladed) 120.5 (regavelled)
2020/21	1277.33km	0km	14.4km	673.3km (Bladed) 298.5 (regavelled)

**Table 11: Asphalted Road Infrastructure**

<b>Asphalted Road Infrastructure</b>				
	<b>Kilometres</b>			
	Total roads (backlog)	New asphalt / surfaced roads	Existing asphalt roads re-surfaced	Asphalt roads maintained
2018/19	1290.34	7.71km	12.6km	0km
2019/20	1270.03	0km	4.37km	2km
2020/21	1255.63	14.4km	0km	32km



**Graph 3: New asphalt road constructed**



**Table 12: Roads and stormwater services employees**

Employees: Roads and storm water services					
2020/2021					
Job Level	Employees	posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Task grade	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
2018/2019	7.71km	164.76km
2019/ 2020	0km	0 km
2020/2021	14.4km	179.16km



**Table 14: Capital Expenditure for road services**

Capital Expenditure 2018/19: Road Services					
R' 000					
2020/21					
Capital Projects	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Source of funding
Kgaphamadi construction of bus route, bridge and storm water control	R5 500 000.00	R11 654 018.00	R11 654 018.00		MIG
Kgoshi Rammupudu Construction of Access Road Phase 2	R16 500 000.00	R16 491 620.00	R16 491 620.37		MIG
Tambo construction of access road	R10 065 679.00	R10 065 679.00	R10 064 777.28		MIG
Laersdrift construction of bus route	R510 907	R806 095.00	R806 653.44		MIG
Groblersdal refurbishment of landfill site	R13 000 000	R0.00	R0.00		MIG
Mogaung Construction Access Road Phase 2	R15 250 000.00	R 15 543 556.00	R14 989 736.84		MIG
Motetema internal streets	R6 634 252.17	R6 461 803.45	R6 435 936.14		Revenue
Kgaphamadi construction of bus route, bridge and storm water control	R5 308 400.00	R5308 400.00	R5 092 955.00		Revenue
Construction of Fleet Centre	R1 512 286.96	R1 349.961	R1 349 960.43		Revenue
upgrading of Nyakurane internal access road	R782 608.70	R608 695.65	R608 678.56		Revenue

**Table 15: Municipal infrastructure grant expenditure**

Municipal Infrastructure Grant (MIG)* Expenditure 2020/21 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>						
<i>Roads, Pavements &amp; Bridges</i>	R54,561,018.00	R0.00	R54,006,805.93			
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	
Total						



## 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 for Cellphone Mast: Portion 0 of farm Vlaklaagte 154 JS
Authorised Official	Proposed Consent for Cellphone Mast: Erf 164 Hlogotlou
Authorised Official	Proposed Consent for Cellphone Mast: Portion 0 of farm Varswater 23 JS
Authorised Official	Proposed Consent for Cellphone Mast: Portion 0 of farm Tafelkop 120 JS
Authorised Official	Proposed Consent for Cellphone Mast: Portion 3 of farm Luckau 127 JS
Authorised Official	Proposed Consolidation and Registration of Servitude: Portion 314 of farm Mapochsgronde 500 JS & farm Mapochgronde 666 JS
Authorised Official	Proposed Cancellation of servitude: Portion 17, 28 & 33 of Erf 634 Groblersdal
Authorised Official	Proposed Wayleave: Groblersdal Town
Authorised Official	Proposed Consent: Portion 0 of farm Vlaklaagte 154 JS
Authorised Official	Proposed Consent for Cellphone Mast: Portion 0 of farm Eengevonden 119 JS
Authorised Official	Proposed Consent: Erf 138 Hlogotlou B
Authorised Official	Proposed Consent for Cellphone Mast: Portion 0 of farm Kirkvorchfontein 57 JS
Authorised Official	Proposed Consent for Cellphone Mast: Portion 0 of farm Frishgewaagd 131 JS
Authorised Official	Proposed Consent for Cellphone Mast: Erf 1031 Hlogotlou A
Authorised Official	Proposed Consent for Cellphone Mast: Portion 3 of the farm Luckau 127 JS
Authorised Official	Proposed Consent for Cellphone Mast: Erf 405 Elandsdoring A
Authorised Official	Proposed Consent for Cellphone Mast: Portion 0 of farm Vlaklaagte 154 JS
Authorised Official	Proposed Exemption: Portion 15 & 17 of farm Kameeldoorn 71 JS & Remainder of Portion 10 of farm Kameeldoorn 71 JS
Authorised Official	Proposed Consent Use: Portion 1 of Erf 289 Groblersdal
Authorised Official	Proposed Consent Use: Portion 100 of Erf 772 Groblersdal Extension 9
Authorised Official	Proposed Consent Use: Portion 1 of Erf 429 Groblersdal Extension 5
Authorised Official	Proposed Consent Use: Erf 432 of farm Zaaiplaats
Authorised Official	Proposed Exemption: Portion 64 Welverdiend No. 24 JS





RESPONSIBLE AUTHORITY	DESCRIPTION OF APPLICATION
Authorised Official	Proposed Consolidation: Erven 1803 & 2953 Groblersdal Extension 40
Authorised Official	Proposed Subdivision: Remainder of Portion 65 of farm Klipbank 26 JS
Authorised Official	Proposed Special Consent: Erf 696 Groblersdal Extension 9
Authorised Official	Proposed Consent: Portion 1 of farm Elandsdoorn 56 JS
Authorised Official	Proposed Consent: Portion 17 (ptn of ptn 10) of farm Zondagsfontein 32 JS
Authorised Official	Proposed Exemption: Remainder & Portion 1 of Erf 287 Groblersdal
Authorised Official	Proposed Consolidation: Portion 16 & 23 of Erf 634 Groblersdal Extension 9
Authorised Official	Proposed Subdivision: Erf 1720 Hlogotou
Authorised Official	Proposed Consent: Portion 3 of farm Kirkvorchfontein 57 JS
Authorised Official	Proposed Consent: Portion 0 of farm Uitspanning 38 JS
Authorised Official	Proposed Consent: Portion 2 of farm Valschfontein 33 JS
Authorised Official	Proposed Consent: Portion 7 of farm Loskop Suid 53 JS
Authorised Official	Proposed Exemption: Portion 37 of farm Diepkloof 44 -JS
Authorised Official	Proposed Consent: Farm Motetema 82 JS

All the above applications generated sixty thousand, nine hundred and ninety-six, sixty six cents (R60 996.66). Since the development and planning department is the custodian of land use and land development management, the implementation of Spatial Planning and Land Use Management (SPLUMA), Act no 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 Bakwena Ba Matsepe (at Tafelkop Makaepa) and Ndebele Tribal Traditional authority's (Luckau Village) respectively. 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.

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. The local authority failed to conclude the process of demarcating sites in the above said areas due to the covid-19 pandemic, hence its late completion. The affected parties had to be consulted with regard to progress made thus far which is an approved general plan. The latter needs to be relayed to the affected Traditional Authority who will ultimately allocate stands to needy members of its constituency.

As such, all the above projects were rolled over to 2020/2021 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. The above program was also disturbed by the inability to consult all the affected parties due to the pandemic at play. 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 further subdivided stands in Roosenekal town into smaller manageable stands. The essence of the exercise is to promote optimal use of land and engineering services in order to curb the housing backlog in existence in the area. This program was also stalled by the pandemic since subdivision diagrams couldn't be lodged with the surveyor general as the latter office was also closed. To date, the proposed subdivision has been approved as the Surveyor General's diagram is in place. The Municipality just sought to install engineering services in a form of water, sewer and electricity before the affected can be alienated/sold.

Challenges in a form of land invasion, land use conflict etc are still prevalent and the seek pro active intervention of the 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 polls, 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	Inspcetions Conducted	Withdrawn Applications
151	196	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.

#### 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.

Municipality had to scale down its duties as prescribed by building control regulations due to Covid-19 pandemic to limit possible cases of contact with the public and ultimately sporaed of the virus.

### 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 2020/2021 financial year are amongst others; that the municipality in collaboration with Department of Public Works has managed to create 1175 work opportunities through EPWP and CWP programmes. There was a decline of jobs created through the latter programs as only one thousand one hundred and seventy-five (1175) were created. . CWP accounted for one thousand one hundred and six (1064) and EPWP for sixty-nine (71). The appointed personnel is maily responsible for cleaning but nit limited to public facilities/ infrastructure in a form of roads resesves, graves, community halls, schools, taxi ranks, streets etc.

In striving to capacitate the SMMEs and cooperatives the municipality, four networking events were organised by the Municipality. This undertaking provided a platform for SMME"s share exeperices, mentor one another etc. Furthermore, twelve (12) SMME's and cooperaives attended workshops and training as organised by the Municipality. The training and workshops involved basic business management approaches. There was a shortfall of two (2) workshops since the annual target was fourteen (14) workshops/trainings to be conducted In addition, EMLM Local Economic Development Strategy (2014) was reviewed in order to keep it abreast with te latest development so that its response to current challeges as experienced by the larger business community.

Municipality has issued only seven (7) business licenses since the function has been transferred wholly to the local authority by the Department of Local economic development and Tourism (Limpopo).



**Table 18: Jobs created through CWP**

<b>Job creation through CWP*</b>		
<b>Year</b>	<b>No. of Wards</b>	<b>Participants</b>
2018/2019	31	1181
2019/2020	31	1104
2020/2021	31	1064

\*- *Community Works Programme*

The program covered all wards within the Municipality with one thousand and sixty four participants (1064).

**Table 19: Jobs created through EPWP**

<b>Job creation through EPWP* Projects</b>		
<b>Year</b>	<b>EPWP Projects</b>	<b>Jobs created through EPWP Projects</b>
	<b>No</b>	<b>No</b>
2018/2019	4	661
2019/2020	1	69
2020/2021	1	71

\* - *Extended Public Works Programme*

The program experienced some sporadic exits of participants before finalisation of contracts. In the light of the latter situation, it was cumbersome to replace some of the participants with the quest of maintaining the set target of seventy (71) participants. The program ended up with sixty nine (69) participants. The affected wards were 13, 14, 22, and 23. Lastly, the program was bankrolled with one million, six hundred and eighty one thousand (R 1 681 000).

**Table 20: Employees for Local Economic Development**

<b>Employees: Local Economic Development</b>				
<b>Job Level</b>	<b>2020/2021</b>			
	<b>Posts</b>	<b>Employees</b>	<b>Vacancies (fulltime equivalents)</b>	<b>Vacancies (as a % of total posts)</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>%</b>
4 - 6	1	0	1	0%
7 - 9	0	0	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>2</b>	<b>1</b>	<b>0%</b>



**Table 17: Employees for Planning Services.**

Job Level	2020/2021			
	Posts	Employees	Vacancies - fulltime equivalents	Vacancies
	(No)	(No)	(No)	(% 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

Municipality operates library services in Groblersdal, Roosenekal and Sephaku village to improve the culture of learning.

**Table 21: Employees for libraries**

Job Level task grades	2020/2021			
	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, graves are dug by community members.

#### 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	2019/2020	VALUE	2020/2021	VALUE
Total Section 56 issued	3 326	R 4 509 750.00	3569	R 2 627 050.00
Total Section 341 issued	119	R 94 400	36	R 25 000.00
Total Camera fines printed	23 225	R 17 269 000.00	N/A	N/A
Total Section 56 paid	353	R 463 250.00	371	R 209 900.00
Total Section 341 paid	7	R 6 000.00	2	R 1 150.00
Total Camera fines paid	5 070	R 2 624 330.00	N/A	N/A
Total Section 56 withdrawn	682	R 975 750.00	983	R 1 276 700.00
Total Section 341 withdrawn	1	R 1 000.00	0	0
Total Camera fines closed	6 020	R 4 481 000.00	N/A	N/A
Warrants	1 522	R 1 950 300.00	1722	R 2 232 050.00
Total Section 56 outstanding	2 291	R 3 070 750.00	1999	R 2 866 050.00
Total Camera fines outstanding	12 135	R 7 088 061.00	N/A	N/A
Total Section 341 outstanding	111	R 84 400.00		

### 3.17.3.2 Licensing

Elias Motsoaledi 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.

Description	2018/2019	2019/2020	2020/2021
number of learners application received	902	690	365
number of learners licence passed	510	231	80
number of learners licence failed	349	468	258

**Table 24: Learners licence information**

NB: 27 were either absent or differed

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

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

Description	2018/2019	2019/2020	2020/2021
number of drivers licence application received	1813	1854	2274
number of drivers licence passed	1581	1630	2013
number of drivers licence failed	138	86	120



## 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, 14 kilometres of roads were constructed. 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 SERVICES

The Human Resources Division with the total staff number of 07 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	2020/2021			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
4 - 6	1	1	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
<b>Total</b>	<b>6</b>	<b>6</b>	<b>0</b>	<b>0%</b>

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

Capital Expenditure 2020/2021: ICT Services					
Capital Projects	2020/2021				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Computer Equipment	250 000	250 000	242 100.00	383 850	625 950



## COMPONENT J : PERFORMANCE REPORT (INSTITUTIONAL SCORECARD)

### KPA 1: SPATIAL DEVELOPMENT ANALYSIS AND RATIONALE

**STRATEGIC OBJECTIVES: To promote integrated human settlements**

Programme	Key performance indicator	Budget Source	Adjusted budget	Expenditure	Audited Baseline 2019/20	Annual target
Land use management	Rezoning and subdivision Of Erf 832 groblersdal extension 15	500 000	500 000	350 000	New	Submission of rezoning and subdivision of Erf 832 Groblersdal Ext 15 application to Sekhukhune joint district planning tribunal by 30 June 2021
	Rezoning and subdivision of portion 10 of farm klipbank 26J	500 000	500 000	380 000	New	Submission of rezoning and subdivision of portion 10 of Farm Klipbank 26JS Groblersdal Ext 15 application to sekhukhune district planning tribunal by 30 June 2021
	Subdivision of farm Mapochsgronde 911	250 000	250 000	192 203.56	New	Approved subdivision application by 30 June 2021
	% of land use applications received and processed withitn 90 days	n/a	n/a	n/a	100%	100% of land use applications received and processed withitn 90 days
Compliance with National building regulations	% of new building plans of less than 500 square meters 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 meters assessed within 10 days of receipt of plans
Compliance with National building regulations	% 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 more than 500 square meters assessed within 28 days of receipt of plans
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 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 regulations and building standard Act



Progress to date	Reason for variance	remedial action	Evidence	Achieved / Not achieved	Responsibility
Submission of rezoning and subdivision of Erf 832 Groblersdal Ext 15 application to Sekhukhune joint district planning tribunal by 30 June 2021	None	None	SDM application acknowledgement of receipt	achieved	Development planning
Submission of rezoning and subdivision of portion 10 of Farm Klipbank 26JS Groblersdal Ext 15 application to sekhukhune district planning tribunal by 30 June 2021	None	None	SDM acknowledgement of receipt	achieved	Development planning
Approved subdivision application by 30 June 2021	None	None	Approved subdivision application	Achieved	Development planning
100% land use applications received and processed within 90 days	None	None	Land use application register	Achieved	Development planning
100% new building plans of less than 500 square meters assessed within 10 days of receipt of plans	None	None	Building plans application register	Achieved	Development planning
100% new building plans of more than 500 square meters assessed within 28 days of receipt of plans	None	None	Building plans application register	Achieved	Development planning
100% inspections conducted on building construction with an approved plan to ensure compliance with Sec 6© and 17(b) of national regulations and building standard Act	None	None	Inspection report	Achieved	Development planning



## KPA 2: INSTITUTIONAL DEVELOPMENT AND MUNICIPAL TRANSFORMATION

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

Programme	Key performance indicator	Budget Source	Adjusted budget	Expenditure	Audited Baseline 2019/20	Annual target
Employment equity	Review of the Employment Equity Plan	n/a	n/a	n/a	new	1 review of the Employment Equity Plan by 30 June 2021
Employment equity	Submission of employment equity report to DOL	n/a	n/a	n/a	1	1 Submission of Employment Equity report to DOL by 31 <sup>st</sup> January 2021
Employment equity	% of employees with disabilities	n/a	n/a	n/a	New	2% Of employees with disabilities by 30 June 2021
Skills programme	Number of employees approved for study financial assistance	Opex	Opex	Opex	0	2 employees approved for study financial assistance by 31 December 2020
WSP	Approval of reviewed WSP (work skills plan)	n/a	n/a	n/a	1	1 Approval of reviewed WSP (work skills plan) by 30 June 2021
	% of municipality's payroll budget actually spent on training and education of employees	1% of payroll budget	1%	0.6%	80%	1% Of municipalities payroll budget actually spent on training and education of employees by 30 June 2021
LLF	Number of LLF meetings held	n/a	n/a	n/a	9	6 LLF meetings held by 30 June 2021
ICT	Number of ICT steering committee meetings held	n/a	n/a	n/a	4	4 ICT steering committee meetings held by 30 June 2021
	Number of ICT reports submitted to ICT steering committee	n/a	n/a	n/a	4	4 ICT reports submitted to ICT steering committee by 30 June 2021





progress to date	Reason for variance	remedial action	Evidence	Achieved / Not achieved	Responsibility
1 Employment Equity Plan reviewed by 30 May 2021	None	None	Reviewed employment equity/ council resolution	Achieved	Corporate services
1 Submission of Employment Equity report to DOL by 31 <sup>st</sup> January 2021	None	None	Acknowledgement letter	Achieved	Corporate services
1. (4/3532	Not all vacant posts were filled	Filling of vacant posts with inclusion of people with disabilities	Human resource report	Not achieved	Corporate services
0 employees approved for study financial assistance by 31 December 2020	Unsigned approval letters	Awaiting signed approval letters	Approval letters signed by municipal manager	Not achieved	Corporate services
1 Reviewed WSP (work skills plan) approved by 30 May 2021	None	None	Council resolution	Achieved	Corporate services
0.6% (R1,150,002.23/ R187,539,327) of municipality's payroll budget actually spent on training and education of employees by 30 June 2021	Dependant on the application received	To continue encouraging employee's participation in the training programme	Budget report	Not Achieved	Corporate services
6 LLF meetings held by 30 June 2021	None	None	Attendance register and minutes	Achieved	Corporate services
4 ICT steering committee meetings held by 30 June 2021	None	None	Attendance register and minutes	Achieved	Corporate services
4 ICT reports submitted to ICT steering committee by 30 June 2021	None	None	ICT reports and attendance register	Achieved	Corporate services



**KPA 2: INSTITUTIONAL DEVELOPMENT AND MUNICIPAL TRANSFORMATION (cont)**

Programme	Key performance indicator	Budget Source	Adjusted budget	Expenditure	Audited Baseline 2019/20	Annual target
Occupational health and safety (OHS)	Number of health risk assessment conducted	opex	opex	Opex	1	1 health risk assessment conducted by 30 September 2020
	Submission of COID annual returns of earning to Dept of employment and Labour (DOL)	n/a	n/a	n/a	New	Submission of COID annual returns of earning to Dept of employment and Labour (DOL) by 30 June 2021
Employee assistance programme (EAP)	Number of wellness activities conducted	<i>Zero weighted</i>	<i>Zero weighted</i>	<i>Zero weighted</i>	<i>Zero weighted</i>	<i>Zero weighted</i>
Performance management	% of KPI and projects attaining organisational targets (total organisation)	n/a	n/a	49%	67%	95% of KPI and projects attaining organisational targets (total organisation) by 30 June 2021
	Final SDBIP approved by mayor within 28 days after approval of IDP/ Budget	n/a	n/a	n/a	1	1 Final SDBIP approved by Mayor within 28 days after approval of IDP/Budget by June 2021
Municipal infrastructure grant (MIG)	Number of MIG reports submitted to Coghsta	n/a	n/a	n/a	12	12 MIG reports submitted to Coghsta by 30 June 2021
Department of energy (DOE)	Number of reports submitted to department of energy	n/a	n/a	n/a	12	12 INEP reports submitted to department of energy by 30 June 2021



## SERVICE DELIVERY PERFORMANCE

progress to date	Reason for variance	remedial action	Evidence	Achieved / Not achieved	Responsibility
1 Health risk assessment conducted by 30 September 2020	None	None	Health risk assessment report	Achieved	Corporate services
Submission of COID annual returns of earning to Dept of employment and Labour (DOL) by 28 May 2021	None	None	Proof of submission/ letter of good standing from DOL	achieved	Corporate services
<i>Zero weighted</i>	<i>Zero weighted</i>	<i>Zero weighted</i>	<i>Zero weighted</i>	<i>Zero weighted</i>	<i>Zero weighted</i>
80% of KPI and projects attaining organisational targets (total organisation) by 30 June 2021	low operational expenditure due to lockdown regulations * debt impairment	The institution will improve on its performance which are not Covid 19 affected	Performance report	Not achieved	Municipal manager
1 Final SDBIP approved by Mayor within 28 days after approval of IDP/Budget by 30 June 2021	None	None	Approved SDBIP	Achieved	Municipal manager
12 MIG reports submitted to Coghsta by 30 June 2021	None	None	Proof of submission	Achieved	Infrastructure
12 INEP reports submitted to department of energy by 30 June 2021	None	None	Proof of submission	Achieved	Infrastructure



### 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 Baseline2019/20	Annual target
EPWP	Number of job opportunities provided through EPWP grant (GKPI)	EPWP Grant	EPWP Grant	EPWP Grant	69	69 jobs opportunities provided through EPWP grant by 31 December 2020
EPWP	Number of job opportunities created through infrastructure projects (GKPI)	MIG/ INEP/ EMLM	MIG/ INEP/ EMLM	MIG/ INEP/ EMLM	253	294 Job opportunities created through infrastructure projects by 30 June 2021 (GKPI)
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 2021 (LED training)



## SERVICE DELIVERY PERFORMANCE

Progress to date	Reason for variance	Remedial action	Evidence	Achieved / Not achieved	Responsibility
71 jobs opportunities provided through EPWP grant by 31 December 2020	None	None	List of approved appointees	Achieved	Development planning
244 Job opportunities created through infrastructure projects by 30 June 2021 (GKPI)	Unrealistic target set by department of public works	To engage public works to set realistic targets based on number of projects on the ground	List of appointees	Not achieved	Infrastructure
12 SMME'S and Co-operatives capacity building workshops/ training held by 30 June 2021 (LED training)	Unable to conduct trainings during level 3 and 4 of lockdown	Consider visual trainings	Reports and attendance register	Not Achieved	Development planning





## 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 2019/20	Annual target
Financial management	Cost coverage ratio (GKPI)	Opex	Opex	Opex	00:00	1 to 3 months Cost coverage ratio (GKPI) by 30 June 2021
Revenue	% outstanding service debtors to revenue	Opex	Opex	Opex	26%.	5% outstanding service debtors to revenue (GKPI) by the 30 June 2021
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
AFS	Audited annual financial statements (AFS) and audit report submitted to council by 31 March 2021	n/a	n/a	n/a	1	1 Audited annual financial statements (AFS) and audit report submitted to council by 31 March 2021
SCM	Number of monthly SCM deviation reports submitted to municipal manager (reducing number of deviations)	n/a	n/a	n/a	9	6 monthly SCM deviation reports submitted to municipal manager (reducing number of deviations) by 30 June 2021
Expenditure	% payment of creditors within 30 days	n/a	n/a	n/a	100%	100% payment of creditors within 30 days by 30 June 2021
Assets management	Number of assets verifications conducted	n/a	n/a	n/a	1	1 assets verifications conducted by 30 June 2021



## SERVICE DELIVERY PERFORMANCE

progress to date	Reason for variance	remedial action	Evidence	Achieved / Not achieved	Responsibility
0:069 months Cost coverage ratio (GKPI) by 30 June 2021	Poor expenditure management	Reduce contracted services and implement cost containment measures	2020/2021 AFS	Not achieved	Budget and treasury
22% outstanding service debtors to revenue (GKPI) by the 30 June 2021	The impact of lockdown on collection rate	Stringent implementation of credit control measures	2020/2021 AFS	Not Achieved	Budget and treasury
1 MTREF budget submitted to council 30 days before the start of the new financial year	None	None	Council resolution	Achieved	Budget and treasury
1 Audited annual financial statements (AFS) and audit report submitted to council on 29 April 2021 as per the extension by Auditor General	None	None	Council resolution	Achieved	Budget and treasury
3 monthly SCM deviation reports submitted to municipal manager (reducing number of deviations) by 30 June 2021	None	None	Signed deviation register	Achieved	Budget and treasury
100% payment of creditors within 30 days by 30 June 2021	None	None	Creditors age analysis	Achieved	Budget and treasury
1 assets verifications conducted by 30 June 2021	None	None	Assets verification report	Achieved	Budget and treasury



**KPA 5: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT (cont)**

Programme	Key performance indicator	Budget Source	Adjusted budget	Expenditure	Audited Baseline 2019/20	Annual target
Expenditure	% spend of the total operational budget excluding non-cash items	Opex	Opex	Opex	95%	95% spend of the total operational budget excluding non-cash items by 30 June 2021
	Remuneration (employee related costs and councillors remuneration) as % total operating expenditure per quarter	Opex	Opex	Opex	34%	25% to 40% Remuneration (employee related costs and councillors remuneration) as % total operating expenditure per quarter
Project management	% spending on MIG funding	MIG	MIG	MIG	91%	100% spending on MIG funding by the 30 June 2021
Electricity	% spending on INEP funding	INEP	INEP	INEP	100%	100% spending on INEP funding by 30 June 2021



progress to date	Reason for variance	remedial action	Evidence	Achieved / Not achieved	Responsibility
95.03% spend of the total operational budget excluding non-cash items by 30 June 2021	None	None	Budget report	Achieved	Municipal manager
36% Remuneration (employee related costs and councillors remuneration) as % total operating expenditure per quarter	None	None	Section 71 report	Achieved	Municipal manager
100% spending on MIG funding by 30 June 2021	None	None	MIG monthly reports	Achieved	Infrastructure
97% spending on INEP funding by 30 June 2021	There is a saving in Mashemong electrification project which affected the spending	None	INEP monthly report	Not Achieved	Infrastructure



## 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 2019/2020	Annual target
Roads and Stormwater	Kilometres of gravelled roads re-graveled	n/a	n/a	n/a	120.5km	70km of gravelled roads re-gravelled by 30 June 2021
Roads and Stormwater	Kilometres of gravelled roads bladed	n/a	n/a	n/a	379.6km	400 km of gravelled roads bladed by 30 June 2021
Indigents	% of registered indigents who receives free basic electricity (GKPI)	200 000	200 000		23,0%	20% of registered indigents who receives free basic electricity (GKPI) by 30 June 2021
Transversal programmees	Number of transversal programmes implemented in term of mainstreaming with respect to HIV/AIDS, Gender, Disabled, Woman and Children Rights, Eldery and moral re-generation	Opex	Opex	Opex	4	2 transversal programmes implemented in term of mainstreaming with respect to HIV/AIDS, Gender, Disabled, Woman and Children Rights, Eldery and moral re-generation by the 30 June 2021
Waste management	Number of reports for waste collection	n/a	n/a	n/a	8%	8 Reports for waste collection by 30 June 2021
Education / libraries	Number of initiatives held to promote library facilities	<i>Zero weighted</i>	<i>Zero weighted</i>	<i>Zero weighted</i>	<i>Zero weighted</i>	<i>Zero weighted</i>
Environmental management	Number of Enviromental awareness conducted	<i>Zero weighted</i>	<i>Zero weighted</i>	<i>Zero weighted</i>	<i>Zero weighted</i>	<i>Zero weighted</i>
Disaster management	Number of disaster awareness campaigns conducted b	<i>Zero weighted</i>	<i>Zero weighted</i>	<i>Zero weighted</i>	<i>Zero weighted</i>	<i>Zero weighted</i>
Safety and security	Number of community safety forum meetings held	<i>Zero weighted</i>	<i>Zero weighted</i>	<i>Zero weighted</i>	<i>Zero weighted</i>	<i>Zero weighted</i>





## SERVICE DELIVERY PERFORMANCE

progress to date	Reason for variance	remedial action	Evidence	Achieved / Not achieved	Responsibility
298,5kms of gravelled roads regavelled	None	None	Completion certificate	Achieved	Infrastructure
673,3kms of gravelled roads bladed	None	None	Completion certificate	Achieved	Infrastructure
25% of registered indigents who receives free basic electricity (GKPI) by 30 June 2021	None	None	Indigent register and Eskom beneficiary list	Achieved	Budget and treasury
1 transversal programmes implemented in term of mainstreaming with respect to HIV/AIDS, Gender, Disabled, Woman and Children Rights, Eldery and moral re-generation	Covid 19 lockdown regulation during fourth quarter	To be implemented in the next financial year	Programme and attendance register	Not Achieved	Executive support
8 Reports for waste collection by 30 June 2021	None	None	Waste collection reports	Achieved	Community services
<i>Zero weighted</i>	<i>Zero weighted</i>	<i>Zero weighted</i>	<i>Zero weighted</i>	<i>Zero weighted</i>	Community services
<i>Zero weighted</i>	<i>Zero weighted</i>	<i>Zero weighted</i>	<i>Zero weighted</i>	<i>Zero weighted</i>	Community services
<i>Zero weighted</i>	<i>Zero weighted</i>	<i>Zero weighted</i>	<i>Zero weighted</i>	<i>Zero weighted</i>	Community services
<i>Zero weighted</i>	<i>Zero weighted</i>	<i>Zero weighted</i>	<i>Zero weighted</i>	<i>Zero weighted</i>	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 2020/2021	Adjusted budget	Expenditure	Audited Baseline 2019/2020	Annual target
13	Groblersdal Landfill site	Number of landfill sites to be upgraded	1 076 424	100 000	0,00	54%	1 landfill site upgraded by 31 December 2020 (Groblersdal landfill site)
25	Reticulation of stands with electrical infrastructure at Mashemong	Number of stands reticulated with electrical infrastructure at mashemong village	10 494 000	10 734 000	11 131 738.86	5%	699 Stands reticulated with electrical infrastructure by 30 June 2021
14	Reticulation of stands with electrical infrastructure at Masakaneng	Number of stands reticulated with electrical infrastructure at Masakaneng <i>(Zero weighted)</i>	5 100 000	<i>(Zero weighted)</i>	<i>(Zero weighted)</i>	<i>(Zero weighted)</i>	<i>(Zero weighted)</i>
7	Reticulation of stands with electrical infrastructure at Zuma Park	Number of stands reticulated with electrical infrastructure at Zuma Park	1 976 000	2 076 000	2 076 000	new	122 stands reticulated with electrical infrastructure by 30 June 2021
4	Reticulation of stands with electrical infrastructure at Ntswelemotse	Number of stands reticulated with electrical infrastructure at Ntswelemotse	2 430 000	2 190 000	3 243 275.06	5%	251 stands reticulated with electrical infrastructure by 31 March 2021
26	Kgoshi Rammupudu road construction	Construction of 2.2km of Kgoshi Rammupudu road	16 000 000	16 500 000	16 491 620,37	New	2.2km of Kgoshi Rammupudu road constructed by 30 June 2021
21	Kgaphamadi road construction	Upgrading of 5.2km of Kgaphamadi bus road	5 500 000	16 567 000	11 654 018	57%	5.2km of Kgaphamadi road upgraded by 31 December 2020
15	Tambo road construction	Construction of 3.2km of Tambo road	9 581 000	10 058 000	10 064 777.28	80%	3.2km of Tambo road constructed by 30 September 2020
7	Upgrading of Nyakuroane internal access road	Upgrading of Nyakuroane internal access road	900 000	700 000	608 678,56	New	Upgrading of nyakuroane internal access road (designs) by 30 June 2021



## SERVICE DELIVERY PERFORMANCE

progress to date	Reason for variance	remedial action	Evidence	Achieved / Not achieved	Responsibility
0 landfill site upgraded by 31 December 2020 (Groblersdal landfill site)	Project is currently on hold due to change of designs as per LEDET request	New drawings as per regulation is done, sent to LEDET, awaiting approval	Completion certificate	Not achieved	Infrastructure
699 Stands reticulated with electrical infrastructure by 30 June 2021	None	None	Completion certificate	Achieved	Infrastructure
<i>(Zero weighted)</i>	<i>(Zero weighted)</i>	<i>(Zero weighted)</i>	<i>(Zero weighted)</i>	<i>(Zero weighted)</i>	Infrastructure
122 stands reticulated with electrical infrastructure by 30 June 2021	None	None	Completion certificate	Achieved	Infrastructure
251 stands reticulated with electrical infrastructure by 31 March 2021	None	None	Completion certificate	Achieved	Infrastructure
2.3km of Kgoshi Rammupudu road constructed by 30 June 2021	None	None	Completion certificate	Achieved	Infrastructure
5.2km of Kgaphamadi road upgraded by 31 December 2020	None	None	Practical completion certificate	Achieved	Infrastructure
3.25km of Tambo road constructed by 30 September 2020	None	None	Completion certificate	Achieved	Infrastructure
Upgrading of nyakuroane internal access road (designs) by 30 June 2021	None	None	Designs report	Achieved	Infrastructure



**CAPITAL PROJECTS (cont)**

Ward no	Project	Key performance indicator	Original Budget R000"s 2020/2021	Adjusted budget	Expenditure	Audited Baseline 2019/2020	Annual target
30	Completion of Laersdrift access road	Completion of Laersdrift access road	511 000	999 000	806 653.44	98%	Completion of Laersdrift access road by 30 September 2020
31	Motetema internal streets	Construction of 1.3km of motetema internal streets	7 629 390	7 629 000	9 694 789.23	11%	1.3km of Motetema internal street constructed by 30 September 2020
22	Upgrading of Mogaung road	Construction of 2.1km of Mogaung road	15 250 000	15 250 000	12 970 965.45	New	Construction, base of 2.1km of Mogaung road completed by 30 June 2021
13	Development of workshop	development of workshop	1 739 000	1 429 000	1 349 960	94%	Development of workshop by 30 September 2020
n/a	Machinery and equipment	% expenditure on machinery and equipment	500 000	400 000	380 250	95%	100% expenditure on machinery and equipment by 20 June 2021
n/a	Air conditioners	% processing of procurement request submitted  <i>Zero weighted</i>	350 000	<i>Zero weighted</i>	<i>Zero weighted</i>	<i>Zero weighted</i>	<i>Zero weighted</i>
n/a	Mobile office traffic	procurement of mobile office traffic	600 000	720 000	687 429	new	Procurement of mobile office traffic by 30 June 2021
13	Upgrading of parks	Number of parks to be upgraded	1000 000	800 000	711 845	new	2  Parks upgraded by 30 June 2021
13	Upgrading of Elandsdoorn/ Ntwane cemetery	Fencing of Elandsdoorn/ Ntwane cemetery	600 000	720 000	687 429	New	Fencing of Elandsdoorn / Ntwane cemeteries by 30 June 2021
n/a	Furniture and office equipment	% expendirure on furniture and office equipment	800 000	800 000	263 727.00	100%	90% minimum expenditure on furniture and equipment by 30 June 2021
n/a	Computer equipment	% expenditure on computer equipment	250 000	250 000	242 100.00	100%	90% minimum expenditure on computer equipmenet by 30 June 2021



## SERVICE DELIVERY PERFORMANCE

progress to date	Reason for variance	remedial action	Evidence	Achieved / Not achieved	Responsibility
Laersdrift access road completed by 20 January 2021	None	None	Completion certificate		Infrastructure
1.3km of Motetema internal streets constructed by December 2020	None	None	Completion certificate	Achieved	Infrastructure
Construction, base of 2.14km of Mogaung road completed by 30 June 2021	None	None	Practical completion certificate	Achieved	Infrastructure
Development of workshop by November 2020	None	None	Completion certificate	Achieved	Infrastructure
95% expenditure on machinery and equipment by 30 June 2021	Requisition received for the year were less than the set expenditure target	To revise the target in future to have minimum and maximum spending	Expenditure report * purchase order and delivery note	Not achieved	Infrastructure
<b>Zero weighted</b>	<b>Zero weighted</b>	<b>Zero weighted</b>	<b>Zero weighted</b>	<b>Zero weighted</b>	Infrastructure
Mobile office procured	None	None	Completion certificate	Achieved	Community services
1 Park upgraded	Funds no sufficient for upgrading two parks	Make provision in the next financial year	Completion certificate	Not achieved	Community services
Fencing of Ntwane cemetery completed	None	None	Completion certificate	Achieved	Community services
99.36% (R370,720 /R368,342.01)	Virements account for downward budget and expenditure	None	Expenditure / screen shog	Achieved	Corporate services
92.15% (R679,280 / 625,950)	Virement account for upward budget and expenditure	None	Expenditure report / screen shot	Achieved	Corporate Services





## 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 2019/20	Annual target
Good governance and oversight	Submission of final audited consolidated annual report to council on or before end of January 2021	n/a	n/a	n/a	1	1 Submission of final audited consolidated annual report to council on or before end of January 2021
	Submission of annual report oversight report to council	n/a	n/a	n/a	1	1 Submission of annual report oversight report to council by March 2021
	2020/2021 IDP review process plan approved by august 2020	n/a	n/a	n/a	1	1 2020/2021 IDP review process plan approved by august 2020
IDP development	Final IDP tabled and approved by council by 31 May 2021	n/a	n/a	n/a	1	1 Final IDP tabled and approved by council by 31 May 2021
Audit	Obtain an unqualified auditor general opinion for the 2019/20 financial year	n/a	n/a	n/a	Qualified audit opinion	Unqualified audit opinion for 2019/20 financial year
Audit	% of auditor general matters resolved as per the approved audit action plan (Total organisation)	n/a	n/a	n/a	87%	100% of auditor general matters resolved as per the approved audit action plan (Total organisation) by 30 June 2021
Audit	% internal audit findings resolved per quarter as per the audit plan (total organisation)	n/a	n/a	n/a	92%	100% internal audit findings resolved per quarter as per the audit plan (total organisation)
Risk management	Number of security risk assessment conducted	n/a	n/a	2	New	4 security risk assessment conducted by 30 June 2021
Risk management	Number of project risk assessment conducted	n/a	n/a	n/a	2	4 project risk assessment conducted by 30 June 2021



## SERVICE DELIVERY PERFORMANCE

progress to date	Reason for variance	remedial action	Evidence	Achieved / Not achieved	Responsibility
1 Submission of final audited consolidated annual report to council	None	None	Council resolution	Achieved	Municipal manager
0 Submission of annual report oversight report to council by March 2021	By end of financial year, MPAC was still busy with engagements with administration on the report	The report will be submitted to council by end of July 2021	Council resolution	Not achieved	Municipal manager
0 2020/2021 IDP review process plan approved by august 2020	There was a delay in preparation of the report as only few officials were available in offices due to Covid 19 Lockdown	To ensure that in future the report is prepared in time to avoid non-recurrence	Council resolution	Not Achieved	Municipal manager
1 Final IDP tabled and approved by council by 31 May 2021	None	None	Council resolution	Achieved	Municipal manager
Municipality obtained qualified audit opinion for 2019/2020 financial year	Recurrence of the following instances that led to audit paragraphs  *property plant and equipment  *bulk purchases	Implementation of AG audit action plan	AGSA audit report	Not Achieved	Municipal manager
73% of auditor general matters resolved as per the approved audit action plan (Total organisation) by 30 June 2021	Awaiting finalisation of interim financial statements	None	Audit action plan	Not achieved	Municipal manager
76% internal audit findings resolved per quarter as per the audit plan (total organisation)	Action date not due on some findings and management did not implement action plan on some findings	Ensure that management adhere to the timelines stipulated	Quartely IA status report	Not Achieved	Municipal manager
4 security risk assessment conducted by 30 June 2021	None	None	Quarterly risk assessment report	Achieved	Municipal manager
4 project risk assessment conducted by 30 June 2021	None	None	Quarterly risk assessment report	Achieved	Municipal manager



**KPA 6: GOOD GOVERNANCE AND PUBLIC PARTICIPATION (cont)**

Programme	Key performance indicator	Budget Source	Adjusted budget	Expenditure	Audited Baseline 2019/20	Annual target
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
Risk management	Number of quarterly risk management committee meetings	n/a	n/a	n/a	4	4 quarterly risk management committee meetings by 30 June 2021
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 2021
MPAC	Number of MPAC quarterly reports submitted to council	n/a	n/a	n/a	3	4 MPAC quarterly reports submitted to council by June 2021
	Number of MPAC outreaches initiated	2 000 000	2 000 000	3 044 696	3	2 MPAC outreaches initiated by 30 June 2021
Mayoral programme	Number of mayoral outreach projects initiated	1 000 000	800 000	578 035	2	2 mayoral outreach projects initiated by 30 June 2021
Speaker's programme	Number of speakers outreach projects initiated	500 000	200 000	164 100	2	2 speakers outreach projects initiated by 30 March 2021
Ward committee	Number of ward committee reports submitted to council quarterly	n/a	n/a	n/a	2	2 ward committee reports submitted to council quarterly
Youth programmes	Number of youth programmes initiated	Opex	Opex	Opex	1	1 Youth programmes initiated by 30 June 2021



## SERVICE DELIVERY PERFORMANCE

progress to date	Reason for variance	remedial action	Evidence	Achieved / Not achieved	Responsibility
4 risk management reports submitted to risk management committee per quarter	None	None	Quarterly risk assessment report	Achieved	Municipal manager
4 quarterly risk management committee meetings by 30 June 2021	None	None	Attendance register and minutes	Achieved	Municipal manager
100% execution of identified risk management plan within prescribed timeframes per quarter (total organisation) by 30 June 2021	None	None	Quarterly risk assessment reports	Achieved	Municipal manager
3 MPAC quarterly reports submitted to council by June 2021	The report was not finalised by end of June 2021	To serve in the next council	Council resolution	Not achieved	Executive support
2 MPAC outreaches initiated by 30 June 2021	None	None	Report and attendance register	Achieved	Executive support
1 mayoral outreach projects initiated by 30 June 2021	Due to Covie 19 lock down regulation that prohibits public gatherings	Resort to visual meetings in future	Report and attendance register	Not achieved	Executive support
3 speakers outreach projects initiated by 30 March 2021	None	None	Report and attendance register	Achieved	Executive support
2 ward committee reports submitted to council quarterly	None	None	Council resolution	Achieved	Executive support
2 Youth programmes initiated by 30 June 2021	None	None	Report and attendance register	Achieved	Executive support



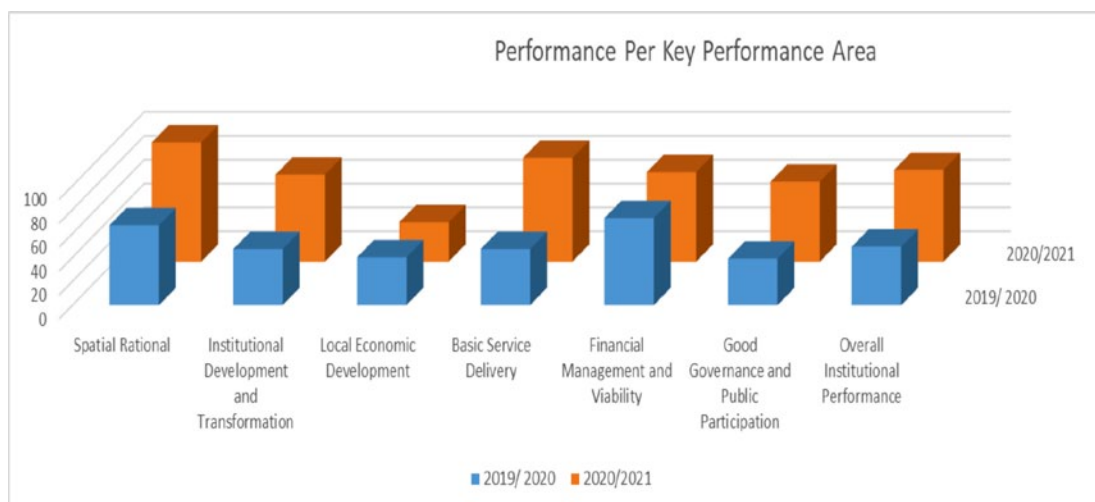
**KPA 6: GOOD GOVERNANCE AND PUBLIC PARTICIPATION (cont)**

Programme	Key performance indicator	Budget Source	Adjusted budget	Expenditure	Audited Baseline 2019/20	Annual target
Communica-tions	Number of municipal newsletter printed/ produced	Opex	Opex	Opex	10 000	5 000 municipal newsletter printed/ produced by 30 June 2021
	% reviewal of communication strategy	n/a	n/a	n/a	0%	100% reviewal of communication strategy by 30 June 2021
Customer services	% of community complaints received and processed	n/a	n/a	n/a	100%	100% community complaints received and processed by 30 June 2021



progress to date	Reason for variance	remedial action	Evidence	Achieved / Not achieved	Responsibility
719 municipal newsletter printed/ produced by 30 June 2021	Contract for printing expired	The outstanding news letters will be printed in the next financial year	Delivery note and copy of the news letter	Not achieved	Executive support
100% reviewal of communication strategy by 30 June 2021	None	None	Council resolution	Achieved	Executive support
100% community complaints received and processed by 30 June 2021	None	None	Community complaints register	Achieved	Executive support

No	Key Performance Area	Total number of KPIs		Number of KPI's achieved		Number of KPI's not achieved		Performance percentage per KPA	
		2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21
1	Spatial Rationale	9	7	6	7	3	0	67%	100%
2	Municipal transformation and institutional development	15	15	7	11	8	4	47%	73%
3	Local economic development	5	3	2	1	3	2	40%	33%
4	Basic service delivery and Infrastructure development	34	23	16	19	18	4	47%	83%
5	Financial viability and management	11	11	8	8	3	3	73%	73%
6	Good governance and public participation	23	21	9	13	14	8	39%	62%
<b>TOTAL</b>		<b>97</b>	<b>80</b>	<b>48</b>	<b>59</b>	<b>49</b>	<b>21</b>	<b>49%</b>	<b>74%</b>





## CHAPTER 4

# ORGANISATIONAL DEVELOPMENT PERFORMANCE





## COMPONENT A: INTRODUCTION TO MUNICIPAL PERSONNEL

### 4. OVERVIEW

#### 4.1 Employees totals, Turnover and Vacancies

Municipality advertise vacant posts in the national print media and on the municipal website and those who are interested they do apply for the advertised posts. Municipality follows its approved recruitment policy in filling of the 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**

Turn-over Rate	Turn-over Rate		
	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate*
	No.	No.	
2018/2019	361	22	6%
2019/ 2020	357	05	1,4%
2020/ 2021	348	05	1,43%

\* 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**

Description	2020/2021			
	Approved Posts	Employees	vacancies	Variance
	No.	No.	No.	%
Infrastructure services	102	89	13	21%
Municipal manager' office	24	17	7	2%
Development planning and Local Economic development	16	14	2	0,32%
Community services	112	110	02	2%
Budget and Treasury	54	54	0	0%
Executive Support	31	27	04	13%
Corporate services	43	42	1	2%
<b>Totals</b>	<b>382</b>	<b>353</b>	<b>29</b>	<b>8,21%</b>


**Table 3: Vacancy rate information**

<b>Vacancy Rate 2020/2021</b>			
<b>Designations</b>	<b>*Total Approved Posts</b>	<b>*Variances (Total time that vacancies exist using fulltime equivalents)</b>	<b>*Variances (as a proportion of total posts in each category)</b>
Municipal Manager	1	0	0
CFO	1	3 years	1
Executive Support	1	6 months	1
Development Planning	1	9 months	1
Community Services	1	0	0
Infrastructure	1	2 months	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	7 months	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 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 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 (2020/2021)	Date of approval
1.	Credit control policy	x	M20/21-77	31/05/2021	M20/21-77	31 May 2021
2.	Investment policy	x	M20/21-77	31/05/2021	M20/21-77	31 May 2021
3.	Budget policy	x	M20/21-77	31/05/2021	M20/21-77	31 May 2021
4.	Borrowing policy	x	M20/21-77	31/05/2021	M20/21-77	31 May 2021
5.	Expenditure management policy	x	M20/21-77	31/05/2021	M20/21-77	31 May 2021
6.	Assets management policy	x	M20/21-77	31/05/2021	M20/21-77	31 May 2021
7.	Supply chain management policy	x	M20/21-77	31/05/2021	M20/21-77	31 May 2021
8.	Indigent policy	x	M20/21-77	31/05/2021	M20/21-77	31 May 2021
9.	Virements policy	x	M20/21-77	31/05/2021	M20/21-77	31 May 2021
10.	Funding and reserves policy	x	M20/21-77	31/05/2021	M20/21-77	31 May 2021
11.	Property rates policy	x	M20/21-77	31/05/2021	M20/21-77	31 May 2021
12.	Tariff policy	x	M20/21-77	31/05/2021	M20/21-77	31 May 2021
13.	PMS framework	x	M20/21 -73	31/05/2021	M20/21-73	31 May 2021

### 4.3 INJURIES, SICKNESS AND SUSPENSIONS

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

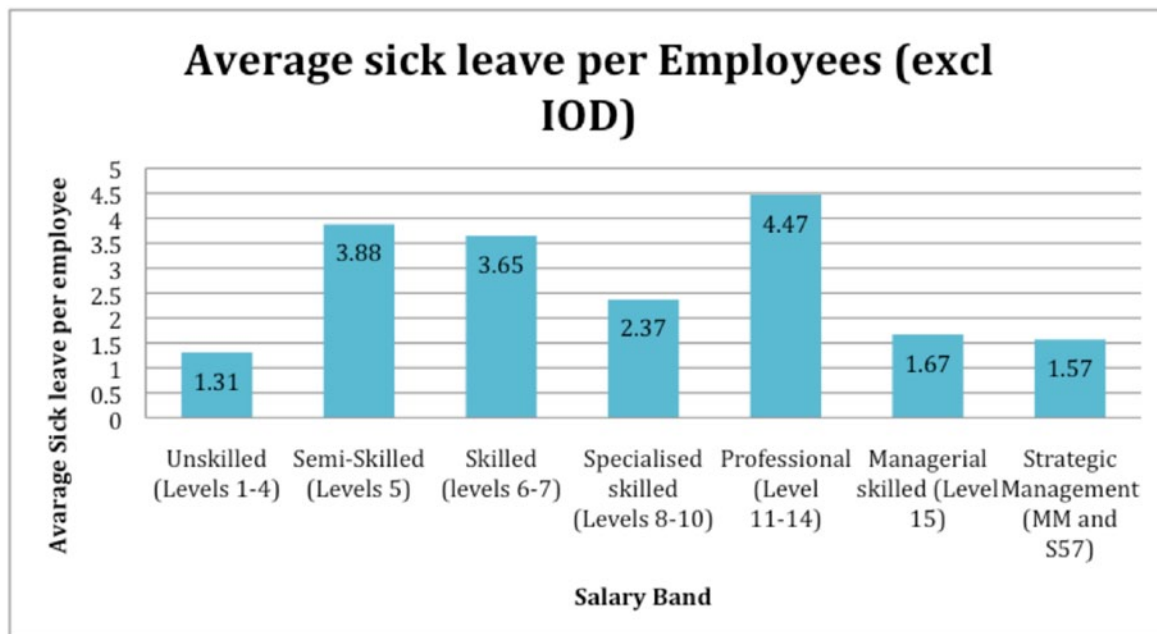
Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken	Employees using injury leave	Average injury leave taken per employee	Average Injury Leave per employee	Total Estimated Cost
	Days	No.	%	Days	R'000
Required basic medical attention only	96	06	5,76%	16	R0,00
Temporary total disablement	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**

<b>2020/2021 - Number of days and Cost of Sick Leave (excluding injuries on duty)</b>					
<b>Salary band</b>	<b>Total sick leave</b>	<b>Proportion of sick leave without medical certification</b>	<b>Employees using sick leave</b>	<b>Total employees in post*</b>	<b>*Average sick leave per Employees</b>
	<b>Days</b>	<b>%</b>	<b>No.</b>	<b>No.</b>	<b>Days</b>
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 (2020/2021) there were No significant suspensions that were issued against the employees of the Municipality.*

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

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

<b>Disciplinary Action Taken on Cases of Financial Misconduct</b>			
<b>Position</b>	<b>Nature of Alleged Misconduct and Rand value of any loss to the municipality</b>	<b>Disciplinary action taken</b>	<b>Date Finalized</b>
Deputy Chief Financial Officer	Negligence	The parties entered into a plea bargain, where the employee was given written warning. The written warning will remain in the personal file of the employee for the period of <b>six months</b> .	finalized

#### **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 2020/2021 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**

<b>Signing of performance agreement</b>		
<b>Officials</b>	<b>signed</b>	<b>not signed</b>
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

### 4.5 SKILLS DEVELOPMENT AND TRAINING

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, 50 (29 males and 21 females) employees received different training. The WSP and annual training report were submitted to LGSETA.

Municipality budgeted R 1 539 411 that was adjusted downwards during adjustment budget to R712 440 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 R101 588 of HR students workbased exposure training in prior year however the amount was spent in the year under review.

**Table 10: Training for officials**

Programme	No. Of Officials	Males	Female	Status
Municipal Governance	15	5	10	In- progress
MFMP (Municipal Finance Management Programme)	18	8	10	Completed
<b>Total</b>	<b>33</b>	<b>13</b>	<b>20</b>	

**Table 11: training for councillors**

Programme	No. Of Councillors	Males	Female	Status
Bachelor of Public Administration	3	2	1	In progress
<b>TOTAL</b>	<b>3</b>	<b>2</b>	<b>1</b>	In progress

**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))
<b>Financial officials</b>						
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**

### **4.6 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.

### **4.7 DISCLOSURE OF FINANCIAL INTEREST**

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







## ORGANISATIONAL DEVELOPMENT PERFORMANCE

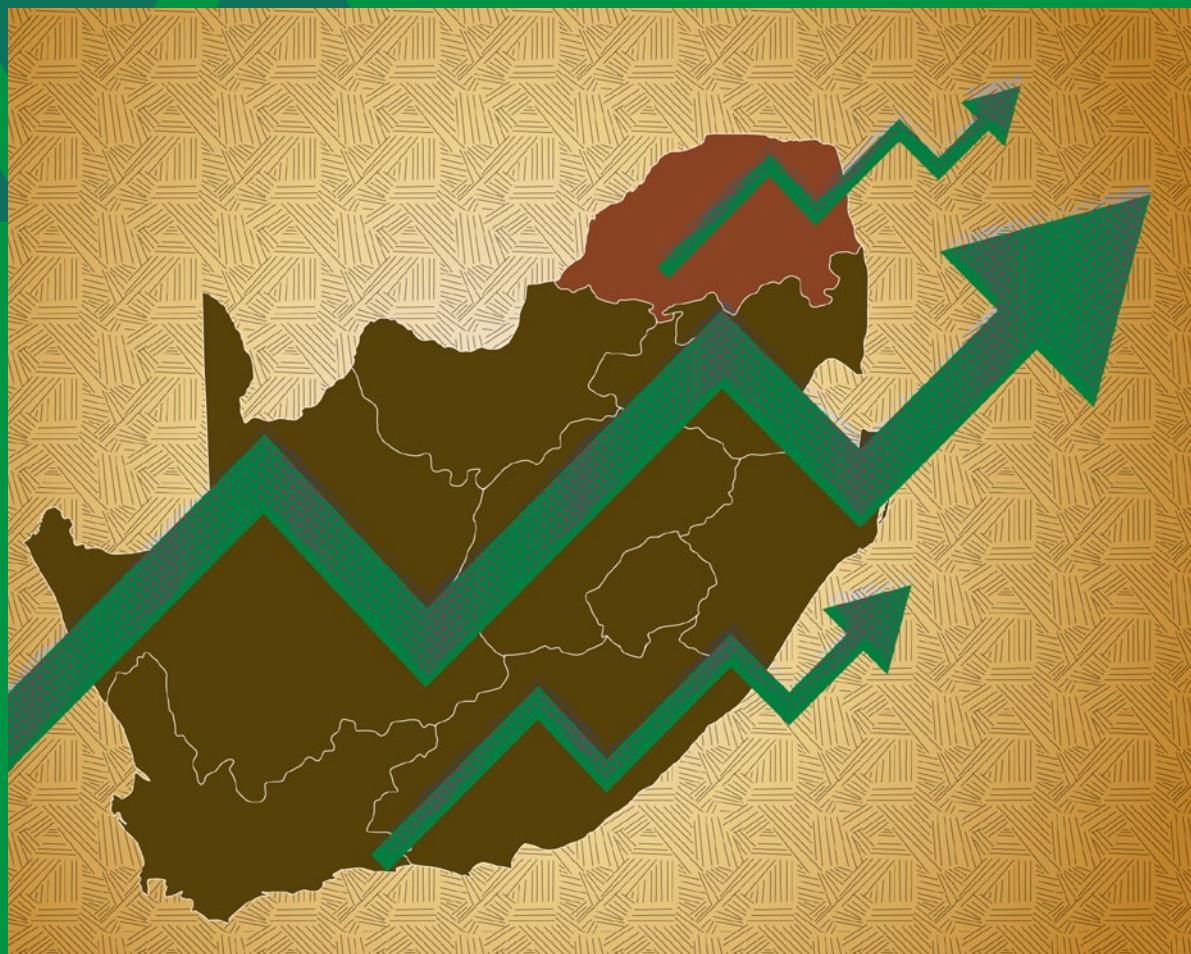




## CHAPTER 5

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# FINANCIAL INFORMATION



## CHAPTER 5: FINANCIAL PERFORMANCE

### COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

#### Introduction to Financial Statements

Elias Motsoaledi Local Municipality handed over the 2020/21 annual financial statements to the Auditor General South Africa (Limpopo) on the 31 August 2021 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	2019/20	Budget Year 2020/21			Variance	
	Audited Outcome	Original Budget	Adjusted Budget	Year TD Actual	Original Budget	Adjusted Budget
<b>Revenue By Source</b>						
Property rates	35,773	38,345	38,345	39,442	3%	3%
Service charges - electricity revenue	87,068	101,945	90,945	88,812	-13%	-2%
Service charges - water revenue	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-
Service charges - refuse revenue	8,926	8,928	8,928	8,926	0%	0%
Rental of facilities and equipment	897	1,220	834	956	-22%	15%
Interest earned - external investments	2,059	3,042	542	4,756	56%	778%
Interest earned - outstanding debtors	12,170	6,656	17,946	12,870	93%	-28%
Dividends received			-		-	-
Fines, penalties and forfeits	14,570	70,242	10,242	2,861	-96%	-72%
Licences and permits	3,939	6,344	5,044	4,635	-27%	-8%
Agency services			-		-	-
Transfers and subsidies	365,374	293,916	351,806	351,908	20%	0%
Other revenue	565	931	639	1,819	95%	185%
Gains			-			
<b>Total Revenue excluding capital transfers</b>	<b>531,340</b>	<b>531,568</b>	<b>525,270</b>	<b>516,985</b>	<b>-3%</b>	<b>-2%</b>
<b>Expenditure By Type</b>						
Employee related costs	149,468	169,749	160,564	160,455	-5%	0%
Remuneration of councillors	25,065	26,525	26,293	24,845	-6%	-6%
Debt impairment	13,957	42,658	19,858	61,327	44%	209%
Depreciation & asset impairment	56,514	55,163	57,163	58,788	7%	3%
Finance charges	2,361	1,184	2,633	2,123	79%	-19%
Bulk purchases	81,428	94,047	80,047	88,182	-6%	10%
Other materials	14,661	17,929	26,914	24,665	38%	-8%
Contracted services	87,542	60,660	85,384	75,365	24%	-12%
Transfers and subsidies	3,059	3,468	3,642	3,275	-6%	-10%
Other expenditure	47,641	41,067	47,858	46,437	28%	10%
Losses	4,844		-	340		
<b>Total Expenditure</b>	<b>486,540</b>	<b>512,449</b>	<b>510,357</b>	<b>545,803</b>	<b>6%</b>	<b>6%</b>
<b>Surplus/(Deficit)</b>	<b>44,800</b>	<b>19,119</b>	<b>14,914</b>	<b>(28,818)</b>	<b>-234%</b>	<b>-271%</b>
Transfers and subsidies - capital	92,156	74,561	69,561	68,450		
Transfers and subsidies - capital			-			
Transfers and subsidies - capital (in-kind - all)			-			
<b>Surplus/(Deficit) before taxation</b>	<b>136,956</b>	<b>93,680</b>	<b>84,475</b>	<b>39,632</b>		
Taxation			-			
<b>Surplus/(Deficit) after taxation</b>	<b>136,956</b>	<b>93,680</b>	<b>84,475</b>	<b>39,632</b>		
Attributable to minorities			-			
<b>Surplus/(Deficit) attributable to municipality</b>	<b>136,956</b>	<b>93,680</b>	<b>84,475</b>	<b>39,632</b>		
Share of surplus/ (deficit) of associate			-			
<b>Surplus/ (Deficit) for the year</b>	<b>136,956</b>	<b>93,680</b>	<b>84,475</b>	<b>39,632</b>		

Description	2019/20	Budget Year 2020/21			Variance	
	Audited Outcome	Original Budget	Adjusted Budget	Year TD Actual	Original Budget	Adjusted Budget
<b>ASSETS</b>						
<b>Current assets</b>						
Cash	1,929	12,300	1,758	6,848	33,250	27,462
Call investment deposits	–	8,056	18,056		16,229	52,144
Consumer debtors	66,059	54,594	55,619	77,298	57,323	60,189
Other debtors	53,553	53,957	38,742	23,157	59,352	65,288
Current portion of long-term receivables			–	–		
Inventory	8,964	5,510	2,693	11,082	6,061	6,667
<b>Total current assets</b>	<b>130,505</b>	<b>134,416</b>	<b>116,868</b>	<b>118,385</b>	<b>172,216</b>	<b>211,750</b>
<b>Non current assets</b>						
Long-term receivables			–			
Investments	–		–	–		
Investment property	69,024	48,000	48,000	80,312	45,200	42,488
Investment in Associate	–		–	–		
Property, plant and equipment	1,031,126	1,223,249	1,227,292	1,056,784	1,317,243	1,411,726
Biological	–		–			
Intangible	31	30	30	23	25	20
Other non-current assets	15,348	14,752	14,752	15,978	15,502	16,252
<b>Total non current assets</b>	<b>1,115,529</b>	<b>1,286,031</b>	<b>1,290,074</b>	<b>1,153,097</b>	<b>1,377,970</b>	<b>1,470,486</b>
<b>TOTAL ASSETS</b>	<b>1,246,034</b>	<b>1,420,447</b>	<b>1,406,942</b>	<b>1,271,482</b>	<b>1,550,186</b>	<b>1,682,236</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Bank overdraft			–	–		
Borrowing	10,975	10,980	10,980	2,441	–	–
Consumer deposits	5,516	5,701	5,701	5,778	5,416	5,145
Trade and other payables	104,659	71,167	67,243	86,298	74,487	81,935
Provisions	4,393	5,857	5,857	3,218	5,916	6,507
<b>Total current liabilities</b>	<b>125,542</b>	<b>93,706</b>	<b>89,781</b>	<b>97,735</b>	<b>85,819</b>	<b>93,588</b>
<b>Non current liabilities</b>						
Borrowing	2,444	–	–		2,489	–
Provisions	76,147	94,548	94,548	78,431	96,439	98,368
<b>Total non current liabilities</b>	<b>78,591</b>	<b>94,548</b>	<b>94,548</b>	<b>78,431</b>	<b>98,928</b>	<b>98,368</b>
<b>TOTAL LIABILITIES</b>	<b>204,134</b>	<b>188,254</b>	<b>184,329</b>	<b>176,166</b>	<b>184,746</b>	<b>191,956</b>
<b>NET ASSETS</b>	<b>1,041,901</b>	<b>1,232,193</b>	<b>1,222,613</b>	<b>1,095,315</b>	<b>1,365,440</b>	<b>1,490,280</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
<b>Accumulated Surplus/(Deficit)</b>	<b>1,041,901</b>	<b>1,232,193</b>	<b>1,212,613</b>	<b>1,095,315</b>	<b>1,365,440</b>	<b>1,490,280</b>
Reserves		–	10,000		–	–
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>1,041,901</b>	<b>1,232,193</b>	<b>1,222,613</b>	<b>1,095,315</b>	<b>1,365,440</b>	<b>1,490,280</b>





## COMMENT ON FINANCIAL PERFORMANCE

### REVENUE

#### Property rates

The original budget for property rates for 2020/21 financial year was R38, 345 million and the actual revenue billed is R39, 442 million. This gave rise to an favourable variance of 3% and 3% respective on original budget and adjusted budget.

#### Service charges

This is made up of service charges for electricity and refuse removal and the original budget thereof was R110, 873 million that was adjusted downwards to R99, 873 million and the actual revenue billed was R97, 738 million that reflects a 13% and 2% unfavourable variance respectively on both original budget and adjusted budget.

#### Investment revenue

The investment revenue is mainly interest earned on the external investments that the municipality has made throughout the financial year. Interest on investments budget was adjusted downwards to R540 due to under performance in the first few months of the financial year, and this resulted in the actual interest earned exceeding the adjusted budget by R4, 214 million. The performance of this revenue line item reflects an improved investment practice of the municipality.

#### Transfer recognized - operational

This is revenue realized from both conditional and unconditional operating grants and subsidies including equitable share. The results show full spending of on unconditional grants and on conditional grants R1, 206 million is unspent, and with regards to conditional grants spent, all grants were spent in line with the conditions of the respective grants.

#### Other Income

The over performance of other revenue is attributed to revenue from clearance certificates and advertisement boards. This revenue is hard to accurately project due to its dependency on the rate of consumers who turn up for those revenue related activities, and hence the inconsistencies between the budget and actuals thereof.

### EXPENDITURE

#### Employee related cost

The employee related cost was budgeted downwards based on the performance of the past six months, that was influenced by the non-appointment of the vacant position. In addition, the over performance has partially resulted from actuarial gains and losses as well as other actuary related expenses that were not incorporated in the budget particularly on original budget.

#### Remuneration of Councillors

Remuneration of Councillors relates to salaries of Public Office Bearers and the original budget thereof was R26, 525 million that was adjusted downwards to R26, 293 million and the actual expenditure incurred amounted to R24, 845 million.

#### Depreciation and asset impairment

Provision was made in the budget for capital asset depreciation and impairment and the budget thereof was R55, 163 million and it was reduced from the 2019/20 actuals, due to the disposals planned to be incurred in 2020/21, however number of assets that were not included in the asset register were included; some assets were incorrectly valued and donated assets no accounted for and this resulted in depreciation and assets impairment increasing from R55, 163 million to R57, 163 million and the actual overspend with R1, 625 million.

#### Materials and bulk purchases

This line item was mainly for purchase of electricity. The bulk purchase expenditure was within the approved budget thereof and this gave rise to a favourable variance of 10% and the adjustment budget was slightly unfavourable with the variance of 6%. Other materials mainly relate to materials and supplies relating to both repairs and maintenance and cleaning materials. The actual expenditure thereof is within the adjustment budget by variance of 8%.

### Transfers and grants – expenditure

Transfers and grants refer to subsidies made to indigent and pensioners consumers, external bursaries awarded, and medical aid contributions made to pensioners who are former employees of the municipality. The subsidies were done in the form of special rebates on property rates and free basic electricity.

The budget provision still appears to be too little in light of Equitable share allocation that amounted to R347, 525 million since this is the source of funding thereof. The number of registered indigents is still little and hence the underspending of R367 thousand of the budget allocated for this subsidy.

### Finance charges

Finance charges is mainly interest on finance lease and this was informed by the amortisation schedule thereof. The original budget thereof was R1, 184 million the budget was later revised and led to upward adjustment to R2, 633 million. The actual expenditure incurred was R2. 123.

### Other expenditure

Other expenditure line item includes items such as debt impairment; contracted services; lease rentals on operating lease; loss on disposal of property, plant and equipment as well as general expenses.

## 5.2 GRANTS

Description	2019/20	Budget Year 2020/21				Budget Year +1	Budget Year +2
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	YearTD Budget	Budget Original	Adjusted Budget
<b>RECEIPTS:</b>							
<b>Operating Transfers and Grants</b>							
<b>National Government:</b>	<b>273,218</b>	<b>293,916</b>	<b>351,806</b>	<b>351,908</b>	<b>351,806</b>	<b>120%</b>	<b>100%</b>
Local Government Equitable Share	269,013	289,039	347,525	347,526	347,525	120%	100%
Finance Management	2,235	2,600	2,600	2,600	2,600	100%	100%
EPWP Incentive	1,374	1,681	1,681	1,681	1,681	100%	100%
Education Training and Development Practices SETA				102		0%	0%
Disaster Relief Grant	596	596	(596)		-	0%	0%
<b>Total Operating Transfers and Grants</b>	<b>273,218</b>	<b>293,916</b>	<b>351,210</b>	<b>351,908</b>	<b>351,806</b>	<b>120%</b>	<b>100%</b>

#### COMMENT ON OPERATING TRANSFERS AND GRANTS:

All grants gazetted for 2019/20 financial year were received and cognizance should be taken that the above table does not include capital grants. The total amount received on operational grants amounted to R351, 908 during the 2020/21 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:

R101 hundred was received from Education Training and Development Practice SETA and was for in-service training.

**5.3 ASSET MANAGEMENT**

Description	2019/20	Budget Year 2020/21				Budget Year +1 2021/22	Budget Year +2 2022/23
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	YearTD Budget	Budget Original	Adjusted Budget
Repairs and Maintenance	14,661	15,373	26,240	24,225	26,240	158%	92%
Depreciation and Asset Impairment	56,514	55,163	57,163	58,788	57,163	107%	103%
Renewal of Existing assets	13,885	47,540	55,020	53,543	55,020	113%	97%
Asset register summary (WDW)	1,116,466	1,271,742	1,271,742	1,153,097	1,271,742	91%	91%
<b>Total Operating Transfers and Grants</b>	<b>1,201,527</b>	<b>1,389,819</b>	<b>1,410,166</b>	<b>1,289,653</b>	<b>1,410,166</b>	<b>93%</b>	<b>91%</b>

**COMMENT ON ASSET MANAGEMENT:**

The actual asset register value for 2019/20 is R1 116 billion and the original budget thereof was R1, 271 billion. Taking the actual book value as at end of 2020/21 financial year of R1 153 billion, and the asset register value had increased and this attributed to high spending on capital budget and assets that were not included in the register and incorrectly valued in the previous financial years that are now recorded in the register.

Depreciation and asset impairment amounts to R55 163 million and it's a increase of R2 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 R53, 543 million and repairs and maintenance amounting to R24 225 million was incurred during the 2020/21 financial year.

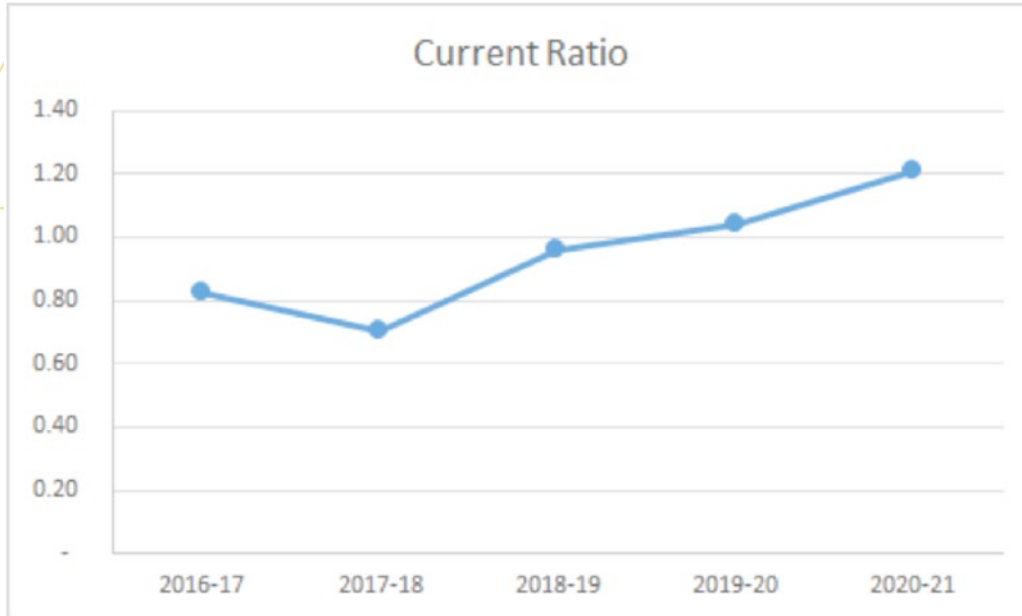
**COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:**

The repairs and maintenance budget represent 3% of the total original budget and 5% of the adjusted budget and in terms of the actual expenditure, the spending represent 5% of the total operating expenditure incurred for 2020/21 financial year. A total of R24, 225 million was spent, reflecting an overspending variance of 158% based on original budget and under-spending variance 92% based 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 2020/21 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 1.49 outstanding debtors that has slightly decreased by 0.75 when compared to 2019/20 ratio.

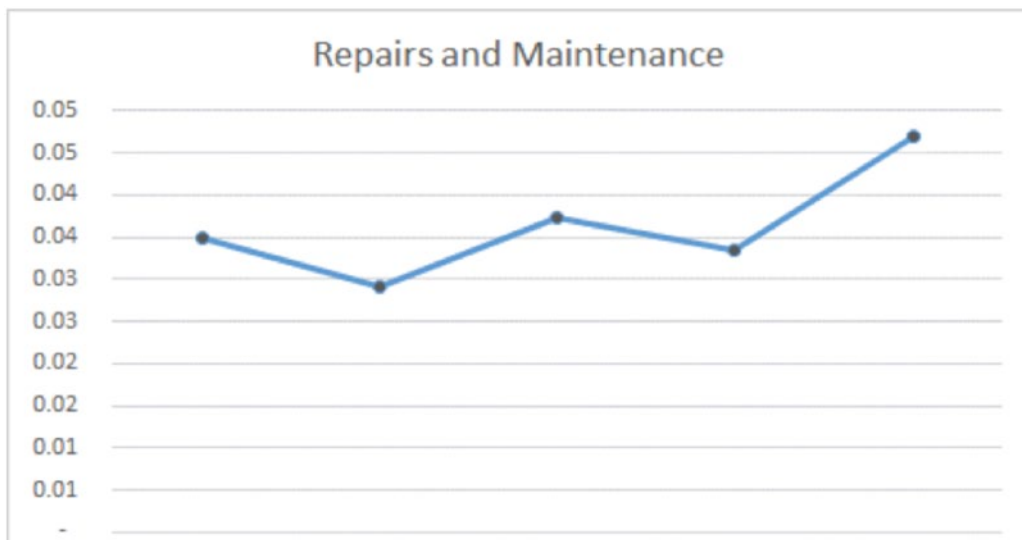


**Graph 3: Employee cost**



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 revenue excluding capital revenue.

**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 2020/21 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.

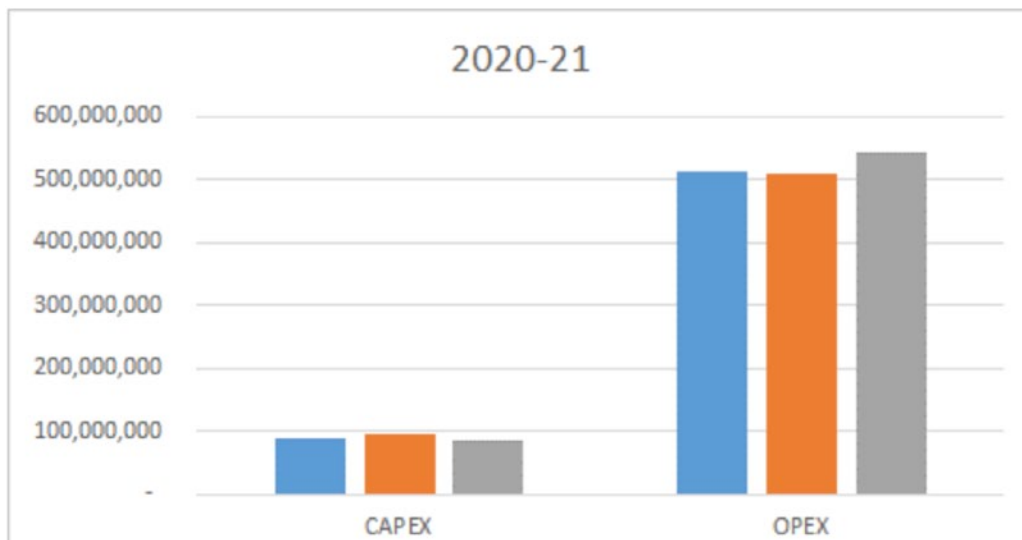
**COMPONENT B: SPENDING AGAINST CAPITAL BUDGET**

**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. Component B 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 2020/21**



**5.6 SOURCES OF FINANCE**

Description	Budget		Budget Year 2020/21				
	Original Budget	Adjusted Budget	YearTD Actual	YearTD Budget variance	YearTD Adjusted variance	YearTD Budget variance	YearTD Adjusted variance
National Government	74,561	77,207	68,450	(6,111)	(8,757)	-12%	-11%
Provincial Government		-					
District Municipality		-					
Transfers and subsidies - capital		-					
<b>Transfers recognised - capital</b>	<b>74,561</b>	<b>77,207</b>	<b>68,450</b>	<b>(6,111)</b>	<b>(8,757)</b>	<b>-8%</b>	<b>-11%</b>
<b>Borrowing</b>		-					
<b>Internally generated funds</b>	<b>14,719</b>	<b>27,237</b>	<b>17,136</b>	<b>2,417</b>	<b>(10,101)</b>	<b>16%</b>	<b>-37%</b>
<b>Total Capital Funding</b>	<b>89,280</b>	<b>104,444</b>	<b>85,586</b>	<b>(3,693)</b>	<b>(18,858)</b>	<b>-4%</b>	<b>-18%</b>



**COMMENT ON SOURCES OF FUNDING:**

The original capital budget for 2020/21 financial year was R89, 280 million. The actual expenditure is R85, 586 million and this reflects an under-spending variance of 4% and this under spending was on grants funded and internally funded projects.

**Funding of capital budget:**

Original budget: R74, 561 million was funded by grants and R14, 719 million was funded internally

Adjusted budget: R77, 207 million was funded by grants and R27, 237 million was funded internally

Actual expenditure: R68, 450 million was funded by grants and R17, 136 million was funded into

**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 - kgaphamadi Bus Route	11,654	16,962	16,746	56%	99%
B - Kgoshi Rammupudu	16,500		16,491	0%	
C - Tambo Road	10,058		10,064		
D - Mogaung Road	15,250		14,989	2%	
E - Groblersdal Landfill Site	100	0	0		

<b>Name of Project - A</b>	<b>Kgaphamadi Construction of Bus Route, Bridge and Storm Water Control</b>
Objective of Project	Reduction in the level of service delivery backlogs
Delays	Slow progress on site due to inadequate resources, reno-mattress washed off due to heavy rains,  Non-payment of creditors by the contractor, and the COVID 19 response plan is not supported.
Future Challenges	Constant project stoppages
Anticipated citizen benefits	Easy access to services



<b>Name of Project - B</b>	<b>Kgoshi Rammupudu Construction of Access Road</b>
Objective of Project	Reduction in the level of service delivery backlogs
Delays	None
Future Challenges	None
Anticipated citizen benefits	Easy access to services



<b>Name of Project - C</b>	<b>Tambo / Walter Sisulu Construction of Access Road</b>
Objective of Project	Reduction in the level of service delivery backlogs
Delays	None
Future Challenges	None
Anticipated citizen benefits	Easy access to services



<b>Name of Project - D</b>	<b>Mogaung Construction of Access Road</b>
Objective of Project	Reduction in the level of service delivery backlogs
Delays	None
Future Challenges	None
Anticipated citizen benefits	Easy access to services



<b>Name of Project - E</b>	<b>Refurbishment of Groblersdal Landfill Site</b>
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 2020/21 Financial Year, the Municipality received a Total Allocation of R54 561 018.00 of MIG grant. A total of five (6) projects were implemented, of which four (4) were roads projects and one (1) was Landfill site. All 5 road projects were completed at end of the financial year. The landfill 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 2021				
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				

*% 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>						
<i>Roads, Pavements &amp; Bridges</i>	R54,561 018		R54,006 805.93	(554,212)		Prioritize residential infrastructure for roads and sports facilities
<i>Storm water</i>	R0	R0	R0	R0	R0	
<b>Infrastructure - Electricity</b>						
<i>Generation</i>	R0	R0	R0	R0	R0	
<i>Street Lighting</i>	R0	R0	R0	R0	R0	
<b>Infrastructure - Other</b>						
<i>Transportation</i>	R0	R0	R0	R0	R0	
<i>Gas</i>	R0	R0	R0	R0	R0	
<i>Other Specify:</i>						
Sports - Outdoor	R0	R0	R0	R0	R0	
Street Parking	R0	R0	R0	R0	R0	
Waste Management	R0	R0	R0	R0	R0	
Total	R54,561 018			(554,212)		

**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.

Description	2019/20	Budget Year 2020/21			Variance	
	Audited Outcome	Original Budget	Adjusted Budget	Year TD Actual	Original Budget	Adjusted Budget
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>						
<b>Receipts</b>						
Property rates	24,796	26,841	26,841	26,292	28,076	29,367
Service charges	91,558	94,138	88,338	82,882	98,469	102,998
Other revenue	8,228	20,268	13,542	71,970	21,062	21,893
Transfers and Subsidies - Operational	273,218	293,916	351,806	283,458	314,089	333,501
Transfers and Subsidies - Capital	73,921	74,561	69,561	68,450	77,207	72,606
Interest	1,467	4,373	11,979	585	4,574	4,784
Dividends			-			
<b>Payments</b>						
Suppliers and employees	(399,637)	(401,012)	(441,604)	(429,250)	(413,703)	(436,259)
Finance charges	(2,361)	(1,184)	(2,633)	(2,123)	(83)	(15)
Transfers and Grants	(1,244)	(3,468)	(3,642)	(1,523)	(3,605)	(3,747)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>69,945</b>	<b>108,434</b>	<b>114,188</b>	<b>100,741</b>	<b>126,086</b>	<b>125,129</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
<b>Receipts</b>						
Proceeds on disposal of PPE			-	451		
Decrease (increase) in non-current receivables			-			
Decrease (increase) in non-current investments			-	(58)		
<b>Payments</b>						
Capital assets	(84,244)	(87,593)	(93,889)	(85,238)	(93,994)	(94,483)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(84,244)</b>	<b>(87,593)</b>	<b>(93,889)</b>	<b>(84,845)</b>	<b>(93,994)</b>	<b>(94,483)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
<b>Receipts</b>						
Short term loans			-			
Borrowing long term/refinancing		(500)	(500)		(480)	(520)
Increase (decrease) in consumer deposits			-			
<b>Payments</b>						
Repayment of borrowing	(7,948)	(10,980)	(10,980)	(10,978)	(2,489)	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(7,948)</b>	<b>(11,480)</b>	<b>(11,480)</b>	<b>(10,978)</b>	<b>(2,969)</b>	<b>(520)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(22,247)</b>	<b>9,361</b>	<b>8,819</b>	<b>4,919</b>	<b>29,123</b>	<b>30,126</b>
Cash/cash equivalents at the year begin:	24,177	10,995	10,995	1,929	20,356	49,479
Cash/cash equivalents at the year end:	1,929	20,356	19,813	6,848	49,479	79,606

### COMMENT ON CASH-FLOW OUTCOMES:

Cash and cash equivalent at the beginning of the financial year was R1, 929 million and when comparing this to the cash and cash equivalent as at end of 2020/21 financial year, the results reflects a increase in cash and cash equivalent of R4, 919 million and this portrays a negative picture about cash management of the municipality and this is supported by unfavourable liquidity ratio. 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 2018/19-2020/21			
R'000			
Instrument	2018/19	2019/20	2020/21
<b>Municipality</b>			
Long-term loans (annuity/reducing balance)	-	-	-
Long-term loans (non-annuity)	-	-	-
Local registered stock	-	-	-
Instalment credit	-	-	-
Financial leases	23 093	11 219	2 441
PPP liabilities	-	-	-
Finance granted by cap equipment supplier	-	-	-
Marketable bonds	-	-	-
Non-marketable bonds	-	-	-
Bankers acceptances	-	-	-
Financial derivatives	-	-	-
Other securities	-	-	-
<b>Municipal Total</b>	<b>23 093</b>	<b>11 219</b>	<b>2 441</b>
Municipal Entities	-	-	-
Long-term Loans (annuity/reducing balance)	-	-	-
Long-term Loans (non-annuity)	-	-	-
Local registered stock	-	-	-
Instalment credit	-	-	-
Financial leases	-	-	-
PPP liabilities	-	-	-
Finance granted by cap equipment supplier	-	-	-
Marketable bonds	-	-	-
Non-Marketable bonds	-	-	-
Bankers acceptances	-	-	-
Financial derivatives	-	-	-
Other Securities	-	-	-
<b>Entities Total</b>	<b>-</b>	<b>-</b>	<b>-</b>

<b>Municipal and Entity Investments 2018/19 – 2020/21</b>			
<b>R'000</b>			
<b>Investment type</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
Municipality			
Securities - national government	-	-	-
Listed corporate bonds	-	-	-
Deposits -bank	11 837	-	-
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>11 837</b>	<b>-</b>	<b>-</b>
Municipal Entities			
Securities - National government	-	-	-
Listed corporate bonds	-	-	-
Deposits - Bank	-	-	-
Deposits - Public Investment Commissioners	-	-	-
Deposits - Corporation for Public Deposits	-	-	-
Bankers' acceptance certificates	-	-	-
Negotiable certificates of deposit- Banks	-	-	-
Guaranteed endowment policies (sinking)	-	-	-
Repurchase agreements - Banks	-	-	-
Municipal bonds	-	-	-
Other	-	-	-
<b>Entities Sub-Total</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Consolidated Total:</b>	<b>11 837</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 R2, 441 million at end of 2020/21 financial year.

There was 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**

#### **SUPPLY CHAIN MANAGEMENT**

The financial statements for the 2020/21 financial year presents an irregular expenditure balance of R299, 582 million as opening balance and during the year irregular expenditure amounting to R77, 379 million was incurred. This leaves the municipality with overall irregular expenditure of R376, 961 million that emanated from procurement of goods and services without fully following the supply chain management processes. For 2020/21 financial year none of the year to date irregular expenditure was written off by Council of the municipality.

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	2020/2021 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
Kgapahamadi construction of bus route, bridge and storm water control PH1E	R 11 654 018.00	None	None	Sky High Consulting Engineers	1	
				Sihle Civil and Project Development	2	
Tambo / Walter Sisulu construction of access road and storm water	R10,065,679.00	None	None	TM Khoza and Associates	3	
				Moleleki A Tlala Transport and Projects JV SDVK Construction	4	
Laersdrift bus route	R806 095.00	None	None	Dikgabo Consulting Engineers	2	
				Mothakge Phadima Construction	2	
Refurbishment of Groblersdal landfill site	R0.00	None	None	Ralema Consulting Engineers	1	
				Moribo / Maditsi JV	1	
Kgoshi Rammupudu Construction of Access Road Phase 2	R16,491,620.00	None	None	Tlou Intergrated Tech	4	
				Diff Construction Group	4	
Mogaung Construction Access Road Phase 2	R15,543,556.00	None	None	Unity construction	3	
				MTP Infrastructure Resources	3	
Motetema Internal Streets	R2,620,000	None	None	Tshatshu Consulting Engineers	4	
				Mulalo Unique JV	4	
Development of Fleet centre PH2	R1,349,961.00	None	None	Dikgabo Consulting Engineers	2	
				Shatadi Developers	2	
upgrading of Nyakurane internal access road (Design only)	R608,695.65	None	None	Dolmen Engineers	4	
Electrification of Mashemong	R10,734,000.00	None	None	Mogalemole Consulting Engineers	1	
				Mwelase Thobs Construction and Projects	2	
Electrification of Zuma Park	R2,076,000.00	None	None	AES Consulting	4	



**5.14 SERVICE PROVIDER'S PERFORMANCE (cont)**

<b>Project Name</b>	<b>2020/2021 budget</b>	<b>Challenges (any signs of poor performance)</b>	<b>Mitigations (any warning given to the service provider)</b>	<b>Name of Consultant / Contractor</b>	<b>Assessment Rating or comments</b>	<b>Construction Tender Awarded to</b>
Electrification of Ntswelemotse	R2,190,000.00	None	None	Lefhumo Lwa Barema Trading	4	
				Medupi Energy Resources	2	
Investigation Support to MPAC		None	None	RCA & Company inc	4	n/a
Investigation Support to MPAC		none	none	Makanaka Risk and advisory Services	4	n/a
Investigation Support to MPAC		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
Proposed Rezoning & Subdivision pof erf 832, Groblersdal Extension 15	R500 000	None	None	Nkanivo Development Consultants	3	
Proposed Subdivision of the Remainder of Mapochegronde 911 JS	R250 000	None	None	Spatial Institute	3	
Proposed Township Establsihment: 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

**5.14 SERVICE PROVIDER'S PERFORMANCE (cont)**

Project Name	2020/2021 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
Bulk printing maintenance and support	RATES	None	None	Matupunuka ICT	4	n/a
Website maintenance and support		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	Cross Check	4	n/a
Payroll services	R98 000 pa	None	None	VIP	5	n/a
Waste Management Services	7 500 000.00 pa	None	None	Just- Breeze General Trading CC / Tlou Ya Ko Hlaka Projects(Pty) Ltd JV	3	n/a
Selema Plant Hire Construction	320 000.00 pm	None	None	Mr Bill Ramonyai	3	n/a

Rating description	
Poor Performance	1
Fair Performance	2
Good Performance	3
Excellent Performance	4
Outstanding Performance	5

**M.M KGWALE**  
MUNICIPAL MANAGER

Date

## CHAPTER 6

# AUDITOR-GENERAL AUDIT FINDINGS





**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, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Elias Motsoaledi Local Municipality as at 30 June 2021, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and Division of Revenue Act of South Africa, 2020 (Act No.4 of 2020) (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 42 to the financial statement, the corresponding figures for 30 June 2020 have been restated as a results of errors discovered in the financial statements of the municipality at, and for the year ended, 30 June 2021.

### Significant uncertainties

8. As disclosed in note 38 to the financial statements, the municipality is the defendant in various lawsuits. The ultimate outcome of the matter cannot presently be determined and no provision for any liability that may result has been made in the financial statements.

### Material impairment

9. As disclosed in note 31 to the financial statements, material impairment of R61 327 066 was incurred as a result of irrecoverable consumer debtors.

### Material distribution losses

10. As disclosed in note 49 to the financial statement, material electricity losses of R17 744 528 (2020: R15 468 368) was incurred, which represents 20% (2020: 19%) of total electricity purchased. The losses were as a result of technical losses caused by nature of electricity and manner of its distribution as well as non-technical losses such as theft and vandalism.

### Other matter

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

### Unaudited disclosure notes

12. 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

13. 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 the requirements 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.
14. 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

15. 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.

16. 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**

17. 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.
18. 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.
19. 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 2021:

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

20. 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.
21. 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**

##### **Number of reports for waste collection**

22. There was no clear and logical link on how the indicator and target of eight reports for waste collection will contribute to achieving the planned outcomes or will measure the actual service delivery and the planned output to which it relates. The indicator and target measured the number of reports prepared instead of actual delivery of waste removal services.

##### **Percentage of registered indigents who receives free basic electricity (GKPI)**

23. I was unable to obtain sufficient appropriate audit evidence for the achievement of 25% of registered indigents who receives free basic electricity (GKPI) by 30 June 2021 reported against the target of 20% of registered indigents who receives free basic electricity (GKPI) in the annual performance report, due to the lack of accurate and complete records. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement.

##### **Other matters**

24. I draw attention to the matter 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 to 23 of this report.

#### **Report on the audit of compliance with legislation**

##### **Introduction and scope**

26. 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.

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

##### **Annual financial statements, performance and annual report**

28. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA.

Material misstatements of expenditure, current assets and disclosures identified by the auditors in the submitted financial statement were subsequently corrected and the





supporting records provided, resulting in the financial statements receiving an unqualified audit opinion.

### **Expenditure management**

29. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R40 945 923, as disclosed in note 46 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by impairment of consumer debtors.
30. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R2 184 677 as disclosed in note 47 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by late payments of invoices. Fruitless and wasteful expenditure amounting to R1 184 879 was incurred on a motor vehicle lease.
31. Reasonable steps were not taken to prevent irregular expenditure amounting to R77 379 399 as disclosed in note 48 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by tenders processed through Bid Adjudication Committee that did not comply with the composition requirements.

### **Consequences management**

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

### **Procurement management**

35. The performance of contractors was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.
36. 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.

### **Other information**

37. 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 selected key performance areas presented in the annual performance report that have been specifically reported in this auditor's report.



38. 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.
39. 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 areas presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
40. 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**

41. I considered internal control relevant to my audit of the separate 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.
42. Management did not always provide the adequate supervision and review over operations to ensure compliance with laws and regulations as numerous misstatements were identified during the audit. There was no detailed review of the financial statements and the annual performance report, resulting in several misstatements not identified and subsequently corrected. Supply chain management processes were also inadequate resulting in irregular expenditure.
43. 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.
44. 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 statement and annual performance performance report before submitting for audit.



## Other reports

45. 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.
46. The Special Investigations Unit (SIU) submitted referrals to the municipality for investigation into alleged irregularities in respect of the affairs of municipality in terms of proclamation number: R7 of 2018. The municipality was still in process of implementing the recommendations by SIU at date of this report.

*Auditor General*  
Polokwane

10 December 2021



**AUDITOR - GENERAL  
SOUTH AFRICA**

*Auditing to build public confidence*



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

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected 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 2020/2021**

**7.2 AUDITOR GENERAL'S REPORT 2020/2021**

<b>Auditor – General's Report on Financial Performance 2020/2021</b>	
Audit Report Status*:	Unqualified

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

<b>Auditor-General's Report on Service Delivery Performance 2020/2021</b>	
Audit Report Status:	Qualified

<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
As stipulated in the AGSA report	Unqualified

**7.3 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 2021 of the municipality was submitted to the Auditor General on 31 August 2021.

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 2020/2021 was submitted to Accounting Officer on 10 December 2021. The financial statements as at 30 June 2021 of the municipality was submitted within the timeframe to Auditor General. Municipality received Unqualified Audit opinion for financial year ended 30 June 2021. 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.

**7.4 AUDIT COMMITTEE COMMENTS:**

The Audit Committee of the municipality has considered the Auditor General of South Africa (AGSA) report at a special meeting held with AGSA on 10 December 2021. The report showed that during the 2020/2021 audit, the Municipality obtained the unqualified audit opinion and in the 2019/2020 financial year, the municipality obtained qualified audit opinion. There were no qualification paragraphs raised. The municipality have improved its performance and striving to do even better.





## AUDIT ACTION PLAN

<b>FINANCIAL YEAR</b>	<b>2020/2021</b>
Municipality Name	<b>Elias Motsoaledi Local Municipality</b>
Audit Opinion	<b>Unqualified</b>
Reporting Period	<b>2020/2021</b>

No	Description of Finding	Finding status	Root Cause
<b>Annexure A: Matters affecting the auditor's report</b>			
1	ISS.46-COMAF 21 ISS 1: AOPO – Indicator not well defined- Number of Reports for Waste collection	New	Financial and performance management The Accounting officer, did not perform adequate reviews on the indicator to ensure that the indicator meets the “SMART” criteria as required by the FMPPi.
2	ISS.56-COMAF 21-AOPO – % of registered indigents who receives free basic electricity (GKPI)- Denominator validity	Recurring	Lack of capacity
3	ISS.57-COMAF 09-AOPO – Limitation of scope - % of registered indigents who receives free basic electricity (GKPI)	New	Lack of capacity
<b>Annexure B: Other important matters</b>			
4	ISS.35-COMAF 07-Overtime only approved after duties performed.	New	Management did not review and monitor compliance with applicable laws and regulations
5	ISS.36-COMAF 07-Overtime hours for Mayor's driver exceed recommended hours per week as per the Overtime policy	New	Management did not review and monitor compliance with applicable laws and regulations
6	ISS.37-COMAF 10-Company medical aid contribution is misstated	Recurring	The municipality's processes in place to ensure that any changes made by the SALGBC are implemented on a timely basis are ineffective..
7	ISS.5-ISA: Lack of a comprehensive information technology disaster recovery plan (DRP) and lack of DRP testing (Repeat since 18/19)	Recurring	Financial and performance management: Information technology systems The lack of key components on the DRP that is (RTO and RPO) were due to lack of a business continuity plan (BCP) at the municipality with a business impact analysis that links business processes and ICT requirements. Further, the municipality lacked resources to develop a BCP. Management considered backup restoration testing sufficient DRP testing to determine municipality's ability restore systems in an event of a disaster.
8	ISS.7-ISA: Inadequately defined data and information backup policy	Recurring	Internal control deficiency Financial and performance management: Information technology systems ICT management considered the policy to be adequately designed thus the key aspects were not included. Backups had failed due to lack of disk space when performing data backups. ICT management deemed the test adequate without involving system owners and users when performing the data restoration

Action Plan Description	Start Date	Completion Date	Position	Progress	Narrative to Progress	Audit Comment
the indicator will be revised to meet the SMART criteria	10-Dec-21	28/02/2022	Senior Manager Community Services	Completed	To be revised in the adjusted SDBIP	POE verified by internal audit
A new indigent register will be develop	10-Dec-21	30-Jun-22	Acting CFO	In progress	zero weighted	Not applicable
A new indigent register will be develop	10-Dec-21	30-Jun-22	Acting CFO	In progress	zero weighted	Not applicable
The auditee shall adhere to overtime policy prescripts.	10-Dec-21	30-Jun-22	Manager Mayoral Support	In progress	The department is still busy developing a policy that will address the overtime of employees working in political offices	To be addressed at year end
The auditee shall adhere to overtime policy prescripts forthwith.	10-Dec-21	30-Jun-22	Manager Mayoral Support	In progress	The department is busy developing a policy that will address the overtime of employees working in political offices	To be addressed at year end
Management will implement the control fully and perform assessment on monthly basis to confirm the threshold is not exceeded.	10-Dec-21	30-Jun-22	Acting CFO	Not yet started	The department is performing assessment on monthly basis to ensure all employees don't exceed the threshold. It is unfortunate that for the current financial year, there is one employee whose contribution exceeded the stipulated threshold.	The issue will remain unresolved until financial year end
The DRP policy and plan shall be amended to address the gaps identified above. Once the policy has been amended, it will be taken to Council for approval.	10-Dec-21	30-Apr-22	ICT Manager	Completed		POE verified by internal audit
The data and information backup policy shall be amended to address the gaps identified above. Once the policy has been amended, it will be taken to Council for approval.	10-Dec-21	30-Apr-22	ICT Manager	In progress	Policy amended, presented to section 80 and awaiting council approval	Not yet addressed



**AUDIT ACTION PLAN (cont)**

No	Description of Finding	Finding status	Root Cause
9	ISS.8-ISA: The ICT master systems plan not in line with the Integrated Development Plan (IDP) - Repeat Finding	Recurring	Internal control deficiency Leadership: Establish IT Governance framework Due to budget constraints, the MSP could not be updated to be aligned with the municipality's IDP, still awaiting for council budget approval for complete MSP document to be outsourced
10	ISS.9-ISA: Skills gap analysis not performed	Recurring	Leadership: Information Technology Governance ICT personnel skills and gap analysis was not conducted due to lack of sufficient planning to ensure that ICT personnel were scheduled for training that is in alignment with their job responsibilities.
11	ISS.19-ISA: ICT Security Policy inadequately designed	New	Management considered the current ICT security policy adequately designed
12	ISS.23-ISA: Failed logins not reviewed: AD	New	The municipality does not have software tool to log and monitor activities performed on the systems.
13	ISS.28-ISA: Inadequate user access management processes on VIP system (lack of system audit trails) (Repeat since 18/19)	Recurring	The application system is incapable of extracting a log or audit trail that reflects user id with creation dates, history of password reset and user functions amendments details. Logs on system administrator account were only limited to logon activities. This is due to system functionality limitations on the VIP financial application system.
14	ISS.29-ISA: Inadequate user access management processes (Munsoft) and Active directory	Recurring	Failure to adequately review user access rights could be because this process is not included in the user access policy and therefore no guidance. Further, the municipality does not have software tool to log and monitor activities performed on the systems
15	ISS.3-COMAF 01-ISS 3: Internal control deficiency-Annual Report not reviewed by audit committee	New	Management did not ensure that the audit committee promotes accountability and service delivery through evaluating and monitoring responses to risks and providing oversight over the effectiveness of the internal control environment, including financial and performance reporting and compliance with laws and regulations.
16	ISS.4-COMAF 01-ISS 2: Internal control deficiency- Assessment of the finance function by audit committee	New	The audit committee did not ensure that all requirements of the Public Sector Audit Committee Forum are complied with throughout the financial cycle to ensure that the audit committee promotes accountability and service delivery through evaluating and monitoring responses to risks and providing oversight over the effectiveness of the internal control environment, including financial and performance reporting and compliance with laws and regulations.
17	ISS.65-COMAF 12: Fruitless and wasteful expenditure accuracy	Recurring	The settlement agreement was silent on the amount to be discounted

	<b>Action Plan Description</b>	<b>Start Date</b>	<b>Completion Date</b>	<b>Position</b>	<b>Progress</b>	<b>Narrative to Progress</b>	<b>Audit Comment</b>
	Budget will be made available to outsource development of MSP to be align to IDP	10-Dec-21	31-Dec-22	ICT Manager	In progress	Awaiting budget allocation for 2022/2023 financial year	To be addressed at year end
		10-Dec-21	30-Jul-22	ICT Manager/ Manager HR	In progress	Training needs submitted to HR department for further management	To be addressed at year end
		10-Dec-21	30-Apr-22	ICT Manager	In progress	Policy amended, presented to section 80 and awaiting council approval	Not yet addressed
	The municipality does not have a software tool for the extraction of the logs. However, procurement of the software is currently underway and will be implemented as soon as the tool is installed.	10-Dec-21		ICT Manager	Completed	Tender was advertised and software is installed	POE verified by internal audit
	Meetings shall be convened with the system vendor to upgrade the VIP Payroll system to allow our System Administrators to extract comprehensive audit logs.	10-Dec-21	28-Feb-22	ICT Manager	Completed	Meetings with system vendor were scheduled to upgrade and update the application to pull audit trials.	POE verified by internal audit
	There's adequate user access processes reviewed on Munsoft and Active Directory. As an evidence, the reviewed register to support the above mentioned was given to the Auditor.	10-Dec-21		ICT Manager	Completed	The findings is in progress as Munsoft is busy updating their system to address the finding. Our active directory software is procured.	POE verified by internal audit
	Management did not ensure that the audit committee promotes accountability and service delivery through evaluating and monitoring responses to risks and providing oversight over the effectiveness of the internal control environment, including financial and performance reporting and compliance with laws and regulations.	10-Dec-21	30 June 2022	Manager PMS	Completed	Audit Committee reviewed Annual report and Mid year budget and performance report on the 23 January 2022	Annual Report reviewed by Audit Committee on the 23 January 2022
	Management will ensure that the assessment of the finance fiction is performed as required by PSACF	10-Dec-21	30-Jul-22	Manager Internal Audit	In progress	Finance function assessment checklist in a process of development	To be addressed at year end
	Management correctly applied settlement agreement as per their understanding	10-Dec-21	12-Dec-21	Acting CFO	Completed	Settlement breakdown submitted by the service provider	Completed during audit



**AUDIT ACTION PLAN (cont)**

No	Description of Finding	Finding status	Root Cause
18	ISS.41-COMAF No:22 Difference between the distributional loss as per note 49 of the AFS and auditors recalculations	Recurring	The Accounting officer did not ensure that there are adequate review processes to ensure that schedules and financial statement agrees to the supporting documents e.g Eskom invoices.
19	ISS.2-COMAF 01-ISS 5: Payment made after 30 days	Recurring	Financial constraints
20	ISS.1-COMAF 01-ISS 4: No Annual Procurement Plan	Recurring	Poor planning at departmental level
21	ISS.30-COMAF 25-Procurement and contract management - Supplier did not disclose interest	New	The Chief Financial officer did not perform adequate review processes to ensure compliance with laws and regulations.
22	ISS.31-COMAF 14-Deviations- Reason for deviation not sufficient	New	The stationary for Licensing is procured only at the Department of Transport and by the time we procure, the Department was for sometime out of stock for the C1 BOOKS and Vari print was the sole provider then.
23	ISS.33-COMAF 14-Insufficient monitoring evidence (minutes of the meeting)	New	Lack of evidence for service monitoring could be due to inadequate management of service level agreements.
24	ISS.48-COMAF 24: Bidders with non-compliant tax status	New	Management did not implement controls to ensure compliance with SCM prescripts.
25	ISS.49-COMAF 24: Bidder that passed functionality not included in the panel	New	Management did not monitor compliance with all applicable SCM prescripts stipulated above in the evaluation of bids leading to possible irregular expenditure.
26	ISS.50-COMAF 24: Bids awarded incorrect points by the BEC	New	The accounting officer did not exercise his oversight to ensure consistency in the evaluation process.
27	ISS.51-COMAF 24: Bidders appointed unfairly due to incorrect evaluation on functionality	New	Management did not review and monitor compliance with applicable laws and regulations.



	<b>Action Plan Description</b>	<b>Start Date</b>	<b>Completion Date</b>	<b>Position</b>	<b>Progress</b>	<b>Narrative to Progress</b>	<b>Audit Comment</b>
	None. The finding was resolved during audit adjustments. Refer to management recalculations and audited financial statements.	10-Dec-21	10-Dec-21	Acting CFO	Completed	Management recalculated distribution loss and it agrees to audited AFS.	Completed during audit
	Management will ensure that payments are made within 30 days as per Municipal Finance Management Act.	10-Dec-21	30-Jun-22	Acting CFO	In progress	All invoices are getting paid within 30 days except 1 FBE invoice where interest was incurred.	The issue will remain unresolved until financial year end
	Development and implementation of procurement plan	10-Dec-21	4-Mar-22	Acting CFO	In progress	Procurement Plan developed and awaiting council approval	Not yet addressed
	Management to source additional information i.e resignation letters to prove that directors were not employed in the service of state at the time quotations were awarded to them.	10-Dec-21	30-Jun-22	Acting CFO	In progress	Service provider is related to one of the cleaners within the institution. Management will fully implement the compilation of the declaration of interest in the process of submitting the bids	To be addressed at year end
	Propose to adjust financial statements as indicated below	10-Dec-21	28/02/2022	Senior Manager Community Services	Completed	The department will source the supporting document from the Department of Transport to substantiate the root cause	POE verified by internal audit
	Management will ensure that meetings for the monitoring of performance of the contracted service providers in effectively monitored from all the departments.	10-Dec-21	30-Jun-22	Manager Compliance and Verification and all departments with service provider	In progress	The meeting to monitor service providers will be held this month (February 2022)	To be addressed at year end
	Management has already updated the irregular expenditure register with expenditure relating to this panel	10-Dec-21	30-Jun-22	Municipal Manager	In progress	Implemented going forward not backwards	To be addressed at year end
	Management has already updated the irregular expenditure register with expenditure relating to this panel	10-Dec-21	30-Jun-22	Municipal Manager	In progress	Implemented going forward not backwards	To be addressed at year end
	Management has already updated the irregular expenditure register with expenditure relating to this panel	10-Dec-21	30-Jun-22	Municipal Manager	In progress	Implemented going forward not backwards	To be addressed at year end
	Management has already updated the irregular expenditure register with expenditure relating to this panel	10-Dec-21	30-Jun-22	Municipal Manager	In progress	Implemented going forward not backwards	To be addressed at year end



**AUDIT ACTION PLAN (cont)**

No	Description of Finding	Finding status	Root Cause
28	ISS.52-COMAF 24: Bidders evaluated on core functions not tendered for	New	Management did not exercise oversight responsibility regarding adherence to applicable SCM prescripts during evaluation of bids.
29	ISS.53-COMAF 24: Non-responsive bidders evaluated on functionality	New	Management did not adequately exercise oversight responsibility over the internal controls regarding the evaluation of bids in order to ensure that such process is in accordance with applicable laws and regulations.
30	ISS.54-COMAF 24: Evaluation on functionality not carried out on all bids	New	Management did not adequately exercise oversight responsibility over the internal controls regarding the evaluation of bids in order to ensure that such process is in accordance with applicable laws and regulations. Bid committees did not adequately review and monitor compliance with all applicable laws for appointment of the panel and compliance with the responsiveness criteria stipulated in the bid documents.
31	ISS.55-COMAF 24: B-BBEE level assessed as part of functionality	New	There was a lack of review and monitoring of compliance with applicable regulations by management to ensure proper alignment of functionality.
32	ISS.68-COMAF 03: Provision for landfill site: Non-submission	New	Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.
<b>Annexure C: Administrative matters</b>			
33	ISS.24-ISA: IT Security awareness not performed	New	Management considered the current controls in place for security awareness adequate.
34	ISS.25-ISA: Inadequate Management of Data Centre Environmental Controls	New	Environmental controls and their maintenance as key aspects of the server room policy were not included due to lack of coordination between ICT and Facility's management in establishing the responsibility between the parties.

	<b>Action Plan Description</b>	<b>Start Date</b>	<b>Completion Date</b>	<b>Position</b>	<b>Progress</b>	<b>Narrative to Progress</b>	<b>Audit Comment</b>
	Management has already updated the irregular expenditure register with expenditure relating to this panel	10-Dec-21	30-Jun-22	Municipal Manager	In progress	Implemented going forward not backwards	To be addressed at year end
	Management has already updated the irregular expenditure register with expenditure relating to this panel	10-Dec-21	30-Jun-22	Municipal Manager	In progress	Implemented going forward not backwards	To be addressed at year end
	Management has already updated the irregular expenditure register with expenditure relating to this panel	10-Dec-21	30-Jun-22	Municipal Manager	In progress	Implemented going forward not backwards	To be addressed at year end
	Management has already updated the irregular expenditure register with expenditure relating to this panel	10-Dec-21	30-Jun-22	Municipal Manager	In progress	Implemented going forward not backwards	To be addressed at year end
	Submit management representation letter Management will develop risk assessment on the Landfill site	10-Dec-21	28 February 2022.	CRO	In progress	Landfill site was visited and findings from the assessment will be communicated to the departments	Not yet addressed
	Emails were sent to users for comments, clarity and recommendations on all ICT policies on numerous occasions. As evidence emails reports and reading reports were sent to the auditor.	10-Dec-21	30 April 2022	ICT Manager	In progress	Staff meeting is scheduled for with collaboration with the unions	Not yet addressed
	The server room policy shall be amended to address the gaps identified above. Once the policy has been amended, it will be taken to Council for approval.	10-Dec-21	30 April 2022	ICT Manager	In progress	Policy amended, presented to section 80 and awaiting council approval	Not yet addressed



## APPENDICES

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

Surname	Full names	full time/ Part time FT/PT	Committee Al- located	Ward and /or Party represent- ed	No of council meetings held	no. of council meetings attended	No. of apologies for non- attendance	No of Absence without leave
Mphela	Mojabeng Amelia	PT	Finance Council	ward	18	17	1	0
Phatlane	Alfred	FT	Corporate Services EXCO Council Meeting Ethics	ward	18	16	2	0
Mamakoko	Mokgohlwe Lettie	PT	Planning Council	ward	18	16	0	0
Moima	Lizzy Mahla- tse	PT	Community Services Council	ward	18	17	1	0
Makweoane	Agnes Mapetle	PT	Infrastructure Council	ward	18	14	3	1
Ndlovu	Raymond Ndumiso	PT	Executive Council	ward	18	17	1	0
Phala	Magabolle Lucas	PT	MPAC: member Ethics Council	ward	18	16	1	1
Ratlou	Sefako Winter	PT	Community Services Council Rule and petition	ward	18	16	2	0
Ratau	Rose Mmap- ule	PT	Executive Support Council	ward	18	15	2	1
Madisa	Kgadi Francinah	PT	Planning Council	ward	18	14	2	2
Namane	Given Ranyaba	PT	Planning Council	ward	18	14	2	2
Phorothoe	Thabiso Andries	PT	Finance Council Rules and petitions	ward	18	15	1	2
Oosthuizen	Willem Nico- laas Saaiman	PT	Council Execu- tive Support	ward	18	17	1	0
Bogopa	Botha (M)	PT	Community Services Council	ward	18	9	4	5
Mahlangu	Julia (F)	PT	Ethics Council	ward	18	14	2	2
Zulu	Ben Mado- lombane (M)	PT	Infrastructure Council	ward	18	14	2	2
Ratau	Tsimisi Thabiso(M)	PT	Corporate Services Council Meeting	ward	18	12	2	4
Machipa	Toudi Aron (M)	FT	Head Finance EXCO Council	ward	18	18	0	0
Masimula	Phahlana (M)	PT	Corporate Services Council	ward	18	17	1	0

**COUNCILLORS, COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE (cont)**

Surname	Full names	full time/ Part time FT/PT	Committee Al- located	Ward and /or Party represent- ed	No of council meetings held	no. of council meetings attended	No. of apologies for non- attendance	No of Absence without leave
Mphela	Mojabeng Amelia	PT	Finance Council	ward	18	17	1	0
Phatlane	Alfred	FT	Corporate Services EXCO Council Meeting Ethics	ward	18	16	2	0
Mamakoko	Mokgohlwe Lettie	PT	Planning Council	ward	18	16	0	0
Moima	Lizzy Mahla- tse	PT	Community Services Council	ward	18	17	1	0
Makweoane	Agnes Mapetle	PT	Infrastructure Council	ward	18	14	3	1
Ndlovu	Raymond Ndumiso	PT	Executive Council	ward	18	17	1	0
Phala	Magabolle Lucas	PT	MPAC: member Ethics Council	ward	18	16	1	1
Ratlou	Sefako Winter	PT	Community Services Council Rule and petition	ward	18	16	2	0
Ratau	Rose Mmap- ule	PT	Executive Support Council	ward	18	15	2	1
Madisa	Kgadi Francinah	PT	Planning Council	ward	18	14	2	2
Namane	Given Ranyaba	PT	Planning Council	ward	18	14	2	2
Phorothloe	Thabiso Andries	PT	Finance Council Rules and petitions	ward	18	15	1	2
Oosthuizen	Willem Nico- laas Saaiman	PT	Council Execu- tive Support	ward	18	17	1	0
Bogopa	Botha (M)	PT	Community Services Council	ward	18	9	4	5
Mahlangu	Julia (F)	PT	Ethics Council	ward	18	14	2	2
Zulu	Ben Mado- lombane (M)	PT	Infrastructure Council	ward	18	14	2	2
Ratau	Tsimisi Thabiso(M)	PT	Corporate Services Council Meeting	ward	18	12	2	4
Machipa	Toudi Aron (M)	FT	Head Finance EXCO Council	ward	18	18	0	0





**COUNCILLORS, COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE (cont)**

<b>Surname</b>	<b>Full names</b>	<b>full time/ Part time FT/PT</b>	<b>Committee Al- located</b>	<b>Ward and /or Party represent- ed</b>	<b>No of council meetings held</b>	<b>no. of council meetings attended</b>	<b>No. of apologies for non- attendance</b>	<b>No of Absence without leave</b>
Masimula	Phahlana (M)	PT	Corporate Services Council	ward	18	17	1	0
Skhosana	Waziwa Jim (M)	PT	Finance Council	ward	18	15	2	1
Makeke	George Monnana (M)	PT	Ethics MPAC Member Council	ward	18	14	2	2
Matsepe	Motlalekgo-mo Maria(F)	PT	Planning Council	ward	18	16	2	0
Mahlangu	Nomsa Ndazi (F)	PT	Council Executive Support	ward	18	12	2	4
Mokganyetji	Thomas Mareme (M)	PT	Infrastructure Rules and Petitions Council	ward	18	14	3	1
Maphopha	Emily Maabele	PT	Community Services Council	ward	18	14	3	1
Motlale	Manthwaleng Girly	PT	Ethics Council	ward	18	15	3	0
Mokwane	Magdeline Kubane	PT	Infrastructure Council	ward	18	15	3	0
Maipushe	Sekina Manku	PT	Rules and Petitions Council	ward	18	15	3	0
Malatji	Meriam Nape	PT	Finance Council Rule and petition	ward	18	13	3	2
Kgopa	Kgabo Silas	PT	Corporate Services Council	ward	18	14	2	2
Msiza	Mothibe Rhodes	PT	Corporate Services Council Rules and petition	ward	18	16	2	0
Mathebe	Julia Lata	FT	EXCO/Mayor Council	PR	18	17	1	0
Matjomane	Germinor Delly (F)	FT	Head Infrastructure Council	PR	18	16	2	0
Tladi	Magetle David	FT	Speaker	PR	18	17	1	0
Phahlamohla-ka	Tebogo Mafereke	FT	Ethics Council	PR	18	16	2	0
Mehlape	Salminah Hlaole	PT	MPAC: member Council	PR	18	15	2	1
Matsepe	Thapelo Stephina	PT	Finance Council	PR	18	16	2	0
Makunyane	Hlako Justice	PT	MPAC-Chairperson Council	PR	18	18	0	0

**COUNCILLORS, COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE (cont)**

Surname	Full names	full time/ Part time FT/PT	Committee Al- located	Ward and /or Party represent- ed	No of council meetings held	no. of council meetings attended	No. of apologies for non- attendance	No of Absence without leave
Mashilo	Malope Samaria	PT	Head Community Services Council EXCO	PR	18	16	1	0
Phetla	Mannyana Grace	PT	Head Executive Support Council	PR	18	18	0	0
Mashego	Dieketseng Masesi	PT	Council	PR	18	18	0	0
Mogotji	Fanie Motshela	PT	Executive Support Council	PR	18	17	1	0
Bolotini	Hamelton Mzwandile	PT	Council	PR	18	15	2	1
Gulube	April Lucky (M)	PT	Council	PR	18	14	2	2
		PT	Infrastructure Council	PR	18	16	2	0
Matsepe	Choloane David	PT	Community Services Council Planning	PR	18	17	0	1
Tshivhula	Murathi Pat	PT	Corporate Services Council Ethics	PR	18	4	2	1
Kotze	Johan Pieter	PT	Finance Council	PR	18	2	4	2
Hlathi	Margaret Zodwa	PT	council	PR	18	15	2	1
Shai	Kweletsi Collen	PT	EXCO Council	PR	18	14	2	2
Lecheko	Virginia Morotse	PT	Planning Council	PR	18	15	2	1
Ngwenya	Zodwa	PT	Council	PR	18	13	3	2
Ntuli	Mamotale Brenda	PT	Council Infrastructure	PR	18	14	2	2
Mosotho	Mooimane Tatane	PT	Council Planning	PR	18	14	2	2
Ranala	Maselopi	PT	Council Execu- tive Support	PR	18	13	3	2
Ntheko	Tshepo Mokgobo	PT	Council	PR	18	13	5	0
Mthombeni	Vensile Lea	PT	Corporate Services Council Ethics	PR	18	12	2	4
Maloba	Alpheus Matome	PT	Community Services Council EXCO Rules and Petitions	PR	18	13	1	4
Ramphisa	Motiba William	PT	Council	PR	18	12	1	5
Matunyane	Nthabiseng Topsion	PT	Finance Council Finance	PR	18	15	3	0



**APPENDIX B - COMMITTEE AND COMMITTEE PURPOSE**

<b>Committees (other than Mayoral/Executive Committee) and Purposes of Committees</b>	
<b>Municipal Committee</b>	<b>Purpose of Committee</b>
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**

<b>Designation</b>	<b>Initial And Surname</b>	<b>Gender</b>
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	-
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 Mthimunye	Male
Manager: Revenue	Ms M. Namane	Female
Manager: Hlogotlou	Mr. A Madiba	Male
Manager: Roosenekal	Mr. M. J. Maboja	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: Fleet	Mr. V. Masilela	Male
Manager Parks	Mr J. M Mathebe	Male



**APPENDIX D - FUNCTIONS OF MUNICIPALITY/ENTITY**

<b>Municipal/Entity Functions</b>		
<b>Municipal Functions</b>	<b>Function Applicable to Municipality (Yes/No)*</b>	<b>Function Applicable to Entity (yes/no)</b>
<b>Constitution, Schedule 4, Part B Functions</b>		
Air pollution	yes	
Building regulations	yes	
Child-care facilities	yes	
Electricity and gas reticulation	yes	
Fire-fighting services	yes	
Local tourism	yes	
Municipal airports	No	
Municipal planning	yes	
Municipal health services	yes	
Municipal public transport	yes	
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	
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and related matters	yes	
Storm water management systems in built-up areas	yes	
Trading regulations	yes	
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	
Billboards and the display of advertisements in public places	yes	
Cemeteries, funeral parlours and crematoria	yes	
Cleansing	yes	
Control of public nuisances	yes	
Control of undertakings that sell liquor to the public	yes	
Facilities for the accommodation, care and burial of animals	yes	
Fencing and fences	yes	
Licensing of dogs	no	
Licensing and control of undertakings that sell food to the public	yes	
Local amenities	yes	
Local sport facilities	yes	
Markets	yes	
Municipal abattoirs	yes	
Municipal parks and recreation	yes	
Municipal roads	yes	
Noise pollution	yes	
Pounds	yes	
Public places	yes	
Refuse removal, refuse dumps, and solid waste disposal	yes	
Street trading	yes	
Street lighting	yes	
Traffic and parking	yes	



**APPENDIX E - WARD REPORTING**  
**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 Mphela M.A	Yes	8	8	0
	<b>Ward Committee</b>				
	Julia Maredi				
	Simphiwe Mahlangu				
	Jane Sibiloane				
	Martha Nxumalo				
	junior Thethe				
	Anges Mmotong				
	Simphiwe Mthombeni				
	Samual Phasha				
	Christa kotelo Mabodika				
	Kgati Maepa				
Ward No 02	Cllr Phatlane A	Yes	10	10	0
	<b>Ward Committee</b>				
	Mathabathe Mpho				
	Monage Tshepo Khama				
	Mahlangu Geeilbooi				
	Makua Samuel				
	Dunge Olgar				
	Bafedi Aibiot (Deceased) replaced by Monamudi Ntlatleng				
	Mankge Hermans				
	Moloi Abednigo				
	Phatlane Lucy				
	Boroko Kodisang Mathews				
Ward No 03	Cllr Mamakoko M.L	Yes	05	05	01
	<b>Ward Committee</b>				
	Mputsu David Mahlangu				
	Sonia Magashule				
	Marie Mokwala				
	Matron Mokwana				
	Stephina Modiba				
	Mary Tshego				
	Mmapula Kgaphola				
	Delige Mothibi				
	Lucy Kgaphola				
	Frans Makua				



**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 Moima L.M	Yes	05	05	0
	<b>Ward Committee</b>				
	Dipuo Mashabela				
	Lebogang Dinba				
	Kanyane Mphahlele				
	Makitla Sello				
	Fatima Thabethe				
	Selina Matlou				
	Lucas Mathimunyane				
	Kenneth Malapele				
	Anges Ramphisa				
	Israel Malapela ( resigned)				
Ward No 05	Cllr Makweoane	Yes	07	07	0
	<b>Ward Committee</b>				
	Violet Mashigo				
	Fannie Nkambule				
	Monicca Makgatsela				
	Sharleen Mphake				
	Mankwe Mokgabudi				
	Petrus Matentshi				
	Mapaseka Mokgabudi				
	Leshate Mashabela				
	Nelson Mogano				
	Thili Lepota				
Ward No 06	Cllr Ndlovu R.N	Yes	9	9	02
	<b>Ward Committee</b>				
	Thethan Mahlangu				
	Ntombi Mahlaba				
	Nokuthula Reginah				
	Winile Ndlangamandla				
	Zakhele Hlathi				
	Sipho Mandlazi				
	Adelaide Limakwe				
	Zanele Magubane				
	Delisa Joseph				
	Popi Mashego				

**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: Phala Lucas	Yes	4	4	0
	<b>Ward Committees:</b>				
	Philimon Moshiga				
	Brenda Phasha				
	Nomsa Sibeko				
	Glass Makatelele				
	Jan Mtshweni				
	Busisiwe Magolego				
	Tebogo Mokgoadi				
	Ericca Makuwa				
	Benjamane masweu				
	Simon Thipe				
Ward No 08	Cllr Ratlou S.W	Yes	9	9	0
	<b>Ward committees</b>				
	Charlotte Mogudi				
	Moshingwaneng Ditshego				
	Isaiah Mahlangu				
	Annah Wessels				
	Friedah Phetla				
	Bangiswane Mthombeni				
	Resigned				
	Albert Mafa				
	Resigned				
	Gloria Rahlogo				



**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 09	Cllr Ratau R.M	Yes	10	10	0
	<b>Ward Committees:</b>				
	Elijah Ntombela				
	Isaac Makofane				
	Mafa Mashinini				
	Sebongile Mohlape				
	Coshiwe Nkambule				
	Eric Nkosi				
	Louisa Masilela				
	Fortune Tsholofelo				
	Aaron Mtshweni				
	Joseph Manzini				
Ward No 10	Cllr Madisa K.F	Yes	10	10	0
	<b>Ward Committees:</b>				
	Zandra Makitla				
	Mathebe Rebbeca				
	Katlego Sifoleshe Madire				
	Modupi Mohlamanyane				
	Ivy Madisa				
	Zodwa Ngele				
	Sandra Ramphisa				
	Mathebe Buti				
	Malefahlo Mokgase				
	Mohlamonyane Motsumi				
Ward No 11	Cllr Namane G.R	Yes	04	04	0
	<b>Ward Committees:</b>				
	Wonderboy Cekhu (deceased not replaced)				
	Delane Mugeru				
	Eleoner Matlou				
	Sepadi Mampuru				
	Malelula leepo				
	Samora Madisa				
	Rina Mutha				
	Moses Mafiri				
	Thobile Mathibedi				
	Anges Setoto Magopa				

**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 12	Cllr Phorotlhoe	Yes	11	11	4
	<b>Ward Committees</b>				
	Mmadisele Mathebe				
	Moleme Podile				
	Mmalehu Mohlala				
	Mothaku Namane				
	Calvin Mathunyane				
	Elizabeth Monageng				
	Doctor Nakedi				
	Alfred Makitla				
	Betty Mathebe				
	Klass Mathebe				
Ward No 13	Cllr Oosthuizen W.N.S	Yes	02	02	0
	<b>Ward Committees:</b>				
	Martin Coetsee				
	Dirk Hessels				
	Phochana D.M				
	Maria D.Fourie				
	J.H Mmakole				
	Dirk Walker				
	T.S Matsomane				
	A.J Schombee				
	Franska Kleinhans				
	Shaun A.Mellors				
Ward No 14	Cllr: Bogopa B	Yes	06	06	1
	<b>Ward Committees:</b>				
	Bareng Mphahlele (Resigned)				
	Phakwane Mareng				
	Moses Boshielo				
	Chikane Kgorutle				
	Makeke Mantwa				
	Dipou Matlala				
	Stepen Maleka				
	Jaremia Phetla				
	Enock Ramoispa				
	Maggie Isa				





**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 15	Cllr: Mahlangu J	Yes	04	04	0
	<b>Ward Committees:</b>				
	Lucas Zwane				
	Rinah Mahlangu				
	Job Tshepo Mokwena				
	Sbongile Nkosi				
	Sibongile Masilela				
	Thomas Mthombeni				
	Johannah Mashiya				
	Malehu Mokoana				
	Jan Masimula				
	Msanomlane Mahlangu				
Ward No 16	Cllr: Zulu B.M	Yes	3	3	2
	<b>Ward Committees</b>				
	Mapule Mokgolokgotho (removed)				
	Jabulane Mahlangu				
	Sarah Skosana				
	Fanie Makua				
	December Msitsa				
	Sinah Mahlangu				
	Maria Mthimunyane				
	Nick Mgidi				
	Khomotso Maphosa (not on IEC roll)				
	Kodin Skhosana				

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 17	Cllr: Ratau T.T	Yes	7	7	0
	<b>Ward Committees:</b>				
	Irene Mokwana				
	Moetana Mohlala				
	Rankepile Mabelane				
	Kagiso Mabelane				
	Gabriel Magashula				
	Jeaneth Motshana				
	Motlalepule Madihlaba				
	Freddy Nkadimeng(decease), replaced by Motjedi George				
	Andries Hlabishe				
	Annah Masemola				
Ward No 18	Cllr: Machipa T.A	Yes	9	9	1
	<b>Ward Committees:</b>				
	Martha Mohlahlo				
	Jamis Chego				
	Maria Tshehla				
	Mojalefa Rankwe				
	Tumishi Mohlahlo				
	Annah Mnguni				
	Elsa Fenyane(resigned)				
	Sydney Phetla				
	Shemeng Mtshweni				
	Maria Makuwa				
Ward No 19	Cllr: Masimula P	Yes	11	11	1
	<b>Ward Committees:</b>				
	Sophi Masemola				
	Amos Gabril				
	Sinkie Skosana				
	Ranapo Chigo				
	Rose Mtshweni				
	Keneth Mahlangu				
	Shabangu Dlabaphi				
	Getrude Mashiane				
	Mahlangu Khonzepi				
	Nkosinathi Machuka				



**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 20	Cllr Skhosana W.J	Yes	9	9	1
	<b>Ward Committees:</b>				
	Monica Madihlaba				
	Lina Makaleng				
	Felicia Mokoana				
	Zodwa Mokwena				
	Nteseng Madihlaba				
	Patricia Sekgala				
	Shima Monaledi				
	Thabo Skosana				
	Debora Maredi				
	Thapedi letageng				
Ward No 21	Cllr: Makeke G.M	Yes	6	6	0
	<b>Ward Committees:</b>				
	Mavis Theresia Mthimunye				
	David Skhosana				
	Joel Mohlahlo				
	Khoza Dipuo				
	Kate Matenchi				
	Lejatau Seroka				
	Elsie Mamonyane				
	Sonnyboy Sekele				
	Dorcas Makeke				
	Motlapele Nkgudi				
Ward No 22	Cllr Matsepe M.M	Yes	03	03	0
	<b>Ward Committees:</b>				
	Mathibela Mashego				
	Annah Radingwana				
	Frans Mdebele				
	Tebogo Tau				
	Stephina Mokwal				
	Thabo Radingwana				
	Leah Tshoma				
	Jan Mashilanwako				
	Patrick Moramaga				
	Iindiwe Maleka				

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 23	Cllr: Mahlangu Nomsa	No	11	11	2
	<b>Ward Committees:</b>				
	Regina Ntuli				
	Lydia Lerobane				
	Jimmy Masemola				
	Thokozile Ntuli				
	Milzon Madhlaba				
	Busisiwe Motha				
	Simon Sithole				
	Rose Mokoana				
	Sipho Mahlangu				
	Sylvia Chego				
Ward No 24	Cllr: M.M	Yes	11	11	2
	<b>Ward Committees:</b>				
	Isaac Maladi				
	Mpotsing Mtshweni				
	Prince Maloma				
	Meshack Thobejane				
	Dorothy Makeke				
	Maputana Moloko				
	Martha Monareng				
	Thabeng Nyalungu				
	Elizabeth Mathunyane				
	Amos Tshoma				
Ward No 25	Cllr: Maphopha E.M	Yes	2	2	0
	<b>Ward Committees:</b>				
	Jane Lekala				
	Makgadi Malatji				
	Joseph Tsima				
	Julia Mohlala				
	Lerato Skosane				
	Jack Motsana				
	Reneilwe Rampedi				
	khomotso Ramphisa				
	Francinah Mampuru				
	Thobole Matsepe				



**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
	Cllr:Motlafe M. G	Yes	8	8	1
	<b>Ward Committees:</b>				
	Sepedi Mohlala				
	Mmantwe Tagane				
	Matlakala Knowledge				
	Ditau Magampa( removed)				
	Deborah Mashabela				
	Dazie Msiza				
	Amos Chabedi				
	Mapule Mmuledi				
	Karabo Matshingwane				
	Mmabatsheleleng Matsepe				
	Matladi Tshepho				
Ward No 27	Cllr: Mokwane M.K	Yes	08	08	1
	<b>Ward Committees:</b>				
	Job Matladi				
	Lebogang Choma				
	Tebatso Sihlangu				
	Mogudi Meba				
	Dudu Mokadi				
	Frans Tlaka				
	Motebu Arimbi				
	Thabo Makua				
	Caroline Mantsolo				
	Thandi makuwa				
Ward No 28	Cllr:Maipushe S.M	Yes	10	10	1
	<b>Ward Committees:</b>				
	Klass Maredi				
	Modupi Fenyane				
	Evah Matuludi				
	Prudence Skosana				
	Pratick Tladi				
	Rachel Mohlala				
	Amos Ntobeng				
	Sarah Pheladi				
	Lucas Aphane				
	Victor Seopela				



**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 29	Cllr: Malatji M.N	Yes	10	10	2
	<b>Ward Committees:</b>				
	Thuso Makuwa				
	Reginah Makuwa				
	Lindiwe Mahlangu				
	Grace Malatji				
	Diale Motla				
	Caroline Matjomane				
	Victor Diago				
	Thabang Fenyane				
	Gautana Matsumane				
	Lazarus Rakgalakane				
Ward No 30	Cllr: Kgopa K.S	Yes	4	4	0
	<b>Ward Committees:</b>				
	Ammina Magakwe				
	Sebutjwane Maduna				
	Seraki Motstsa				
	Jim Molapo				
	Bongi Maabane				
	Thabiso Matenji				
	Mahlonoko Riba				
	Patricia Mokwena				
	Sinky Kodi				
	Lina Masango				
Ward 31	Cllr : Msiza M.R				
	<b>Ward Committee</b>	Yes	4	4	0
	Gladys Maake				
	Kgaogelo Dikotope (deceased)				
	Alfred Manasoe				
	Moses simpho				
	Peter Tsokela				
	Lombard Mamogobo				
	Lebogang Mpunga(Resigned)				
	Ramosohlo Kgongane				
	Enny Matsepe				
	Prince Thobejane				



**APPENDIX F - WARD INFORMATION**

<b>Ward Title: Ward Name (Number)</b>				
<b>Capital Projects: Seven Largest in 2020/2021 (Full List in Appendix L)</b>				
<b>R'000</b>				
<b>Ward No</b>	<b>Project Name &amp; Detail</b>	<b>Start Date</b>	<b>End Date</b>	<b>Total Value</b>
21	Kgaphamadi construction of bus route, bridge and storm water control	30 July 2018	30 June 2020	R38,559,782.92
9	Tambo / Walter Sisulu construction of access road and storm water	4 Sep 2019	30 June 2021	R23,681,465.60
13	Groblersdal landfill site	24 June 2019	24 April 2020	R13,000,000
15	Zaaiplaas construction of JJ road	5 Nov 2019	5 Aug 2020	R10,705,000
	Groblersdal roads and streets surfacing	12 Aug 2019	13 Dec 2019	R7,585,400
14	Masakaneng construction of roads and storm water	27 July 2019	30 June 2020	R21,471,287.50
9	Electrification of Tambo Phase 3	6 June 2019	30 June 2020	R12,108,358.00

**APPENDIX G - RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE**

<b>1<sup>st</sup> ORDINARY AUDIT COMMITTEE MEETING - 09 NOVEMBER 2020</b>		
<b>MANAGEMENT REPORTS</b>		
<b>ITEM NO</b>	<b>ITEM UNDER DISCUSSION</b>	<b>RECOMMENDATIONS</b>
AC 20/1	2020/2021 Final Annual Performance Report	<ul style="list-style-type: none"> <li>• Audit Committee raised a concern that the expenditure amounts do not correspond with expenditure amounts in the Completion Certificates.</li> <li>• Chairperson recommended that Manager PMS should report KPI's as not achieved on the final submission if there is no POE to support the achievement or the POE does not correspond with the SDBIP to avoid reliability finding</li> <li>• Chairperson recommended that the correct Completion Certificate should be submitted for verification of expenditure amounts</li> </ul>
AC 20/2	2020/2021 1st Quarter Performance Report (July-September 2020) (MM)	<ul style="list-style-type: none"> <li>• Audit Committee raised a concern that Institutional performance of 50% for the KPI's set for 1st quarter of 2020/2021 financial year seem to be low.</li> <li>• The Audit Committee recommended that Management should put reasonable measures to ensure achievement for quarter 2 and 3</li> </ul>
AC 20/3	2020/2021 1st Quarter Litigation Report (July-September 2020) (Manager Legal Services)	<ul style="list-style-type: none"> <li>• Acting MM Mr. Kgwale indicated that Legal Manager is attending classes and the legal officer is not feeling well but however Advocate Thipe did confirm that he did receive the report separately from Legal Manager and further said that the report is in order.</li> <li>• No recommendations and concerns were raised by the Audit Committee.</li> </ul>
<b>FINANCE</b>		
AC 20/5	2020/2021 1 <sup>st</sup> Quarter Asset Register Report (July - September 2020) - CFO	<ul style="list-style-type: none"> <li>• The Audit Committee recommended that the item of the Asset Register Report should be removed as the stand-alone item as there are no longer issues on the assets and that there are no requirements that says Audit Committee should review the report.</li> <li>• It was suggested that the item can be brought back when there is a need and management agreed to the suggestion</li> </ul>



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

**1st ORDINARY AUDIT COMMITTEE MEETING (cont)**

AC 20/6	2020/2021 1 <sup>st</sup> Quarter report on Unauthorized/ Irregular and Fruitless and wasteful expenditure (UIF) (July-September 2020) (CFO)	<ul style="list-style-type: none"> <li>The Audit committee is concerned about the high amount of fruitless and wasteful expenditure for 1 quarter</li> <li>The Audit committee advised that when engaging with the suppliers, we should state conditions of payments to avoid late payments</li> <li>The Audit Committee recommended that management should categorize the UIF</li> </ul> <p><b>The table below illustrates the expenditures in totals for the quarter under review:</b></p> <table border="1" data-bbox="517 792 1466 947"> <thead> <tr> <th colspan="2">Quarter 1</th> </tr> </thead> <tbody> <tr> <td>Total Unauthorized expenditure</td> <td>R0.00</td> </tr> <tr> <td>Total irregular expenditure</td> <td>R8 461 138.07</td> </tr> <tr> <td>Total fruitless and wasteful expenditure</td> <td>R1 242 458.57</td> </tr> </tbody> </table> <p><b>Refer to annexure A for detailed expenditures</b></p>	Quarter 1		Total Unauthorized expenditure	R0.00	Total irregular expenditure	R8 461 138.07	Total fruitless and wasteful expenditure	R1 242 458.57
Quarter 1										
Total Unauthorized expenditure	R0.00									
Total irregular expenditure	R8 461 138.07									
Total fruitless and wasteful expenditure	R1 242 458.57									
AC 20/7	2020/2021 1 <sup>st</sup> Quarter report on debt collection (July-September 2020) (CFO)	The Audit Committee took note of the report and recommended that management should breakdown the portfolios to indicate revenue for business, farms and residence to be able to see which area need more efforts to work on and to check whether we collecting enough from various portfolios								
AC 20/9	2020/2021 1 <sup>st</sup> Quarter Supply Chain / Procurement Report (July-September 2020) (CFO)	<ul style="list-style-type: none"> <li>The Audit Committee is concerned that the municipality does not have the Procurement Plan in place and that makes it difficult to determine whether the plan is done in line with policies or not.</li> <li>The Audit Committee recommended that management should develop Procurement Plan for 2020/2021 financial year to avoid delays since there are certain targets that are delayed due to procurement process</li> </ul>								
AC 20/10	2020/2021 1 <sup>st</sup> Quarter Overtime Report (July-September 2020) (CFO)	<ul style="list-style-type: none"> <li>The Audit Committee is concerned on the recurring practice of overtime for Community Services</li> <li>Chairperson advised that there must comply even if they hire more staff or still following the overtime route so that we still don't exceed the threshold and a norm percentage of staff in order to minimise the compliance risk and also did mention that outsourcing can also be used were necessary</li> </ul>								
<b>COMPLIANCE REPORTS</b>										
AC20/11	2020/2021 1st Quarterly Compliance Report (July-September 2020) (CCO)	Audit Committee recommended that Chief Compliance Officer must consider rating the legislations using risk ratings of risk management unit to identify legislations which are critical and rate them as high, the ones with few provisions applicable to municipality you rate them as medium and maybe just one provision you rate it low and develop a compliance monitoring plan for inspection								

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

**1st ORDINARY AUDIT COMMITTEE MEETING (cont)**

<b>INFRASTRUCTURE SERVICES DEPARTMENT</b>		
AC20/12	2020/2021 1st Quarter Infrastructure Report (Including initial plan, budget, progress report on spending, actual work done, variances and reasons) (July-September 2020) (SMI)	<ul style="list-style-type: none"> <li>The Audit Committee raised a concern that projects are not moving as expected</li> <li>The Audit Committee recommended that management should keep on pushing and should they encounter any challenges they should engage the office of the MM to ensure that they find solutions</li> </ul>
<b>CORPORATE SERVICES DEPARTMENT</b>		
AC 20/13	2020/2021 ICT 1 <sup>st</sup> Quarter Steering Committee Report (July-September 2020) (ICT)	The Audit Committee recommended that all the quarterly ICT reports should serve in detail at Audit Steering Committee and only share the summary in the Audit Committee Meetings.
AC 20/14	2020/2021 1 <sup>st</sup> Quarter Human Resources Report (must include section 56 managers vacancies and signing of performance contracts) (July-September 2020) (SMCS)	<ul style="list-style-type: none"> <li>The Audit Committee took note of the report and no recommendations and concerns were raised.</li> <li>Audit committee is satisfied that management advertised critical senior management positions and they will really appreciate if they can keep them posted when they appoint</li> </ul>
<b>EXECUTIVE SUPPORT DEPARTMENT</b>		
AC 20/16	2020/2021 1 <sup>st</sup> Quarter Council Resolutions Implementation Register/Report (July-September 2020) (SMES)	<ul style="list-style-type: none"> <li>The Audit Committee raised a concern that they were appointed with the expectations that they have knowledge and experience yet they are required to go through the workshops.</li> <li>A resolution was taken that areas within the local government that Audit committee members need to be workshopped on should be identified.</li> </ul>





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

**1st ORDINARY AUDIT COMMITTEE MEETING (cont)**

<b>RISK MANAGEMENT</b>		
AC 20/17	2020/2021 1 <sup>st</sup> Quarter Risk Management Committee Report (July-September 2020) (CRO)	<ul style="list-style-type: none"> <li>• The Audit Committee Audit raised a concern that it very difficult to understand the risk register on the municipality risk limits because the likely hood identified, the risk register must show what is acceptable and what is not acceptable in terms of the municipality</li> <li>• The Audit Committee Audit raised a concern on how the risks are defined in the risk register and also need clarity on the internal controls that are there but there is no movement to show them as far as the risk is concerned</li> <li>• Chairperson of Audit Committee is worried about the DR side of motetema that is not working</li> <li>• The Audit Committee recommended that there should be induction for an Audit Committee member based on our municipality risk methodology</li> <li>• The Audit Committee recommended that Chief Risk Officer must take in to consideration when planning for 1st quarter because is very short and there is a lot of things to do so he need to come up with strategy so that he can be able to achieve</li> </ul>
<b>INTERNAL AUDIT</b>		
AC 20/18	2020/2021 Internal Audit Report on 1 <sup>st</sup> Quarter Performance Report	<ul style="list-style-type: none"> <li>• The Audit Committee is concerned about the reasons for non-achievements that are stated as lockdown since we are on level 1 of lockdown were performance should be improving</li> <li>• The Audit Committee is also concerned about how evidence for Performance targets is defined. i.e Corporate services KPI's</li> <li>• The Audit Committee advised management to use the opportunity of SDBIP Adjustment meeting to review the SDBIP and identify all KPI's that have attendance register and minutes as the evidence for achievement and provide inputs.</li> <li>• Resolution was taken that Manager Internal Audit should review of all KPI's to ensure that they meet all elements of SMART criteria.</li> </ul>

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

2 <sup>nd</sup> ORDINARY AUDIT COMMITTEE MEETING – 28 JANUARY 2021		
MANAGEMENT REPORTS		
ITEM NO	ITEM UNDER DISCUSSION	RECOMMENDATIONS
AC 21/01	2020/2021 2nd Quarter Performance Report (October - December 2020) (MM)	<ul style="list-style-type: none"> <li>The Audit Committee took note of the performance report and that the Municipality has achieved 68% of its performance targets during the second quarter of 2020/2021 financial year which is an improvement compared to the 54% obtained in the first quarter.</li> <li>The 2nd quarter performance report was prepared and submitted with the mid-term budget performance assessment report to Provincial Treasury</li> <li>Audit Committee raised a concern that the column of reason for non-achievement is not applied consistently on all department.</li> <li>Audit Committee asked what is the reason for the Municipality not achieving 100% of the target?</li> <li>Audit Committee asked how do we know the impact of not achieving the two quarters and the effect it will have on the annual target?</li> <li>The AC was concerned that due to KPI which are not application for the second quarter and accumulation effect from the prior quarters taken into account to arrive at the percentage of achievement maybe not be a true reflection of the Municipality achievement for the second quarter. This should be corrected going forward by stated the targets relevant for the quarter and its respective achievement for the quarter and separate column can be created to show the accumulative achievement to date.</li> <li>Audit Committee advised that the column for not applicable should be removed from the report.</li> <li>Audit Committee advised the column of reason for non-achievement should be applied consistently on the report.</li> <li>A resolution was taken that a meeting to be arranged between PMS and Internal Audit to discuss the report and to sort out the issue of KPI's that are not applicable and also incorporate the inputs from audit committee.</li> </ul>
AC 21/02	2020/2021 2 <sup>nd</sup> Quarter Litigation Report (October - December 2020) (Manager Legal Services)	<ul style="list-style-type: none"> <li>Audit Committee is concerned that there is no Litigation Report for quarter 2.</li> <li>The Municipal Manager advised that the contracts of the legal panel is ending soon and therefore they have not received the closing reports on the outstanding cases. Management is also reviewing the long outstanding cases and therefore will appreciate if a Special Audit Committee meeting can be arranged to discuss the way forward on those cases.</li> <li>A resolution was taken that Litigation Report be deferred and a Special Audit Committee meeting to be scheduled to discuss the updated report.</li> </ul>



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

**2nd ORDINARY AUDIT COMMITTEE MEETING (cont)**

<b>FINANCE</b>										
AC 21/03	2020/2021 2nd Quarter report on Unauthorized/ Irregular and Fruitless and wasteful expenditure (UIF) (October - December 2020) (CFO)	<ul style="list-style-type: none"> <li>Audit Committee raised a concern that the acting CFO did not elaborate on the reasons of irregular expenditure for Fleet Horizon of R 1,184,879.89</li> <li>Audit Committee recommended that management should indicate the date of the irregular expenditure and quarters on the irregular expenditure table.</li> </ul> <p><b>The table below illustrates the expenditures in totals for the quarter under review:</b></p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th colspan="2"><b>Quarter 2</b></th> </tr> </thead> <tbody> <tr> <td>Total Unauthorized expenditure</td> <td>R0.00</td> </tr> <tr> <td>Total irregular expenditure</td> <td>R15 654 720.00</td> </tr> <tr> <td>Total fruitless and wasteful expenditure</td> <td>R1 301 085.34</td> </tr> </tbody> </table> <p><b>Refer to annexure B for detailed expenditures</b></p>	<b>Quarter 2</b>		Total Unauthorized expenditure	R0.00	Total irregular expenditure	R15 654 720.00	Total fruitless and wasteful expenditure	R1 301 085.34
<b>Quarter 2</b>										
Total Unauthorized expenditure	R0.00									
Total irregular expenditure	R15 654 720.00									
Total fruitless and wasteful expenditure	R1 301 085.34									
AC 21/07	2020/2021 2nd Quarter Overtime Report (October - December 2020) (CFO)	<ul style="list-style-type: none"> <li>The Audit Committee recommended that Budget and Treasury Unit should provide overtime report showing trend analysis of overtime claims.</li> <li>The Audit Committee granted Advocate Thipe permission to research on the overtime issue without charging any legal fee to check if the Municipality complies with the basic condition of employment act and provide feedback in the next meeting</li> </ul>								
<b>COMPLIANCE REPORTS</b>										
AC21/08	2020/2021 2nd Quarterly Compliance Report (October - December 2020) (CCO)	<ul style="list-style-type: none"> <li>Audit Committee raised a concern that in the previous meeting there was a compliance checklist that was presented and it is the expectation that the report will be presented on a quarterly basis to the AC meeting.</li> <li>The Audit Committee recommended that Regulation 4 POPIA checklist should be developed and presented in the next Audit Committee meeting.</li> <li>The Audit Committee recommended that a compliance checklist should be presented in the next Audit Committee meeting.</li> <li>The Audit Committee recommended that Chief Compliance Officer should compile a report on any interaction and cloud services that the Municipality has with international suppliers that is affected by the trans-border section of POPIA.</li> </ul>								

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

**2nd ORDINARY AUDIT COMMITTEE MEETING (cont)**

<b>INFRASTRUCTURE SERVICES DEPARTMENT</b>		
AC 21/09	2020/2021 2nd Quarter Infrastructure Report (Including initial plan, budget, progress report on spending, actual work done, variances and reasons) (October - December 2020) (SMI)	<ul style="list-style-type: none"> <li>• Audit Committee raised a concern that the report is not readable.</li> <li>• Audit Committee asked what are the reasons the budget was exceeded on the Kgapamadi Project?</li> <li>• Audit Committee is concerned of the revised completion date for the project that exceeded the completion date.</li> <li>• The Audit Committee recommended that the director should convert the report to a readable format</li> <li>• The Audit Committee recommended that the report should be revised to reflect the anticipated completion date Kgatlamadi project</li> </ul>
<b>CORPORATE SERVICES DEPARTMENT</b>		
AC 21/10	2020/2021 ICT 2nd Quarter Steering Committee Report (October - December 2020) (ICT)	<ul style="list-style-type: none"> <li>• Audit Committee advised that they are still not happy with the quality of the ICT report. AC member asked to be sent this report prior to the meeting to provide input in the quality of the report prior to being tabled at the AC meeting</li> <li>• The Audit Committee recommended that Mr. Rabalao and ICT Manager should have an offside meeting to discuss the format and quality of the ICT report.</li> </ul>
<b>EXECUTIVE SUPPORT DEPARTMENT</b>		
<b>RISK MANAGEMENT</b>		
AC 21/13	2020/2021 2nd Quarter Risk Management Committee Report (October - December 2020) (CRO)	<ul style="list-style-type: none"> <li>• Audit Committee recommended that the Risk Report should include management comments and action plans on the recommendations made.</li> <li>• Audit Committee advised that Mr. Rabalao (Audit Committee) and CRO should have a meeting offside to discuss the format of risk management reports.</li> </ul>
<b>INTERNAL AUDIT</b>		
AC 21/14	2020/2021 2nd Progress report on Internal Audit Annual Plan (October - December 2020) (IA)	<ul style="list-style-type: none"> <li>• Audit committee noted the report on the progress of Internal Audit Plan.</li> <li>• From the total of seventeen (17) audits planned, six (6) audits were completed, four (4) audits still in progress and seven (7) audits were not yet started.</li> <li>• Audit Committee recommended that significant findings should be rated and highlighted with colours and to include the management action plans to resolve the findings.</li> <li>• Audit Committee recommended that activities of internal audit such as annual leave taken and trainings attended in terms of continuous development programs should be included in the report.</li> </ul>



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

**2nd ORDINARY AUDIT COMMITTEE MEETING (cont)**

INTERNAL AUDIT		
AC 21/15	2020/2021 Internal Audit Reports (October - December 2020) (IA)	<ul style="list-style-type: none"> <li>• The audit committee noted the following reports by Internal Audit for audits conducted during the 2<sup>nd</sup> quarter of 2020/2021 financial year:                             <ul style="list-style-type: none"> <li>▶ 4<sup>th</sup> Quarter performance management</li> <li>▶ 1<sup>st</sup> quarter performance management</li> <li>▶ 2<sup>nd</sup> quarter performance management</li> <li>▶ Development Planning</li> <li>▶ Community services</li> <li>▶ 2<sup>nd</sup> quarter internal audit follow-up report</li> </ul> </li> <li>• Audit Committee advised that the completed internal audit reports should be sent to Audit Committee in advance and not read in the meeting.</li> </ul>



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

<b>3<sup>rd</sup> ORDINARY AUDIT COMMITTEE MEETING - 29 April 2021</b>										
<b>ITEM NO</b>	<b>ITEM UNDER DISCUSSION</b>	<b>CONCERNS AND RECOMMENDATIONS</b>								
<b>MANAGEMENT REPORTS</b>										
AC 21/16	2020/2021 3rd Quarter Performance Report (January - March 2021) (MM)	<p>The Audit Committee took note of the report and recommended that Manager PMS should amend SDBIP to address the two KPI's of % of registered indigents who receives free basic electricity (GKPI) and Number of reports for waste for non-recurrence.</p> <p>The overall percentage achievement for quarter 3 is 67%.</p>								
AC 21/17	2020/2021 3rd Quarter Litigation Report (January - March 2021) (Manager Legal Services)	The Audit Committee took note of the report and recommended that Acting Legal Manager should add a column that will reflect how much was paid in terms of Legal Fee Attorneys in the report.								
<b>FINANCE</b>										
AC 21/18	2020/2021 3rd Quarter report on Unauthorized/ Irregular and Fruitless and wasteful expenditure (UIF) (January - March 2021) (CFO)	<ul style="list-style-type: none"> <li>• The Audit Committee recommended that management should update the Audit Committee on the progress of the pending investigation with regards to UIFW.</li> <li>• The Audit Committee is concerned about the majors in place implemented in order to reduce number of late payment with regards to fruitless and wasteful expenditure.</li> <li>• The Audit Committee recommended that management should have invoice register to assist in tracking the late payments of invoices.</li> <li>• The Audit Committee recommended that management should draft a letter to contractors to communicate whether they have intention of extending or renew the contract or not.</li> </ul> <p><b>The table below illustrates the expenditures in totals for the quarters 1, 2 and 3:</b></p> <table border="1"> <thead> <tr> <th colspan="2"><b>Cumulative figures as at end of Quarter 3 of 2020/2021 financial year</b></th> </tr> </thead> <tbody> <tr> <td>Total Unauthorized expenditure</td> <td>R0.00</td> </tr> <tr> <td>Total irregular expenditure</td> <td>R42 730 758.00</td> </tr> <tr> <td>Total fruitless and wasteful expenditure</td> <td>R1 302 505.00</td> </tr> </tbody> </table> <p>Refer to annexure A for detailed expenditures</p>	<b>Cumulative figures as at end of Quarter 3 of 2020/2021 financial year</b>		Total Unauthorized expenditure	R0.00	Total irregular expenditure	R42 730 758.00	Total fruitless and wasteful expenditure	R1 302 505.00
<b>Cumulative figures as at end of Quarter 3 of 2020/2021 financial year</b>										
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**APPENDIX G - RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE (cont)**

<b>3<sup>rd</sup> ORDINARY AUDIT COMMITTEE MEETING – 29 April 2021</b>														
<b>ITEM NO</b>	<b>ITEM UNDER DISCUSSION</b>	<b>CONCERNS AND RECOMMENDATIONS</b>												
AC 20/19	2020/2021 3rd Quarter report on debt collection (January - March 2021) (CFO)	<p>The Audit Committee took note of the report and was concerned that the municipality collected low revenue in January and February but high in March. The Audit Committee recommended that Management should institute measures to ensure that revenue collection is improved.</p> <p><b>The table below illustrates the details:</b></p> <table border="1"> <thead> <tr> <th>Month</th> <th>Revenue collected</th> <th>Revenue %</th> </tr> </thead> <tbody> <tr> <td>January</td> <td>R 126 428 199.43</td> <td>69%</td> </tr> <tr> <td>February</td> <td>R131 041 997.52</td> <td>69%</td> </tr> <tr> <td>March</td> <td>R132 026 141.37</td> <td>93%</td> </tr> </tbody> </table>	Month	Revenue collected	Revenue %	January	R 126 428 199.43	69%	February	R131 041 997.52	69%	March	R132 026 141.37	93%
Month	Revenue collected	Revenue %												
January	R 126 428 199.43	69%												
February	R131 041 997.52	69%												
March	R132 026 141.37	93%												
AC 21/22	2020/2021 3rd Quarter Overtime Report (January - March 2021) (CFO)	<ul style="list-style-type: none"> <li>• Audit Committee is concerned that the area of Parks and Cemetery is added in the monthly expense of overtime as it is the new area to spend on overtime.</li> <li>• Audit Committee is concerned that overtime exceeding the threshold is approved.</li> <li>• Audit Committee is concerned that overtime payments are processed without pre-approvals when finance departments should be the gate keeper to avoid such transactions to be processed.</li> <li>• Audit Committee recommended that Management should revise the current process of overtime to process overtime payments which are supported by the pre-approval.</li> </ul>												
<b>COMPLIANCE REPORTS</b>														
AC21/23	2020/2021 2nd Quarterly Compliance Report (October - December 2020) (CCO)	<ul style="list-style-type: none"> <li>• The Audit Committee is concern that the section 55 of functions of the Information Officer have not been delegated in writing to the deputy Information Officer by the Municipal Manager</li> <li>• The Audit Committee recommended that the municipality should appoint the information officer and the Deputy their names should be registered with the Information Regulator before the 30th June 2021</li> <li>• The Audit Committee recommended that the municipality should train officials working with personal information.</li> <li>• The Audit Committee recommended that Internal Audit should add POPIA Compliance review in their Annual Audit Plan for the 2021/2022 financial year.</li> </ul>												

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

3 <sup>rd</sup> ORDINARY AUDIT COMMITTEE MEETING – 29 April 2021																	
ITEM NO	ITEM UNDER DISCUSSION	CONCERNS AND RECOMMENDATIONS															
<b>INFRASTRUCTURE SERVICES DEPARTMENT</b>																	
AC 21/24	2020/2021 3rd Quarter Infrastructure Report (Including initial plan, budget, progress report on spending, actual work done, variances and reasons) (January - March 2021) (SMI)	<p>The Audit Committee took note of the report and no recommendations and concerns were raised.</p> <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>R47 631 698.19</td> <td>87%</td> </tr> <tr> <td>INEP Funded</td> <td>R10 780 582.01</td> <td>72%</td> </tr> <tr> <td>Internal Funded</td> <td>R8 659 001.35</td> <td>66%</td> </tr> </tbody> </table>	Project Category	Expenditure	%	MIG Funded	R47 631 698.19	87%	INEP Funded	R10 780 582.01	72%	Internal Funded	R8 659 001.35	66%			
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Internal Funded	R8 659 001.35	66%															
<b>CORPORATE SERVICES DEPARTMENT</b>																	
AC 21/25	2020/2021 ICT 3rd Quarter Steering Committee Report (January - March 2021) (ICT)	<ul style="list-style-type: none"> <li>The Audit Committee took note of the report and recommendations that management should use the funds to prioritise projects that are under budgeted since from the quarterly service provider's expenditure report there are two project that were not spend on.</li> <li>The Audit Committee recommended that management should add a paragraph indicating the ICT Operational target in terms of the performance</li> </ul>															
AC 21/26	2020/2021 3 <sup>rd</sup> Quarter Human Resources Report (must include section 56 managers' vacancies and signing of performance contracts) (January - March 2021) (SMCS)	<p>The Audit Committee took note of the report and no recommendations and concerns were raised.</p> <p>There are three (3) vacancies of Directors/Senior Managers and one for the Chief Finance Officer (CFO) and the progress on filling the positions is as follows:</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>Advertised and awaiting for shortlisting</td> </tr> <tr> <td>2</td> <td>Senior manager planning Land, and local economic development</td> <td>Advertised and re-advertised</td> </tr> <tr> <td>3</td> <td>Senior manager infrastructure services</td> <td>Resigned with effect from 30 April 2021</td> </tr> <tr> <td>4</td> <td>Chief financial officer</td> <td>Advertised and re-advertised</td> </tr> </tbody> </table>	No	Position	Progress	1	Senior manager executive support	Advertised and awaiting for shortlisting	2	Senior manager planning Land, and local economic development	Advertised and re-advertised	3	Senior manager infrastructure services	Resigned with effect from 30 April 2021	4	Chief financial officer	Advertised and re-advertised
No	Position	Progress															
1	Senior manager executive support	Advertised and awaiting for shortlisting															
2	Senior manager planning Land, and local economic development	Advertised and re-advertised															
3	Senior manager infrastructure services	Resigned with effect from 30 April 2021															
4	Chief financial officer	Advertised and re-advertised															



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

<b>3<sup>rd</sup> ORDINARY AUDIT COMMITTEE MEETING - 29 April 2021</b>		
<b>ITEM NO</b>	<b>ITEM UNDER DISCUSSION</b>	<b>CONCERNS AND RECOMMENDATIONS</b>
<b>EXECUTIVE SUPPORT DEPARTMENT</b>		
AC 21/27	2020/2021 3rd Quarter Council Resolutions Implementation Register/ Report (January - March 2021) (SMES)	The Audit Committee raised a concern the 2020/2021 3rd Quarter Council Resolutions Implementation Register/Report is incomplete and recommend that the document should be completed for future meetings so that the committee can advise effectively
<b>RISK MANAGEMENT</b>		
AC 20/17	2020/2021 1 <sup>st</sup> Quarter Risk Management Committee Report (July-September 2020) (CRO)	<ul style="list-style-type: none"> <li>• The Audit Committee raised a concern that there is a risk of public entering the municipality with no control to it.</li> <li>• The Audit Committee recommended that management should state a time frame for implementation of the action plans to address the findings in the report</li> <li>• The Audit Committee recommended that management should update the Project Management Report on paragraph 1.3 to used King 4 and not King 3</li> <li>• The Audit Committee recommended that management should break operation risk reporting to show visibility of various departments so that we are able to see if all departments are doing well as far as the risk management is concerned</li> <li>• The Audit Committee recommended that management should show a summary of how many risks were implemented and how many were not implemented on the Performance Plan</li> </ul>
<b>INTERNAL AUDIT</b>		
AC 20/18	2020/2021 Internal Audit Report on 1 <sup>st</sup> Quarter Performance Report	<ul style="list-style-type: none"> <li>• The Audit Committee is concerned about the manner that management respond to the audit findings in terms of action plans as management says they will put controls while controls are already in place.</li> <li>• The Audit Committee recommended that management should implement the controls in existence.</li> </ul>
	Audit Committee Charter for 2021/2022 financial year	<p><b>Audit Committee Charter</b></p> <p>The Audit Committee has reviewed the Audit Committee Charter for the 2021/2022 financial year and are submitting it to Council for approval. The Audit Committee Charter has been attached as Annexure B to this report.</p>

**APPENDIX H - LONG-TERM CONTRACTS AND PUBLIC PRIVATE PARTN**

Long-Term Contracts (20 Largest Contracts Entered into 2020/2021)						
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.	Kgaphamadi construction of bus route, bridge and storm water control	Sihle Civil and Project Development	R44,343,750.36	30-July-2018	30-Jun-2021	Infrastructure
2.	Mogaung Construction Access Road Phase 2	Unity construction	R15,250,000.00	01-Dec-2020	31-Aug-2021	Infrastructure
3.	Kgoshi Rammupudu Construction of Access Road Phase 2	Diff Construction group	R16,500,000.00	05-Dec-2021	30-Aug-2021	Infrastructure
4.	Tambo / Walter Sisulu construction of access road	Moleleki A Tlala Transport and Projects JV SDVK Construction	R26,996,870.79	4-Sep-2019	1-Feb-2021	Infrastructure
5.	Laersdrift Bus Route PH1B	Mothakge Phadima Construction	R12,593,338.00	27-Jul-2018		Infrastructure
6.	Groblerdsdal landfill site	Moribo / Maditsi JV	R13,000,000	24-Jun-2019	24-Apr-2021	Infrastructure
7.	Establishment of Fleet Centre	Shatadi Developers	R1,697,388.50	8-Oct-2018	6-Feb-2021	Infrastructure
8.	Motetema internal streets	Mulalo Unique JV	R9,694,789.23	9-May-2020	11-Jan-2021	Infrastructure
9.	upgrading of Nyakurane internal access road ( Design only)	Dolmen Engineers	R608 695.65	20-01-2021		Infrastructure
10.	Electrification of Zuma Park	Lefhumo Lwa Barema Trading	R12,108,358	6 June 2019	26-Jun-2021	Infrastructure
11.	Electrification of Mashemong	Mwelase Thobs Construction and Projects	R10,258,940	30-Jun-2020	29-April-2021	Infrastructure
12.	Electrification of Ntswelomotse	Lephata la Basha Trading	R3,243,275.06	30-Jun-2020	30-April-2021	Infrastructure

**APPENDIX I - MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE**

Not applicable





**APPENDIX J - DISCLOSURES OF FINANCIAL INTERESTS**

<b>Disclosures of Financial Interests</b>		
<b>Period 1 July 2020 - 30 June 2021</b>		
<b>Position</b>	<b>Name</b>	<b>Description of Financial Interest* (Nil/or details)</b>
( Mayor)	ClIr: Mathebe L.J	Nil
Speaker	ClIr: Tladi M.D	Nil
EXCO members	ClIr:Matjomane G.D	Nil
	ClIr: Phatlane A	Nil
	ClIr: Ratlou S.W	Nil
	ClIr: Mashilo M.S	Nil
	ClIr: Phetla M.G	Nil
	ClIr: Maloba A.M	Nil
	ClIr: Shai K.C	50% Shareholder of Shaizo
	ClIr: 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	2016/17	Budget Year 2020/2021							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
<b>R thousands</b>								%	
Revenue By Source									
Property rates	25,815	26,472	34,805	2,522	33,569	34,805	(1,236)	-4%	34,805
Service charges - electricity revenue		81,206	81,206	5,814	72,481	81,206	(8,726)	-11%	81,206
Service charges - water revenue	70,745	-	-	-	-	-	-		-
Service charges - sanitation revenue		-	-	-	-	-	-		-
Service charges - refuse revenue		8,616	11,616	671	9,390	11,616	(2,225)	-19%	11,616
Service charges - other	6,506	-	-	-	-	-	-		-
Rental of facilities and equipment		1,935	1,000	27	621	1,000	(379)	-38%	1,000
Interest earned - external investments	1,319	3,701	2,500	25	2,106	2,500	(394)	-16%	2,500
Interest earned - outstanding debtors	2,889	6,260	14,260	667	9,693	14,260	(4,567)	-32%	14,260
Dividends received	6,469	-	-	-	-	-	-		-
Fines, penalties and forfeits		30,000	55,016	323	7,666	55,016	(47,350)	-86%	55,016
Licences and permits	50,885	5,171	4,500	409	4,866	4,500	366	8%	4,500
Agency services	5,255	-	-	-	-	-	-		-
Transfers and subsidies		226,163	226,163	175	211,598	226,163	(14,565)	-6%	226,163
Other revenue	213,105	2,499	13,678	66	9,408	13,678	(4,269)	-31%	13,678
Gains on disposal of PPE	8,098	-	-	-	2,400	-	2,400	#DIV/O!	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>391,085</b>	<b>392,023</b>	<b>444,744</b>	<b>10,697</b>	<b>363,799</b>	<b>444,744</b>	<b>(80,945)</b>	<b>-18%</b>	<b>444,744</b>
<b>Expenditure By Type</b>									
Employee related costs	117,781	123,460	126,137	868	121,660	126,137	(4,477)	-4%	126,137
Remuneration of councillors	20,298	22,113	23,430	1,875	22,433	23,430	(997)	-4%	23,430
Debt impairment	21,128	26,372	26,372	-	-	26,372	(26,372)	-100%	26,372
Depreciation & asset impairment	47,998	51,200	51,200	-	-	51,200	(51,200)	-100%	51,200
Finance charges	1,426	3,124	1,124	-	281	1,124	(843)	-75%	1,124
Bulk purchases	65,729	69,165	70,165	(4,289)	57,682	70,165	(12,483)	-18%	70,165
Other materials	12,873	13,497	11,821	927	8,797	11,821	(3,024)	-26%	11,821
Contracted services	43,080	25,350	65,237	1,665	62,694	65,237	(2,542)	-4%	65,237
Transfers and subsidies	708	3,724	2,984	111	6,531	2,984	3,547	119%	2,984
Other expenditure	161,695	48,384	50,923	3,996	45,179	50,923	(5,744)	-11%	50,923
Loss on disposal of PPE	3,360	-	-	-	-	-	-		-
<b>Total Expenditure</b>	<b>496,076</b>	<b>386,388</b>	<b>429,392</b>	<b>5,153</b>	<b>325,257</b>	<b>429,392</b>	<b>(104,135)</b>	<b>-24%</b>	<b>429,392</b>



**APPENDIX K - REVENUE COLLECTION PERFORMANCE (cont)**

Description	2016/17	Budget Year 2020/2021							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands								%	
<b>Surplus/(Deficit)</b>	<b>(104,990)</b>	<b>5,635</b>	<b>15,352</b>	<b>5,544</b>	<b>38,541</b>	<b>15,352</b>	<b>23,189</b>	<b>0</b>	<b>15,352</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	68,930	70,860	98,349	5,283	78,891	98,349	(19,458)	(0)	98,349
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)		-					-		-
Transfers and subsidies - capital (in-kind - all)		-					-		-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(36,060)</b>	<b>76,495</b>	<b>113,701</b>	<b>10,827</b>	<b>117,432</b>	<b>113,701</b>			<b>113,701</b>
Taxation		-					-		-
<b>Surplus/(Deficit) after taxation</b>	<b>(36,060)</b>	<b>76,495</b>	<b>113,701</b>	<b>10,827</b>	<b>117,432</b>	<b>113,701</b>			<b>113,701</b>
Attributable to minorities		-							-
<b>Surplus/(Deficit) attributable to municipality</b>	<b>(36,060)</b>	<b>76,495</b>	<b>113,701</b>	<b>10,827</b>	<b>117,432</b>	<b>113,701</b>			<b>113,701</b>
Share of surplus/ (deficit) of associate		-							-
<b>Surplus/ (Deficit) for the year</b>	<b>(36,060)</b>	<b>76,495</b>	<b>113,701</b>	<b>10,827</b>	<b>117,432</b>	<b>113,701</b>			<b>113,701</b>

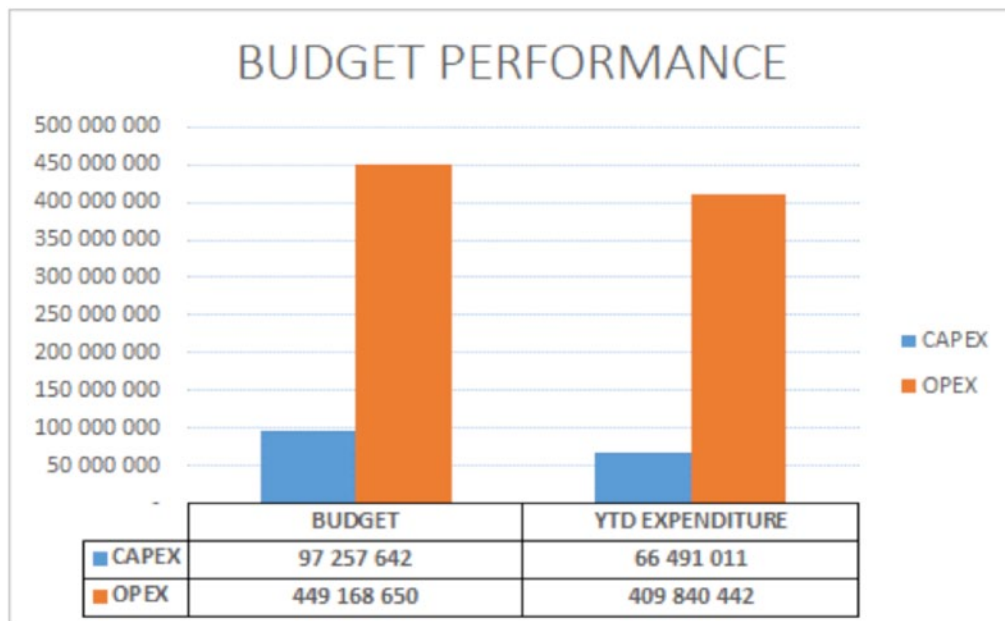
**APPENDIX L - CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG**

Conditional Grants: Excluding MIG						
R`000						
Details	Budget	Adjustment Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustment Budget	
Neighbourhood development				%	%	
Partnership grant						
INEP	R 15 000 000	-	R 15 000 000			
MIG	R 54 561 018	-	R 53 891 000			
FMG	R 2 600 000		R 2 600 000			
EPWP	R 1 681 000		R 1 681 000			
Total						

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

**CAPITAL EXPENDITURE**

**GRAPH 5: CAPITAL EXPENDITURE 2020/2021**





**APPENDIX N – CAPITAL PROGRAMME BY PROJECT YEAR 2020/2021**

<b>Capital Programme by Project 2020/2021 (,000)</b>					
<b>Capital Project</b>	<b>Original Budget</b>	<b>Adjustment Budget</b>	<b>Actual Expenditure</b>	<b>Variance (Act-Adj) %</b>	<b>Variance (Act-OB) %</b>
Water					
District function					
Sanitation/Sewerage					
District function					
Electricity					
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%
Roads and Storm Water					
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 2020/2021**

<b>Capital Programme by Project by Ward 2020/2021</b>		
<b>R` 000</b>		
<b>Capital Project</b>	<b>Ward(s) affected</b>	<b>Works completed  (Yes/No)</b>
<b>Water</b>		
District function		
<b>Sanitation/sewerage</b>		
District function		
<b>Electricity</b>		
Electrification of Zuma Park	09	Yes
Electrification of Mashemong	25	Yes
Electrification of Ntswelemotse	04	Yes
<b>Housing</b>		
<b>Cemeteries</b>		
<b>Roads &amp; stormwater</b>		
Kgaphamadi construction of bus route, bridge and storm water control	21	Yes
Mogaung Construction Access Road Phase 2	22	Yes
Tambo construction of access road	09	Yes
Laersdrift bus route	30	Yes
Groblersdal landfill site	13	No (multi-year)
Kgoshi Rammupudu Construction of Access Road Phase 2	26	Yes
Establishment of Fleet Centre	13	Yes
Motetema internal streets	31	Yes
Upgrading of Nyakurana (Design only)	07	Yes



**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**

MFMA Section 71 Returns Not Made During 2020/2021 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	

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

MFMA Section 71 Returns Not Made During 2020/2021 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	

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

Not applicable: all information is addressed in the annual report

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**OVERSIGHT  
REPORT FOR THE  
2020/2021  
ANNUAL REPORT**



## TABLE OF CONTENTS

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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 on the draft 2020/2021 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 2022, the Mayor tabled the Draft 2020/2022 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 notes the audit report for 2020/2021 financial year.
2. That considers the draft Annual Report for the 2020/2021 financial year in its entirety including the auditor general's report, audit action plan developed to address the audit findings.
3. That council refer the draft annual report to MPAC for further consideration and evaluation within the provision of Treasury Circular No. 63 for oversight report.
4. That, as prescribed by Section 127(5) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003), the Accounting Officer ensures that

the annual report is made public in accordance with Section 21A of the Municipal Systems Act and that the local community are invited to submit representations in connection with the annual report, and that the annual report be submitted to the Auditor-General, the relevant Provincial Treasury and the provincial department responsible for local government."

## 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 SALGA's Practical Guide on MPACs (2012-10-14) the terms of reference for the MPAC include the interrogation of the following financial aspects addressed in the Municipal Finance Management Act:

- (i) Unforeseen and unavoidable expenditure;
- (ii) Unauthorized, irregular or fruitless and wasteful expenditure;
- (iii) The quarterly report of the Mayor on the implementation of the budget and the state of affairs of the municipality / SDBIP;
- (iv) Monthly budget statements;
- (v) Mid - year budget and performance assessment;
- (vi) Mid - year budget and performance assessment of municipal entities - currently not applicable to Elias Motsoaledi Municipality;
- (vii) Disclosures concerning councilors, directors and Officials;
- (viii) Submission and auditing of Annual Financial Statements;
- (ix) Submission of the annual report;
- (x) Oversight report on the annual report;
- (xi) Issues raised by the Auditor - General in audit reports;
- (xii) Audit Committee;
- (xiii) Disciplinary action instituted in terms of the MFMA





**The MPAC interrogate the following aspects addressed in the Municipal Systems Act:**

- (xiv) Review of the IDP post elections;
- (xv) Annual review of the IDP;
- (xvi) Performance Management Plan;
- (xvii) Monitoring that the annual budget is informed by the IDP;
- (xviii) Monitoring that all declaration of interest forms is completed by councilors on an annual basis.

**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 2020/2021 annual report was extensively published for public comments.

DATE	ACTIVITY
25 January 2022	The draft 2020/2021 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

DATE	TIME	CLUSTER	VENUE
24/02/2022	10h00	Ward 07	Ngolovane Liverpool sports ground
08/03/2022	10h00	Ward 24	Sizanani Adult Care Centre

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

DATE	PURPOSE	VENUE
16-17 February 2022	Strategic Session to draft questionnaire to Management of their findings.	Municipal Manager's boardroom
24 February 2022	MPAC Outreach at Ward 07 on the Draft 2020/2021 Annual Report.	Ngolovane Liverpool sports ground
08 March 2022	MPAC Outreach at Ward 24 on the Draft 2020/2021 Annual Report.	Sizanani Adult Care Centre
28 March 2022	Engagement with Senior Managers with regards to the draft annual report.	Municipal managers boardroom
29 March 2022	Compiling Oversight report on the Draft 2020/2021 Annual Report	Committee Room

### Summary of comments on the draft 2020/2021 Annual Report

The MPAC believes that the draft 2020/2021 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

None

#### 5. FINDINGS AND PROPOSED SOLUTIONS

The table below shows challenges noted by the Committee during the perusal of the Draft 2020/2021 Annual Report and proposed solutions to these challenges;

##### FINDINGS NOTED BY MPAC

1. Community members are challenge by the language in which the reports are written (English only)	1. It is therefore recommended that a summary of the original document be translated to local languages
2. Higher dependency on National grants	2. Municipality must initiate revenue enhancement programs to encourage the communities to pay for services offered by the municipality.

##### DEPARTMENTAL PERFORMANCE FINDINGS

DEPARTMENT	CHALLENGE/FINDING	PROPOSED SOLUTION
<b>CORPORATE</b>	<ol style="list-style-type: none"> <li>Staff skills retention policy</li> <li>Too many vacant posts</li> </ol>	<ol style="list-style-type: none"> <li>The municipality must develop a skills retention policy. MPAC recommends that all employees approved for study assistant should serve the municipality for a certain period after obtaining their qualifications.</li> <li>The municipality should fill all vacant post that are currently on the organisational structure.</li> </ol>
<b>DEVELOPMENT PLANNING</b>	<ol style="list-style-type: none"> <li>Excluding of other partnerships</li> <li>Lack of awareness campaign</li> <li>Increase in the number of informal settlement</li> </ol>	<ol style="list-style-type: none"> <li>In future the annual report should include all the organisations that have a partnership with the municipality.</li> <li>Thatthe 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> <li>The municipality should fast track getting an eviction order for mushrooming community before it's too late for eviction. e.g. Masakaneng</li> <li>3.2 The municipality should improve the working relationship with the tribal offices in terms of land distribution for human settlement.</li> </ol>

**DEPARTMENTAL PERFORMANCE FINDINGS (cont)**

DEPARTMENT	CHALLENGE/FINDING	PROPOSED SOLUTION
<b>EXECUTIVE SUPPORT</b>	<ol style="list-style-type: none"> <li>1. Ineffective public participation</li> <li>2. No consolidated bursary report</li> <li>3. Lack of feedback to complainant</li> </ol>	<ol style="list-style-type: none"> <li>1. The municipality should consider conducting public participation on radio stations that covers the jurisdiction of the municipality. This will allow full participation from the members of the community. E.g. SABC Radio stations</li> <li>2. The municipality needs to compile a report of the bursary allocations per beneficiary. The report should include beneficiary details, proof of payments and progress made by the learner after receiving the bursary.</li> <li>3. The municipality should find a way to give feedback to complainants.</li> </ol>
<b>BUDGET &amp; TREASURY</b>	<ol style="list-style-type: none"> <li>1. Over spending on operational budget</li> <li>2. High percentage on contracted services</li> <li>3. Lack of debt management</li> </ol>	<ol style="list-style-type: none"> <li>1. The municipality must find a way to avoid over spending as it tarnishes the image of the municipality.</li> <li>2. The municipality must where possible avoid using too much outsourced services.</li> <li>3. The municipality must make payments of all debts within 30 days to avoid unnecessary costs in a form of interest which will result to Fruitless and Wasteful expenditure.</li> </ol>
<b>INFRASTRUCTURE</b>	<ol style="list-style-type: none"> <li>1. Lack of monitoring of projects</li> <li>2. Insufficient maintenance of access roads</li> <li>3. Poor working conditions in satellite offices</li> </ol>	<ol style="list-style-type: none"> <li>1. The municipality fails to monitor projects during construction stages, which leads to avoidable overspending and poor quality work. E.g Kgaphamadi Bus Route</li> <li>1.2 Section 79 committee of infrastructure should conduct project visits to play oversight on the projects during implementation.</li> <li>2. The municipality must increase the budget of maintaining the access roads while waiting for the long term road plan.</li> <li>3. The municipality must put a budget aside for renovations of satellite offices. E.g. Elandsdoring Satellite and Magaseng Satellite</li> <li>3.2. The municipality must come up with a plan on how the satellite offices can be used for revenue collection.</li> </ol>



**DEPARTMENTAL PERFORMANCE FINDINGS (cont)**

DEPARTMENT	CHALLENGE/FINDING	PROPOSED SOLUTION
<b>COMMUNITY SERVICES</b>	<ol style="list-style-type: none"> <li>Lack of oversight on municipal cemeteries</li> <li>Insufficient skip bins</li> <li>Lack of improvement in the Waste management in the municipality.</li> </ol>	<ol 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> <li>The municipality must increase the number of skip bins in strategic areas in different wards.</li> <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> </ol>

**Overall findings**

- MPAC notes that the Section 79 committees are not active. Can all Section 79 be capacitated on their roles and functions?
- MPAC notes that the draft annual report has a lot of spelling and grammatical errors. Can that be corrected on the final annual report?
- The municipality is not improving on Waste management service which is a core function of the municipality. The decline trend has been going on for the past 5 years.

**4. FINANCIAL STATEMENTS**

- MPAC notes the improvement registered by the municipality on AG’s audit opinion. The municipality has moved from qualified to unqualified audit opinion.

**5. CONCLUSION**

The MPAC committee thank all the relevant participants for their support and cooperation during the oversight process. The committee believes that Elias Motsoaledi Local 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.

**6. MUNICIPAL PUBLIC ACCOUNTS COMMITTEE: 31 MARCH 2022**

**RESOLVE TO RECOMMEND:**

- That Council approves the draft 2020/2021 Annual Report with no reservations
- That the oversight report be made public in accordance with Section 129 (3) of the Local Government: Municipal Finance Management Act 56 of 2003.
- 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.
- 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. N.R. NDLOVU  
MPAC CHAIRPERSON



**VOLUME II:**

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**AUDITED ANNUAL  
FINANCIAL  
STATEMENTS**



## **ELIAS MOTSOALEDI**

LOCAL MUNICIPALITY

(Registration number LIM 472)

# **ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

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 JL Mathebe
<b>CHIEF WHIP</b>	Cllr TM Phahlamohlaka
<b>SPEAKER</b>	Cllr MD Tladi

### COUNCILLORS

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

#### Accounting Officer

Mr MM Kgwale

#### Business address

2nd Grobler Avenue -  
Civic Centre  
Groblerdal  
0470

#### Postal address

PO Box 48  
Groblerdal  
0470

#### Bankers

Nedbank

#### Auditors

Office of the Auditor  
General (Polokwane)

#### Acting CFO

Mr ML Sebelemetja

#### Grading of the Municipality

Grade 3



# INDEX

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

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Statement of Financial Performance	203
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**The following supplementary information does not form part of the annual financial statements and is unaudited:**

<b>Abbreviations</b>	
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

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.

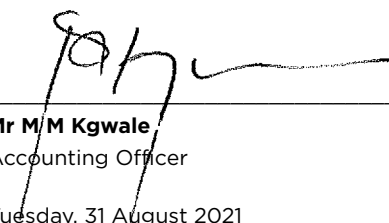
The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal 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 2022 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

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 9 to 102, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2021.



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**Mr M M Kgwale**  
Accounting Officer

Tuesday, 31 August 2021





## Audit Committee Report

We are pleased to present our report for the year ended 30 June 2021.

### 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. 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.

The term of Four (04) Audit Committee members was extended during the financial year 2018/2019 under council resolution M18/19-04 from 04 January 2019 to end on 03 January 2022. The vacant post of one (01) member Mr. M.G Mathabathe whose term was not extended as he had already served in the Audit Committee consecutively for six years was re-advertised. The post was filled by Mr MJ Rabalao to serve in the Audit Committee under council resolution No M18/19-48 with effect from July 2019. Mr Rabalao's appointment is linked to the current Audit Committee members ending on the 3rd January 2022. 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, four (4) ordinary and seven (7) special Audit Committee meetings were held.

**The Audit Committee consists of the members listed hereunder.**

<b>Audit Committee members</b>	<b>Number of meetings attended</b>
Mrs M.P Ramutsheli (Chairperson)	4 Normal - 7 Special - 11 Total
Mr V.K Chuene	4 Normal - 7 Special - 11 Total
Mr M.O Mojapelo	2 Normal - 6 Special - 8 Total
Adv M.M Thiye	3 Normal - 4 Special - 7 Total
Mr M.J Rabalao	4 Normal - 7 Special - 11 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 (cont)**

### **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 2020/2021 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 2020/2021 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.



Chairperson of the Audit Committee: **Mrs M.P Ramutsheli**

Date:



## Accounting Officer's Report

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

### 1. Review of activities

#### Main business and operations

The municipality is engaged in local 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 effectuated 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. This impact on cash flow was later relieved by the additional grant that was received by the municipality in the form of equitable share.

Net surplus of the municipality was R 53,256,474 (2020: surplus R 54,783,750).

### 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.

The municipality had to suspend certain operation and work with reduced staff. Revenue collection was largely affected.

Revenue collection -Temporary suspension of credit control and debt collection policies (i.e. do not cut off/disconnect services due to defaulting payments)

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.

## Accounting Officer's Report (cont)

### 7. Accounting Officer

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

Name	Nationality	Changes
Mrs RM Maredi	South African	Resigned Monday, 31 August 2020
Mr M M Kgwale	South African	Appointed Friday, 01 January 2021

### 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 Municipal Manager 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)	2021	2020 Restated
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	9	11,081,710	8,963,783
Receivables from exchange transactions	10	1,880,703	2,528,347
Receivables from non-exchange transactions	11	3,875,024	42,865,792
VAT receivable	12	17,401,086	8,158,867
Consumer debtors - From Exchange Transactions	13	28,884,994	25,469,954
Consumer debtors - From Non Exchange Transactions	13	48,413,121	40,589,135
Cash and cash equivalents	14	6,847,911	1,929,384
		<b>118,384,549</b>	<b>130,505,262</b>
<b>Non-Current Assets</b>			
Investment property	3	80,312,052	69,961,237
Property Plant and Equipment	4	1,056,321,478	1,030,662,928
Heritage Assets	5	463,363	463,363
Intangible assets	6	22,562	30,963
Deposit (Security held in advance)	8	15,977,515	15,347,834
		<b>1,153,096,970</b>	<b>1,116,466,325</b>
<b>Total Assets</b>		<b>1,271,481,519</b>	<b>1,246,971,587</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Deferred income	17	192,983	192,983
Finance lease obligation	15	2,441,381	10,975,085
Landfill Site Provision	18	1,081,774	1,512,163
Payables from exchange transactions	19	84,574,047	99,033,422
Payables from non - exchange transactions	20	517,175	17,986
Consumer deposits	21	5,778,288	5,506,451
Employee benefit obligation	7	1,022,000	1,815,000
Unspent conditional grants and receipts	16	1,206,622	5,616,431
Provision for Long Service Leave	18	921,000	992,000
		<b>97,735,270</b>	<b>125,661,521</b>
<b>Non-Current Liabilities</b>			
Deferred income	17	3,087,719	3,280,702
Finance lease obligation	15	-	2,444,092
Landfill Site Provision	18	45,546,427	36,386,657
Employee benefit obligation	7	23,302,000	31,232,000
Provision for Long Service Leave	18	6,495,000	5,908,000
		<b>78,431,146</b>	<b>79,251,451</b>
<b>Total Liabilities</b>		<b>176,166,416</b>	<b>204,912,972</b>
<b>Net Assets</b>		<b>1,095,315,103</b>	<b>1,042,058,615</b>
<b>Net Assets</b>			
Accumulated surplus		1,095,315,093	1,042,058,612



## Statement of Financial Performance

Figures in Rand	Note(s)	2021	2020 Restated
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Interest revenue	24	4,555,567	4,755,705
Licences and permits		4,635,464	3,938,911
Other income	23	1,261,323	1,065,335
Recoveries	23	557,523	-
Rental of facilities and equipment	34	1,007,428	896,695
Service charges	22	97,737,520	95,492,841
<b>Total revenue from exchange transactions</b>		<b>109,754,825</b>	<b>106,149,487</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	25	39,441,861	35,773,260
Interest charged on consumer debtors	24	12,870,041	9,473,716
<b>Transfer revenue</b>			
Government grants & subsidies	27	420,358,807	365,373,512
Fines, Penalties and Forfeits		2,861,136	14,569,994
<b>Total revenue from non-exchange transactions</b>		<b>475,531,845</b>	<b>425,190,482</b>
<b>Total revenue</b>		<b>585,286,670</b>	<b>531,339,969</b>
<b>Expenditure</b>			
Bulk purchases	32	(88,182,137)	(81,427,521)
Debt Impairment	31	(61,327,066)	(13,957,048)
Depreciation and amortisation	4&5&6	(58,788,488)	(56,514,189)
Employee related costs	28	(160,454,656)	(149,468,260)
Finance costs	30	(2,122,948)	(2,360,819)
General Expenses	33	(117,567,994)	(134,954,930)
Impairment loss/ Reversal of impairments	35	(377,898)	(570,890)
Lease rentals on operating lease	35	(4,488,398)	(4,501,147)
Remuneration of councillors	29	(24,845,266)	(25,064,899)
Repairs and maintenance		(24,224,503)	(14,661,222)
Transfers and Subsidies	26	(3,275,138)	(3,058,730)
<b>Total expenditure</b>		<b>(545,654,492)</b>	<b>(486,539,655)</b>
<b>Operating surplus/(deficit)</b>	35	<b>39,632,178</b>	<b>44,800,314</b>
Additional service cost landfill rehabilitation	18	(7,217,218)	1,012,671
Fair value adjustments - actuarial gains	18&7	10,519,340	5,885,408
Investment property fair value adjustment	3	10,662,434	7,929,571
Profit/(Loss) on disposal of assets	35	(340,260)	(4,844,214)
		<b>13,624,296</b>	<b>9,983,436</b>
<b>Surplus for the year</b>		<b>53,256,474</b>	<b>54,783,750</b>

## Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	984,479,907	984,479,907
Adjustments		
Prior year adjustments	2,794,955	2,794,955
<b>Balance at 01 July 2019 as restated</b>	<b>987,274,862</b>	<b>987,274,862</b>
Changes in net assets		
Surplus for the year	54,783,750	54,783,750
Total changes	54,783,750	54,783,750
Opening balance as previously reported	1,049,920,584	1,049,920,584
Adjustments		
Correction of errors June 2020 year	(10,656,927)	(10,656,927)
Correction of errors June 2019 year	2,794,955	2,794,955
<b>Balance at 01 July 2020 as restated</b>	<b>1,042,058,619</b>	<b>1,042,058,619</b>
Changes in net assets		
Surplus for the year	53,256,474	53,256,474
Total changes	53,256,474	53,256,474
<b>Balance at 30 June 2021</b>	<b>1,095,315,093</b>	<b>1,095,315,093</b>
Note(s)	42	

## Cash Flow Statement

Figures in Rand	Note(s)	2021	2020 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Fines		473,287	2,920,585
Sale of goods and services		109,009,608	116,353,809
Grants		415,948,998	347,138,500
Interest		584,827	1,368,473
Other receipts		3,280,935	1,467,308
Licences and Permits		4,635,464	3,938,911
		<b>533,933,119</b>	<b>473,187,586</b>
<b>Payments</b>			
Employee costs		(178,051,752)	(173,121,747)
Suppliers		(251,203,793)	(226,515,506)
Transfers and Subsidies		(1,523,138)	(1,244,214)
Finance cost		(2,122,948)	(2,360,819)
		<b>(432,901,631)</b>	<b>(403,242,286)</b>
<b>Net cash flows from operating activities</b>	36	<b>101,031,488</b>	<b>69,945,300</b>
<b>Cash flows from investing activities</b>			
Purchase of property plant and equipment	4	(85,237,793)	(84,244,188)
Proceeds from sale of investment property	3	451,000	-
Purchase of Investment property		(348,381)	-
<b>Net cash flows from investing activities</b>		<b>(85,135,174)</b>	<b>(84,244,188)</b>
<b>Cash flows from financing activities</b>			
Finance lease payments		(10,977,796)	(7,948,355)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>4,918,518</b>	<b>(22,247,243)</b>
Cash and cash equivalents at the beginning of the year		1,929,384	24,176,627
<b>Cash and cash equivalents at the end of the year</b>	14	<b>6,847,902</b>	<b>1,929,384</b>

## Statement of Comparison of Budget and Actual Amounts (cont)

### Budget on Accrual Basis

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

### Statement of Financial Performance

#### Revenue

##### Revenue from exchange transactions

Service charges	110,873,074	(11,000,000)	<b>99,873,074</b>	97,737,520	<b>(2,135,554)</b>	
Rental of facilities and equipment	1,219,752	(385,470)	<b>834,282</b>	1,007,428	<b>173,146</b>	1
Licences and permits	6,343,578	(1,300,000)	<b>5,043,578</b>	4,635,464	<b>(408,114)</b>	
Recoveries	-	-	-	557,523	<b>557,523</b>	
Other income	930,788	(292,027)	<b>638,761</b>	1,261,323	<b>622,562</b>	2
Interest earned	9,697,923	8,789,980	<b>18,487,903</b>	4,555,567	<b>(13,932,336)</b>	
<b>Total revenue from exchange transactions</b>	<b>129,065,115</b>	<b>(4,187,517)</b>	<b>124,877,598</b>	<b>109,754,825</b>	<b>(15,122,773)</b>	

##### Revenue from non-exchange transactions

##### Taxation revenue

Property rates	38,344,674	-	<b>38,344,674</b>	39,441,861	<b>1,097,187</b>	
Interest charged on consumer debtors	-	-	-	12,870,041	<b>12,870,041</b>	

##### Transfer revenue

Government grants & subsidies	368,477,000	52,890,000	<b>421,367,000</b>	420,358,807	<b>(1,008,193)</b>	
Fines, Penalties and Forfeits	70,242,194	(60,000,000)	<b>10,242,194</b>	2,861,136	<b>(7,381,058)</b>	3

<b>Total revenue from non-exchange transactions</b>	<b>477,063,868</b>	<b>(7,110,000)</b>	<b>469,953,868</b>	<b>475,531,845</b>	<b>5,577,977</b>	
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<b>Total revenue</b>	<b>606,128,983</b>	<b>(11,297,517)</b>	<b>594,831,466</b>	<b>585,286,670</b>	<b>(9,544,796)</b>	
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#### Expenditure

Employee related costs	(169,748,861)	9,185,000	<b>(160,563,861)</b>	(160,454,656)	<b>109,205</b>	
Remuneration of councillors	(26,524,906)	232,000	<b>(26,292,906)</b>	(24,845,266)	<b>1,447,640</b>	
Depreciation and amortisation	(55,163,090)	(2,000,000)	<b>(57,163,090)</b>	(58,788,488)	<b>(1,625,398)</b>	
Impairment loss/ Reversal of impairments	-	-	-	(377,898)	<b>(377,898)</b>	
Finance costs	(1,183,666)	(1,449,562)	<b>(2,633,228)</b>	(2,122,948)	<b>510,280</b>	4
Lease rentals on operating lease	-	-	-	(4,488,398)	<b>(4,488,398)</b>	8

## Statement of Comparison of Budget and Actual Amounts (cont)

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	(42,657,636)	22,800,000	(19,857,636)	(61,327,066)	(41,469,430)	3
Repairs and maintenance	(17,928,729)	(8,985,000)	(26,913,729)	(24,224,503)	2,689,226	5
Bulk purchases	(94,047,003)	14,000,000	(80,047,003)	(88,182,137)	(8,135,134)	7
Transfers and Subsidies	(3,468,035)	(173,997)	(3,642,032)	(3,275,138)	366,894	6
General Expenses	(101,726,869)	(31,517,000)	(133,243,869)	(117,567,994)	15,675,875	9
<b>Total expenditure</b>	<b>(512,448,795)</b>	<b>2,091,441</b>	<b>(510,357,354)</b>	<b>(545,654,492)</b>	<b>(35,297,138)</b>	
<b>Operating surplus</b>	<b>93,680,188</b>	<b>(9,206,076)</b>	<b>84,474,112</b>	<b>39,632,178</b>	<b>124,106,290</b>	
Loss on disposal of assets and liabilities	-	-	-	(340,260)	(340,260)	10
Additional contribution landfill rehabilitation	-	-	-	(7,217,218)	(7,217,218)	11
Fair value adjustments	-	-	-	10,519,340	10,519,340	12
Investment property fair value adjustment	-	-	-	10,662,434	10,662,434	30
	-	-	-	<b>13,624,296</b>	<b>13,624,296</b>	
<b>Surplus/(Deficit) before taxation</b>	<b>93,680,188</b>	<b>(9,206,076)</b>	<b>84,474,112</b>	<b>53,256,474</b>	<b>(31,217,638)</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>93,680,188</b>	<b>(9,206,076)</b>	<b>84,474,112</b>	<b>53,256,474</b>	<b>(31,217,638)</b>	



## Statement of Comparison of Budget and Actual Amounts (cont)

### 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 Position</b>						
<b>Assets</b>						
<b>Current Assets</b>						
Inventories	5,509,821	(2,816,378)	<b>2,693,443</b>	11,081,710	<b>8,388,267</b>	13
Receivables from exchange transactions	-	-	-	1,880,703	<b>1,880,703</b>	14
Receivables from non-exchange transactions	53,956,801	(15,214,845)	<b>38,741,956</b>	3,875,024	<b>(34,866,932)</b>	15
VAT receivable	-	-	-	17,401,086	<b>17,401,086</b>	16
Consumer debtors	54,593,594	1,025,632	<b>55,619,226</b>	77,298,115	<b>21,678,889</b>	17
Cash and cash equivalents	20,355,889	(542,401)	<b>19,813,488</b>	6,847,911	<b>(12,965,577)</b>	18
	<b>134,416,105</b>	<b>(17,547,992)</b>	<b>116,868,113</b>	<b>118,384,549</b>	<b>1,516,436</b>	
<b>Non-Current Assets</b>						
Investment property	48,000,000	-	<b>48,000,000</b>	80,312,052	<b>32,312,052</b>	
Property Plant and Equipment	1,223,248,608	4,043,043	<b>1,227,291,651</b>	1,056,321,478	<b>(170,970,173)</b>	
Heritage Assets	-	-	-	463,363	<b>463,363</b>	19
Intangible assets	30,000	-	<b>30,000</b>	22,562	<b>(7,438)</b>	20
Deposit (Security held in advance)	14,752,418	-	<b>14,752,418</b>	15,977,515	<b>1,225,097</b>	21
Long term lease Debtor - restated	-	-	-	-	-	
	<b>1,286,031,026</b>	<b>4,043,043</b>	<b>1,290,074,069</b>	<b>1,153,096,970</b>	<b>(136,977,099)</b>	
<b>Total Assets</b>	<b>1,420,447,131</b>	<b>(13,504,949)</b>	<b>1,406,942,182</b>	<b>1,271,481,519</b>	<b>(135,460,663)</b>	
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Deferred income	-	-	-	192,983	<b>192,983</b>	
Finance lease obligation	10,980,000	-	<b>10,980,000</b>	2,441,380	<b>(8,538,620)</b>	23
Landfill Rehabilitation Provision	5,857,274	-	<b>5,857,274</b>	1,081,774	<b>(4,775,500)</b>	
Payables from exchange transactions	71,167,217	(3,924,312)	<b>67,242,905</b>	84,574,047	<b>17,331,142</b>	25
Payables from non-exchanged transactions	-	-	-	517,175	<b>517,175</b>	25
Consumer deposits	5,701,167	-	<b>5,701,167</b>	5,778,288	<b>77,121</b>	

## Statement of Comparison of Budget and Actual Amounts (cont)

Budget on Accrual Basis	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Employee benefit obligation	-	-	-	1,022,000	1,022,000	26
Unspent conditional grants and receipts	-	-	-	1,206,622	1,206,622	27
Provision for Long Service Leave	-	-	-	921,000	921,000	28
	<b>93,705,658</b>	<b>(3,924,312)</b>	<b>89,781,346</b>	<b>97,735,269</b>	<b>7,953,923</b>	
<b>Non-Current Liabilities</b>						
Deferred income	-	-	-	3,087,719	3,087,719	22
Landfill Site Rehabilitation provision	94,548,068	-	94,548,068	45,546,427	(49,001,641)	24
Employee benefit obligation	-	-	-	23,302,000	23,302,000	26
Provision for Long Service Leave	-	-	-	6,495,000	6,495,000	28
	<b>94,548,068</b>	<b>-</b>	<b>94,548,068</b>	<b>78,431,146</b>	<b>(16,116,922)</b>	
<b>Total Liabilities</b>	<b>188,253,726</b>	<b>(3,924,312)</b>	<b>184,329,414</b>	<b>176,166,415</b>	<b>(8,162,999)</b>	
<b>Net Assets</b>	<b>1,232,193,405</b>	<b>(9,580,637)</b>	<b>1,222,612,768</b>	<b>1,095,315,104</b>	<b>(127,297,664)</b>	
<b>Net Assets</b>						
<b>Net Assets Attributable to Owners of Controlling Entity</b>						
<b>Reserves</b>						
Reserves	-	10,000,000	10,000,000	-	(10,000,000)	40
Accumulated surplus	1,232,193,405	(19,580,637)	1,212,612,768	1,095,315,104	(117,297,664)	41
<b>Total Net Assets</b>	<b>1,232,193,405</b>	<b>(9,580,637)</b>	<b>1,222,612,768</b>	<b>1,095,315,104</b>	<b>(127,297,664)</b>	

The budget is approved on an accrual basis by nature classification. The approved budget covers the period from 1 July 2020 to 30 June 2021. The budget and accounting bases are the same.



## Statement of Comparison of Budget and Actual Amounts (cont)

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget
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 2020 to 30 June 2021. 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. Rental of facilities and equipment**

We collected more revenue than expected on rental due to new leases during the year that were more than expected. There were more new applications as opposed to anticipated during adjustment budget.

#### **2. Other income**

The variance is as a result recoveries on S&Ts and settlement reached between the municipality and former colleagues

#### **3. Fines; penalties and forfeits**

The variance is due to the ending of section 32 traffic fines speed cameras contract, as a result the municipality charged less traffic fines since there is no longer camera fines that generated more revenue. The new contract for traffic fines did not start at expected time due to delay in appointment.

#### **4. Finance charges**

Interest was not charged as anticipated

#### **5. Repairs and maintenance**

Assets were not repaired and maintained as anticipated

#### **6. Transfer and subsidies**

The variance is due to interest cost on employee benefit obligations for continuing employees not computed as predicted

#### **7. Bulk purchases**

The variance is due to high consumption of electricity in old and new electrified areas

#### **8. Lease rentals on operating lease**

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

#### **9. General expenses**

After adding general expenses and lease rentals on operating lease; the variance is positive and is caused by underspending on Travel - Subsistence reimbursement and contracted services

#### **10. Loss on disposal of assets and liabilities**

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

#### **11. Additional contribution landfill rehabilitation**

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

## Statement of Comparison of Budget and Actual Amounts (cont)

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget
Figures in Rand			

### 12. Fair value adjustments

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

### 13. Inventory

Inventory was not requested as anticipated as employees are still working from home hence an increase in inventory balance, The municipality is currently rolling out pre-paid metres as a result the inventory balance includes prepaid metres.

### 14. Receivables from exchange transaction

Please see explanation 15.

### 15. 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. Traffic fines decreased significantly as a result of bad debts.

### 16. VAT receivables

Please see explanation 15.

### 17. Consumer debtors

The variance is attributable to non-payment of customers due to the loss of income experienced because of the pandemic.

### 18. Cash and cash equivalent

The variance is due to underspending of general expenses

### 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. Deposit (Security held in advance)

The variance is caused by a higher interest accrued

### 22. Deferred income

Please see explanation 28.

### 23. Finance lease obligation

The variance is immaterial as the amount spent is R10 975 085.

### 24. Landfill Rehabilitation Provisions

Please see explanation 28.

### 25. Trade and other payables

The variance is attributed to a significant amount for accruals, retention and amount withheld from the settlement amount and not yet paid over to SARS



## Statement of Comparison of Budget and Actual Amounts (cont)

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget
Figures in Rand			

### 26. Employee benefit obligation

Please see explanation 28.

### 27. Unspent conditional grants

The variance is due to savings for INEP grant.

### 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.

### 30. Investment propertyt

The variance is attributed to reclassified assets that were erroneously classified as PPE in prior year and the fair value adjustment thereof.

Investment property was increased due to fair value adjustment. There were also additions and disposal that led to investment increase.

### 31. Property Plant and Equipment

The variance is attributable to underspending on capital budget and prior period error adjustment, as the budget has been prepared prior to any adjustment made.

### 32. Interest earned

Interest was split into exchange and non-exchange, the budgeted amount is R18 487 903 and actual amount is R17 625 608 (4755 567+12 870 041) which result in 4.6%.

The accounting policies on pages 20 to 45 and the notes on page 46 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.

## **Accounting Policies**

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

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

#### **Impairment testing**

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

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.

## Accounting Policies

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

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.

#### 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.

## Accounting Policies

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

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

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

#### 1.5 Property Plant and Equipment

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

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

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

#### **Property Plant and Equipment is initially measured at cost.**

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

Where an asset is acquired 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.

## Accounting Policies

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

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.

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.

## Accounting Policies

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

#### 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 a 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.

#### 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.



## Accounting Policies

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

#### 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.

## Accounting Policies

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

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A financial asset is:

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

A financial 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.

## Accounting Policies

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

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.

#### 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.

#### 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.

## Accounting Policies

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

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.

#### 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.

## Accounting Policies

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

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#### 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.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

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

## Accounting Policies

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

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

#### 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.



## Accounting Policies

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

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

#### **Basis for estimates of future cash flows**

In measuring value in use the municipality:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future 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.



## Accounting Policies

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

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

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

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

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

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

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

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

#### 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.

## Accounting Policies

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

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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:

##### 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.



## Accounting Policies

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

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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.

#### 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 nontechnical 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.

## Accounting Policies

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

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#### 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.

#### 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.

## Accounting Policies

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

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.

#### 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.



## Accounting Policies

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

#### 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.

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.

## Accounting Policies

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

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 38.

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;

## Accounting Policies

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

- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

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

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

#### **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.

## Accounting Policies

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

#### 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.

#### 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.

## Accounting Policies

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

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#### 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.

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 nonexchange.

## Accounting Policies

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

#### 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

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.



## Accounting Policies

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

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, whichever 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, whichever is earlier.

#### Property rates - revenue

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognized when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

## Accounting Policies

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

#### 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.

##### Recognition

The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principalagent 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.

## Accounting Policies

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

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

#### 1.23 Fruitless and wasteful expenditure

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

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

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

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

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

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

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

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

## Accounting Policies

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

#### 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.

#### 1.26 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.

#### 1.27 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.

## Accounting Policies

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

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#### 1.28 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.

#### 1.29 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.

#### 1.30 Events after reporting date

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

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

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

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.

#### 1.31 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.

## Notes to the Annual Financial Statements

Figures in Rand 2021 2020

### 2. New standards and interpretations

#### 2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality adopted new standards and interpretations as follows.

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Guideline: Guideline on accounting for landfill sites	01 April 2020	The impact of the standard is not material.
• IGRAP 20: Accounting for adjustments to revenue	01 April 2020	The impact of the standard is not material.
• GRAP 34: Separate Financial Statements	01 April 2020	The impact of the standard is not material.
• IGRAP 1 (revised): Applying the Probability Test on Initial Recognition of Revenue	01 April 2020	The impact of the standard is not material.
• Directive 7 (revised): The Application of Deemed Cost	01 April 2020	The impact of the standard is not material.
• GRAP 18 (as amended 2016): Segment Reporting	01 April 2020	The adoption of this has not had a material impact on the results of the municipality, but has resulted in more disclosure than would have previously been provided in the financial statements

#### 2.2 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2021 or later periods but are not relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 32: Service Concession Arrangements: Grantor	01 April 2019	Unlikely there will be a material impact
• IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	01 April 2019	Unlikely there will be a material impact

### 3. Investment property

	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	80,312,052	-	80,312,052	69,961,237	-	69,961,237

#### Reconciliation of investment property - June 2021

	Opening balance	Additions	Disposals	Fair value adjustments	Total
Investment property	69,961,237	58,380	(370,000)	10,662,435	80,312,052



## Notes to the Annual Financial Statements

Figures in Rand 2021 2020

### Reconciliation of investment property - June 2020

	Opening balance	Fair value adjustments	Fair value adjustments	Total
Investment property	64,194,177	5,767,060	-	69,961,237

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 2020 to June 2021. 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

Rental revenue from Investment property	-	(866,321)
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### From Investment property that generated rental revenue

Repairs and maintenance	-	2,000
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There were no direct operating expenses and repairs and maintenance for Investment property that did not generate rental revenue for the 2020 and 2021 year

### 4. Property Plant and Equipment

	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	192,862,877	(9,026,900)	183,835,977	192,862,877	(9,026,900)	183,835,977
Buildings	132,220,438	(69,035,169)	63,185,269	125,402,230	(65,095,405)	60,306,825
Leased assets capitalised	26,156,047	(6,799,130)	19,356,917	26,156,047	(4,379,746)	21,776,301
Roads Infrastructure	1,037,286,638	(449,612,330)	587,674,308	980,929,568	(410,594,936)	570,334,632
Solid Waste Infrastructure	24,207,489	(12,915,283)	11,292,206	24,071,889	(12,363,848)	11,708,041
Electrical Infrastructure	89,137,400	(44,279,964)	44,857,436	86,155,294	(39,804,285)	46,351,009
Community	32,108,366	(14,713,639)	17,394,727	31,800,950	(13,597,578)	18,203,372
Furniture and Office Equipment	9,003,728	(6,135,557)	2,868,171	7,561,786	(5,516,638)	2,045,148
Machinery and Equipment	13,233,882	(7,796,693)	5,437,189	11,513,373	(6,393,419)	5,119,954
Computer Equipment	4,883,285	(3,169,023)	1,714,262	4,114,215	(2,690,078)	1,424,137
Transport Assets	38,841,936	(27,107,009)	11,734,927	38,841,935	(23,726,208)	15,115,727
Capital - Work in Progress	106,970,089	-	106,970,089	94,441,805	-	94,441,805
<b>Total</b>	<b>1,706,912,175</b>	<b>(650,590,697)</b>	<b>1,056,321,478</b>	<b>1,623,851,969</b>	<b>(593,189,041)</b>	<b>1,030,662,928</b>

## Notes to the Annual Financial Statements

Figures in Rand

### Reconciliation of property plant and equipment - June 2021

	Opening balance	Additions	Disposals	Transfers	Transfers	Revaluations	Other changes, movements	Depreciation	Impairment loss	Total
Land	183,835,977	-	-	-	-	-	-	-	-	183,835,977
Buildings	60,306,825	879,997	-	5,938,210	-	-	-	(3,934,723)	(5,040)	63,185,269
Leased assets capitalised	21,776,301	-	-	-	-	-	-	(2,419,384)	-	19,356,917
Roads Infrastructure	570,334,632	-	(395,713)	58,410,512	-	-	-	(40,541,487)	(133,636)	587,674,308
Solid Waste Infrastructure	11,708,041	135,600	-	-	-	-	-	(551,435)	-	11,292,206
Electrical Infrastructure	46,351,009	3,009,405	(11,922)	-	-	-	-	(4,280,110)	(210,946)	44,857,436
Community	18,203,372	352,641	(7,909)	-	-	-	-	(1,152,954)	(423)	17,394,727
Furniture and Office Equipment	2,045,148	1,036,801	(560)	417,161	-	-	-	(622,868)	(7,511)	2,868,171
Machinery and Equipment	5,119,954	398,244	(5,155)	1,361,869	-	-	-	(1,437,662)	(61)	5,437,189
Computer Equipment	1,424,137	675,039	-	94,030	-	-	-	(458,663)	(20,281)	1,714,262
Transport Assets	15,115,727	-	-	-	-	-	-	(3,380,800)	-	11,734,927
Capital - Work in Progress	94,441,805	78,750,066	-	(66,221,782)	-	-	-	-	-	106,970,089
	<b>1,030,662,928</b>	<b>85,237,793</b>	<b>(421,259)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(58,780,086)</b>	<b>(377,898)</b>	<b>1,056,321,478</b>

## Notes to the Annual Financial Statements

Figures in Rand

### Reconciliation of property plant and equipment - June 2020

	Opening balance	Additions	Disposals	Transfers	Assets expensed	Depreciation	Impairment loss	Total
Land	183,835,977	-	-	-	-	-	-	183,835,977
Buildings	64,405,361	161,500	(186,522)	-	-	(3,954,950)	(118,564)	60,306,825
Leased assets capitalised	24,472,640	-	-	-	-	(2,696,339)	-	21,776,301
Roads Infrastructure	582,221,666	-	(247,156)	25,738,474	-	(37,091,979)	(286,373)	570,334,632
Solid Waste Infrastructure	14,429,038	-	(2,020,072)	-	-	(697,303)	(3,622)	11,708,041
Electrical Infrastructure	43,799,869	-	(53,054)	6,767,199	-	(4,156,385)	(6,620)	46,351,009
Community	19,526,014	-	(6,580)	-	-	(1,209,499)	(106,563)	18,203,372
Furniture and Office Equipment	2,250,963	554,386	(55,716)	-	-	(672,081)	(32,404)	2,045,148
Machinery and Equipment	5,688,878	1,034,982	(44,864)	-	-	(1,533,964)	(25,078)	5,119,954
Computer Equipment	2,135,041	38,419	(70,692)	-	-	(644,321)	(34,310)	1,424,137
Transport Assets	18,535,366	429,306	-	-	-	(3,848,945)	-	15,115,727
Capital - Work in Progress	46,747,975	93,595,694	-	(32,505,673)	(13,396,191)	-	-	94,441,805
	<b>1,008,048,788</b>	<b>95,814,287</b>	<b>(2,684,656)</b>	<b>-</b>	<b>(13,396,191)</b>	<b>(56,505,766)</b>	<b>(613,534)</b>	<b>1,030,662,928</b>

## Notes to the Annual Financial Statements

Figures in Rand

2021

2020

### Property, plant and equipment in the process of being constructed or developed

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?	Reasons for halting the construction	carrying value of halted projects June 2021	carrying value of halted projects June 2020
Electrification of Zenzele	Work In progress	NO	Projects implemented on a land that is privately owned	2,876,999	2,876,999
Fencing of Elandsdoorin Ceme	Work In progress	NO	Completion certificate was issued yet the project was not completed	864,269	864,269
Groblersdal Landfill site	Work In progress	NO	Designs not compliant with Department of Environmental Affairs Requirements	9,795,810	9,795,810
				13,537,078	13,537,078

### 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

Contracted services	7,026,445	8,011,092
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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 were performed during the 2017 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 2021 2020

### 5. Heritage Assets

	2021			2020		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Heritage Assets	463,363	-	463,363	463,363	-	463,363

#### Reconciliation of heritage assets - June 2021

	Opening balance	Total
Heritage Assets	463,363	463,363

#### Reconciliation of heritage assets - June 2020

	Opening balance	Total
Heritage Assets	463,363	463,363

### 6. Intangible assets

	2021			2020		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	1,554,591	(1,532,029)	22,562	1,554,591	(1,523,628)	30,963

#### Reconciliation of intangible assets - June 2021

	Opening balance	Amortisation	Total
Computer software	30,963	(8,401)	22,562

#### Reconciliation of intangible assets - June 2020

	Opening balance	Amortisation	Total
Computer software	39,387	(8,424)	30,963

#### 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	2021	2020
<b>7. Employee benefit obligations</b>		
<b>Defined benefit plan</b>		
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.		
<b>Impact of COVID-19</b>		
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.		
<b>The amounts recognised in the statement of financial position are as follows:</b>		
<b>Carrying value</b>		
Present value of the Post Employment Medical Health Care obligation -	(33,047,000)	(36,471,768)
Opening balance		
Interest charge	(3,210,000)	(3,273,192)
Net actuarial gains or losses recognised	11,258,054	6,023,715
Current Service Cost	(937,000)	(1,065,351)
Benefits paid out of the fund	1,611,946	1,739,596
	<b>(24,324,000)</b>	<b>(33,047,000)</b>
Non-current liabilities	(23,302,000)	(31,232,000)
Current liabilities	(1,022,000)	(1,815,000)
	<b>(24,324,000)</b>	<b>(33,047,000)</b>



## Notes to the Annual Financial Statements

Figures in Rand	2021	2020
<b>Changes in the present value of the defined benefit obligation are as follows:</b>		
Opening balance	33,047,000	36,471,768
Net expense recognised in the statement of financial performance	(8,723,000)	(3,424,768)
	<b>24,324,000</b>	<b>33,047,000</b>

### Net expense recognised in the statement of financial performance

Current service cost	937,000	1,065,351
Interest cost	3,210,000	3,273,192
Actuarial (gains) losses	(11,258,054)	(6,023,715)
Paid out to current members	(1,611,946)	(1,739,596)
	<b>(8,723,000)</b>	<b>(3,424,768)</b>

### Calculation of actuarial gains and losses

Actuarial (gains) losses	(11,258,054)	(6,023,715)
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### Key assumptions used

Assumptions used at the reporting date:

Discount rates used: Long service awards	9.27 %	7.40 %
General salary inflation (Long Term)	5.79 %	3.99 %
Nett effective discount rate - Long service awards	3.29 %	3.28 %
Discount rate used: Post employment benefits	9.98 %	9.98 %
Health care inflation rate	6.78 %	6.11 %
Net effective discount rate - Post employment benefits	3.00 %	3.65 %

### 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	1,163,000	1,201,000
Effect on defined benefit obligation	21,399,000	27,962,000

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.

	2021 R	2020 R	2019 R	2018 R	2017 R
Defined benefit obligation	243,240,000	33,047,000	36,472,000	38,040,665	38,840,103
Experience adjustments on plan liabilities	4,795,000	(1,888,000)	(2,204,000)	(1,888,000)	4,795,000
	2021 R	2020 R	2019 R	2018 R	2017 R
Long service award	7,416,000	6,900,000	6,010,000	5,347,000	4,552,000
Experience adjustments on plan liabilities	774,714	455,307	582,882	287,873	(103,338)

## Notes to the Annual Financial Statements

Figures in Rand

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### 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	15,977,515	15,347,834
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### 9. Inventories

Consumables	11,081,710	8,963,783
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#### 9.1 Consumables expenses

##### Statement of Financial Position

Opening stock	8,963,783	6,244,690	-
Add: Purchases	9,579,912	8,521,119	
Less: Consumed	(7,461,986)	(5,802,024)	
Closing stock	11,081,710	8,963,785	

##### Statement of Financial Performance

Repairs And Maintenance used	5,309,015	4,178,105	-
Printing And Stationery used	1,291,584	1,602,159	
Advertising	32,807	21,760	
Motor vehicle expenses	55,000	-	

Inventories recognised as an expense during the year	<b>6,688,406</b>	<b>5,802,024</b>	
Inventory Recognised as Electricity network infrastructure during the Year	773,580	-	

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	2021	2020
<b>10. Receivables from exchange transactions</b>		
Interest receivable	-	48,247
Prepayments	34,369	560,203
Trade debtors	1,846,334	1,919,897
	<b>1,880,703</b>	<b>2,528,347</b>
<b>11. Receivables from non-exchange transactions</b>		
Traffic fines	7,063,800	186,588,251
Less: Provision for irrecoverable debt traffic fines	(3,500,372)	(143,722,459)
Debit orders to be recovered	311,596	-
	<b>3,875,024</b>	<b>42,865,792</b>
<b>Reconciliation of provision for impairment of receivables from non-exchange transactions</b>		
Opening balance	143,722,460	144,047,373
Contribution to provision for traffic fines impairment	41,690,213	(324,913)
Bad debts traffic fines	(181,912,301)	-
	<b>3,500,372</b>	<b>143,722,460</b>

As of 30 June 2021, traffic fines debtors of R 7 063 800 (2020: R 186 588 251) were impaired and provided for.

The amount of the provision was R 3 500 372 as at 30 June 2021 (2020: R 143 722 459).

Debt impairment written off against allowance amounted to R 181 912 301 as at 30 June 2021.

### 12. VAT receivable

VAT	17,401,086	8,158,867
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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.

### 13. Consumer debtors

#### Gross balances

Rates	51,790,625	45,500,075
Electricity	11,901,178	11,619,976
Refuse	16,883,656	14,540,720
Interest exchange	7,564,089	6,077,610
Interest non-exchange	33,279,221	27,863,564
VAT	4,973,768	4,068,684
Other	2,627,809	3,222,297
	<b>129,020,346</b>	<b>112,892,926</b>



## Notes to the Annual Financial Statements

Figures in Rand	2021	2020
<b>Less: Allowance for impairment</b>		
Rates	(21,700,172)	(19,698,942)
Electricity	(1,300,854)	(1,786,020)
Refuse	(7,672,508)	(6,645,639)
Interest exchange	(3,399,500)	(2,852,046)
Interest non-exchange	(14,956,553)	(13,075,562)
VAT	(1,679,555)	(1,330,022)
Other	(1,013,089)	(1,445,606)
	<b>(51,722,231)</b>	<b>(46,833,837)</b>
<b>Net balance</b>		
Rates	30,090,453	25,801,133
Electricity	10,600,324	9,833,956
Refuse	9,211,148	7,895,081
Interest exchange	4,164,589	3,225,564
Interest non-exchange	18,322,668	14,788,002
VAT	2,294,213	2,738,662
Other	1,614,720	1,776,691
	<b>77,298,115</b>	<b>66,059,089</b>
<b>Rates</b>		
Current (0 -30 days)	3,120,892	2,803,343
31 - 60 days	1,886,687	1,560,066
61 - 90 days	1,367,626	1,242,003
91 - 120 days	1,318,771	1,170,361
121 - 365 days	7,981,843	6,958,370
> 365 days	36,114,806	31,765,932
	<b>51,790,625</b>	<b>45,500,075</b>
<b>Electricity</b>		
Current (0 -30 days)	6,747,377	5,902,750
31 - 60 days	2,292,233	1,380,844
61 - 90 days	167,532	483,505
91 - 120 days	124,031	247,101
121 - 365 days	614,165	501,474
> 365 days	1,955,840	3,104,302
	<b>11,901,178</b>	<b>11,619,976</b>
<b>Refuse</b>		
Current (0 -30 days)	752,178	678,704
31 - 60 days	540,104	508,300
61 - 90 days	413,344	428,495
91 - 120 days	406,750	408,569
121 - 365 days	2,767,246	2,569,135
> 365 days	12,004,034	9,947,517
	<b>16,883,656</b>	<b>14,540,720</b>
<b>Interest</b>		
Current (0 -30 days)	1,368,119	1,185,503
31 - 60 days	1,495,270	1,149,475
61 - 90 days	1,444,199	1,103,181
91 - 120 days	1,396,787	1,062,424
121 - 365 days	8,722,783	6,587,363
> 365 days	26,416,152	22,853,225
	<b>40,843,310</b>	<b>33,941,171</b>

## Notes to the Annual Financial Statements

Figures in Rand	2021	2020
<b>VAT</b>		
Current (0 -30 days)	1,124,782	1,014,686
31 - 60 days	427,891	287,353
61 - 90 days	90,944	143,088
91 - 120 days	98,832	102,801
121 - 365 days	530,484	470,219
> 365 days	2,700,836	2,050,537
	<b>4,973,769</b>	<b>4,068,684</b>
<b>Other</b>		
Current (0 -30 days)	59,043	48,110
31 - 60 days	58,550	36,508
61 - 90 days	28,426	9,598
91 - 120 days	149,850	54,697
121 - 365 days	202,517	103,493
> 365 days	2,129,423	2,969,891
	<b>2,627,809</b>	<b>3,222,297</b>

## Notes to the Annual Financial Statements

Figures in Rand	2021	2020
<b>Summary of debtors by customer classification</b>		
<b>Consumers</b>		
Current (0 -30 days)	4,805,076	5,490,802
31 - 60 days	2,933,042	3,030,169
61 - 90 days	1,827,595	2,045,780
91 - 120 days	1,760,440	1,897,512
121 - 365 days	11,316,059	11,097,973
> 365 days	42,761,628	45,409,898
	65,403,840	68,972,134
Less: Allowance for impairment	(28,011,592)	(30,512,751)
	<b>37,392,248</b>	<b>38,459,383</b>
<b>Industrial/ commercial</b>		
Current (0 -30 days)	7,299,415	5,414,312
31 - 60 days	3,000,993	1,467,849
61 - 90 days	1,248,205	1,091,806
91 - 120 days	1,210,236	890,785
121 - 365 days	6,972,489	4,573,708
> 365 days	29,338,273	19,636,117
	49,069,611	33,074,577
Less: Allowance for impairment	(18,386,956)	(12,221,730)
	<b>30,682,655</b>	<b>20,852,847</b>
<b>National and provincial government</b>		
Current (0 -30 days)	1,067,900	727,982
31 - 60 days	766,701	424,529
61 - 90 days	436,270	272,283
91 - 120 days	524,344	257,655
121 - 365 days	2,530,488	1,518,373
> 365 days	9,221,191	7,645,400
	14,546,894	10,846,222
Less: Allowance for impairment	(5,323,684)	(4,099,356)
	<b>9,223,210</b>	<b>6,746,866</b>
<b>Total</b>		
Consumers	65,403,841	68,972,134
Commercial / industrial / agricultural	49,069,613	33,074,577
National, Provincial and other government organisations	14,546,894	10,846,221
	129,020,348	112,892,932
Less: Allowance for impairment	(51,722,233)	(46,833,843)
	<b>77,298,115</b>	<b>66,059,089</b>
<b>Reconciliation of allowance for impairment</b>		
Balance at beginning of the year	(46,833,837)	(32,551,877)
Contributions to allowance	(19,636,852)	(14,281,960)
Debt impairment written off against allowance	14,748,458	-
	<b>(51,722,231)</b>	<b>(46,833,837)</b>



## Notes to the Annual Financial Statements

Figures in Rand 2021 2020

### Consumer debtors impaired

As of 30 June 2021, consumer debtors of R 129 020 345 (2020: R 112 897 485) were impaired and provided for.

The amount of the provision was R 51,722,231 as at 30 June 2021 (2020: R 46 833 842). 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 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	48,413,121	40,589,135
Consumer debtors from exchange transactions	<u>28,884,994</u>	<u>25,469,954</u>
Total	<u><b>77,298,115</b></u>	<u><b>66,059,089</b></u>

### 14. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	34,391	21,855
Bank balances	6,813,520	1,907,529
	<u><b>6,847,911</b></u>	<u><b>1,929,384</b></u>

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 2021	30 June 2020	30 June 2021	30 June 2020	
Nedbank Limited: Cheque Account (Acc no 1137278765)	6,723,762	2,458,043	- 6,813,520	1,336,814	-

## Notes to the Annual Financial Statements

Figures in Rand	2021	2020
<b>15. Finance lease obligation</b>		
<b>Minimum lease payments due</b>		
- within one year	2,480,665	11,844,451
- in second to fifth year inclusive	-	2,484,405
	<u>2,480,665</u>	<u>14,328,856</u>
less: future finance charges	(39,284)	(909,678)
<b>Present value of minimum lease payments</b>	<b><u>2,441,381</u></b>	<b><u>13,419,178</u></b>
Non-current liabilities	-	2,444,092
Current liabilities	2,441,381	10,975,085
	<b><u>2,441,381</u></b>	<b><u>13,419,177</u></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)	440,611	58,390
Municipal Infrastructure Grant	-	4,690,441
CoGHSTA - Development of Masakaneng	299,762	299,762
Education Training and Development Practices SETA	-	101,588
	<b><u>1,206,623</u></b>	<b><u>5,616,431</u></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	2021	2020
<b>17. Deferred income</b>		
<b>At amortised cost</b>		
Deferred income - Long term portion	3,087,719	3,280,702
<b>At amortised cost</b>		
Deferred income - Short term portion	192,983	192,983
<b>Non-current liabilities</b>		
Deferred income	3,087,719	3,280,702
<b>Current liabilities</b>		
Deferred income	192,983	192,983

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).

## Notes to the Annual Financial Statements

Figures in Rand

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### 18. Provision for Long Service Leave

#### 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	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>

#### Reconciliation of provisions - June 2020

	Opening Balance	Current Service Cost/Change in provision	Benefit Vested	Interest Cost	Actuarial Loss / (Gain)	Total
Environmental rehabilitation - Landfill	37,973,226	(1,012,671)	-	938,265	-	37,898,820
Provision for Long Service Leave Bonus	6,010,434	708,697	(439,130)	481,692	138,307	6,900,000
	<b>43,983,660</b>	<b>(303,974)</b>	<b>(439,130)</b>	<b>1,419,957</b>	<b>138,307</b>	<b>44,798,820</b>

Non Current Portion Landfill site provision	45,546,427	36,386,657
Current Portion Landfill site provision	1,081,774	1,512,163
Non-current portion of long service leave provision	6,495,000	5,908,000
Current portion of long service leave provision	921,000	992,000
	<b>54,044,201</b>	<b>44,798,820</b>

## Notes to the Annual Financial Statements

Figures in Rand

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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 2021

#### Rates and information used:

Discount rate (D): 7.43%

Price inflation (I): 4.99%

Net discount rate  $(1+D)/(1+I)-1 = 2.32\%$

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 2020

#### 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

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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 2021	Remaining life in yrs on 30 June 2020
Groblersdal	7/4/2011	7/4/2027	16	5.77	6.77
Roosenekal	17/12/2020	16/4/2025	5	3.8	0

### 19. Payables from exchange transactions

Trade payables	31,062,102	51,967,961
Payments received in advanced Consumer Accounts	4,008,936	4,659,115
Accrued leave pay	20,955,479	17,577,235
Accrued bonus	7,663,003	5,345,218
Retention Creditors	17,235,470	17,252,616
Unallocated deposits	3,630,362	2,169,050
Reimbursements	18,695	18,695
Licensing	-	43,532
	<b>84,574,047</b>	<b>99,033,422</b>

### 20. Payables from non - exchange transactions

SARS tax directives	517,175	17,986
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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	5,778,288	5,506,451
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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	88,811,847	87,067,557
Refuse removal	8,925,673	8,425,284
	<b>97,737,520</b>	<b>95,492,841</b>



## Notes to the Annual Financial Statements

Figures in Rand	2021	2020
<b>23. Other income</b>		
Staff Recoveries	557,523	-
Other income	1,261,323	1,065,335
	<b>1,818,846</b>	<b>1,065,335</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, Tender Documents and Advertisements.		
<b>24. Interest revenue</b>		
<b>Interest from non-exchange transactions</b>		
Interest charged on consumer debtors	12,870,041	9,473,716
<b>Interest from exchange transactions</b>		
Bank and investments	584,827	1,368,473
Interest charged on consumer debtors	3,341,059	2,696,463
Interest received on Eskom deposits	629,681	690,769
	<b>4,555,567</b>	<b>4,755,705</b>
	<b>17,425,608</b>	<b>14,229,421</b>
<b>25. Property rates</b>		
<b>Rates billed</b>		
Rates levied	47,281,286	43,193,191
Less: Income forgone (Property rates rebates)	(7,839,425)	(7,419,931)
	<b>39,441,861</b>	<b>35,773,260</b>
<b>Valuations</b>		
Residential	2,366,495,500	2,371,723,500
Commercial	1,067,861,000	1,043,021,000
State	385,036,050	381,470,150
Municipal	270,912,100	252,917,000
Small holdings and farms	4,291,338,725	4,274,578,725
Social	59,816,000	63,386,000
	<b>8,441,459,375</b>	<b>8,387,096,375</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.		
<b>26. Grants and subsidies paid</b>		
Electricity Subsidies	1,311,550	1,134,214
Bursaries	211,588	110,000
Post Employment Medical Aid Benefits - Interest Charge	1,752,000	1,814,516
	<b>3,275,138</b>	<b>3,058,730</b>

## Notes to the Annual Financial Statements

Figures in Rand	2021	2020
<b>27. Government grants and subsidies</b>		
<b>Operating grants</b>		
Equitable share	347,525,830	269,012,500
Expanded Public Works Programme Integrated Grant for Municipalities	1,681,000	1,374,000
Local Government Financial Management Grant	2,600,000	2,235,000
Disaster Management Grant COVID-19	-	596,000
Education Training and Development Practices SETA	101,588	-
	<b>351,908,418</b>	<b>273,217,500</b>
<b>Capital grants</b>		
Municipal Infrastructure Grant (MIG)	53,891,000	51,730,992
Integrated National Electrification Programme Grant (INEP)	14,559,389	18,953,732
COGHSTA	-	21,471,288
	<b>68,450,389</b>	<b>92,156,012</b>
	<b>420,358,807</b>	<b>365,373,512</b>
<b>Municipal Infrastructure Grant (MIG)</b>		
Balance unspent at beginning of year	4,690,394	1,500,433
Current-year receipts	53,891,000	54,921,000
Conditions met - transferred to revenue	(53,891,000)	(51,731,039)
Amount paid back to NRF	(4,690,394)	-
Conditions still to be met	-	(4,690,394)
Conditions still to be met - remain liabilities (see note 16).		
<b>Financial Management Grant (FMG)</b>		
Current-year receipts	2,600,000	2,235,000
Conditions met - transferred to revenue	(2,600,000)	(2,235,000)
<b>Land Affairs Grant</b>		
Balance unspent at beginning of year	466,250	466,250
Conditions still to be met - remain liabilities (see note 16).		

## Notes to the Annual Financial Statements

Figures in Rand	2021	2020
<b>INEP-Integrated national Electrification Programme Grant</b>		
Balance unspent at beginning of year	58,342	12,124
Current-year receipts	15,000,000	19,000,000
Conditions met - transferred to revenue	(14,559,389)	(18,953,782)
Amount paid to NRF	(58,342)	-
Conditions still to be met	(440,611)	(58,342)
Conditions still to be met - remain liabilities (see note 16).		
<b>Expanded Public Works Programme Integrated Grant for Municipalities (EPWP)</b>		
Current-year receipts	1,681,000	1,374,000
Conditions met - transferred to revenue	(1,681,000)	(1,374,000)
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	101,588
Conditions met - transferred to revenue	(101,588)	-
Conditions still to be met	-	(101,588)
Conditions still to be met - remain liabilities (see note 16).		
<b>COGHSTA - Development of Masakaneng</b>		
Balance unspent at beginning of year	299,762	21,771,050
Conditions met - transferred to revenue	-	(21,471,288)
Conditions still to be met	(299,762)	(299,762)
Conditions still to be met - remain liabilities (see note 16).		
<b>Disaster Management Grant COVID-19</b>		
Current-year receipts	-	596,000
Conditions met - transferred to revenue	-	(596,000)

On 15 March 2020, President Cyril Ramaphosa announced the declaration of a national state of disaster following the World Health Organisation declaring the COVID-19 outbreak as a pandemic as well as measures that must be implemented by the nation.

Municipalities were impacted negatively due to a loss of revenue streams and lower debtor's collection rates as businesses, households and communities agonised from the economic fallout caused by COVID-19.

In response to the impact of COVID-19, Municipalities also expanded their scope of basic services and free basic services to respond directly to the socio-economic impacts of the pandemic and prevent the transmission of communicable diseases.

Elias Motsoaledi Local Municipality reprioritised their funding allocations for the 2019/20 and 2020/21 financial year through special adjustment budget as directed by national treasury and also on draft budget for 2021/22 financial year.

National government has made available R596 000 Disaster Management Grant COVID-19 in support to Elias Motsoaledi Local Municipality to assist in responding to the COVID-19 pandemic in the 2019/20 financial year. This support was to assist the municipality to provide additional access to basic services for vulnerable communities

## Notes to the Annual Financial Statements

Figures in Rand	2021	2020
<b>28. Employee related costs</b>		
Acting allowances	697,830	412,382
Basic salary	93,585,230	87,892,369
Bonus	7,661,486	7,056,795
Defined contribution plans	18,358,318	17,185,955
Housing benefits and allowances	206,404	178,829
Contribution to provision for Leave and bonus pay	6,687,829	3,478,778
Medical aid - company contributions	5,227,775	5,555,004
Directors' remuneration as disclosed below	6,614,733	6,575,211
Overtime payments	2,150,339	2,180,459
Post Employment Medical Aid Benefits and Long Service Leave - Current Service Charge	1,644,001	1,774,048
Post Employment Medical Aid Benefits and Long Service Leave - Interest Charge	1,933,000	1,940,368
SDL	997,868	914,472
Car, Cellphone and other allowances	14,019,902	13,664,281
UIF	629,024	620,276
WCA	40,917	39,033
	<b>160,454,656</b>	<b>149,468,260</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	2021	2020
<b>Remuneration of Municipal Manager - R Maredi</b>		
Annual Remuneration	177,933	887,484
Retirement settlement	1,386,637	-
Car Allowance	20,000	120,000
Cell Phone Allowance	5,000	30,000
Contributions to Medical and Pension Funds	13,345	64,635
Contribution to UIF and SDL	297	10,050
Annual Bonus	59,311	63,921
Contribution to Bargaining Council	20	112
N.P.A	5,000	30,000
	<b>1,667,543</b>	<b>1,206,202</b>
<b>Director Planning and Development - N Phala</b>		
Annual Remuneration	84,455	854,118
Car Allowance	10,000	122,582
Cellphone allowance	2,300	27,600
Contribution to Bargaining Council	10	112
Contribution to UIF and SDL	149	9,373
	<b>96,914</b>	<b>1,013,785</b>
<b>Remuneration of Acting Directors Director Planning and Development - B Sethojoa</b>		
Acting Allowance (September to December 2020, February to June 2021)	78,619	
<b>Remuneration of Municipal Manager - M Kgwale</b>		
Annual Remuneration	551,930	-
Car Allowance	54,000	-
Contributions to Medical and Pension Funds	41,395	-
Contribution to UIF and SDL	6,608	-
Contribution to Bargaining Council	59	-
Cellphone allowance	15,000	-
	<b>668,992</b>	<b>-</b>
<b>Remuneration of Acting Chief Financial Officer</b>		
Mthimunye M P - (1 Sept 2019 - 01 Feb 2020)	-	18,387
Sebelebele KU - (1 Apr 2020 - 01 May 2020)	-	40,594
Sebelemetja M L - (1 July 2019 - 01 Aug 2019)	-	6,494
Tjiane M C - (July 2020 to November 2020) : (Jun 2020)	10,171	6,118
	<b>10,171</b>	<b>71,593</b>

## Notes to the Annual Financial Statements

Figures in Rand	2021	2020
<b>Remuneration of Director of Community Services - G Kegopotsemang</b>		
Annual Remuneration	953,818	802,602
Car Allowance	60,000	60,000
Contributions to Medical and Pension Funds	49,910	47,110
Cellphone allowance	27,600	27,600
Contribution to UIF and SDL	11,611	9,535
Contribution to Bargaining Council	119	112
Annual Bonus	78,819	57,859
	<b>1,181,877</b>	<b>1,004,818</b>
<b>Remuneration of Acting Directors Community Services</b>		
Acting Allowance (M Mathebe - January 2021)	5,523	13,450
<b>Remuneration of Director of Corporate Services - N Matumane</b>		
Annual Remuneration	1,115,463	956,118
Car Allowance	45,961	53,204
Annual Bonuse	77,181	-
Cellphone allowance	27,600	27,600
Contribution to Bargaining Council	119	112
Contribution to UIF and SDL	12,257	9,582
	<b>1,278,581</b>	<b>1,046,616</b>
<b>Director Executive Support - M Kgwale</b>		
Annual Remuneration	442,646	751,791
Car Allowance	54,000	108,000
Cellphone allowance	13,800	27,600
Contributions to Medical and Pension Funds	33,198	54,155
Annual Bonus	73,774	53,926
Contribution to UIF and SDL	5,052	10,205
Contribution to Bargaining Council	59	112
	<b>622,529</b>	<b>1,005,789</b>
<b>Remuneration of Acting Municipal Manager - M M Kgwale</b>		
Acting Allowance (July to December 2021)	46,825	186,524
<b>Director of Infrastructure - N Makgata</b>		
Annual Remuneration	620,264	685,964
Annual Bonus	81,715	51,545
Leave pay	32,993	17,858
Car Allowance	204,184	235,335
Contributions to Medical and Pension Funds	76,606	83,612
Cell Phone Allowance	23,000	27,600
Contribution to UIF and SDL	9,016	9,454
Contribution to Bargaining Council	99	112
Acting Allowance - Acting Municipal Manager (January 2021)	3,594	-
	<b>1,051,471</b>	<b>1,111,480</b>
Acting Director Infrastructure - Malaka Jk (May and June 2021)	3,378	7,520



## Notes to the Annual Financial Statements

Figures in Rand

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### 29. Remuneration of councillors

Mayor	944,482	941,434
Speaker	764,394	765,573
Executive Committee Councillors	4,823,446	4,321,205
Ordinary Councillors	17,591,927	18,313,343
Chief Whip	721,019	723,346
	<b>24,845,266</b>	<b>25,064,901</b>

### In-kind benefits

The Mayor, Speaker, Chief Whip and three full time Exco councillors and seven part time Exco councillors. The three 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 53.

### Remuneration of Mayor

Car Allowance	223,463	7,162
Annual Remuneration	507,263	513,604
Contributions to Medical and Pension Funds	163,124	153,980
SDL	6,232	5,987
Data, cellphone and other	44,400	260,700
	<b>944,482</b>	<b>941,433</b>

### Remuneration of Speaker

Car Allowance	178,770	178,770
Annual Remuneration	466,355	466,113
Contributions to Medical and Pension Funds	69,953	67,953
SDL	4,914	4,743
Data and cellphone	44,400	47,994
	<b>764,392</b>	<b>765,573</b>

### Remuneration of Executive Committee

Car Allowance	1,194,113	970,275
Annual Remuneration	2,787,950	2,534,620
Contributions to Medical and Pension Funds	409,371	362,555
Data and cellphone	399,600	425,047
SDL	32,413	28,708
	<b>4,823,447</b>	<b>4,321,205</b>

### Remuneration of Chief Whip

Car Allowance	168,667	167,531
Annual Remuneration	388,226	394,008
Contributions to Medical and Pension Funds	114,960	106,746
Data and cellphone	44,400	50,046
SDL	4,766	4,569
	<b>721,019</b>	<b>722,900</b>

## Notes to the Annual Financial Statements

Figures in Rand	2021	2020
<b>Remuneration of Ordinary Councilors</b>		
Car Allowance	4,024,217	3,825,028
Annual Remuneration	10,034,124	10,568,554
Contributions to Medical and Pension Funds	1,238,338	1,339,912
Data and cellphone	2,175,600	122,302
SDL	119,649	2,457,993
	<b>17,591,928</b>	<b>18,313,789</b>
<b>30. Finance costs</b>		
Finance leases	850,672	2,360,819
late payment of creditors	1,272,276	-
	<b>2,122,948</b>	<b>2,360,819</b>
Total Lease interest expense is R850 671.52, calculated using the effective interest rate of 10.25% and 10% on finance leases. The amount that relate to late payment of creditors is R1 272 276.		
<b>31. Debt impairment</b>		
Contributions to debt impairment consumers	19,636,853	14,281,961
Contributions to debt impairment traffic fines	41,690,213	(324,913)
	<b>61,327,066</b>	<b>13,957,048</b>
<b>32. Bulk purchases</b>		
Electricity	88,182,137	81,427,521

## Notes to the Annual Financial Statements

Figures in Rand	2021	2020
<b>33. General expenses</b>		
Administration and management fees	1,467,910	437,190
Advertising	462,478	136,578
Assets expensed	79,678	13,461,934
Audit Committee	811,134	530,335
Auditors remuneration	5,433,649	3,961,558
Bank charges	544,658	801,359
Bursaries	579,613	256,948
Community services - developmental and outreach programmes	23,412	55,080
Conferences and seminars	4,908,913	10,492,631
Consulting and professional fees	21,417,467	34,405,886
Consumables	6,640,188	5,539,167
Discount allowed - COVID 19 Relief to consumers	4,777,652	-
Electricity Water and Refuse - Municipal Consumption	12,902,845	8,588,882
Entertainment	722	6,314
Foreign exchange differences	-	28,423
Eskom Connection Fees	160,146	-
IT expenses	9,681,515	7,232,313
Insurance	3,608,570	3,628,394
Landfill site - interest landfill rehabilitation provision	1,512,163	938,265
Motor vehicle expenses	563,829	666,192
Operation of landfill site	2,220,024	1,565,217
Postage and courier	13,909	58,271
Printing and stationery	4,821,080	2,352,811
Resettlement Cost	20,750	752,174
Remuneration to Ward Committees	5,097,500	3,590,000
SARS Adjustments	46,963	81,522
Security (Guarding of municipal property)	20,927,172	19,619,478
Staff welfare	1,271,738	1,302,901
Subscriptions and membership fees	1,900,468	2,195,966
Telephone and fax	2,912,619	4,026,399
Town planning - Valuation costs	784,970	4,427,887
Travel - Subsistence reimbursement	1,385,182	2,805,174
Uniforms	589,077	1,009,681
	<b>117,567,994</b>	<b>134,954,930</b>

During the 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 for the Current financial year.

### 34. Operating lease Income

#### Operating leases - as lessor (income)

##### Minimum lease payments due

- within one year	1,308,686	407,967
- in second to fifth year inclusive	1,170,972	1,308,686
- later than five years	-	1,170,972
	<b>2,479,658</b>	<b>2,887,625</b>

Revenue for the year included Rental income from facilities and equipment	<b>1,007,428</b>	<b>896 695</b>
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## Notes to the Annual Financial Statements

Figures in Rand	2021	2020
<b>35. Operating (deficit)/surplus</b>		
Operating (deficit)/surplus for the year is stated after accounting for the following:		
<b>Operating lease charges</b>		
Plant and equipment		
• Contractual amounts	1,727,215	1,229,726
Lease rentals on operating lease - Other		
• Contractual amounts	2,761,183	3,271,421
	<b>4,488,398</b>	<b>4,501,147</b>
(Loss)/gain on sale of property plant and equipment	(340,260)	(4,844,214)
Impairment on property, plant and equipment	377,898	570,890
Depreciation on property, plant and equipment	58,788,488	56,514,189
Employee costs	185,299,922	174,533,159
<b>36. Cash generated from operations</b>		
Surplus/(deficit)	53,256,474	54,783,750
<b>Adjustments for:</b>		
Depreciation and amortisation	58,788,488	56,514,189
Loss/(Gain) on sale of assets	630,263	4,844,214
Landfill site - additional interest landfill rehabilitation provision	1,512,163	938,265
Fair value adjustments - actuarial gains and losses	(10,519,340)	(5,880,154)
Fines withdrawn/reduced	1,855,200	3,722,022
Assets expensed - non cash donations	-	13,460,347
Impairment deficit	377,898	570,890
Debt impairment	61,327,066	13,957,048
Discount allowed - COVID 19 Relief to consumers	4,777,652	-
Additional service cost landfill rehabilitation	7,217,218	(233,330)
Movements in retirement benefit assets and liabilities	(1,611,946)	(5,164,364)
Movements in provision for long service awards	(1,404,714)	889,566
Eskom interest	(629,681)	(690,769)
Operating lease straight lined	-	13,605
Deferred Income movement	(192,983)	(192,983)
VAT Adjustments	46,963	81,522
Post Employment Medical Aid Benefits and Long Service Leave interest	3,396,000	3,754,884
Employee costs Contribution to provision for Leave and bonus pay	6,687,829	3,478,778
Post Employment Medical Aid Benefits and Long Service Leave current service cost	1,933,000	1,774,048
Fair Value Adjustments	(10,662,434)	(7,929,571)
<b>Changes in working capital:</b>		
Inventories	(2,117,927)	(2,719,093)
Receivables from exchange transactions	647,644	1,227,700
Consumer debtors	(35,653,531)	(31,096,411)
Receivables from non-exchange transactions	(4,243,049)	(15,123,519)
Payables from exchange transactions	(21,147,204)	(5,728,232)
VAT	(9,289,182)	2,786,240
Payables from non - exchange transactions	499,189	-
Unspent conditional grants and receipts	(4,409,809)	(18,235,012)
Consumer deposits	271,837	141,670
Debit orders to be recovered	(311,596)	-
	<b>101,031,488</b>	<b>69,945,300</b>

## Notes to the Annual Financial Statements

Figures in Rand	2021	2020
<b>37. Commitments</b>		
<b>Authorised capital expenditure</b>		
<b>Already contracted for but not provided for</b>		
• Property, plant and equipment	8,646,469	63,925,548
<b>Total capital commitments</b>		
Already contracted for but not provided for	8,646,469	63,925,548
<b>Total commitments</b>		
<b>Total commitments</b>		
Authorised capital expenditure	8,646,469	63,925,548
<p>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.</p>		
<b>Finance leases - as lessee (expense)</b>		
<p>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.</p>		
<b>Minimum lease payments due</b>		
- within one year	2,480,665	11,844,451
- in second to fifth year inclusive	-	2,484,405
	<b>2,480,665</b>	<b>14,328,856</b>
<b>Operating leases - as lessee (expense)</b>		
<b>Minimum lease payments due</b>		
- within one year	2,552,365	3,058,532
- in second to fifth year inclusive	4,394,859	-
	<b>6,947,224</b>	<b>3,058,532</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. No contingent rent is payable.

## Notes to the Annual Financial Statements

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### 38. Contingent Liabilities

Litigation is in the process against the municipality relating to disputes with stakeholders. The estimate of the contingent liability is +/- R 6 081 754 (June 2021); R5 845 745.44 (June 2020).

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 2021	Estimated claim 2020
Nkadimeng Attorneys	EMLM/Maredi	The municipal manager was suspended for financial misconduct. The total estimated legal fees is R 300 000.00.	Matter finalised. The settlement was reached		300,000
SETSOALO MAHUBE ATTORNEYS	Elias Motsoaledi Local Municipality // Mtema Mashao Consulting Engineers (Pty) Ltd	The plaintiff is suing the municipality for loss of income and unpaid invoices for services rendered, the total estimated claim is R125 336.30 and the total estimated legal fees is R 200 000.00.	Matter finalised. The court ordered the municipality to pay the service provider however the court order has not been given by the magistrate		325,336
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 pending: Matter set down on the 27th of July 2021	350,000	500,000
Phambane Mokone Inc	Elias Motsoaledi Local Municipality // Mohlala Leonox	Description: High Court matter. the plaintiff is suing the municipality for contravening its own Bylaws Legal Counsel used: Adv Ramatsekisa	Matter pending: filed answering affidavit and awaiting reply from the applicant	550,000	800,000
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: We have served the applicant with our statement of defence and we are awaiting her replication.	600,000	



## Notes to the Annual Financial Statements

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Attorneys	Parties	Report or Management's description of matter (including current status; amount claimed and legal counsel's reference if known)	Status	Estimated claim 2021	Estimated claim 2020
MASONDO KHUMALO INC	REKHUDITSE CONTRACT AND CLEANING SERVICES // ELIAS MOTSOLEDI 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 total estimated legal fees was R 400 000.00. 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	258,403	1,650,409
MASONDO KHUMALO INC	MOFOKENG // ELIAS MOTSOLEDI 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 Pending: Awaiting matter to be argued on 06 July 2021.	820,000	820,000
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.	Matter pending: filed a Special Plea and Plea. We have also just received the First and Second Defendants' Plea, which also bears denials pertaining to the Plaintiff's claim.	1,333,352	

## Notes to the Annual Financial Statements

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Attorneys	Parties	Report or Management's description of matter (including current status; amount claimed and legal counsel's reference if known)	Status	Estimated claim 2021	Estimated claim 2020
SETSOALO MAHUBE ATTORNEYS	Maboe Rachidi //Elias Motsoaledi Local Municipality // C Coetsee / 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	450,000
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: filed plea and awaiting trial date	310,000	650,000
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 pending: matter was set down on the 23 April 2021, matter was struck off the roll. The applicant needed to file an affidavit. Received supplementary affidavit from the applicant, awaiting trial date.	580,000	
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 evict the illegal occupants	The application documents are drafted and affidavit signed by the MM, we are preparing to file and serve the occupants.	480,000	

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Attorneys	Parties	Report or Management's description of matter (including current status; amount claimed and legal counsel's reference if known)	Status	Estimated claim 2021	Estimated claim 2020
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	350,000

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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 2021); +/- R1 272 000 (June 2020). 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 2021	Estimated claim 2020
MASONDO KHUMALO INC	EMLM//BREED & J OOSTHUIZEN EL11/0009/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.	1,218,186	
Nkadimeng Attorneys	EMLM/ Maredi	The municipal manager was suspended for financial misconduct.	Matter finalised. The settlement was reached		320,000

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Attorneys	Parties	Report or Management's description of matter (including current status; amount claimed and legal counsel's reference if known)	Status	Estimated claim 2021	Estimated claim 2020
Mohube Setsoalo Mabusela Inc	Maboe Rachidi //Elias Motsoaledi Local Municipality // C Coetzee / Melinda Marshall	The municipality filed a plea and a counterclaim of R 100 000.00. It is the municipality's plea defence that on that day, the applicant was violent and he assaulted one of the traffic officers. The matter went on trial and the municipality managed to get a Default judgement and a Warrant of Execution was granted in favour of the Municipality. The plaintiff made an urgent application praying that the Warrant of Execution be stayed and he afforded an opportunity to file a plea in respect of the counter claim	Matter finalised. The matter was set aside by the court.		100,000



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Attorneys	Parties	Report or Management's description of matter (including current status; amount claimed and legal counsel's reference if known)	Status	Estimated claim 2021	Estimated claim 2020
MPOYANA LEDWABA INC	EMLM// YB MASHALABA & ASSOCIATES CONSULTANT S 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 Pending: Consultation took place on the matter, awaiting the former attorney to withdraw as attorney of record and proceed with the matter.	2,290,000	852,000



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### 39. 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	53	24,845,266	25,064,899
Post employment benefit plan for employees and/or other related parties	7	24,324,000	33,047,000
s57 Employees remuneration	28	6,614,733	6,575,211

## Notes to the Annual Financial Statements

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### 40. Bids awarded to family of employees in service of state

In terms of SCM regulation – state that Awards to close family members of persons in the service of the state; sub-regulation - 45. State that; 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 -

- (a) the name of that person;
- (b) the capacity in which that person is in the service of the state
- (c) the amount of the award..

The following is a list as recorded for the period July 2020 – June 2021

<b>No</b>	<b>Date of Expenditure/ Award</b>	<b>Supplier Name</b>	<b>Director's Name</b>	<b>Name of person in service of state &amp; Capacity</b>	<b>Amount</b>
01	06/12/2019	Assist Communication Agency	Dikeledi Bertha Ramphisa	Lebogang Ramphisa PA of Senior Manager Executive Support	R18 750.00
02	20/12/2019	Democratic Construction and Services	Buta Ntina Lizzy	Councillor Alfred Phatlane	R345 000.00
03	04/02/2020	Thato Katlegong Trading	Maepa Mogeru Veronica	Mary Mankate Maepa (IT Technician)	R5 100.00
04	24/02/2020	D.B Nkambule Business Enterprise	Dikeledi Bertha Ramphisa	Lebogang Ramphisa PA of Senior Manager Executive Support	R27 000.00
05	21/02/2020 07/02/2020 28/11/2019 23/10/2019 20/09/2019 04/09/2019	247 Travel and Tourism	Dikeledi Bertha Ramphisa	Lebogang Ramphisa PA of Senior Manager Executive Support	R708 500.00
06	17/10/2019 21/11/2019 11/12/2019 28/01/2020	Baupa Trading Enterprise	Precious Ratlou (Company Director)	Winter Ratlou Ward Councillor EMLM	R1 328 026.26
07	30/06/2020	Mwelase Thobs Construction and Projects	Precious Ratlou (Company Director)	Winter Ratlou Ward Councillor EMLM	R716 817.20

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08	19/10/2020 17/12/2020 06/05/2021	Moutse Community Radio Station	Ramaesela Martha Matlala (Director)	Ramaesela Martha Matlala (Sekhukhune District Municipality)	R337 500.00
09	1/07 2020 to 30 June 2021	Gubis Solutions	Calvin Pontsho Mahlangu	Calvin Pontsho Mahlangu (City of Tshwane)	R20 927 172.00
10	11/05/2021 30/06/2021	Moipone Lebese Clinical Psychology	Moipone Veronicah Lebese	Department of Health	R2 600.00
11	1/07 2020 to 30 June 2021	Nedbank	Stanley Subramoney	Venisha Subramoney (Teacher – Department of Education)	R7 249 614.50
<b>TOTAL AWARD AMOUNT</b>					<b>R31 666 079.96</b>

### 41. Change in estimate

#### Landfill obligation

The useful life of Roossenekal was estimated in 2004 to be 15 years. In the current period management have revised their estimate to 5 years. The effect of this revision has increased the additional service cost for the current and future periods by R 622,908

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. The effect of the change in estimate is:

The impact on Statement of Financial Performance under Additional service cost landfill rehabilitation is R 622 907.74.

## Notes to the Annual Financial Statements

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### 42. Prior period errors

The following prior year errors were identified and adjusted retrospectively:

1. During the previous years all interest from consumer debtors were recognised as interest from exchange transactions, management reviewed the accounting so that Interest levied on transactions arising from exchange or non-exchange transactions be classified based on the nature of the underlying transaction. As a result the total interest from consumer debtors was split on the statement of financial performance to show as exchange and non exchange. The total reported interest revenue from debtors did not change from the audited balance. Note 24 was renamed to easily identify the interest from consumer debtors (from Interest charged on trade and other receivables to Interest charged on consumer debtors), also the note was slightly restructured to accommodate interest revenue from exchange and non-exchange transactions. Note 24 heading was renamed from Interest received to Interest revenue.

2. During the previous years interest consumer debtors were recognised as non-exchange consumer debtors. management reviewed the accounting so that Interest debtors on transactions arising from exchange or non-exchange transactions be classified based on the nature of the underlying transaction. As a result the total interest consumer debtors were reclassified on the statement of financial position to show as exchange and non exchange. The total reported interest debtors did not change from the audited balance. The effect is just to split the audited interest debtor into exchange and non exchange consumer debtors. This is just a disclosure and will have no journal adjustment on the financial statements since the total interest debtor balance does not change.

3. Repairs and maintenance, During the 2019/2020 audit by the Auditor General, AG noticed that a new fence has been installed at the Groblersdal Aerodrome and has been classified as maintenance instead of Property, Plant and Equipment. This mistake has caused an overstatement in Maintenance and understatement in Property, Plant and Equipment in the 2019/2020 financial statements.

4. The former employee owed SARS an amount of R17 986 (assessed tax, date of accrual was 2019-03-19) and was deducted from the settlement amount agreed upon between the municipality and former employee. The amount was never accounted for and is now being corrected.

5. An invoice was omitted from being raised as accruals, the correction was to raise an accruals.

6. The disclosure note 38 for Contingent liabilities was restructured to allow disclosure of comparative amounts per case.

8. During the 2020/2021 financial year we noticed that a 4-way T-switch which was held as an inventory item was requested by the Electrical department in 2019/2020 financial year as maintenance but was not installed until the 2020/2021 financial. The switch should have only been requested when the Electrical department was ready to install it and should have been classified as property, Plant and equipment. This mistake has caused an understatement in Inventory and overstatement in Maintenance expense in the 2019/2020 financial statements.

To correct the error, we have reversed the Stores requisition done in 2019/20 year and reprocessed the Requisition in 2020/2021 financial year. The financial Impact of the correction is stated below:

9. Non Current assets adjustments:

9.1 During the 2019/2020 audit by the Auditor General, AG noticed that some properties that were leased out by the municipality were incorrectly classified as Property, plant and Equipment instead of Investment Property. This mistake caused an overstatement in PPE, Depreciation expense while understating Investment property in the 2019/2020 financial statements.

#### Correction

To correct the error, we have removed the cost and accumulated depreciation and depreciation expense of the properties affected from PPE. Transferred the cost of the properties to Investment properties and adjusted the value of the properties to fair value. The financial impact of the correction is stated below:

9.2 During the 2019/2020 audit by the Auditor General, AG noticed that a new fence has been installed at the Groblersdal Aerodrome and has been classified as maintenance instead of Property, Plant and Equipment. This mistake has caused an overstatement in Maintenance and understatement in Property, Plant and Equipment in the 2019/2020 financial statements. The removal and disposal of the old fence had not been accounted for as well, which would result in Overstatement of Property, Plant and Equipment and Understatement of Losses in the 2019/2020 financial year.

#### Correction

## Notes to the Annual Financial Statements

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To correct the error, we have included the fence in Property, Plant and Equipment and reduced maintenance expense. We have also accounted for depreciation on the fence. We have also accounted for the disposal of the fence. The Financial impact on of the correction will be as stated below

9.3 During the 2020/2021 financial year we realised that the construction of Masakaneng Road had completed on the last day of the 2019/2020 financial year but was not transferred from Work-In-Progress to Property, Plant and Equipment. This error has caused an overstatement in Work-In-Progress and an understatement in Property, Plant and Equipment in the 2019/2020 financial year.

#### **Correction**

To correct this error, we have added the Road to Property, plant and Equipment and removed it from Work-In-Progress. The financial impact of the correction is stated below:

9.4 During fixed assets verification process in 2020/2021 we identified that they are property, plant and equipment items that are not accounted for in our Fixed assets register. This error has caused an understatement in Property, Plant and Equipment in the 2019/2020 financial statements.

#### **Correction**

To correct the error, we will add the omitted Fixed assets to the FAR, the value will be based on the price of similar items of similar conditions in the market. The financial impact of the correction will be as stated below:

9.5 During the 2020/2021 financial year we realised that the Refurbishment of Groblersdal Roads and Streets project was completed in the 2019/2020 financial year but was not transferred from Work-In-Progress to Property, Plant and Equipment. This error has caused an overstatement in Work-In-Progress and an understatement in Property, Plant and Equipment, as well as the depreciation Expense in the 2019/2020 financial year.

#### **Correction**

To correct this error, we have added the Road to Property, plant and Equipment and removed it from Work-In-Progress. The financial impact of the correction is stated below:

9.6 During the preparation of 2020/2021 Financial Statements we realised that the depreciation expense of Roads was overstated in the 2019/2020 financial statements.

#### **Correction**

To correct this error, we have reduced the depreciation expense for the relevant financial year. The financial impact of the correction is stated below:

9.7 A 2015/2016 land was donated to Ndlovu medical care centre and in 2016/2017 another land was transferred to The South African national Government, but both transactions were not accounted for in the financial records of the municipality. The error caused an overstatement in Property, plant and equipment and Investment properties.

#### **Correction**

We have corrected the error by disposing the above mentioned property in the municipality's financial records. The impact of the correction is stated below:

9.8 Electrification of Tambo village was completed in 2019/2020 financial year and the Electrical infrastructure was transferred to Eskom. The transfer was not accounted for in the financial records of the municipality. The error caused an overstatement in Capital Work-in-progress and an understatement in donation Expenses, in the financial statements of the municipality.

#### **Correction**

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We have corrected the error by transferring the project in the year which the project was completed. The financial impact of the correction is stated below:

10. An amount of R9 200.68 was a consumer deposit amount that was not transferred from the consumer deposit to accruals as at 30 June 2020. A payment in 2021 was made against accruals segment.

11. The building was burned down in 2018/19 and was written off after the insurance claim was repudiated, the lessee reconstructed and repaired the building at no cost to the Municipality and had continued paying rent.

Correction

We have recognised the building in prior year.

**(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)**

<b>Statement of financial position</b>	<b>June 2021</b>	<b>June 2020</b>
Accumulated surplus (4) +(8) + (9) +(11)	-	(2,794,955)
Consumer debtors - From Exchange Transactions (2)	-	7,740,916
Consumer debtors - From Non Exchange Transactions (2)	-	(7,740,916)
Payables from non - exchange transactions - SARS tax directives (4)	-	(17,986)
Consumer deposits (10)	-	9,201
Inventories (8)	-	773,580
Investment property (11)	-	937,165
Investment property (9)	-	8,699,999
Property Plant and Equipment - Buildings (9)	-	(1,334,615)
Property Plant and Equipment - Land (9)	-	(3,332,276)
Property Plant and Equipment Roads Infrastructure (9)	-	25,611,173
Property Plant and Equipment Electrical Infrastructure (9)	-	8,695
Property Plant and Equipment Capital - Work in Progress (9)	-	(39,143,361)
Payables from exchange transactions (10)	-	(9,201)
VAT receivable (5)	-	11,356
Payables from exchange transactions (5)	-	(75,702)
		<b>(10,656,927)</b>
<b>Statement of Financial Performance</b>		
Revenue from exchange transactions - Interest charged on consumer debtors (1)	-	9,473,716
Revenue from non-exchange transactions - Interest charged on consumer debtors (1)	-	(9,473,716)
Repairs and maintenance (3+8)	-	(935,080)
Investment property fair value adjustment (9)	-	(4,219,456)
Profit/(Loss) on disposal of assets (9)	-	2,073,322
General Expenses - Assets expensed (9)	-	13,396,191
General Expenses - Telephone and fax (5)	-	64,346
Impairment loss/ Reversal of impairments (9)	-	106,564
Depreciation (9)	-	171,040
		<b>10,656,927</b>

As a result of prior period errors, the cash flow June 2020 was restated to reflect accurate figures per new calculations.



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### 43. 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.

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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	2021	2020
Receivables - From Exchange Transactions	1,880,703	2,528,347
Receivables - From Non Exchange Transactions	3,875,024	42,865,792
Consumer Debtors - From Exchange Transactions	28,884,994	25,469,954
Consumer Debtors - From Non Exchange Transactions	48,413,121	40,589,135
Deposit (Security held in advance)	15,977,515	15,347,834
Payables from exchange transactions	(84,574,047)	(99,033,422)
Payables from non - exchange transactions	(517,175)	(17,986)
Consumer deposits.	(5,778,288)	(5,506,451)
Finance lease obligation	(2,441,381)	(13,419,177)
VAT receivables	17,401,086	8,158,867
Cash and cash equivalent	6,847,911	1,929,384

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.

The municipality is still struggling to recover from the impact of covi19.

### 44. 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 the 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.

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### 45. Events after the reporting date

There were no adjusting events after the reporting period.

There will be change in municipal council after 27 October 2021 elections.

### 46. Unauthorised expenditure

Opening balance	118,739,185	110,842,906
Incurred during the year	40,945,923	7,896,279
	<b>159,685,108</b>	<b>118,739,185</b>

The total amount incurred in June 2021 is as a result of overspending on the approved budget at vote level as a result of unexpected bad debts written off.

The total amount incurred in June 2020 is as a result of overspending on the approved budget at vote level and the following votes (Municipal Manager, Technical Services, Executive Support and Corporate Services contributed to the unauthorised expenditure.

The status for 2021 is: Investigations not yet conducted.

The status for 2020 is: Investigations in progress.

### 47. Fruitless and wasteful expenditure

Opening balance	4,573,291	4,278,118
Incurred during the year	2,184,677	295,173
	<b>6,757,968</b>	<b>4,573,291</b>

The fruitless and wasteful expenditure resulted from late payment of suppliers (Eskom, SARS, Fleet horizon, Auditor General and Pension funds) due to late payments.

The status for 2021 is: Investigations not yet conducted.

The status for 2020 is: Investigations in progress.

### Analysis of fruitless and wasteful expenditure

Current year - to be investigated	2,184,677	294,930
Prior years - investigated	4,573,048	4,278,118
	<b>6,757,725</b>	<b>4,573,048</b>

### Details of fruitless and wasteful expenditure

Fruitless and wasteful expenditure - late payment on invoices, unauthorised debit orders and overpayments	2,184,677
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### 48. Irregular expenditure

Opening balance	299,582,071	216,975,283
Add: Irregular Expenditure - current year	77,379,399	82,606,788
	<b>376,961,470</b>	<b>299,582,071</b>

Reason for irregular	Jun-21	Jun-20
Additional schedules added to transversal tender scope of work	7,799,691	9,227,822
Biased specification	20,915,424	7,856,056
Bidder did not meet minimum requirements	1,647,472	13,003,732
Deviation from BEC recommendation	328,968	5,683,025
Incorrect allocation of functionality points and vetting not performed	20,927,172	18,128,613
Incorrect application of regulation 32	578,396	7,239,291
Technical expert not part of BAC	25,182,276	21,375,105
Deviation without submission of declaration of interest		93,143
<b>Total</b>	<b>77,379,399</b>	<b>82,606,787</b>

Amounts disclosed above for Irregular expenditure are VAT exclusive.

The status for 2021 is: Investigations not yet conducted.

The status for 2020 is: Investigations in progress.

Reduction from R82 606 788 (2019/20) to R69 600 225 (2020/21) is attributed to expiry of capital project contracts that got completed in the early months of 2020/21 financial year that have made significant contribution into 2019/20 irregular expenditure.

### Analysis of Irregular expenditure

Current year - to be investigated	77,379,399	82,606,788
Prior year - investigated	299,582,071	216,975,283
	<b>376,961,470</b>	<b>299,582,071</b>

### 49. Additional disclosure in terms of Municipal Finance Management Act

#### Electricity distribution losses

Losses incurred - units	14,451,968	13,345,371
% loss incurred	20.000 %	19.000 %
Purchased units	(71,845,975)	(70,236,766)
Sold units	57,394,007	56,891,395
	-	-
Losses incurred - Rand value	- 17,744,528	15,468,368
% Losses loss incurred	- 20.000 %	19.000 %
Purchased units Rand value	- (88,182,176)	(81,427,527)
Sold units Rand value	- 70,437,649	65,959,159
	-	-

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	1,890,853	1,755,781
Amount paid - current year	(1,890,853)	(461,325)
3.5% discount received	-	(45,306)
Prepayment	-	(1,249,150)
	<u>-</u>	<u>-</u>

The financial year circle for SALGA differs from the municipality; the amount R2 027 510 is applicable for April 2021 to March 2022, whereas the municipal financial year runs from July 2020 to June 2021. R506 878 relates to 2020/21 financial year.

## Notes to the Annual Financial Statements

Figures in Rand

### PAYE, SDL and UIF

Current year subscription / fee	28,905,124	25,705,866
Amount paid - current year	(28,905,124)	(25,705,866)
	-	-

### Pension and Medical Aid Deductions

Current year subscription / fee	38,459,618	35,853,363
Amount paid - current year	(38,459,618)	(35,853,363)
	-	-

### VAT

VAT receivable	17,401,086	8,158,867
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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.

The was no councilors arrear accounts outstanding for more than 90 days as at 30 June 2021:

### Audit Fees - Auditor general:

Audit fees paid to auditor general for the 2020 year was R 3 961 558 and for 2019 year was R4 097 311. There were no outstanding amounts due to Auditor General at year end.

Audit fees	5,433,649	3,961,558
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### 50. Deferred income

Operating lease payments received in advance	3,280,702	3,473,685
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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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### 51. 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.

Goods and services were procured through quotations totaling **R202,362.63** during the financial year under review and the process followed in procuring those goods and services deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the accounting officer who considered them and subsequently approved the deviation from the normal supply chain management regulations.

The table below reflects deviations for the year.

No	Date	Service Provider	Amount R	Description of Goods and Services	Reasons for Deviation	Motivation for Deviation	Department
1	12/10/2020	Variprint System	R2 515.63	Stationary for Traffic	Emergency (deviation from threshold)	Sole supplier	Community services
2	04/11/2020	Traffic Signal & Accessories	R179 147	Repair of Traffic lights	If such goods and services are produce or available from single provider only.	TSA are sole provider of the service and are ones who initially installed the traffic lights in our town.	Infrastructure
3	10/11/2020	The Assessment Toolbox	R20 700	Competency Assessment for municipal manager post	In any other exceptional case where it is impractical or impossible to follow the official Procurement processes.	The request for quotation where send to four companies that are on the transversal contract as per circular no 27 of 2017 of Cooperative Governance., however only two companies responded,	Corporate Services

## Notes to the Annual Financial Statements

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### 52. 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:

<b>Reportable segment</b>	<b>Nature of Goods and/or services</b>
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.

Line items	Basic services	Community services	Executive & Council	Finance	Total
<b>Statement of Financial Performance</b>					
<b>Revenue</b>	- 273,137,732	- 38,784,518	- 56,129,182	- 217,235,240	- 585,286,672
Revenue from exchange transactions	- 100,392,342	- 4,731,809		- 4,630,758	- 109,754,908
<b>Revenue from exchange transactions</b>	- 100,392,342	- 4,731,809		- 4,630,758	- 109,754,908
Interest revenue	- 629,681			- 3,925,886	- 4,555,567
Licences and Permits		- 4,635,464			- 4,635,464
Other Income	- 1,017,712	- 96,345		- 147,349	- 1,261,407
Recoveries				- 557,523	- 557,523
Rental Of Facilities And Equipment	- 1,007,428				- 1,007,428
Service Charges	- 97,737,520				- 97,737,520
Revenue from non-exchange transactions	- 172,745,391	- 34,052,709	- 56,129,182	- 212,604,482	- 475,531,764
<b>Taxation revenue</b>				- 52,311,902	- 52,311,902
Interest Received				- 12,870,041	- 12,870,041
Property Rates				- 47,281,286	- 47,281,286
Property Rates - Forgone				7,839,425	7,839,425
<b>Transfer revenue</b>	- 172,745,391	- 34,052,709	- 56,129,182	- 160,292,580	- 423,219,861
Fines, Penalties And Forfeits	- 2,865,202	4,149			- 2,861,053
Government Grants & Subsidies	- 169,880,189	- 34,056,858	- 56,129,182	- 160,292,580	- 420,358,809
<b>Expenditure</b>	284,251,588	23,151,644	43,307,059	194,944,197	545,654,487
Expenditure	283,901,482	23,151,644	43,307,059	194,916,405	545,276,589
<b>Bulk Purchases</b>	88,182,137				88,182,137
<b>Employee related costs</b>	63,039,686	21,382,209	4,433,825	71,598,929	160,454,649
<b>Finance Costs</b>				2,122,948	2,122,948
<b>General expenses</b>	18,023,342	280,597	13,694,779	85,608,338	117,607,057
<b>Lease Rentals On Operating Lease</b>	454,297			4,034,100	4,488,398
<b>Remuneration Of Councillors</b>			24,845,266		24,845,266
<b>Repairs And Maintenance</b>	19,290,268	335,884	223,189	4,336,102	24,185,443
<b>Transfers And Subsidies</b>	1,311,550		110,000	1,853,588	3,275,138
<b>Depreciation</b>	51,368,285	1,152,954		6,267,250	58,788,489
<b>Debt Impairment</b>	42,231,916			19,095,149	61,327,066
Impairment loss/ Reversal of impairments	350,106			27,792	377,898
<b>Operating surplus/(deficit)</b>	- 4,698,237			- 8,926,059	- 13,624,296
Fair value adjustments - actuarial gains	- 12,250,000			1,730,660	- 10,519,340
Additional service cost landfill rehabilitation	7,217,218				7,217,218
Profit/(Loss) on disposal of assets	334,545			5,715	340,260
Investment property fair value adjustment				- 10,662,434	- 10,662,434
<b>Surplus for the year</b>	6,415,619	- 15,632,874	- 12,822,124	- 31,217,102	- 53,256,481

## Notes to the Annual Financial Statements

Figures in Rand

Line items	Basic services	Community services	Executive & Council	Finance	Total
<b>Statement of Financial Position</b>					
<b>Assets</b>	<b>1,321,411,046</b>	<b>95,738,501</b>	<b>121,231,922</b>	<b>- 266,899,953</b>	<b>1,271,481,516</b>
Current Assets	313,317,192	64,325,487	121,230,878	- 380,489,008	118,384,550
Inventories	- 12,152,102	- 652,186	- 927,623	24,813,622	11,081,711
Receivables from exchange transactions	48,247			1,832,456	1,880,702
Receivables from non-exchange transactions	28,561,078	- 24,997,650		311,596	3,875,024
VAT receivables	33,111,031	506,843	4,037,952	- 20,254,744	17,401,082
Consumer debtors	32,310,149	- 326,984	5,024,880	40,290,070	77,298,115
Cash and cash equivalents	231,438,789	89,795,464	113,095,669	- 427,482,007	6,847,915
Non-Current Assets	1,008,093,854	31,413,014	1,044	113,589,054	1,153,096,966
Investment property	86,419,232			- 6,107,180	80,312,052
Property Plant and Equipment	905,233,643	31,413,014	1,044	119,673,772	1,056,321,473
Intangible assets				22,562	22,562
Deposit (Security held in advance)	15,977,516				15,977,516
Heritage assets	463,463			- 100	463,363
<b>Liabilities</b>	<b>- 71,968,993</b>	<b>1,617,776</b>	<b>- 1,738,234</b>	<b>- 104,076,966</b>	<b>- 176,166,416</b>
Current Liabilities	- 26,808,531	1,617,776	- 1,738,234	- 70,806,282	- 97,735,270
Deferred income	- 192,983				- 192,983
Finance lease obligation				- 2,441,380	- 2,441,380
Landfill Site Provision	- 1,081,774				- 1,081,774
Payable Exchange Transactions	- 18,566,005	1,619,216	- 1,738,234	- 65,889,025	- 84,574,048
Consumer deposits	- 5,761,146	- 1,439		- 15,702	- 5,778,287
Employee benefit obligation				- 1,022,000	- 1,022,000
Unspent conditional grants and receipts	- 1,206,623			0	- 1,206,623
Provision for Long Service Leave				- 921,000	- 921,000
Payables from non - exchange transactions				- 517,175	- 517,175
Non - Current Liabilities	- 45,160,462			- 33,270,684	- 78,431,146
Deferred income	385,965			- 3,473,684	- 3,087,719
Finance lease obligation				0	0
Landfill Site Provision	- 45,546,427				- 45,546,427
Employee benefit obligation				- 23,302,000	- 23,302,000
Provision for Long Service Leave				- 6,495,000	- 6,495,000
<b>Net Assets</b>	<b>- 1,249,442,053</b>	<b>- 97,356,277</b>	<b>- 119,493,689</b>	<b>370,976,919</b>	<b>- 1,095,315,100</b>
	-	-	-	-	-



## Notes to the Annual Financial Statements

Figures in Rand

### 53. Public Office Holders Remuneration

All Public Officers	Annual Remuneration	Travelling & Car Allowance	Skills contribution	Medical Aid	Pension Funds	Cellphone and Data	Grand Total
Cllr J Mathebe	507,263	223,463	6,232	87,035	76,089	44,400	944,482
Cllr A Phatlane	389,672	257,372	4,746	54,359	58,760	44,400	809,308
Cllr M Tladi	466,355	178,770	4,914		69,953	44,400	764,392
Cllr T Machipa	443,209	167,597	4,740		65,581	44,400	725,527
Cllr T Phahlamohlaka	388,226	168,667	4,766	57,354	57,606	44,400	721,019
Cllr G Matjomane	416,645	167,592	4,679	23,654	62,496	44,400	719,466
Cllr H Makunyane	424,383	162,680	4,505		63,657	44,400	699,626
Cllr M Mashilo	243,905	124,719	2,756		36,586	44,400	452,366
Cllr M Matsepe	184,480	188,586	2,178		27,672	44,400	447,316
Cllr J Mahlangu	184,480	185,265	2,174		27,672	44,400	443,992
Cllr S Ratlou	243,905	102,845	2,753		36,586	44,400	430,489
Cllr K Shai	280,491	93,497	3,331			44,400	421,719
Cllr J Kotze	280,491	93,497	3,331			44,400	421,719
Cllr A Maloba	245,726	93,497	3,331	34,765		44,400	421,719
Cllr M Phetla	243,905	93,497	2,746		36,586	44,400	421,134
Cllr M Phala	272,263	93,570	3,244			44,400	413,476
Cllr S Mehlaphe	174,390	93,579	2,824	71,349	26,523	44,400	413,066
Cllr T Phorothoe	236,749	92,713	2,677		35,514	44,400	412,052
Cllr S Maipushe	236,750	92,439	2,679		35,513	44,400	411,780
Cllr K Madisa	236,750	90,754	2,677		35,513	44,400	410,094
Cllr M Malatji	236,750	90,754	2,677		35,513	44,400	410,094
Cllr M Msiza	236,750	90,754	2,677		35,513	44,400	410,094
Cllr N Mahlangu	236,750	90,754	2,677		35,513	44,400	410,094
Cllr R Ndlovu	236,750	90,754	2,677		35,513	44,400	410,094
Cllr M Mokganyetsi	236,750	90,754	2,677		35,513	44,400	410,094
Cllr V Lecheko	212,152	75,082	2,610			44,400	334,244
Cllr P Masimula	184,480	74,341	2,169		27,672	44,400	333,063
Cllr L Moima	184,480	74,117	2,170		27,672	44,400	332,839
Cllr M Mosotho	212,152	72,272	2,609			44,400	331,434
Cllr T Ntheko	212,152	72,244	2,609			44,400	331,406
Cllr M Motlape	161,217	72,558	2,222	26,617	24,318	44,400	331,332
Cllr G Namane	184,480	72,558	2,167		27,672	44,400	331,278
Cllr A Makweoane	184,480	72,558	2,167		27,672	44,400	331,278
Cllr R Makitla	184,480	72,558	2,167		27,672	44,400	331,278
Cllr B Zulu	184,480	72,390	2,167		27,672	44,400	331,109
Cllr M Mokwane	184,480	72,243	2,167		27,672	44,400	330,962
Cllr M Ranala	212,152	70,718	2,609			44,400	329,879
Cllr M Hlathi	212,152	70,718	2,609			44,400	329,879
Cllr M Ntuli	212,152	70,718	2,609			44,400	329,879
Cllr F Mogotji	171,408	70,718	2,609	40,744		44,400	329,879
Cllr S Ngwenya	212,152	70,718	2,609			44,400	329,879
Cllr C Matsepe	212,152	70,718	2,609			44,400	329,879
Cllr V Mthombeni	212,152	70,718	2,609			44,400	329,879
Cllr W Oosthuizen	212,152	70,718	2,609			44,400	329,879
Cllr T Matsepe	184,480	70,718	2,167		27,672	44,400	329,437
Cllr T Ratau	184,480	70,718	2,167		27,672	44,400	329,437
Cllr B Bogopa	184,480	70,718	2,167		27,672	44,400	329,437
Cllr D Mashego	184,480	70,718	2,167		27,672	44,400	329,437
Cllr M Ramphisa	184,480	70,718	2,167		27,672	44,400	329,437
Cllr M Tshivhula	184,480	70,718	2,167		27,672	44,400	329,437
Cllr K Kgopa	184,480	70,718	2,167		27,672	44,400	329,437
Cllr E Maphopha	184,480	70,718	2,167		27,672	44,400	329,437
Cllr H Bolotini	184,480	70,718	2,167		27,672	44,400	329,437
Cllr N Matunyane	184,480	70,718	2,167		27,672	44,400	329,437
Cllr W Skhosana	184,480	70,718	2,167		27,672	44,400	329,437
Cllr A Gulube	184,480	70,718	2,167		27,672	44,400	329,437



## Notes to the Annual Financial Statements

Figures in Rand

All Public Officers	Annual Remuneration	Travelling & Car Allowance	Skills contribution	Medical Aid	Pension Funds	Cellphone and Data	Grand Total
Cllr M Mamakoko	184,480	70,718	2,167		27,672	44,400	329,437
Cllr G Makeke	184,480	70,718	2,167		27,672	44,400	329,437
Cllr R Ratau	184,480	70,718	2,167		27,672	44,400	329,437
Cllr M Mphela	184,480	70,718	2,167		27,672	44,400	329,437
Cllr S Matsomane	141,435	47,145	2,088			29,600	220,268
Cllr C Mathebe	61,493	23,573	440		9,224	14,800	109,530
<b>Grand Total</b>	<b>14,183,919</b>	<b>5,789,228</b>	<b>167,972</b>	<b>395,877</b>	<b>1,599,870</b>	<b>2,708,400</b>	<b>24,845,266</b>







**ELIAS MOTSOALEDI**

LOCAL MUNICIPALITY



**ANNUAL REPORT**  
**2020/2021**

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