



dr.jsmlm

Dr JS Moroka Local Municipality

ANNUAL REPORT

2022-2023

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CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

The 2022/23 Annual Report of Dr JS Moroka Local Municipality is presented as per Section 46 of Local Government Municipal Systems Act No. 32 of 2000 and Section 121 and 127 (2) of Local Government: Municipal Finance Management Act No. 56 of 2003 as well as National Treasury Regulations.

Our vision aims to project the ideal situation that the municipality would like to be in the foreseeable future. Municipal vision: - **"Striving to become the best economically developing municipality mostly admired for taking care of its people"**.

o THE FOLLOWING ARE SOME OF THE KEY SERVICE DELIVERY ACHIEVEMENTS:

The 2022/23 Annual Report details the many highlights, milestones and lessons learned over the last 12 months. Despite these challenges faced, Dr JS Moroka Local Municipality continued to provide basic services to all its residents, customers, and all stakeholders. I am very proud of the leadership both from political and our administration in the manner we have overcome challenges and adjusted our thoughts to improve service delivery and worked together in new ways to keep our municipality running smoothly.

Regardless of the pressure to perform I am pleased to announce some highlights from the 2022/23 financial year. The municipality successfully implemented and completed the following recent service delivery project:

- Construction of 1,5km at Siyabuswa C Bus and Taxi route (Next to Velulwazi high school)
- Construction of 1,2km at Mmamethlake Bus and Taxi route
- Construction of 1,2km at Radijoko Bus and Taxi route
- Phase 1: Replacement of 1km asbestos bulk line pipe to HDPE including installation of 100m steel pipe and air valve, butterfly valves, bulk water meters, scour valves, strainers, accessories and construction of rectangular manhole.

- Phase 1: Replacement of 3,7km asbestos bulk line to HDPE including installation of 100m steel pipe and air valve, butterfly valves bulk water meters, scour valves, and construction of rectangular manhole.
- Upgrading of sports facility – Kameelriver sport complex
- 82 % progress made in the construction of sewer reticulation at Libangeni phase 2 as well as;
- 93 % progress made in the construction of Ga-Phaahla sewer reticulation.

o **KEY DEVELOPMENT POLICIES:**

The Municipality's progress would be measured through satisfying its key developmental objectives. These key policy development objectives are continuously used as a basis for service delivery in the municipality:

- Implementation of the revenue enhancement strategy
- Provision of bulk water services
- Phasing in of water borne sewerage to all other wards
- Improve the local economy through revised LED strategy
- Introduce the Dr JS Moroka Local Municipality Economic Development Agency
- Broaden Executive Mayor's Bursary Scheme to include scarcely skilled disciplines e.g. Engineering Services
- Employee's Assistance Program
- Implement the Record Management System
- Intensify community participation and accountability by councillors through monthly community meeting
- Facilitate and empower Co-operatives by establishment of brick making in Mdutjana, Mbibane and Mathanjana targeting Youth
- Sustained improvement of the audit opinion

- Facilitate and regularly update the Indigent Register
- Adherence to the Performance Management System
- Continue to participate in HIV/AIDS, TB and Cancer-programmes
- Partner with other educational stakeholders to improve education level in the municipality and grade 12 pass rate.
- Continue hosting the Mayoral Cup but also include other sporting codes into the Mayoral Cup
- Implementation 15% of MIG that will be used for sporting facility upgrades.

○ **METHODS USED / IMPLEMENTED TO IMPROVE PUBLIC PARTICIPATION AND ACCOUNTABILITY.**

Public Participation is the barometer whereby performance of the municipality is gauged in relation to good governance and the enhancement of democracy. The following activities would ensure good governance:

- Continued and regular meetings with traditional leadership;
- Conduct preparation meetings before all municipal events, especially before Integrated Development Plan-and Budget Izimbizo;
- Announcements of meetings and events through loud hailing;
- Notices in print media and Billboards;
- Regular updating of the municipal website relating to public participation
- Engaging in different forums such as the Local Economic Development -and Youth Forum
- Our communication in general to be improved so as to communicate our achievements adequately

o **CORRECTIVE ACTIONS TAKEN TO ENSURE THAT STRATEGIC OBJECTIVES AS STIPULATED IN THE IDP ARE ACHIEVED.**

- Channel the greater part of the capital budget to bulk water and road infrastructure projects
- Implement and extend the bulk sewer system to areas without sewer connections
- Improve and sustain the flow of water in the reticulation system
- Fill key managerial positions
- Increase the staff compliment in the Project Management Unit

o **THE FOLLOWING POLITICAL INTERVENTIONS WERE INITIATED TO IMPROVE THE AUDIT OPINION**

- Ensure accountability for all expenses incurred
- Minimal deviation from policies
- Implemented the approved audit action plan.
- Ensured there is compliance with all legislative requirements – Compliance Register
- Established the Audit Steering Committee to deal with issues raised by the Auditor General
- Held meetings with management and established the support from Provincial Treasury and provincial COGTA.

o **STRATEGIC ALIGNMENT TO PROVINCIAL GROWTH AND DEVELOPMENT STRATEGY.**

Strategic alignment was initiated as follows:

“Building Local Economies to create more employment, decent work and sustainable livelihoods”;

- In implementing the manifesto we have in the recent years granted 08 students bursaries to learn in the field of Engineering as a scarce skill, some of the students already in the employ of the municipality;
- The municipality has been able to establish the LED forum to assist with facilitation of local economic development;
- The Municipality is in the process of reviewing the LED strategy to assist local economic development.

“Building a more united, non-racial, integrated and safer communities”;

- We need to review the SDF as it was seen not to be credible;
- We need to finalize the town planning for Moripe Gardens and other identified areas.

“Promoting more active community participation in local government”;

- As a Municipality we have achieved the public participation targets and time-frames, however we are still lacking with regard to internal and external communication. Improvement in that department is required;
- We have established the IDP Forum but we still need to establish the business forum

“Ensuring more effective, accountable and clean Local Government that works together with National and Provincial Government”

- We are still lacking on the turnaround time for problems raised by the community even though the municipality communicate with the community regarding the water disruptions as they occur.

o **FUTURE ACTIONS**

The following actions must be put in place to ensure that in future, the municipality perform and meet all its obligations and service delivery challenges:

- Develop and adopt departmental procedure manuals.
- Ensure full implementation of the Revenue Enhancement Strategy.
- Ring fencing of water services revenue.
- Focus on local economic development so as to grow the economy and create jobs within the municipality.
- Fast-track skills development programmes with other stakeholders.
- Invent innovative, alternative service delivery methods to eradicate service delivery backlogs.
- Implementation of the Record Management System.

o **AGREEMENTS / PARTNERSHIPS**

The municipality did not enter into any agreements or Public – Private Partnership with external stakeholders during the 2022/23 financial year.

This Annual Report still to date acknowledges that the Impact of the COVID 19 pandemic, which has undoubtedly at some point disturbed the normal operations and has also caused devastation to the local economy and social stability. As much as this invisible enemy has caused harm to many, we Dr JS Moroka remain optimistic about the future. We believe that hinges will go back to normality and our people will find comfort and benefit from the new economy post the pandemic.

- **CONCLUSION**

The 2022/2023 Annual Report provides details on various service delivery projects undertaken to facilitate the envisioned accelerated growth of the municipality. These projects are only possible through strategic partnerships with other spheres of government, the private sector and the community of the entire Dr JS Moroka Local Municipality, without which we cannot meet and overcome the challenges that we face.

I remain grateful to Council, the Mayoral Committee and the entire administration lead by Municipal Manager, all of whom continue to guide our staff, resources and operations to make Dr JS Moroka an inclusive, innovative and inspired municipality.

EXECUTIVE MAYOR

COUNCILLOR N.S MTSWENI

MUNICIPAL MANAGER'S OVERVIEW

Section 121(3) of the Municipal Finance Management Act 2003, read together with section 46 of the Municipal Systems Act 2000, prescribes the minimum contents of an Annual Report of a municipality. I have also considered the importance of credibility, reliability, usefulness and relevance of the annual financial statements and performance information as contained herein.

This Annual Report therefore provides an authoritative record of the activities of Dr. JS Moroka Local Municipality which we embarked on during the period of 2022/2023 financial year. The report presents us with an opportunity to reflect on our achievements since the last reporting period, and also to provide a detailed account of our performance as a municipality against our strategic plans and resources that were at our disposal for the period of 2022/2023.

The Integrated Development Plan (IDP), Budgets, Service Delivery and Budget Implementation Plans (SDBIP's), Performance Plans and Agreements of section 56 managers, still remains the key service delivery planning tools which we have to utilize in an effort to deliver sustainable services to our communities. In order to achieve the vision of "*Striving to become the best economically developing municipality mostly admired for taking care of its people*", the municipality endeavors to align our planning with policy priorities adopted by the National and Provincial Governments, as well as ensuring that there is alignment of programs between ourselves, the District, Provincial and National Government. The alignment with five (5) National Key Performance Areas was adhered and incorporated during the planning period.

In the previous reporting period, we identified a number of initiatives for implementation in this reporting period. Key to these initiatives is the programs related to sustainable water provision, creating a conducive environment for economic activities to uplift the economy of the Dr. JS Moroka Local Municipality and infrastructure investment.

○ **LOCAL GOVERNMENT: OUTCOME**

A responsive, accountable, effective and efficient local government system:

- Output 1: Implement a differentiated approach to municipal financing, planning and support;
- Output 2: Improving access to basic services;
- Output 3: Implementation of the Community Work Programme;
- Output 4: Actions supportive of the human settlement outcome;
- Output 5: Deepen democracy through a refined Ward Committee model;
- Output 6: Administrative and financial capability;
- Output 7: Single Window of Coordination.

○ **LOCAL GOVERNMENT: KEY PERFORMANCE AREAS**

- Basic service delivery and infrastructure development
- Municipal institutional development and transformation
- Local Economic Development (LED)
- Municipal financial viability and management
- Good governance and public participation
- Spatial rationale

- **FUNCTIONS AND POWERS OF THE MUNICIPALITY IN RELATION TO SECTION 155/156 OF THE CONSTITUTION AND CHAPTER 3 OF THE MSA**

Dr J.S. Moroka Local Municipality has a policy on Delegation of Powers in terms of Section 59 of the Municipal Systems Act, 32 of 2000. These Delegations of Powers have been reviewed and adopted by the council and also powers and functions conferred in terms of the Constitution and exercise them subject to Chapter 5 of the Municipal Structures Act. The powers and functions of local government are reflected in the list below include the allocation of powers and functions authorized/adjusted by the MEC following the recommendations of the Municipal Demarcations Board.

- **POWERS AND FUNCTIONS OF LOCAL GOVERNMENT**

- Air pollution.
- Building regulations.
- Potable, bulk, water reticulation.
- Municipal roads & storm water management system.
- Trading regulation.
- Billboards and the display of advertisements in public places.
- Cleansing.
- Municipal airport.
- Municipal public transport.
- Markets.
- Municipal abattoirs.
- Refuse removal, dumping and solid waste.
- All municipal recreational facilities.
- Noise pollution.
- Street trading and street lighting.
- Traffic and parking.

o **AUTHORIZED /ADJUSTED IN TERMS OF SECTION 84 OF THE MSA.**

- Municipal roads which form an integral part of road transport system.
- Municipal public works relating to any of the above functions.
- Solid waste disposal sites.
- The establishments conduct and control of cemeteries and crematoria.
- Water Service Authority (in terms of water services.

o **POWERS AND FUNCTIONS ALLOCATED TO NKANGALA DISTRICT MUNICIPALITY**

- Municipal planning.
- Disaster management and firefighting.

o **ENTITIES RELATED TO THE MUNICIPALITY AND THE SHARING OF POWER WITH THESE ENTITY/IES:**

Dr JS Moroka Local Municipality does not have an entity.

o **SECTOR DEPARTMENTS AND THE SHARING OF FUNCTIONS BETWEEN THE MUNICIPALITY AND SECTOR DEPARTMENTS:**

The working relationship with other Provincial Sector Departments has been adequate. The following are some of the support provided to the municipality over the years:

- CoGTA - PMS training; MPAC Workshop; Induction and Training of Ward Committees
- Provincial Treasury: mSCOA and GRAP updates; Annual Audit Support.
- SALGA - Councilors' Development Programme; New GRAP standards; StrikeManagement; Management Induction Course.

o **A SHORT STATEMENT ON THE CURRENT FINANCIAL HEALTH OF THE MUNICIPALITY**

The financial stability of the municipality is currently anchored in National Grants, which accounts for 75% of the municipality's overall revenue. Actual revenue production contributes fairly 25% to the budget. Due to the municipality's heavy reliance on grants, this ratio is not a fair indicator of the municipality's financial stability. Also, taking into account that, when the national fiscal system is pressurized, the equitable share provided to municipalities does not increase sufficiently.

There are four crucial issues that trigger low revenue collection for Dr. J.S. Moroka LocalMunicipality, which are as follows:

9. Limited revenue base for the billing process.
10. Insufficient supply of water.
11. Consumers' reluctance to pay for services.
12. Shortage of water meters.

The following table shows the municipality's revenue collection for the preceding financial years:

Description	2022/2023	2021/2022
Service Charges	79 315 109	80 563 778
Other Income	126 919 818	75 714 649
Property Rates	41 698 388	40 169 647
Grants	614 639 742	555 955 265
Total Revenue	862 573 057	745 327 464

Revenue Challenges:

1. Inaccurate data on the financial system due to lack of title deeds
2. Departments and Municipalities making late payments
3. Resident's unwillingness to pay for household utilities
4. A limited sales base that needs to be expanded
5. Water meters not efficiently operating
6. Flate rate instead of consumption billing being used

Remedial actions to be implemented in 2022/2023 financial year:

1. Revenue Enhancement Committee formed.
2. Development, Analysis and execution of the Revenue Enhancement Strategy;
3. Installation of prepaid water meters as a technique to maximize the collection of revenues and conserve water.
4. Develop and implement an Improved and efficient method of monitoring water meters.
5. Increase in tax base by selling stands and making public land accessible to developers.

6. Introduction of PPP contracts that will produce more cash inflows to the municipality and also create jobs for locals.
7. Review and implementation of regulations.

In conclusion, for the 2023/24 financial year, the municipality needs improve its revenue collection efforts to ensure that the municipality is financially viable and stable.

This can be accomplished by:

- Implementing the Revenue Enhancement Strategy.
- Developing and implementing a meticulous credit management and debt collection program.
- Introducing prepaid water meters.

Dr. J.S Moroka Local Municipality is a developing and growing municipality that strives for excellence in service delivery. As a result of the complex setting of local government, many problems confront financial planning of the municipality and are constantly evolving.

From a financial standpoint, the municipality's stability and survival are priorities. In order to achieve this goal, a financial plan and associated plans are in place to address a number of major issues that arise. When it comes to revenue collection, the municipality's state as exponentially improved, as the collection rate is at above 80%, beyond that, the municipality is still reliant on grants.

The unemployment rate is higher than 50%, which contributes to the municipality's current financial situation. It should be noted that the municipality will participate in the debt collection process by ensuring that all service users who have the ability but are unwilling to pay for municipal services face legal action in the municipality.

REVENUE AND EXPENDITURE SUMMARY

DESCRIPTION	2022/2023	2021/2022
Revenue	862 573 057	745 327 464
Operating Expenditure	(722 169 601)	(680 887 947)
Surplus/Deficit	140 403 456	64 439 517

REVENUE FROM GRANTS AND SUBSIDIES

GRANT SOURCE	2022/2023	2021/2022
Municipal Infrastructure Grant (MIG)	147 530 032	132 482 000
Finance Management Grant (FMG)	2 450 000	2 450 000
Expanded Public Works Programme (EPWP)	2 432 000	1 451 000
Equitable Share (ES)	461 561 000	419 133 000
LG SETA Grant	666 710	439 265
WSIG	-	-
Total	614 639 742	555 955 265

OPERATING EXPENDITURE BY TYPE

DESCRIPTION	2022/2023	2021/2022
Employee related costs (ERC)	225 896 440	205 945 378
Operational Costs	220 288 437	225 475 119
Contracted Services	148 929 270	162 828 312
Councillors remuneration (CR)	25 399 861	23 731 620
Depreciation and Amortisation	101 655 593	62 907 518
Total	722 169 601	680 887 947

CAPITAL EXPENDITURE BY VOTE

CAPITAL EXPENDITURE BY TYPE	2022/2023	2021/2022
Water	38 622 641	78 270 776
Sanitation	65 760 735	32 866 550
Roads	23 054 812	8 113 061
Total	127 476 810	119 250 387

The Municipal Infrastructure Grant covered capital expenditure for the fiscal year 2022/2023, with the key projects being water and sanitation. There is undoubted evidence that demonstrates a need for DR JS Moroka to invest in water and sanitation infrastructure.

o **RISK MANAGEMENT**

Risk Management forms part of management core responsibilities and is an integral part of the internal processes of the Municipality. It is a systematic process to identify, evaluate and address risks on a continuous basis before such risks can impact negatively on Municipal service delivery capacity.

The following were the top 09 risks in the 2022/2023 financial year and measures to mitigate the risks:

RISK	MEASURES TO MITIGATE THE RISK
1. Ineffective governance	1. Appointment of RMC external chairperson (POE: Appointment letter) 2. Ensure development and monitor implementation of the recommendation register from oversight structures (POE: Recommendation register) 3. Integrate the cascading of performance into the agreements of Senior

	Managers (POE: Signed performance contracts)
2. Inadequate sound financial management	<p>1.1 Development and implementation of SCM procedure manuals (Regular bulletin) POE SCM Procedure Manual & SCM Reports</p> <p>1.2 Conduct awareness workshops to improve the adherence to the SCM policy (POE: Attendance registers and bulletin)</p> <p>2. Adherence to procurement plans (POE: Updated Procurement plans)</p>

RISK	MEASURES TO MITIGATE THE RISK
	<p>3. Establishment of Revenue Management committee to monitor the implementation of Revenue Enhancement Strategy (POE: Appointment letter and reports)</p> <p>4. Appointment of Service Provider to conduct a data cleansing exercise and quarterly reporting (POE: Appointment letter and reports)</p> <p>5. Correct the implementation of the tariff policy and recommend to Council to rescind the flat rate resolution (POE: Council resolution and reports)</p> <p>6. Conduct a strategic planning, budget and management workshop (POE: Strategic plan resolutions).</p> <p>7.1 Compile a database of the existing financial management policies and ensure implementation (POE: Policy dashboard & reports)</p> <p>7.2 Development and implementation of the new policies and procedure manuals (POE: Policies & procedure manuals and reporting)</p> <p>8. Engage Provincial Treasury to assist with the GRAP compliant asset register. (POE: Engagement letter)</p> <p>9. Implementation of war on leaks programme (POE: Reports)</p> <p>10. Conduct awareness workshop on the investment policy (POE: regular bulletin)</p> <p>11. Establishment of the disciplinary board (POE: Appointment letters)</p> <p>12. Procurement of the verification system for indigent (POE: Systems)</p> <p>13. Establishment of mSCOA Committee (POE: Appointment letters)</p>

<p>3. Inability to improve organizational cohesion and development</p>	<ol style="list-style-type: none"> 1. Implementation of electronic document management system (POE: Monthly reports) 2. Finalization and implementation of the BCP/DRP (POE: DRP and reports) 3. Enhance monitoring of the compliance checklist (POE: Internal audit monitoring report) 4&5. Settlement of stale legal matters (POE: Settlement order) 6. Fast-track the approval and ensure implementation of the Human Resource Strategy and Implementation Plan (POE: Approved HR Strategy and Implementation Plan And Council Resolution) 7. Enforce adherence to Council Schedule of meetings (POE: Agenda and Attendance register)
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RISK	MEASURES TO MITIGATE THE RISK
	<p>8. Ensure commitment and support by Senior Managers and middle managers towards employee capacity building (POE: Council Resolution on Training development reports)</p> <p>9.1 Review of the existing and implementation of institutional policies (POE: Approved policies and Council resolution)</p> <p>9.2 Development of dashboard for Municipal policies (POE: Dashboard)</p> <p>10. Compliance with the Government Gazette on appointment of Senior Managers and conditions of services (POE: Appointment letters)</p>
<p>4. Inadequate municipal infrastructure to provide basic services</p>	<p>1. Replacement and refurbishment of aging infrastructure (POE: Reports)</p> <p>2.1 Augmenting supply of water (POE: Monthly report for the project)</p> <p>2.2 Implementation of water restrictions (POE: Reports on bulk water balancing)</p> <p>3. Implementation of the Revenue Enhancement Strategy (POE: Monthly reports)</p> <p>4&7. Development and implementation of By-laws (POE: By-laws & Progress Reports)</p> <p>5. Revise and implement Master plans (POE: Reviewed Master plan and Council resolution)</p> <p>6. Appointed Service Provider to re-evaluate the functionality of the workshop (POE: Evaluation report)</p>

<p>5.Uncontrolled land invasions</p>	<p>1.Rendering Awareness campaigns</p> <p>2.Workshop on traditional leaders regarding land invasions</p> <p>3.Surveying of land and hand out layouts for allocation</p> <p>1.1 Review of the Spatial Development Framework</p> <p>1.2 Engage Rural Development on the requisition of state land</p> <p>2.1 Motivate for budget provision for the procurement for panel of conveyancers</p> <p>3. Hosting of land summit and procedure manual workshop</p> <p>4. Conduct workshop to Council on the IDP processes</p>
<p>6.High unemployment</p>	<p>1.Strengthen the relationship between the, sector departments, private sector, CBO's, NGO's and govt agencies</p> <p>1.(b) Investigate possible incentives to attract investors. Investigate the possibility of adjusting tariffs and property rates in order to address concerns of the investors</p>

RISK	MEASURES TO MITIGATE THE RISK
	<p>1.(c) Advertise available business sites to municipal website(Townplanning)</p> <p>2. Review LED strategy and Development of longterm investment planto be incorporated to the LED strategy</p> <p>3.Develop investment guide to business prospects for Dr JS MLM 4.Appointment of LED forum members and Resuscitation of LED forummeetings</p> <p>5. Conduct workshops/seminars to provide information onpricing/quoting.</p> <p>6. Co-ordinate workshops /seminars in conjunction with government agencies to provide information on registration of businesses. 7.Request land for agricultural purposes and support local farmers.</p>
<p>7. Poor telecommunicationand IT infrastructure</p>	<p>1.Rescuscitation of municipal website and Upload of compliance documents on the municipal website (POE: Screen shot)</p> <p>2. Reviewal of communications strategy. (POE: council resolution)</p> <p>3. Reviewal of Information security policy. (POE: Draft informationsecurity policy)</p> <p>4. Regular maintenance of ICT infrastructure. (POE: Monthly Reports)</p> <p>5. Conducting IT Audit. (POE: Report)</p> <p>6.Motivate for budget provision for the development of Disaster Recoversite. (POE: Annual Budget)</p>

<p>8. Inadequate facilitation and provision of community social development service</p>	<ol style="list-style-type: none"> 1. Make budget provision for the procurement of a generator (POE: Budget) 2. Engage DSCR to assist with improving the network coverage (POE: Engagement letter) 3. Make additional funding for disaster management (POE: Budget) 4. Make additional funding for cultural diversity (POE: Budget) 5. Expedite the state land release (POE: Minutes and confirmation letter) 6. Procurement of waste management equipment (POE: Proof of delivery) 7. Additional budget provision for maintenance (POE: Budget) 8. Additional budget provision for youth development and special programmes (POE: Budget) 9. Motivate for the appointment of by-law enforcers (POE: Staff requisition form)
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RISK	MEASURES TO MITIGATE THE RISK
	10. Development and implementation of policies for cemetery and wastemanagement (POE: Approved policies and Council resolutions)
9. Continuous disruptions for the municipality to operate	1. Drawing up Service Level Agreements with security service providers and the municipality. 2. Strengthening working relation between the municipality and SAPS. 3. Establishment of a system of monitoring visitors who access the municipality

ANTI-CORRUPTION AND FRAUD

Fraud and corruption prevention plan and whistle blowing policy has been adopted by Council. The fraud risk register was developed following key risk areas have been identified in accordance with the institution, i.e. Finance, SCM, Fleet Management and Technical Services. Councillors are excluded from the procurement processes as prescribed by schedule 1 of the MSA of 2000. Fraud hotline establishment procured by Nkangala District Municipality.

o SERVICE DELIVERY IMPROVEMENTS

The IDP is aligned to the Budget and implemented through the Service Delivery and Budget Implementation Plan (SDBIP). By 2022/2023 Financial Year end, the overall performance level achieved was 85 %, a 14 % improvement from the 2021/2022 71 % achievement. Out of 139 targets set and assessed, 118 were achieved and a total of 21 was not achieved. This translates into 13 % of targets not achieved for 2022/2023 Financial Year. **(Refer to the detailed attached annual performance report)**. An action plan and remedial actions are initiated and continuously monitored to improve on the targets not achieved and the overall efficiency and effectiveness of municipal activities.

Some of the administrative policies made during the year include initiating restrictions on the attendances of conferences and other events outside the municipality and the minimization of the use of meeting accommodation other than our municipality's own venues.

The Weltevreden Water Treatment Works also supplies Sekhukhune District Municipality and Thembisile Hani Local Municipality and this put water supply constraints on the system. In addition, the demand within the Municipality has also increased massively and this can be associated with the increasing population within the water supply areas. The Municipality is currently in the process of developing operation and maintenance plans for the Weltevreden Water Treatment Works. These will assist to proactively maintain municipal water infrastructure thus ensure its sustainability. The Municipality endeavour to render basic water level of services to all households within its jurisdiction. Basic level of service is defined as having access to water supplies within 200m walking distance from any household.

On behalf of the administration team of Dr JS Moroka Local Municipality, we would like to profoundly express our gratitude to the political leadership provided for by the Executive Mayor, his Mayoral Committee and the council at large. We further give appreciation to the staff members from the executives down to the cleaners for their unwavering support and commitment to the institution. There is without a doubt, great potential and opportunities in this municipality. With both council, administration team and the public working together, indeed this municipality can achieve more and realise improved service delivery.

MUNICIPAL MANAGER

Ms MATHEBELA M.M

o **MUNICIPAL FUNCTIONS. POPULATION AND ENVIRONMENTAL OVERVIEW**

MUNICIPAL BACKGROUND

The Dr J.S Moroka Local Municipality is located in the north-western corner of the Nkangala District and Mpumalanga Province. It is 1416, 49 km² in extent, representing 8.45% of the District land mass. The Municipality is approximately 1,416 square kilometres in extent and is bounded by the following entities;

- City of Johannesburg and Tshwane Metropolitan Council on the South and West;
- Thembisile-Hani LM on the South;
- Modimolle, Mookgopong and Bela- Bela LMs on the North; and
- Ephraim Mogale and Elias Motsoaledi LMs on the North East.
- Steve Tshwete and Emalahleni LM's on the East.

Functionally, the Municipality forms part of a larger economic sub-region of the City of Tshwane and City of Johannesburg Metropolitan Municipalities. The Thembisile-Hani and Dr J.S Moroka Local Municipalities represent the highest concentrations of informal dwellings, and are characterised by high poverty levels in the Nkangala District context. The DRJSMLM was established in 2000 as a result of an amalgamation of the former Mdutjana TLC, Mathanjana TLC and Mbibane TLC is category B municipality as determined in terms Municipal Structures Act 1998 and is a municipality with a Collective Executive System and with 62 Councilors. The municipality has 61 villages, 31 wards with total population of 246 016 and 64 027 household. The Municipality is predominantly rural with no much economic activities which result to high unemployment rate at 46.6% and high poverty levels.

The Tshwane and Johannesburg Metropolitan areas are the most important employment centers and large numbers of people commute daily to these areas.

The Community of Dr J.S. Moroka Municipality and Thembisile Municipality compete in Gauteng Province for employment opportunities. The municipality is one of the six municipalities forming the Nkangala District Municipality and is situated in the western part of Mpumalanga Province border. It borders Gauteng Province to the south-west and Limpopo Province to the north.

OPPORTUNITIES IN THE MUNICIPAL AREA

The Dr J.S Moroka Local Municipality is located close to Gauteng and within easy reach of Emalahleni, Groblersdal, Bela Bela and Marble hall. This serve as an opportunity for investorsto invest in the municipal area especially at 35000m2 fully services Siyabuswa Industrial Park. Other opportunities are: Agriculture, Tourism, Manufacturing, Retail and construction.

DRJSMLM GROWTH RATE (SOURCE CENSUS 2016 STATISTICS)

The figure above indicates Dr J.S Moroka Municipality average population change from year to year. The population average growth had experience decrease and increases rate. For instance, between 1996 to 2001, the rate was -1.2% and between year 2001 to 2007 it is estimated that average growth was 0.3%, that shows slightly increase, and from 2007 to 2016the municipality experience the average decreases of -0.5% in population growth.

DRJSMLM proportional distribution of population groups (Source Census 2016)

Figure shows how the population structure has changed between 2011 and 2016 for Dr JS Moroka Local Municipality. The structure shows that Dr JS Moroka Local Municipality has a youth population bulge which is similar to that of Mpumalanga province and that of the country. The figure indicates that a major proportion of the municipal population are people of workingage.

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Source: Stats SA – Community Survey

Figure shows Nkangala District Municipalities population distribution from 2011 to 2016. There has been a growth of 137 492 persons in the past 5 years, from 1 308 132 persons in 2011 to 1 445 624 persons in 2016. This indicates that Emalahleni Local Municipality is the most populated municipality of all NDM local municipalities. Only Dr. JS Moroka Local Municipality experience the decline from period 2011-to-2016, with the population dropping from 249 705 to 246 016. The picture indicates that people are from Dr. JS Moroka Local Municipality to neighboring municipalities, district and provinces, mainly in search of employment since the economy of Dr. JS Moroka Local Municipality is small and not growing at a pace expected.




Basic Education Data



Local Municipal Area	Grade 12 Pass Rate			Trend 2016-2017	Admission to Bdegree 2016
	2011	2016	2017		
Dr JS Moroka Mun	57.5%	73.5%	67.1%		18.9%
Emakhazeni Mun	74.8%	84.5%	81.6%		32.0%
Emalahleni Mun	75.8%	88.0%	80.9%		22.9%
Steve Tshwete Mun	74.4%	81.0%	77.9%		28.9%
Thembisile Hani Mun	67.2%	77.3%	67.5		14.%
Victor Khanye Mun	70.3%	82.1%	82.5%		27.1%

Source: MPG

According to the 2016 CS of Stats SA, the population in Dr JS Moroka aged 20+ and completed grade 12, increased from 44 354 in 2011 to 52 480 (increase of 8 126) in 2016 – an increase of 18.3% in the relevant period. Dr J.S Moroka's grade 12 pass rate deteriorated from 73.5% and in 2016 to 67.1% in 2017, ranked 2 lowest among municipal areas of the Province. The area achieved an admission rate to university/degree studies of 18.9%, a decline from 20.4% in 2016.

Unemployment Rates, 2011-2016

Local Municipal Area	Un-employment Rate Census 2011	Un-employment Rate 2016 HIS Global Insight Figures	Trend
Dr JS Moroka Mun	46.6%	47.7%	
Emakhazeni Mun	25.9%	22.8%	
Emalahleni Mun	27.3%	26.6%	

Local Area	Municipal Area	Un-employment Rate Census 2011	Un-employment Rate 2016	Trend
Steve Tshwete	Mun	19.7%	17.3%	
Thembisile	Hani Mun	37.0%	38.5%	

Source: MPG

The unemployment rate of Dr J.S Moroka increased slightly from 46.6% in 2011 to 47.7% in 2016.

Dr J.S Moroka’s unemployment rate was the second highest among all the municipal areas of Mpumalanga. Unemployment rate for females 44.8% and that of males 44.9%. Youth unemployment rate according to the Census figures 61.4% - challenge with especially very high youth unemployment rate of females. The largest employing industries in Dr J.S Moroka are trade (including industries such as tourism), community/government services, finance and construction. High labour intensity in industries such as agriculture and construction. Within the Nkangala District Municipality, Dr J.S Moroka Municipality and Thembisile Hani Local Municipality both experience high level of unemployment, especially among young people. Communities in both municipalities traverse between Gauteng and Mpumalanga provinces in search of employment opportunities.

Powers and Functions

Object of Local Government

Section 152 of the Constitution of the Republic Mandates local government to perform the following functions –

- a) To provide democratic and accountable government for local communities
- b) To ensure the provision of services to communities in a sustainable manner

- c) To promote social and economic development
- d) To promote safe and healthy environment, and
- e) To encourage the involvement of communities and community organizations in the matters of local government.

The table below provides a list of allocated powers and functions of the municipality in accordance with Schedule 4 B and 5 B of the Constitution and Sections 83, 84, 85 and 86 of the Municipal Structures Act. The table below gives an indication of how the municipality has fared in the performance of the allocated functions

Function		Authorization	Performance Analysis
1	<i>Air Pollution</i>	Yes	<i>Not performed</i>
2	<i>Building Regulation</i>	Yes	<i>Performed</i>
3	<i>Child Care Facilities</i>	Yes	<i>Not performed</i>
4	<i>Electricity</i>	<i>Not</i>	<i>DME, NASA & Eskom</i>
5	<i>Fire Fighting</i>	<i>Not</i>	<i>Performed by the district</i>
6	<i>Local Tourism</i>	Yes	<i>Not adequately performed</i>
7	<i>Municipal Airport</i>	Yes	<i>Not performed</i>
8	<i>Municipal Planning</i>	Yes	<i>Performed</i>
9	<i>Municipal Health Services</i>	<i>Not</i>	<i>District and dept. of Health</i>
10	<i>Municipal Public Transport</i>	Yes	<i>Performed</i>
11	<i>Pontoons and Ferries</i>	Yes	
12	<i>Storm Water</i>	Yes	<i>Performed</i>
13	<i>Trading Regulations</i>	Yes	<i>Performed</i>
14	<i>Water (potable)</i>	Yes	<i>Performed</i>
15	<i>Sanitation</i>	Yes	<i>Performed</i>
16	<i>Beaches and Amusement Facilities</i>	Yes	<i>Performed</i>
17	<i>Billboards and the Display of Advertisement in Public Places</i>	Yes	<i>Performed</i>

18	<i>Cemeteries, Funeral Parlors and Crematoria</i>	Yes	<i>Not adequately performed</i>
19	<i>Cleansing</i>	Yes	<i>Performed</i>
20	<i>Control of Public Nuisance</i>	Yes	<i>Not adequately performed</i>
21	<i>Control of Undertaking that Sell Liquor to the public</i>	Yes	<i>Not adequately performed</i>
22	<i>Facilities for the accommodation, care and burial of animals</i>	Yes	<i>Not adequately performed</i>
23	<i>Fencing and Fences</i>	Yes	<i>Performed</i>
24	<i>Licensing of dogs</i>	Yes	<i>Not adequately performed</i>
25	<i>Licensing of undertakings that sell food to the Public</i>	Yes	<i>Not adequately performed</i>
26	<i>Local Amenities</i>	Yes	<i>Performed</i>
27	<i>Local Sports Facilities</i>	Yes	<i>Performed</i>
28	<i>Markets</i>	Yes	<i>Not adequately performed</i>

Function		Authorization	Performance Analysis
29	<i>Municipal Abattoirs</i>	Yes	<i>Not adequately performed</i>
30	<i>Municipal Parks and Recreation</i>	Yes	<i>Not adequately performed</i>
31	<i>Municipal Roads</i>	Yes	<i>Performed</i>
32	<i>Noise Pollution</i>	Yes	<i>Not adequately performed</i>
33	<i>Pounds</i>	Yes	
34	<i>Public Places</i>	Yes	<i>Not adequately performed</i>
35	<i>Refuse Removal, refuse Dumps and solid waste disposal</i>	Yes	<i>Not adequately performed</i>
36	<i>Street Trading</i>	Yes	<i>Not adequately performed</i>
37	<i>Street Lighting</i>	Yes	<i>Performed</i>
38	<i>Traffic and Parking</i>	Yes	<i>Performed</i>

o ORGANISATIONAL DEVELOPMENT OVERVIEW

The Administration and Corporate Services Department have a wide variety of tasks that are related to the human resources support function of the municipality. These include municipal department and divisions to develop policies, by-laws, organizational structure, capacity building, recruitment, selection and appointment, legal, ICT services, communications, Secretariat/Council support and sound labour relations. The department ensures that, at all times, through execution of its functions adheres to the municipal vision and mission.

The Municipality encountered few litigations ranging from service providers, even though the task seemed demanding most of them were finalized. Municipal By-laws and policies were developed and reviewed through consultative meetings with relevant stakeholders.

The department helped in capacitating municipal personnel, councillors and unemployed community members through training interventions, learnerships and internship programmes. External bursaries addressing scarce skills shortages were awarded to deserving learners and their study progress were monitored through the submission of academic results. Employment equity was reviewed and submitted to the Department of Labour. External Mayoral bursaries was stopped but there was intentions to reinstate from January 2022, and was also allocated budget of R1.5m

The department provides for the development and management of organisation wide records management programme, which is designed to ensure that record keeping and establishment of a local ,central ,divisional , effective and efficient registry services within the municipality meet the organization's objectives and ensure compliance to National Archives Act (43 of 1996).

AUDITOR GENERAL OPINION

FINANCIAL YEAR	2019/20	2020/21	2021/22	2022/23
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AUDIT OPINION	Disclaimer	Disclaimer	Qualified Opinion	Audit	Qualified Opinion	Audit
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STATUTORY ANNUAL REPORT PROCESS

No.	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Draft Annual Report process at the end of the Budget/IDP implementation period.	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise 4 th quarter Report for previous financial year	
4	Submit Draft Draft Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit Draft Annual Reports to MM	
6	Audit/Performance committee considers Draft Annual Report of municipality and entities (where relevant)	August
8	Mayor tables the unaudited Draft Annual Report	
9	Municipality submits Draft Draft Annual Report including consolidated annual financial statements and performance report to Auditor General.	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General assesses Draft Annual Report including consolidated Annual Financial Statements and Performance data	
12	Municipalities receive and start to address the Auditor General's comments	September – November November - January

13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor-General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	
17	Oversight report is made public	December –
18	Oversight report is submitted to relevant provincial departments	March

CHAPTER 2 – GOVERNANCE

a. ~~COMPONENT A: POLITICAL AND ADMINISTRATIVE~~ GOVERNANCE

The purpose of an Annual Report is to promote accountability to communities for decisions taken by the Council and matters relating to administrative structures, throughout a financial year.

Nine major characteristics should be applied within the political and administrative structures of a municipality / municipal entity to ensure good governance:

- *Participation:* Participation could be either direct or through legitimate intermediate institution or representatives.
- *Rule of law:* Good governance requires legal frameworks that are enforced impartially.
- *Transparency:* Transparency means that stakeholders are provided with information on why decisions were made that directly affect them.
- *Responsiveness:* Good governance requires that institutions and processes try to serve all stakeholders with a responsible timeframe.
- *Consensus oriented:* Good governance requires mediation of the different interests in society to reach a broad consensus in society on what is in the best interest of the whole community and how this can be achieved.
- *Equity and inclusiveness:* Society's wellbeing depends on ensuring that all its members feel that they have a stake in it and do not feel excluded from the mainstream of society. This requires all groups to have opportunities to improve or maintain their well-being.
- *Effectiveness and efficiency:* Good governance means that processes and institutions produce results that meet the needs of society while making the best use of resources at their disposal.

- *Accountability:* Accountability is a key requirement of good governance. Accountability cannot be enforced without transparency and the rule of law.
- *Sustainability:* Sustainability is the capacity to endure, how systems remain diverse and productive over time. It is the potential for long-term improvements, which in turn also depends on the responsible use of natural resources.

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

b. POLITICAL GOVERNANCE

The system of governance in the municipality is an Executive Mayoral System. The Executive Mayor is the political head with a complement of 5 Members of the Mayoral Committee who are heading different Departments.

The Executive Mayor is supported by a team of 5 councillors who are full time councillors. The Members of the mayoral committee heads the Section 80 Committees which are composed of the departmental heads of those particular departments.

The speaker is the chairperson of the Municipal Council therefore acts as a custodian of the rules of Council. Other committees of council were established in terms of Section 79 of the Municipal Structures Act to execute an oversight role over the Executive on behalf of Council.

The Municipal Public Accounts Committee performs an oversight over the Annual Report, the financial reports and comments on such report before it is adopted by council.



CLLR N.S MTSWENI
EXECUTIVE MAYOR



CLLR M.R NKOANE
SPEAKER



CLLR J.S NKGODI
COUNCIL WHIP

MAYORAL COMMITTEE



CLLR M.S LEGONG
MMC: ADMIN, CORPORATE
SERVICES & HUMAN
RESOURCES



CLLR. S MTSWENI
MMC: PUBLIC SAFETY &
TRANSPORT



CLLR. C MADYIBI
MMC: WATER & INFRASTRUCTURE



CLLR. P.P MNGUNI
MMC: SOCIAL
DEVELOPMENT
SERVICES



CLLR. M.J MAKOLA
MMC: FINANCE & LED

CHAIRPERSONS OF SECTION 79 COMMITTEES

CLLR DLOWU M.B
CHAIRPERSON:
PUBLIC SAFETY &
TRANSPORT

CLLR MALEKA E
CHAIRPERSON:
SOCIAL
DEVELOPMENT

CLLR. MOIMANA AT
CHAIRPERSON:
LOCAL
GEOGRAPHIC

CLLR. NKOANE M.R
CHAIRPERSON:
RULES & ETHICS
COMMITTEE

CLLR. SKOSANA A.X
CHAIRPERSON: ADMIN
& CORPORATE
SERVICES

CLLR. MASHISHI M W
CHAIRPERSON:
MUNICIPAL PUBLIC
ACCOUNTS
COMMITTEE

CLLR. NTULI P.A
CHAIRPERSON:
FINANCE & LED

CLLR. MOTHIBI M.F
CHAIRPERSON:
WATER &
INFRASTRUCTURE



c. POLITICAL GOVERNANCE STRUCTURE

The council performs both legislative and executive functions. They focus on legislative, oversight and participatory roles, and have delegated its executive function to the Executive Mayor and the Mayoral Committee. Their primary role is to debate issues publicly and to facilitate political debate and discussion. Apart from their functions as decision makers, Councillors are also actively involved in community work and the various social programmes in the municipal area.

Below is a table that categorized both the ward and proportional councillors within their specific political parties.

No:	Name & Surname	Political party	Ward or proportional
1.	Mtsweni Nomsa Sanny	ANC	Proportional
2.	Nkgodi John Swanyane	ANC	Ward 23
3.	Legong Sophy	ANC	Proportional
4.	Madyibi Charles	ANC	Proportional
5.	Mnguni Phindile Phumzile	ANC	Proportional
6.	Mtsweni Sabina	ANC	Ward 9
7.	Makola Manini Joyce	ANC	Proportional
8.	Skosana Alfred Xolani	ANC	Ward 5
9.	Makuwa Isaac Sindi	ANC	Ward 6
10.	Mahlangu Solomon Khulbona	ANC	Ward 7
11.	Dlowu Brilliant Mncedisi	ANC	Ward 8

12.	Mtsweni Themba Linda	ANC	Ward 3
13.	Mahlangu Mphureni Lucas	ANC	Ward 11
14.	Mhlanga Kagiso Phillip	ANC	Ward 13
15.	Ntuli Petrus Andile	ANC	Ward 14
16.	Manganye Samuel Magesi	ANC	Ward 15
17.	Nkwana Mishack Molefe Tukiso	ANC	Ward 16
18.	Simango Ben Adalberdo	ANC	Ward 17
19.	Matlaila Bafu Joel	ANC	Ward 18
20.	Kekae Mokgaetsi Dessia	ANC	War 19
21.	Maleka Annah Letebele	ANC	Ward 20
22.	Mashishi Dingaan Andries	ANC	Ward 21
23.	Masumbuka Mmathabo Pauline	ANC	Ward 22

24.	Mgidi May Amos	AIPO	proportional
25.	Mothibi Modimo Francina	ANC	Ward 24
26.	Moabi Julia Mmapitso	ANC	Ward 25
27.	Moimana Anthon Tshepo	ANC	Ward 26
28.	Ngubeni Pamela Nomsa	ANC	Ward 27
29.	Mashilo Jeremia Patrick	ANC	Ward 28
30.	Maubane Obed Nkubane	ANC	Ward 29
31.	Manganye Johannes	ANC	Ward 30
32.	Rankapole Solomon	ANC	Ward 31
33.	Mashiane Charles Michael	AIPO	proportional
34.	Lekgoathi Mirriam Raisibe	ANC	Ward 2
35.	Msiza David Lucas	ANC	Ward 1
36.	Mashishi Mokgadi Welheminah	ANC	proportional
37.	Nkoane Mantwa Rosina	ANC	proportional
38.	Mahlangu Jeremiah Sipho	AIC	proportional
39.	Lebelo Lizzy Kentinah	ANC	proportional
40.	Mthimunye Mnyazwa SibusisoSydney	ANC	Ward 4
41.	Maleka Mamelale Elizabeth	ANC	proportional
42.	Majombosi Thandeka Rose	APC	proportional

43	Mahlangu Piet	AVPP	proportional
44.	Lamola Bethuel Rankapole	DA	proportional
45.	Ngoatle Maureen Motshetshe	DA	proportional
46.	Mahlangu Koos	DA	proportional
47.	Matabane Malerotho	EFF	proportional
48.	Mabogoane Kate Mammasole	EFF	proportional
49.	Mnguni Vincent	EFF	proportional
50.	Ditshego Kgaogelo	EFF	proportional
51.	Ntuli Joseph Mandla	EFF	proportional
52.	Machava Sarah Seipati	EFF	proportional
53.	Maphalla Johannes Kgashane	EFF	proportional
54.	Mabena Josephine Sponono	EFF	proportional
55.	Mphela Lucas Kgongwase	EFF	proportional
56.	Mashamaite Jane	EFF	proportional
57.	Rankapole Motswaledi Martin	F4SD	proportional
58.	Mahlangu Priscilla Lebo	F4SD	proportional
59.	Skhosana Lucas Makafuri	Independent	Independent
60.	Nkgau Jan Sello	MICO	proportional
61	Kutu Puna Frans	MPP	proportional

62.	Mashabela Nteteleng Joseph	ANC	Ward 10
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d. COUNCIL COMPOSITION

The table below reflects the composition of Dr JS Moroka Local Municipality by political party and seats. The majority party in council is the African National Congress.

Party	Total Seats	Ward Seats	PR Seats
ANC	39	30	9
DA	3	0	3
Independent	1	1	0
AIPO	2	0	2
EFF	10	0	10
F4SD	2	0	2
MICO	1	0	1
AIC	1	0	1
MPP	1	0	1
AVPP	1	0	1
APC	1	0	1

e. ADMINISTRATIVE GOVERNANCE

The role of the Municipal Manager is as prescribed in Section 55 of the Local Government: Municipal System Act, 2000 (Act no. 32 of 2000) read with section 60, 61 and 62 of the Local Government: Municipal Finance Management Act, 2003 (Act no. 56 of 2003) which provides *inter alia* that as head of administration the Municipal Manager of a municipality is, subject to the policy directions of the municipal Council, responsible and accountable for –

- The management of the municipality’s administration in accordance with this Act and other legislations applicable to the municipality;
- Managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure
- That full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards;
- Internal audit operating in accordance with any prescribed norms and standards.
- The following Senior Managers constitute the Administration Leadership:



**MS MATHEBELA MM
MUNICIPAL MANAGER**



**MR ZULEXECUTIVE MANAGER:
ADMINISTRATION & CORPORATE
SERVICES**



**MR MASHELE F
ACTING EXECUTIVE MANAGER:
TECHNICALSERVICES**

**MS KLAAS D.B
CHIEF FINANCIAL OFFICER**



**MS MATHABE J.R
EXECUTIVE MANAGER: COMMUNITY
DEVELOPMENT SERVICES**

f. INTERGOVERNMENTAL RELATIONS

The relationship with other municipalities all over the district is coordinated through the District Municipality. The interaction with other municipalities is achieved through the District Forums. Such participation enriches the capacity of the municipality as we share and network on ideas that are instrumental towards the development of our municipality.

The municipality also participated in the following:

- Municipal Manager's Forum;
- Mayor's Forum;
- EXCO Lekgotla;
- District Development Model Forum (DDM);
- Premier Co-ordinated Forum; and
- Technical Premier Co-ordinated Forum



COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION 22/23

g. PUBLIC MEETINGS

Nature and Purpose of the meeting	Date of events	Number of participating Municipal Councillors	Number of participating Municipal Administrators	Number of community members attending	Dates and Manner of feedback given to community
IDP IMBIZO	18/09/2022	40	22	494	Feedback are given through ward committee meeting and community meetings
	25/09/2022	36	24	272	
	26/09/2022	27	13	416	
	29/09/2022	50	16	689	
	17/10/2022	41	19	455	
	19/10/2022	23	15	442	
IDP OPEN DAY	24/04/2023	48	21	247	Through ward committee and community consultation meetings
	25/04/2023	32	19	572	
	26/04/2023	27	15	494	
					Through ward committee and community consultation meetings

The purpose of these meetings is not only to help and involve the communities in decision-making processes of the municipality but also obtaining feedback on service delivery and challenges they face day-to-day. These public meetings bridge the gap between the municipal council and its communities.

h. IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria	Yes/No
Does the municipality have impact, outcome, input, output indicator?	YES
Does the IPD 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?	N/A
Does the budget align directly to the KPIs in the strategic plan?	YES
Do the IDP KPIs align directly 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 frame	YES

COMPONENT D: CORPORATE GOVERNANCE

i. RISK MANAGEMENT

Risk Management forms part of management core responsibilities and is an integral part of the internal processes of the Municipality. It is a systematic process to identify, evaluate and address risks on a continuous basis before such risks can impact negatively on Municipal service delivery capacity.

The following were the top 09 risks in the 2022/2023 financial year and measures to mitigate the risks:

RISK	MEASURES TO MITIGATE THE RISK
1. Ineffective governance	1. Appointment of RMC external chairperson (POE: Appointment letter) 2. Ensure development and monitor implementation of the recommendation register from oversight structures (POE: Recommendation register) 3. Integrate the cascading of performance into the agreements of Senior Managers (POE: Signed performance contracts)
2. Inadequate sound financial management	1.1 Development and implementation of SCM procedure manuals (Regular bulletin) POE SCM Procedure Manual & SCM Reports 1.2 Conduct awareness workshops to improve the adherence to the SCM policy (POE: Attendance registers and bulletin) 2. Adherence to procurement plans (POE: Updated Procurement plans) 3. Establishment of Revenue Management committee to monitor the implementation of Revenue Enhancement Strategy (POE: Appointment letter and reports) 4. Appointment of Service Provider to conduct a data cleansing exercise and quarterly reporting (POE: Appointment letter and reports) 5. Correct the implementation of the tariff policy and recommend to Council to rescind the flat rate resolution (POE: Council resolution and reports) 6. Conduct a strategic planning, budget and management workshop (POE: Strategic plan resolutions).

	<p>7.1 Compile a database of the existing financial management policies and ensure implementation (POE: Policy dashboard & reports)</p> <p>7.2 Development and implementation of the new policies and procedure manuals (POE: Policies & procedure manuals and reporting)</p> <p>8. Engage Provincial Treasury to assist with the GRAP compliant asset register. (POE: Engagement letter)</p> <p>9. Implementation of war on leaks programme (POE: Reports)</p> <p>10. Conduct awareness workshop on the investment policy (POE: regular bulletin)</p> <p>11. Establishment of the disciplinary board (POE: Appointment letters)</p> <p>12. Procurement of the verification system for indigent (POE: Systems)</p> <p>13. Establishment of mSCOA Committee (POE: Appointment letters)</p>
<p>3. Inability to improve organizational cohesion and development</p>	<p>1. Implementation of electronic document management system (POE: Monthly reports)</p> <p>2. Finalization and implementation of the BCP/DRP (POE: DRP and reports)</p> <p>3. Enhance monitoring of the compliance checklist (POE: Internal audit monitoring report)</p> <p>4&5. Settlement of stale legal matters (POE: Settlement order)</p> <p>6. Fast-track the approval and ensure implementation of the Human Resource Strategy and Implementation Plan (POE: Approved HR Strategy and Implementation Plan And Council Resolution)</p>

	<p>7. Enforce adherence to Council Schedule of meetings (POE: Agenda and Attendance register)</p> <p>8. Ensure commitment and support by Senior Managers and middle managers towards employee capacity building (POE: Council Resolution on Training development reports)</p> <p>9.1 Review of the existing and implementation of institutional policies (POE: Approved policies and Council resolution)</p> <p>9.2 Development of dashboard for Municipal policies (POE: Dashboard)</p> <p>10. Compliance with the Government Gazette on appointment of Senior Managers and conditions of services (POE: Appointment letters)</p>
<p>4. Inadequate municipal infrastructure to provide basic services</p>	<p>1. Replacement and refurbishment of aging infrastructure (POE: Reports)</p> <p>2.1 Augmenting supply of water (POE: Monthly report for the project)</p> <p>2.2 Implementation of water restrictions (POE: Reports on bulk water balancing)</p> <p>3. Implementation of the Revenue Enhancement Strategy (POE: Monthly reports)</p> <p>4&7. Development and implementation of By-laws (POE: By-laws & Progress Reports)</p> <p>5. Revise and implement Master plans (POE: Reviewed Master plan and Council resolution)</p> <p>6. Appointed Service Provider to re-evaluate the functionality of the workshop (POE: Evaluation report)</p>

5.Uncontrolled land invasions	<ol style="list-style-type: none"> 1. Rendering Awareness campaigns 2. Workshop on traditional leaders regarding land invasions 3. Surveying of land and hand out layouts for allocation 1.1 Review of the Spatial Development Framework
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	<ol style="list-style-type: none"> 1.2 Engage Rural Development on the requisition of state land 2.1 Motivate for budget provision for the procurement for panel of conveyancers 3. Hosting of land summit and procedure manual workshop 4. Conduct workshop to Council on the IDP processes
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6.High unemployment	<p>1.Strengthen the relationship between the, sector departments, private sector, CBO's, NGO's and govt agencies</p> <p>1.(b) Investigate possible incentives to attract investors. Investigate the possibility of adjusting tariffs and property rates in order to address concerns of the investors</p> <p>1.(c) Advertise available business sites to municipal website(Town planning)</p> <p>2. Review LED strategy and Development of longterm investment plan to be incorporated to the LED strategy</p> <p>3.Develop investment guide to business prospects for Dr JS MLM</p> <p>4.Appointment of LED forum members and Resuscitation of LED forum meetings</p> <p>5. Conduct workshops/ seminars to provide information on pricing/quoting.</p> <p>6. Co-ordinate workshops /seminars in conjunction with government agencies to provide information on registration of businesses.</p> <p>7.Request land for agricultural purposes and support local farmers.</p>
7. Poor telecommunication and IT infrastructure	<p>1.Resuscitation of municipal website and Upload of compliance documents on the municipal website (POE: Screen shot)</p>

	<p>2. Reviewal of communications strategy. (POE: council resolution)</p> <p>3. Reviewal of Information security policy. (POE: Draft information security policy)</p> <p>4. Regular maintenance of ICT infrastructure. (POE: Monthly Reports)</p> <p>5. Conducting IT Audit. (POE: Report)</p> <p>6. Motivate for budget provision for the development of Disaster Recover site. (POE: Annual Budget)</p>
<p>8. Inadequate facilitation and provision of community social development service</p>	<p>1. Make budget provision for the procurement of a generator (POE: Budget)</p> <p>2. Engage DSCR to assist with improving the network coverage (POE: Engagement letter)</p> <p>3. Make additional funding for disaster management (POE: Budget)</p> <p>4. Make additional funding for cultural diversity (POE: Budget)</p> <p>5. Expedite the state land release (POE: Minutes and confirmation letter)</p> <p>6. Procurement of waste management equipment (POE: Proof of delivery)</p> <p>7. Additional budget provision for maintenance (POE: Budget)</p> <p>8. Additional budget provision for youth development and special programmes (POE: Budget)</p> <p>9. Motivate for the appointment of by-law enforcers (POE: Staff requisition form)</p> <p>10. Development and implementation of policies for cemetery and waste management (POE: Approved policies and Council resolutions)</p>

9. Continuous disruptions for the municipality to operate	<ol style="list-style-type: none"> 1. Drawing up Service Level Agreements with security service providers and the municipality. 2. Strengthening working relation between the municipality and SAPS. 3. Establishment of a system of monitoring visitors who access the municipality
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j. ANTI-CORRUPTION AND FRAUD

Fraud and corruption prevention plan and whistle blowing policy has been adopted by Council. The fraud risk register was developed following key risk areas have been identified in accordance with the institution, i.e. Finance, SCM, Fleet Management and Technical Services. Councillors are excluded from the procurement processes as prescribed by schedule 1 of the MSA of 2000. Fraud hotline establishment procured by Nkangala District Municipality.

k. SUPPLY CHAIN MANAGEMENT

Currently, the Supply Chain Management Unit (SCM) comprises of six staff members, and the positions includes Demand, Acquisition, Logistic, Disposal, Risk, Performance, Senior Procurement, intern and Assistant Manager. The main objectives of the SCM unit are to ensure effective and efficient procurement of goods and services, to support the strategic objectives of the municipality through procuring at the right place, right time, right quantity, right quality and at a right price; to ensure that goods and services are procured in line with section 217 of the constitution and the all applicable legislation; to assist the municipality in achieving a clean audit opinion, through ensuring compliance with the SCM policy and all applicable pieces of legislation when procuring goods and services.

During the SWOT analysis of the Supply Chain Management Unit the following were realized.

Strengths:

- 1 Communicating and managing the sitting of Bid Committees
- 2 Attending to procurement requests received
- 3 Ability to procure goods and services in line with the SCM policy
- 4 Ability to enforce compliance to legislative requirements in procuring goods and services
- 5 Dedication of SCM role players towards service delivery

Weaknesses:

- Poor record keeping
- Poor control of tender documents sales
- Poor procurement planning i.e. unavailability of procurement plans

Opportunities:

- Capacity building through training of all SCM role players
- Filling all vacant posts within the SCM unit
- Review of the SCM policy to increase efficiency
- Preparation of council approved procurement plans
- Conducting workshops for local business people on tendering processes and encourage participation and advancing LED objectives of council.

I. WEBSITES

For the period under review the municipality had a functional website, managed by an external consultant. The website was fully functional and was updated frequently with information as reflected by the table below. Information listed on the website depends upon departments submitting data for publication on the website. The Communication and ICT unit are responsible for this function.

Municipal Website: Content and Currency of Material	
Documents published on the Municipality's Website	Yes / No
Current annual and adjustments budgets and all budget-related documents	Yes
All current budget-related policies	Yes
The previous Annual Report (2018/2019)	Yes
The Annual Report 2019/2020 published/to be published	Yes
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act 2019/2020 and resulting scorecards	Yes
All service delivery agreements 2019/2020	No
All long-term borrowing contracts 2019/2020	No
All supply chain management contracts above a prescribed value (give value) for Year 2021/2022	No
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during 2021/2022	No
Public-private partnership agreements referred to in section 120 made in Year 2021/2022	No
All quarterly reports tabled in the council in terms of section 52 (d) during Year 2021/2022	Yes

m. **PUBLIC SATISFACTION ON MUNICIPAL SERVICES**

No public satisfaction survey was done in 2022/23.

n. **MUNICIPAL COMMITTEES**

COMMITTEES (OTHER THAN MAYORAL COMMITTEE) AND PURPOSES OF COMMITTEES	
MUNICIPAL COMMITTEES	PURPOSE OF COMMITTEE
Risk Management Committee	To ensure that risks identified and their controls are managed effectively
Audit Committee	Advisory role to Council in terms of Section 166 of MFMA
Specification committee	To ensure that the specification is drafted in an unbiased manner
Evaluation Committee	To ensure that SCM policy and regulation together with procurement processes are adhered to
Adjudication Committee	To ensure that SCM policy and regulation together with procurement processes are adhered to
Budget Steering committee	Alignment of budget with MTREF
Local Labour Forum	To ensure good relationship between employer/employee and consult on all matters of mutual interest
Administration, Corporate Services & Human Resource	Oversight role
Water & Infrastructure	Oversight role
Social Development Services	Oversight role
Public Safety and Transport	Oversight role
Finance, Town Planning and LED	Oversight role
Municipal Public Accounts Committee	Oversight role

Local Geographic Names Committee	Oversight role
Rules & Ethics Committee	Oversight role
IDP Rep Forum	Identify and consult with all relevant stakeholders in drafting of the IDP plan
ICT Steering committee	ICT Governance compliance

CHAPTER 3 – SERVICE DELIVERY PERFORMANCE

COMPONENT A: BASIC SERVICES

○ **WATER AND SANITATION**

Dr JS Moroka local municipality was designated as a Water Services Authority (WSA) with effect from July 2003 with the constitutional responsibility of ensuring efficient and effective water and Sanitation services to consumers in its area of jurisdiction. The water infrastructure within its jurisdiction was originally installed during the Erstwhile and was transferred to Dr JSM LM by the Department of Water Affairs and Forestry as per an agreement signed in December 2004. In accordance with its obligation as a WSA the Municipality entered into agreements with its Neighbouring Municipalities (Sekhukhune District Municipality and Thembisile Local Municipality). As from 2003 the Department of Water Affairs provided grants to the municipality for refurbishment purposes.

▪ **Present Water Demand**

A total theoretical demand of 64. Ml/d has been assigned to the system, however we are able to supply 35 Ml/d, because of severe drought experienced. Currently the Mkhombo dam is at 0.9% of its capacity. The drought condition has also affected our ground water level.

The municipality has engaged the department of water and sanitation for assistance through the involvement of DWS, we were able to be provided with.

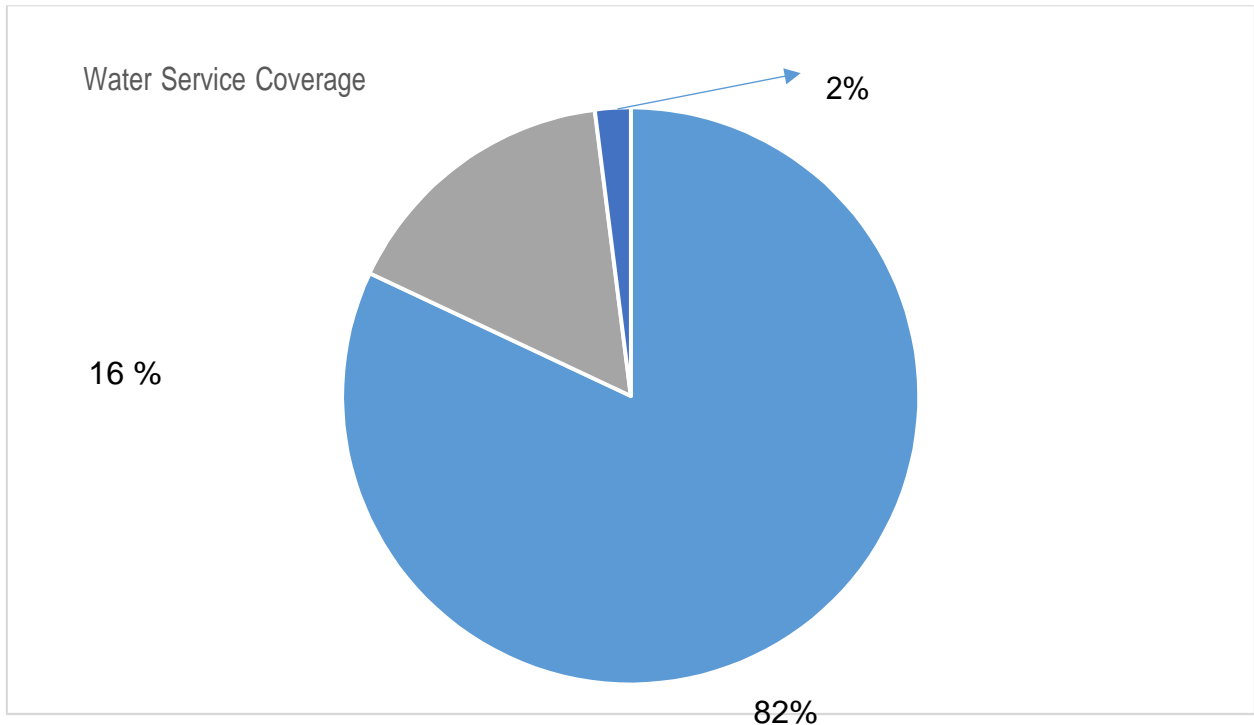
- R 18 Million for drought relief (PRACTICAL COMPLETE: WITH SNAGLIST)
- Periodic water supply from Rust de winter (WATER DIVISION)

The efforts are appreciated; however they are not enough hence the municipality has established a schedule of water supply (see attached water supply) in all its villages to effectively manage the limited water resource.

The municipality is intending to resuscitate the emergency Mkhombo bulk line to supplement the dwindling Mkhombodam at the cost of +- R 4 Million that the municipality is trying to raise.(PROCUMENT STAGE: AWAITING FOR APPOINTMENT OF THE CONCRACTOR)

This includes an 5 MI/d allocation to the Thembisile Hani Local Municipality and an 8.5 MI/d allocation to the Sekhukhune District Municipality, However the municipality has not been able to meet the above obligation due to the current drought. It also includes a 1 MI/d allocation to be drawn off the WTP to Kameelrivier reservoir pump line to fill tankers which supplies communities outside of the bulk system boundaries. This volume has been determined by taking the difference of flow measurements between the WTP to Kameelrivier PS and the inlet to the Kameelrivier reservoir . The existing Bulk water infrastructure only provides supply to approximately 82% of the municipal population, with 16% of household being dependent on the boreholes, these are primarily found in the western region and form part of the Mathanjana Magisterial District, Most boreholes in Mathanjana are connected to reticulation directly in different villages because yield is inadequate. Seabe, Greenside, Phake and Masobe boreholes pump directly to reservoirs/ steel tank before water is reticulated to villages. Some of the borehole supply is intermittent and problematic due to the depletion of water sources. Due to the scarcity of both infrastructure and reliable water source in Mathanjana magisterial District areas, the underground water source is the only mode to augment of shortages of potable water in the Area.

Bulk Supply	Boreholes	other
82%	97%(DRUOGHT RELIEF PROJECT)	2%



▪ **Operational Responsibilities/Output**

The municipal core responsibility is to provide basic services in the form water, sanitation, waste removal, roads maintenance etc. However, this depends largely on the institutional capacity. currently the actual and potential levels of institutional capacity and support for operation and maintenance are weak. This is evident in our O&M the lack thereof results in:

- Infrastructure deterioration
- Huge water losses
- Unnecessary down-time in our plant and machinery
- Lack of training and understanding of water services provisioning as a whole and ability to identify key factors that attribute to sustainable water services delivery.

The completion and implementation of asset register will help this department to develop a maintenance plan to meet the operation and maintenance requirements and to optimize the day to day provision of water service.

○ **SANITATION**

Sanitation services within the Municipality is provided with various types of facilities, i.e. pit latrines, VIP, CWB and conventional sewer system. Siyabuswa and Toitskraal are provided with water borne system flush toilets. Some areas are experiencing high water table are then provided with VIP(ventilated improved toilets) The current lack of consistent supply and unreliable availability of water limits the chances of having water borne system. The large part of the municipality which is highly dependent on ground water source is provided with of Ventilated Improved Pit toilets.

The projects implemented under sanitation for 2022/23 financial year are:

- 82 % progress made in the construction of sewer reticulation at Libangeni phase 2 as well as;
- 93 % progress made in the construction of Ga-Phaahla sewer reticulation.

▪ **Siyabuswa Sewage Treatment Plant**

The Municipality water waste water is discharged into the nearly Elands River water resource without a general authorization or license to discharge water as specified in the general authorization stand as specified in the authorization no 339 (f)march 2004 which contravenes section 21 of the National Water Act. The treatment plant design capacity is 10ML/d and currently we are treating 6.4 ML/d. The plant is an- activated sludge process.

It has been reconfigured to an anoxic and aerobic zone system for regulation 2834 compliance of the national water Act and regulation 17 of Water and Sanitation Department. The sewerage system is collecting domestic waste water and industrial waste. Operational challenges are blockages causing spillages due to old infrastructure, theft of manhole covers and unauthorized disposal of solids and objects into manholes. Underground and surface water is channelled into sewerage system that increases the inflow capacity.

The plant receives waste water which is drained from septic tanks of households. There is a lack of disposal site for septic sludge. Based on the current situation of developing areas such as Extension D2 and Moripe gardens which will be difficult to determine whether we will handle the situation.

The refurbishment of the plant was done to improve the performance and operation of the plant. Since then the parameters have improved significantly and complies with the required standard. The treated sewage is discharged to Elands River which is expected not to be contaminated.

- **Libangeni Waste Stabilization Ponds.**

The Libangeni ponds are only serving the police station. It has a capacity of 0,07ML/d. The residents are provided with VIP and CWB toilets. The plant is not yet electrified, and therefore the incoming and the out coming cannot be measured. The installation of meters of meters need to be considered. The security fence is continuously vandalised and palisade will be the solution. No personnel is on site instead process controllers from Siyabuswa do a visual inspection once a week. The Municipality will develop the operation and maintenance plans.

▪ **Current Backlogs: 2021/22**

Municipality	Services	Total No of HH	No of HH with access	%	No of HH without access	%
2011 Statistics						
Dr JS Moroka(Based on 2011 census)	Water	62 162	40 455	65%	21 707	35%
Dr JS Moroka (Based on 2011 census)	Sanitation	62 162	9 908	16%	52 254	84%
2014 Municipal Baseline (New Additional Households that emanated after 2011 statistics and from General House Hold Survey)						
Current statistic(3%population increase)	Water	64 377	49 770	77.3%	14 607	22.6%
Current statistics(3% population increase)	Sanitation	64 377	33 795	52%	30 582	48%
Additional Households were determined by the Municipality using a random sampling method of 3% population increase. The additional households are 2 215.						

- **Challenges And Remedial Action For Technical Services- Water & Sanitation**

CHALLENGES		REMEDIAL ACTIONS
Leakages		Employment of additional staff for maintenance team, procurement of fittings and refurbishment of ageing infrastructure
Water quality		Cleaning of reservoirs, replacement of old network system from asbestos to PVC, Post Disinfection of reservoirs and Still tanks
Drying of Boreholes		Geo-hydrological studies must be done and identify new spot for drilling of new boreholes, increase the depth of current's existing boreholes
Supplying of water through storage Tanks		Increase the water source capacity, upgrading of water treatment plant, water network capacity and reticulation.
Blocking of sewer lines		Upgrading of sewer network lines and perfecting the gradient/slope of the network.
Collection of sewer waste by honey suckers		Sewer Reticulation and introduction of water borne system

○ **ROADS**

Roads Infrastructure is the main transportation system and all roads are classified and owned by different spheres of government. Provincial roads are maintained under Mpumalanga Public Works, Roads and Transport (PWRT), District Roads are under the Nkangala District Municipality and Municipal roads (Local bus and taxi routes) are maintained by Dr JS Moroka Local Municipality. A number of provincial and district roads are found within the jurisdiction of Dr J.S Moroka Local Municipality; with the Moloto Road (Route R573) and Kwa-Mhlanga - Mkhombo Dam Road (Route R568) crossing within our Municipal boundaries.

The municipality considers the ITP (Integrated Transport Plan) which was prepared in terms of the provisions of the National Land Transport Act (NLTA) Act5 of 2009, for a period of five years 2014/15 to 2019/20. The ITP serves to provide overall guidance on transport service delivery in the municipality through identifying gaps in the transport systems and formulating systematic interventions to address the gaps. The ITP will also provide the transport-related inputs into the municipality's Integrated Development Plan (IDP) which is the primary planning and budgeting tool to realize the municipality's vision.

There is currently no road network asset management system in the municipality, which is essential for guiding the municipality on the prioritization of road network development and maintenance. The road network asset management system would also help to ensure efficient use of resources, especially in the case of the Dr JS Moroka municipality where resource limitations are one of the primary concerns. In the absence of a road network asset management system, therefore, the municipality does not have a systematic method to help to develop and maintain its road network.

The Municipality has a total length of approximately 2720Km of internal gravel roads. 125 km is bus and taxi roads which belong to the municipality and 85km belongs to the Department of Public Works Roads & Transport (DPWRT). Approximately 500Km is

maintained annually (Includes Graveling and Blading). The municipality is however unable to maintain all of its gravel roads due to insufficient resources.

102.4 km of the total 211 km of bus and taxi road is paved which leaves 51.2% backlog. The Municipality has thus far been able to increase number of paved bus and taxi routes from 36% to 48.8% since 2011 which is 12.8% backlog reduction to-date. Total surfaced road inclusive of bus routes and other internal roads stands at 190 Km. Contributing factors in terms of backlog include inter alia projects implemented till 2021/22 financial year.

The project implemented under 2022/23 from gravel to paved roads amongst others:

- Construction of 1,5km at Siyabuswa C Bus and Taxi route (Next to Velulwazi high school) – Completed.
- Construction of 1,2km at Mmamethlake Bus and Taxi route – Completed.
- Construction of 1,2km at Radijoko Bus and Taxi route – Completed.

▪ **Status With Regard To Maintenance:**

The Municipality has a network of roads which mostly is gravel roads. These roads are used by buses and taxis to ferry commuters to and from work, shopping stores and other their desired destinations. Gravel roads are to a low pavement standard and as such their design life is shorter than that of a surfaced road.

Even though the Division uses SANRAL guidelines, SANS code of standards and other related governing legislatures to construct these roads, but due to a high number of unskilled operators we are unable to reach optimum allowance standards.

Even though surfaced roads are frequently maintained through potholes patching programmes there still a high backlog of uncompleted surface roads as well as proper storm water channels to assist in control of run-off water on the ground and on our roads, furthermore the Division extends its responsibility to assist with maintenance of provincial and district roads.

- **Status of the integrated Transport plan:**

The Municipality has not yet implemented the integrated transport plan and as such the municipality relies on the District Municipality for such matter.

- **Status Of Roads With Regard To Public Transport, Major Economic Belts Etc:**

The municipality works jointly with PWRT to maintain all the above mentioned roads, this assists in that roads remain in a suitable driving condition at all times.

To date the Municipality has upgraded 1851, 35km of gravel roads (both local and provincial) using internal human and non-human resources of the Municipality as a capacity building exercise – this is in conjunction with the Mpumalanga Department of Public Works, Roads and Transport.

- **Status Of Arterial Or Internal Roads:**

With three of the magisterial units to maintain, there are different types of roads found within the villages. Mathanjana unit is mostly sandy as such minimal number of gravel roads are found in this unit while Mdutjana and Mbibane have most of the gravel roads in the municipality. Most of the paved roads are also found in Mdutjana followed by Mbibane unit.

Our roads need frequent maintenance as there are inadequate storm water control drainages thus they are eroded timely. Although they are mostly in good conditions but they are prone to be badly damaged during rainy seasons. There is a vast need of upgrading some of the gravel roads to asphalt pavement as a solution for poor materials found within the area of concern which make poor road wearing course.

- **STORMWATER DRAINAGE**

- **Areas Without The Roads & Stormwater Service:**

All wards within the municipality have services though some have very limited services in terms of storm water channels and paved roads. The maintenance team responsible

for this activity, periodically conducts investigations to better address challenges resulting from lack of storm water infrastructure.

A network of stone pitched, concrete and earth channels are mostly situated in Mbibane and Mdutjana unit area since the areas are sloppy while Mathanjana unit area is mostly flat; soil types within each magisterial unit take precedence.

Earth drains are constructed as a temporary means to convey storm water away from human inhabitants. This is done until a permanent solution is sourced.

- **Availability Of Storm Water Management Plan Or System:**

The Municipality has roads and storm water master plan in place which is revised on an annual basis.

- **ELECTRICITY**

Dr JS Moroka Municipality solely depends on the Department of Energy for funding electricity projects and Eskom for implementation thereafter. The Municipality further depends solely on Eskom in terms of electricity matters including electricity provision in its entire Municipal area of jurisdiction. The Municipality does not have any significant electricity backlogs due to the fact that all Villages in the Municipality are fully electrically reticulated and energized with the exception of the newly and recently created Village extensions.

It can therefore be noted that in terms of the basic provision for electricity, Dr JS Moroka has made significant achievements in such a way that it can be considered that millennium development goals targets will either be achieved by 2017 or have already been achieved depending on the analysing of the situation by an individual. The only challenge the Municipality faces from time to time relates to the informal allocation of land by Traditional Authority resulting in the land occupant's thereafter immediately expecting or demanding electricity from the Municipality. Where electricity reticulation

projects are implemented, challenges are that the implementation process is not expeditiously done and sometimes leads to Community members crying foul in terms of the Municipality's commitment to meeting their needs.

Electrical technology is a subject which is closely related to the technologies as we are looking towards 2024 to make better life to the households living in our areas of jurisdiction to benefit from electricity. Dr JS Moroka Municipality has approximately 64 377 (As per national verification) total number of households with 63 838 total number of households receiving Electricity from Eskom program. This leaves the balance being those needing posts connections as well as those needing minor reticulation.

- **Bulk Supply**

The electrification network is available for all villages except for the new village extensions that are mostly perpetuated by the unauthorized site allocations.

- **Demarcation of New Extension**

The demarcation of new extensions is currently the challenge that the Municipality faced with. Most Tribal Authorities within the Municipality are still allocating stands (households) without any prior consultation with the Municipality so that advance plans can be initiated on electricity matters that will immediately affect households. It is however important to make known to household owners settling on private lands that they are expected to incur the full cost for electricity supply and connections to their households. Proclamation of the landowner is another challenge as the Municipality through Eskom is unable to electrify those areas whose ownership remains unresolved such as Phake.

▪ **Community Lighting**

Community lighting is a serious challenge as most of our areas do not have street lighting and are living in darkness. This promotes high rate of crime to our community such as housebreaking, robbery, high jacking etc. **The municipality has thus far electrified 270 high-mast lights.**

With	Without
64 037	539

Priorities:

- To ensure that Eskom as the bulk provider meets the municipality’s present and future needs in terms of the capacity
- To ensure provision by Eskom reliable and affordable electricity access to all residents of Dr. J.S. Moroka Municipality in accordance with National Energy Regulation South Africa (NERSA).
- To ensure that Eskom electrification plans: Development plans are informed by the Municipality’s IDP and also approved by the Municipality.
- To provide community lighting to the Community.
- Ensure electricity backlog is corresponding to what is on the ground level.
- To have a routine maintenance of all Municipal Infrastructure in accordance with the municipality’s programme
- To ensure that all the Large Power Users (LPU’s) and Small Power Users (SPU’s) are functioning correctly.
- To have recorded Municipal Electricity data.
- To identify all electricity infrastructure.

Activities:

- To provide power backup systems to all key municipal facilities. To ensure all electrical projects are to be fully discussed with electrical division prior implementation of projects.
- To ensure that Eskom strengthens the capacity on areas of concern.
- To ensure that DoE allocate budget for electrification of households Extensions.
- To have funds available to procure and install alternative energy sources (solar system)

○ **HOUSING**

Dr JS Moroka Local Municipality subscribes to the notion of integrated and sustainable human settlements. Therefore, the identification and acquisition of well-located land, adequate access to municipal services, social and economic annuities including transport services continues to be the key determinant to achieve high levels of integration and sustainable human settlements.

The Municipality is assisting on the project of providing human shelter that is run by the department of human settlement. The role of the Municipality in this regard is to identify beneficiaries and monitor the allocation of households to only approved beneficiaries. It is important to highlight that the number of housing opportunities per financial year is directly dependent on the number of housing subsidies received from Mpumalanga Department of Human Settlements.

CHALLENGES FOR HOUSING PROJECTS

- Late appointment of service providers by Department of Human Settlements.
- Delays in claim payment by Department of Human Settlements to service providers.
- Re-allocation of wards by DRJSMLM as it has usually scattered the allocation
- Lack of services land for integrated Human Settlements projects.

- Inadequate execution of joint site visits and inspections by all stakeholders.

POSSIBLE SOLUTIONS/ IMPROVEMENT MEASURES

Early appointments of service providers by Department of Human Settlements.

- Appointment of capacitated service providers.
- Improvement in quality assurance on site.

o PLANNING AND DEVELOPMENT

Regulation of land uses and building activities through enforcement of the Municipal Spatial Development Framework and the Dr JS Moroka Land Use Management Scheme 2010, as well as the National Building Regulations and Building Standards Act No. 103 of 1977. Spatial Planning and Land Use Management Act No 16 of 2013 and Dr JS Moroka By-law on Spatial Planning and By-law, 2016.

The planning function for Dr J.S Moroka Local Municipality was entrusted to Nkangala District Municipality as published in the Mpumalanga Provincial Gazette Volume 10 No. 959 date 26 May 2003. This basically means that all town planning functions of the municipality still had to be performed through Nkangala District Municipality. This process was gazetted due to the fact that the Municipality did not have capacity at the time and it can be reviewed provided that the Municipality's Town Planning section is fully capacitated with relevant and required resources.

Since all issues of rezoning, consolidations and final approvals of the Spatial Development Framework and the schemes, have to be approved at district level. The process of submitting all applications for land use rights to the district delays service delivery or response time of the municipality. It is important to note that Dr JS Moroka has thirteen (13) formalized townships which have a lot of unused public open spaces to this date and as result feasibility studies are required on those public open spaces for the purpose of developing schools, churches, recreational areas, businesses and many more. The thirteen (13) proclaimed townships in the municipality are referred to as R293 areas.



The critical issue of concern is that Town Planning Section is not consulted in most of the developments that are taking place within the municipality. This implies that Town Planning department is not taken as a first point of call when developments takes place within the municipality. However, the implementation of the new Act (SPLUMA) in municipalities will address most of the town planning related issues and challenges.

Priorities:

Our primary goal is to ensure that the following priorities are been realized:

- Implementation of the Finalised SPLUMA By-law and regulation as approved by the legislature (Parliament).
- Establishment of the Tribunals within the District to consider land development applications.
- Establishment of Sustainable Human Settlements by following proper procedures in most areas of the municipality.

Activities:

Our activities include the following:

- Township establishment of areas like Moripe Gardens, Toitskraal, Kameelrivier D, Libangeni, Wolwekraal, Portion 48 of Valschfontein 33-JS and Mmametlhake.
- Reviewable of Scheme Maps
- Formulation of Land Use Management Scheme in terms of SPLUMA.
- Development of Precinct Plans for areas earmarked for spatial development.

In respond to developmental needs within the municipality and also guided by the Municipal Spatial Development Framework, the following were achieved:

- Precinct Plans for Moripe Gardens (Portion 7 of the farm Kameelrevier 160 JR) area were developed, mainly to restructure the space, revitalise and regenerate the economies to ensure that the urban areas vibrant and transformed into spaces wherein people can live, work and play in an environmental friendly and sustainable manner.

- Land Audit on vacant land within the municipality was conducted mainly to identify and quantify land parcels that may be acquired and release to address the demand for proclaimed land owing to the rapid urbanization taking place.
- The municipality acquired additional 210 hectares of land through donations for the establishment of integrated human settlements to address the demand for proclaimed land owing to the rapid urbanization taking place.
- WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

Waste Management is a core function of local government and a basic service delivered by Dr J.S Moroka Local Municipality. It is also a generator of revenue for the municipality and therefore Dr JS Local Municipality must put mechanisms in place to deliver this service on a sustainable manner using the most cost-effective way. The percentage of dwellings accessing the service is 31561 Households 13.6% of the total number of household 62 162. The basic provision of refuse removal to indigent household is to ensure that at least poor people have access to basic refuse removal services from municipality.

According to Section 11.4 of the Waste Act (59 of 2008) requires local municipalities to develop Integrated Waste Management Plans. The Draft IWMP of Dr J.S Local Municipality was submitted to council for adoption on the second quarter of the current financial year, and it will serves as an effective institutional framework for the following purpose:

- Pollution and waste minimization;
- Impact management and remediation;
- Holistic and integrated planning with the intention to develop mechanisms to ensure that integrated pollution and waste management considerations are integrated into the development of government policies, strategies and programmes; and
-

- Alignment of waste management with all spatial and economic development planning processes within the municipal space.

The Waste Management Plan will focus on a system that will ensure the least possible volumes of waste at licensed landfill site. In order to achieve this, the emphasis would be on the following:

Waste education;

- Effective law enforcement; and
- Material recovery and treatment plants.
- The key elements of the Integrated Waste Management Plan are:
 - Waste Avoidance;
 - Waste Reduction;
 - Re- use & Re-cycle;
 - Treatment of waste; and
 - Disposal at landfill.

This can only be achieved if effective awareness campaigns can be identified amongst the community and business to establish a culture of recycling at source and participate enthusiastically in waste minimization efforts. The rate of participation and an intervention is to improve the rate of the waste collection by ensuring that each household is supplied with a pack of recycling bags every three months. The municipality is going to embark on a comprehensive Hlwekisha on Waste education programme at schools which will focus on educating learners regarding the handling of certain types of waste and appropriate disposal thereof. The proposed programme at certain primary schools will also assist in enhancing the re-cycling programme. One of the challenges to implement this awareness and education campaign for recycling is adequate human resources to champion this programme.

The municipality has insufficient capacity to collect refuse regularly on a weekly basis. This service is currently rendered to Siyabuswa and Libangeni residential areas. The current EPWP employees are targeting the illegal dumping sites, parks and open spaces. The status of waste disposal in terms of landfill sites, with regard to licensing, compliance with license condition and transportation mechanism. One landfill site at Libangeni is authorized and waiting to be licensed by the Department of Environmental Affairs.

Dr J.S Moroka local municipalities face a number of challenges with respect to delivering, an effective and sustainable waste service to all households, including insufficient budget, skilled capacity, lack of appropriate equipments and poor access to areas to be serviced. These challenges are exacerbated by growing semi-urban populations who need access to municipal services and migration from rural to semi urban area within our municipality. The rapidly growing economy within the municipality is also expected to see increasing volumes of waste being collected from household, industrial area, businesses and institutions. Presently twenty five (25) wards are without solid waste removal while seven (7) have access to refuse removal this is due to lack of resources. Areas with solid waste removal are Wards 3,4,5,6,16 and 17 and the frequency of removal and the reliability of the service is once a week and skip containers are used for businesses and government institution.

- **FREE BASIC SERVICES AND INDIGENT SUPPORT**

Section 97 of the Municipal Systems Act, Act 32 of 2000 among others stipulates that a credit control and debt collection policy must provide for (c) provision for indigent debtors that is consistent with its rates and tariff policies.

In view of the above, Council has approved an indigent policy to provide for the following Consumer Services:

- Water
- Electricity
- Refuse removal
- Sewer where applicable

Indigent Programme summary

In terms of clause 7.5 of Free Basic and Indigent Support policy indigent registration are considered throughout the year and if an application is favourably considered, a subsidy will be granted during that municipal financial year and be subjected for verification annually. For 2022/23 financial year the municipality has 4 394 registered indigent which receive 100% subsidies on rates and service charges levied by the municipalities. The below table depicts number of household per area that are currently beneficiaries of the policy:

AREA	TOTAL
ALLEMANSDRIFT B	40
ALLEMANSDRIFT C	309
ALLEMANSDRIFT D	96
DIGWALE	349
DIGWALE RDP	89
DR JS MOROKA	550
GAMARIA	42
GA-PHAAHLA	282
KAMEELRIVIER-D	5
LEEUFONTEIN C	3
LEFISWANE	89
LODING	93
MABUSABESALA	122

MADLAYEDWA	56
MADUBADUBA	39
MAKOMETSANE	41
MAPHOTLA	208
METSIMADIBA	96
MMAKOLA	72

AREA	TOTAL
MOLAPOAMOGALE	94
MORHONONONG	8
RAMANTSHO	9
RAMOKGELETSANE	99
SEHOKO	24
SEMOTLHASE	7
SIYABUSWA A	537
SIYABUSWA B	6
SIYABUSWA C	178
SIYABUSWA D	7
SIYABUSWA E	111
THABANA	19
TROYA	165
VAALBANK A	344
VAALBANK B	153
Waterfall-B	52
GRAND TOTAL	4 394

TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

DR J.S Moroka Municipality is an agent of the province in the administration of driver's licenses, vehicle licenses and a Vehicle Testing station as part of Libangeni Registering Authority. However the Vehicle Testing Station is not yet operational and community members are send to other municipality for other services like testing of motor vehicles.

Previously the municipality had a backlog in the booking of driver's license and learner's licenses, applicants would have to wait up to a months before securing an appointment. People had to queue a night before at the entrance of the Licensing Offices to secure an appointment. To alleviate this problem an internal control measures has been taken by introducing appointment list to control or reduce long queue, licensing staff were trained as examiners of learner's licenses and two examiners of drivers licenses were appointed. This means that the applicants can secure booking for driver's and learner's license within (seven) 7 days.

This led to applicant from neighbouring municipalities flocking in large number to Libangeni DLTC for the improved system of getting an appointment within 7 days and the office is experiencing a problem of servicing applicant with limited resources which led to services move slowly. Mathanjana Registering Authority performs only registration and licensing of motor vehicles and these lead to the community of Moretele to suffer because not all services are rendered by the Registering Authority. Its grading need to be reviewed so as far as to cover renewal of driver's licenses' applications, testing of learners licenses and processing of professional driving permit.

Priorities:

To provide effective and efficient Licensing Services and to ensure that all driver's using the road are competent.

Activity:

To provide responsive, accountable, effective and sustainable public services.

3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

LOCAL ECONOMIC DEVELOPMENT

Local Economic Development is the process of building strong, responsive, inclusive and adaptive economies. The strategy is driven by local assets and realities, a diverse industry base and commitment to equality of opportunities and sustainable practices have emerged as those that will ensure a strong foundation for long-term stability and growth. Even within this parameters what constitutes success in local economic development and the strategies to accomplish it will look different from place to place. Despite this differences, leadership is consistently identified as critical factor in effective economic development.

Co-operatives have been regarded as sector to expand economic activity and address the needs of the unemployed. Hundreds of co-operatives have been set up in the area, many under the jobs for growth programme, other linked to either the department of agriculture or department of social services and finally some have been set up by producers, workers and business people themselves. Majority of these co-operatives still lack business management skills, understanding on co-operatives values, ethics and principles.

TOURISM DEVELOPMENT

With the completion of Dr J.S Moroka Local Municipality Tourism Centre and the SMME centre by Nkangala District Municipality and subsequent commitment and support by Open Africa Tourism Route developers, to re-develop Kamoka Tourism Route, the development of Mkhombo & Mdala Nature Reserves, the facilitation on Tourism ambassadors, tourism monitors and tourism buddies, this demonstrates the commitment that the municipality has in-terms of tourism development.

Priorities:

- Development and marketing of tourism product that the municipality got to offer;
- Training and capacity building co-operatives ;
- Strengthening development of co-operatives as primary sector to develop and sustain local economy;
- Review of the Local Economic Development Strategy;
- To encourage and promote the use of Co-operatives as vehicle to poverty eradication and job creation;
- To make Local Economic Development everyone's business;
- Work on re-launching and strengthening the Local Economic Development Forum.

Activities:

- Establishment of incubator programme for the development and training of co-operatives;
- Improve communication between the municipality and sector department at various levels of government;
- Work closely with government parastatals such as SEDA, MEGA, MTPA, IDC, MRTT, NYDA and last but not least NDA;
- Continue marketing DR J.S Moroka Local Municipality as favorable place for doing business (investments);
- Position Co-operatives at the centre.

COMPONENT D: COMMUNITY & SOCIAL SERVICES

3.12 LIBRARIES: ARCHIVES: MUSEUMS: GALLERIES: COMMUNITY FACILITIES: OTHER (THEATRES, ZOOS, ETC)

Out of the 61 villages that are within the Municipality, there are only five (5) Public Libraries, one being a container stationed at Masobye. The other four (4) libraries are at Maphotla, Siyabuswa, Libangeni and Marapyane. Mdutjana and Mathanjana has 2 Libraries each Leaving Mbibane with one (1) Library. The Municipality has signed the protocol agreement with the Department of Culture, Sports and Recreation with regards to Library Service within the Municipality. The Libraries are currently staffed by both provincial and municipal staff. Currently the monthly statistics of library users is at around 16000 for all the five Libraries combined.

As a section the Library has so far conducted outreach programs in three magisterial districts of our Municipality targeting primary and high schools. The response received from the principals regarding the impact that our programs have are remarkable.

To extend public participation to include the illiterate, semi-literate, emerging authors within our Municipality a vigorous marketing in a form of our Annual Event Book Indaba.

Partnership with the Institutions like the American Embassy, UNISA and University of Pretoria were entered to for the exchange of program. A mobile library is also available to the Municipality upon request to service areas that are far from libraries.

Priorities:

- Ensure that we encourage a culture of reading to create a nation of readers;
- To provide books for children in their home language;
- Forge and strengthen community partnership and outreach;
- Ensure that there is an effective co-ordination and consultation on matters regarding community libraries and information services between us and provincial department.

Activities:

- Staff to participate in LIASA, other professional library conference, seminars and workshops, and serve on committees, provincially and nationally;
- Increase outreach programmes to all 55 villages by acquiring a mobile library that will visit all areas that are far from the existing libraries;
- Introduce and develop systems which support resource sharing, including interlibrary loan among our libraries;
- To promote and ensure access by people with disabilities and other categories of persons disadvantaged by unfair discrimination;
- Celebrate National Library calendar Mandela Month, readerthon and literacy day.

3.13 CEMETORIES AND CREMATORIUMS

The Municipality has 1 cluster cemetery and 102 village cemeteries throughout the municipal area. The Cluster cemetery and village cemeteries are maintained by EPWP contract employees. 78 Villages cemeteries are fenced and 24 village cemeteries still need to be fenced. The municipality is currently not rendering crematoria services within its jurisdictional area.(impossible)

The Municipality experiences quite a sizeable number of grave digging requests on weekly basis. This exerts pressure on the 2 municipal officials that have to ensure that the whole Dr J.S Moroka is serviced. Often officials in this section are required to perform beyond the call of duty as communities only want their graves to be dug on Fridays and Weekends. Currently, it is only the Head Office that is responsible for the coordination of grave excavation with the assistance of three operators. The cemeteries section is also responsible for burial, exhumation, pauper and reburial of deceased people.

Numbering of individual graves especially at Mogononong cluster cemetery is in progress. There is unauthorized access of people who bury their beloved ones without permit.

This has an effect on proper recording of individual graves vandalism at Siyabuswa cluster cemetery due to no security personnel. Most village cemeteries are without water. It must also be noted that there are a quite a number of village based cemeteries which are not on the Municipal records especially family graves and traditional graves. Ideally, these village based cemeteries need to be properly fenced and closed on being full to address the current problems. With the concept of the cluster cemeteries being in place, provision needs to be made in demarcating the cemeteries to make provision for a crematorium as currently it is not catered.

Priorities:

- To encourage communities to utilize the cluster cemeteries to minimize the travelling between villages;
- To have security personnel at cluster cemeteries;
- Establishment of 2 more cluster cemeteries in Mathanjana and Mbibane Unit offices;
- Closing up of individual village cemeteries when they are full.

Activities:

- Establish additional cluster cemeteries in our area of jurisdiction.
- Ensure numbering of graves where there are cluster cemeteries.
- Development of community awareness programme on usage and registration of graves contained in the by-laws
- Ensure proper control and management of graves.
- Establishment of a crematorium within cluster cemeteries.

3.14 CHILD CARE: AGED CARE: SOCIAL PROGRAMMES

Transversal section focuses on issues such as mobilizing advocacy, Children's Education, Women, People with Disability, Elderly, HIV/Aids, and Moral Regeneration. The municipality has managed to implement programmes as planned, however there are still some challenges internally and externally which need to be addressed, mostly on none functionality of forums.

Local Program of Action for Children:

Children between the age of **0-6 years** falls under the programme of Early Childhood Development. Children from **2-6** years must all be registered in the Early Childhood Development centers. Department of Education responsible for registration of ECD centers and its curriculum and Social Development Department is responsible for funding.

The municipality is responsible for MONITORING of centers and allocation of land when there is a need. Dr J.S Moroka Local Municipality is working closely with the departments of Social Development, Department of Education, SASSA, Home Affairs & Heath in ensuring that children's need are taken care off.

Dr J.S Moroka local Municipality we have **28** fully registered ECD's with **1517** children and **106** conditionally registered ECD's with **3543** children, the total number of children that are registered with ECDs are **5060** in **134** ECDs in 2018. Isibindi programs for orphans and vulnerable children wherein the care workers assist this children with their school work and other after school programs.

Orphans and Vulnerable Children:

The program that is targeting orphans and vulnerable children do not have parental guidance and support as well as child headed families. Dr. JS Moroka Local Municipality utilizes data from the Department of Education, Department of Social Development and individual information from ward councilors, Community

Development Workers and children's forum. The children are linked to programs that will assist them with school uniform and register in indigent database.

Dr J.S Moroka have a place of safety in Mmamethlake where children are taken to from their homes due to abuse and they are kept in the place of safety until their cases are handled accordingly by Social Workers and South African Police Services. These Kids attend schools from place of safety until their cases are solved and they are taken back home. All these programs are funded and monitored by Department of Social Development. The other program is HIV for children whereby these children are taken care of in dropping centers, within the municipality there are 6 dropping centers.

In terms of the African Union a child is defined as "every human being under the age of 18 years". Children between the ages of 2 to 6 years of age are expected to be in Early Childhood Development Centers (ECDs). Children between the ages of 7 to 18 years are expected to be in school; with the inclusion of all those children from the age of 15 to 18 years attending FET colleges. The municipality assists children on Services such as water, safe parks and provides school uniforms where possible, including sanitary towels for destitute learners. There are still challenges in the provision of water and sanitation some schools within the municipality. These are matters which can be addressed by the municipality and Department of Education.

Women Based Programme:

Women forum consists of 31 women that are from all 31 wards, to address social and health issues such as gender based violence, and they are being workshopped on how to address social issues by working with relevant stakeholders.

Dr J.S Moroka Local Municipality is a CRDP Municipality that need to encourage the utilization of cooperative for service delivery. Most women are engage in community programmes like home based care, farming, tailoring, art, and others other activities through NGOs or unregistered groups. This women are trying to create income in many ways, as the Municipality has extremely limited economic activities. The Municipality

awarded women in the following categories Business cooperatives, Health (HIV/Aids), Disability, Art & Culture.

In Dr J.S Moroka Local Municipality we have one Victim Support Centers in Mmamethlake for victimized women whereby they get counselling.

Programme for Elderly

There is an Elderly Forum that consists of 31 members from 31wards, to address social and health issues such as elderly abuse, chronic illnesses, elders' visas grandchildren and management of pension grant. In Dr J.S Moroka Local Municipality there are 6 service centers for elders, and they are also funded by DSD. The other programme for elders is Active Aging Program where these elders participate in sports and compete with other Provinces. All these programs are fully operational, DSD and the Municipality are monitoring.

Dr J.S Moroka Local Municipality is giving away food parcels to **155 families** during Mandela month as a Mandela Day programme, and **74 families** were given vouchers parcels as a donation from Nkangala District Municipality via ESKOM, and **16** from Libangeni PICK and PAY for Christmas.

Programme for Person with Disabilities

The people with disability have representatives from 31 wards and it addresses socio-economic issues for person with disability, such as education, employment, sports. In Dr J.S Moroka have three Stimulation Centers for Disabled Persons where children are kept and taken care of, have protective workshops especially for those above 18 years of age. Again there are three Disability Centers for educational purposes. The municipality is giving away wheelchairs to persons with disability during Moral Regeneration event every year.

Dr JS Moroka has 09 centers for person with disability that includes; protective workshop, stimulation center and residential facility.

Uniliver Company appointed 43 persons with disability for learnership of contact center and administration work, and they are based in the municipality offices.

Hiv/Aids and Moral Regeneration

Dr JS Moroka Local Municipality has a Local Aids Council that is chaired by the Executive Mayor. Its composition is members of civil society, sector departments and Municipal departments to address socio economic issues that will be able to address HIV/Aids drivers. The LAC sits once every quarter wherein all stakeholders presents their reports on their quarterly programmes. The consolidated report is then presented to District Aids Council by the Executive Mayor.

There are **11 NGO** registered and funded by Social Development Department for 2022/2023.

Dr J.S Moroka Local Municipality is commemorating World Aids Day every year in December since 2009. The Municipality is engaging in the following programmes for the community:

- TB screening
- HIV testing & counselling
- Diabetic testing
- HIV & AIDS awareness
- Drug Abuse
- Pap Smear

The following is the record received from the Department of Health: The total number of patients on ART = **95023**

Children under age of 15 = 3801

Current Back-locks

Ward	Location	Identified Project	Priority
1	Kwa-Phaahla	Facility for elderly and awareness campaigns.	1
3	Siyabuswa	Awareness programme and renovation of empilweni old age centre, Supply wheelchairs	3
4	Siyabuswa	Awareness campaign of HIV	1
6	Siyabuswa C	Old age home	2
	Mogononong	NGO awareness programme	3
	Mabuyeni	Construction of place of safety for kids	4
7	Thabana	Old age home, Community park for children	2
8	Mthambothini	mini clinic, home base care	1
	Mrhetjha, Mabhadu, Mgababa Mthambothini, Mrhawini	Provide wheelchairs, drop centres, skills development, job creation and training programmes and office	1
10	Meetsemadiba, Part of Ga-Morwe	Need programm and safety place where willutilize themselves	3
	Ga-Makola, Part of MeetsemadibaMabusabesala	Mobile clinic and social workers, Remuneration of HIV/AIDS council ,Mobile clinic and social workers	2
		Workshop for the community on HIV/AIDS	2
		Disability centre and awareness campaign	
		Old age centre Construction of parks for children	
12	Marothobolong, Matshiding	Dropping centre, Extension of HC & staffing	2
13	Kwa Dithabaneng	Need for a mini clinic	2
	Borolo ,Madlayedwa	Extension clinic building and extension of workinghours	
			99

14	Maphotla	Construction of Disability centre facility and programmes	4
15	Molapoamogale	Clinic, Support groups	1
	Digwale	Extension of 24hour service staff	
16	Part of Libangeni	Upliftment of women programmes	1
		Employment opportunities	1
		Old age home	5
		HIV aids awareness	4
		Child support groups	1
17	Part of Libangeni, Mbhongo	Primary health care and social services	1
		Woman, Elderly people and disability programs	
		HIV / AIDS ,Children's Programme	
18	Maphanga	Upgrading Home base care centre and centre labour wards	3
		Women forum	3
		Centre for the disabled	2
		Old age centre	2
		Indoor and outdoor games	2

		HIV/AIDS centre	2
		Children's forum and support centre	1
19	Ukukhanya, Madubaduba and Moripe	Upgrading Home base careers	4
20	Senotlelo	24 hrs, construction of clinic awareness campaigns	1
		Food security, Art and Awareness culture	
		Aid facilities	
		food security Sports, dance, art & culture	
		Awareness campaign	
		Awareness campaign	
		Food security ,Art and Awareness culture	
	Kabete, Ramonanabela, Part of Lefisoane	24 hour health care centre	2
		24 hour health care centre	
		New Clinic	
	Kabete	Day Care Centre	4
	Ramonanabela	Day Care Centre	4
	Part of Lefisoane	Day Care Centre	4
	Kabete	NGO for Social Work Service	5
	Ramonanabela		5
	Part of Lefisoane		5
	Ramonanabela	Old Age Centre	3
	Kabete	Children Literature Programme	3
	Part of Lefisoane		3
Ramonanabela	NGO for HIV/AIDS Care	1	
22	Part of Lefisoane	Upgrading of Lefisoane Clinic	1
	Lefiso	Improve the condition of maternity room	3
	Ditlhokwe	Address the issue of staff shortage	2
		Programmes still to be established	2
	Lefiso	Some to be provided with sewing machines	1
	Part of Lefisoane	Buildings to be upgraded and provided with facilities	1
	Lefiso ,Ditlhokwe ,Ditlhagane		

	Part of Lefisoane Lefiso ,Ditlhokwe ,Ditlhagane	Building and environmental programmes beextended	2
23	Part of Marapyane	Fencing of vegetable ploughing fields	3
		Wheelchairs supply	5
		Building of pavements	
		Support for special schools	
		Accommodate them at community hall for pensiongrants	
		Make clinic more accessible by tarring the road	
		Monitoring of school transport	
24	Part of Marapyane, Part of Seabe ,Mmaduma	Co-operative for woman and people with disability	2
		Skills development co-operative	
		Old age home and activities	
		Awareness campaigns	
		Early child cares and drop centre	

		Co-operative for woman and people with disability	
		Skills development co-operative	
		Old age home and activities	
		Awareness campaigns	
		Early child cares and drop centre	
		Co-operative for woman and people with disability	
25	Part of Seabe	Care centre	3
		Empowering woman in business	2
		Old age home	4
		Contribution of care centre	2
		Improvement of parks	2
		Contribution of care centre	2
		Improvement of parks	3
26	Loding	Support system	1
	Loding	Bead work centre and resuscitation of Loding fleemarket to be benefit local woman	3
	Loding	Initiation of sign language & Braille school to belinked with Masinakane school for disability	2
	Loding ,Sehoko, Moletji ,RamantshoPart of Nokaneng	Day care for elderly people	2
	Sehoko	Increase care givers	2
	Sehoko	Crèches upgraded to 24 hour day centre	1
27	Katjibane	Expansion of the local clinic	1
	Leseleseleng , Phomolong	Mobile clinic needed	2
	Katjibane	Centre for people with disability	1
		Old aged home	1
		HIV/AIDS Advisory centre	2
		Child support centre	1
		Centre for people with disability	1
29	Part of Mmamethake	Drop in centre	1

		Project for women	1
		Employment opportunities by municipality and contractors and centre	1
		Old age home	1
		HIV/AIDS awareness	1
		Child support group	1
30	Part of Phake ,Ratlhagane	Social service gym facility	1
	Khutsong	24 hour clinic	1
31	Masobye	awareness campaigns and support for activistyouth groups needed	2
		learnerships for disabled and internships at municipality , hospitals, clinics and local schools	2
		availability of drugs for chronic ailments, provisionof id and birth certificates	2

Thusong Service Centres

In collaboration with the Office of the Premier, the year 1999 saw the unicity launchingThusong Service Centres in marapyane, to enable the communities' easy access to government services. The following government services are catered for at MarapyaneThusong Service Centre;

Service Provider	People Serviced on Monthly Basis
➤ Department of Cooperative Government andTraditional Affairs (COGTA)	Coordination Department
➤ Department of Home Affairs (DHA)	350 people serviced on average
➤ South African Social Security Agency (SASSA)	1 500 people serviced on average
➤ Department of Social Development (DSD)	200 people serviced on average
➤ Library	1 600 people serviced on average
➤ Telecentre	1 200 people serviced on average
➤ Department of Labour (DoL)	600 people serviced on average
➤ Legal Aid SA	30 people serviced on average

TOTAL	5 480 people serviced on average on Monthly Basis
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COMPONENT E: ENVIRONMENTAL PROTECTION

3.15 POLLUTION CONTROL

Not applicable for Dr JS Moroka Local Municipality

COMPONENT F: HEALTH

3.17 CLINICS

Not applicable for Dr JS Moroka Local Municipality. Provincial Government's function.

3.18 AMBULANCE SERVICES

Not applicable for Dr JS Moroka Local Municipality. District Municipality's function.

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

Not applicable for Dr JS Moroka Local Municipality.

COMPONENT G: SECURITY AND SAFETY

3.20 POLICE

Not applicable for Dr JS Moroka Local Municipality. Provincial Government's function.

3.21 – 3.22. FIRE AND OTHER (DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES AND OTHER)

Disaster Management has now become an important concept in the contemporary South Africa. So this requires adequate attention and support by all sectors of society including government as demanded by the Disaster Management Act 57 of 2002. Nkangala District Municipality is providing Disaster Management services on a large scale within Dr JS Moroka Local Municipality. Dr JS Moroka Local Municipality provides immediate Disaster relief, coordinates, support and other initiatives throughout the local municipal area. The unit is housed in the municipal head offices in Siyabuswa and currently occupied by one official dealing on matters of disaster management and fire services. The Municipality gets assistance from fire and rescue services in Nkangala District Municipality operating from Thembisile Hani Municipal area. This is a challenge due to the distance between Thembisile Hani and Dr JS Moroka Municipality due to the vastness of the municipal area.

In most cases, fires that brake out in municipal residential areas could not be contained on time and properties are lost due to the turnaround time. The Nkangala District Municipality has intervned by constructing a fire station to service the Dr JS Moroka

Local Municipality. A Fire Protection Association for the municipality has been launched to assist farmers and neighboring communities when disaster strikes, especially veld fires.

Priorities:

- Formulate a comprehensive disaster management plan to co-ordinate with all roll players;
- To establish an effective, safe, prompt and responsive team that will assist in the prevention, mitigation and proper management during disaster and fire.

Activities:

- Review the Disaster management plan;
- Rolling out stake holders and community awareness programs;
- Purchasing of a proper equipment;
- Training of ward committees on disaster functions.

COMPONENT H: SPORT AND RECREATION

3.23 SPORT AND RECREATION

The municipality has fifteen community halls, five stadiums. Four stadiums are under upgrading which include rehabilitation of the soccer fields, volley ball and net ball courts to comply with sporting code/ laws of the game. The municipality has made some strides to address water shortage and theft through installation of water tanks and provision of security officers to completed facilities. Although there are security officers in completed facilities, vandalism is occurring during community events. Some facilities

have been constructed without the inclusion of a guard house and proper paved parking bays.

Credit should be given to the Nkangala District Municipality for a continual support by constructing an additional community hall in the Mbibane jurisdictional area. The municipality has no in-house maintenance team to deal with day-to-day maintenance which lead to a high cost of minor repairs.

Priorities:

1. To improve compliance to OHS and Batho Pele Principles;
2. To ensure that vandalism is reduced in sports, recreational and social facilities;
3. Ensure that more sporting codes are accommodated in Sports and Recreational Facilities;
4. To ensure that the office challenge is temporarily addressed;
5. To ensure that guard houses are provided in all facilities;
6. To ensure that security is provided in all completed Municipal Facilities;
7. To improve parking space;
8. To provide additional sporting codes in sports and recreational facilities;
9. To ensure that community halls are provided;
10. To ensure that additional personnel is provided in Facilities division.

Activities:

1. Provision of sign/direction boards, fire extinguishers and ramps for people with disabilities in unit Municipal Offices;
2. Construction of parameter walls in facilities;
3. Construction of guard houses;
4. Provision of additional mobile offices;

5. Provision of security personnel all completed Municipal Facilities;
6. Construction and upgrading with inclusion of other sporting codes to some facilities;
7. Rehabilitation of soccer fields in stadiums;
8. Construction of parking bays;
9. Construction of additional community halls;
10. Appointment of relevant disciplines in Facilities Division.

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

3.24 EXECUTIVE AND COUNCIL

Section 53 of the Municipal Systems Act (Act 32 of 2000) stipulates inter alia that the respective roles and areas of responsibility of each political structure and political office bearer of the Municipality and of the municipal manager must be defined.

Municipal Council:

- Governs by making and administrating laws, raising taxes and taking decisions that affect people's rights;
- Is a tax authority that may raise property taxes and service levies;
- Is the primary decision maker and takes all the decisions of the Municipality except those that are delegated to political structures, political office bearers, individual councilors or officials;
- Can delegate responsibilities and duties for the purposes of fast and effective decision making;
- Must strive towards the constitutional objects of local government;
- Must consult the community with respect to local government matters; and
- Is the only decision maker on non-delegated matters such as the approval of the IDP and budget.

Executive Mayor:

- Is the executive and political leader of the Municipality and is in this capacity supported by the mayoral committee;
- Is the social and ceremonial head of the Municipality;
- Must identify the needs of the Municipality and must evaluate progress against key performance indicators;
- Is the defender of the public's right to be heard;
- Has many responsibilities with respect to the annual budget, the budget process, budget control and various other financial matters; and
- Performs the duties and exercise the responsibilities that were delegated to him by the council.

Mayoral Committee:

- Its members are elected by the Executive Mayor from the ranks of councillors, with the exception of the Deputy Executive Mayor who is elected by the council and is an ex officio member of the mayoral committee;
- Its functional responsibility area is linked to that of the Executive Mayor to the extent that he must operate together with the members of the mayoral committee;
- Its primary task is to assist the Executive Mayor in the execution of his/her powers - it is in fact an "extension of the office of Executive Mayor"; and
- The committee has no powers of its own – decision making remains that of the Executive Mayor.

3.25 FINANCIAL SERVICES

Dr. JS Moroka Local Municipality is a growing and expanding municipality that aims for excellence in service delivery. As a result, there are many barriers to financial planning that are continually evolving due to the complex environment of local government.

The survival and stability of the municipality is a priority from the financial perspective. The financial plan and associated strategies are in place to resolve a variety of challenges, in order to accomplish financial viability the following plans are set out in depth below:

Revenue Enhancement Strategy:

Improving revenues and preserving current sources of revenue are important for the sustainable delivery of services. Municipal budgets must be sufficiently financed to ensure that there is a financial concern that is capable of delivering and expanding service delivery. The following actions shall be considered;

- To seek alternative sources of own revenue to increase funding for capital projects;
- Expand revenue base through implementation of new supplementary valuation roll;
- Identification and pursuance of government grants;
- Tightening credit control measures and increase debt collection targets;
- Improve customer relations and promote a culture of payment;
- Realistic revenue estimates. Going back to basics to ensure MTREF are appropriately funded;
- Create an environment which enhances growth, development and service delivery.
- To collaborate with Local Economic Development department in order to develop local economic development strategies.
- Visiting all government departments to revive their commitments to repayments and amnesties

Operational Financing Strategies:

Financial planning and effective management of municipal cash resources will ensure that the municipality meets their service delivery mandate.

The strategies are:

- Maintain the credibility of the accounting processes and the consistency of the accounts;
- Eliminating expenditure on non-priority items;
- Ensure that 100% of government conditional grants and subsidies are spent to avoid the retention of equitable share;
- Standardize the accounts chart;
- Efficient cash flow control to ensure an appropriate and sustainable cash position on an ongoing basis;
- Improve fiscal oversight and financial reporting;
- Direct financial resources available for the implementation of projects as defined in the IDP;
- To improve supply chain management processes in line with regulations.

Capital Financing Strategies:

One of the major problems facing municipalities is the deterioration of public confidence in the delivery of services. Investment in municipal infrastructure is vital to maintaining development, rehabilitating aging infrastructure and eradicating backlogs for service delivery.

The strategies are:

- Ensure that the capital budget is focused on IDP goals, initiatives and projects;
- Enhancing creditworthiness;
- Ensure that the capital replacement reserve is backed by cash;
- Optimizing the growth of infrastructure through the use of all available capital.

Financial Management Policies:

The purpose of financial policies is to provide a sound environment to manage the financial affairs of the municipality.

The following are key budget relating policies:

- ✓ Budget policy;
- ✓ Tariff policy;
- ✓ Credit Control and debt Collection Policy;
- ✓ Property Rates Policy;
- ✓ Cash Management and Investment Policy;
- ✓ Assets Management Policy;
- ✓ Debt Impairment and Write off Policy;
- ✓ Supply chain Management Policy.
- ✓ Indigent Policy
- ✓ Loss Control Policy
- ✓ Grant policy
- ✓ Cost Containment Policy
- ✓ Unauthorized, Irregular and Fruitless Policy
- ✓ Inventory Management Policy

Revenue and Medium Term Expenditure Framework Forecast:

The medium term expenditure and revenue framework (MTREF) is based on the priorities, programmes and projects of the IDP and implemented according to the service delivery and budget implementation plan (SDBIP) to ensure delivery on the IDP key performance indicators.

Budget Assumptions:

The selected key assumptions relating to this budget are as follows:

- Government grants for years 2021/2022 to 2022/2023 are as per the Division of Revenue Act;
- The CPI has been estimated at 4% per annum. Growth in the salary wage bill has been provided for in the budget at 4.9%
- Provision has been made for tariffs increases relating to services as follows: 4% Households 4% Government, 4% Business.

3.26 HUMAN RESOURCE MANAGEMENT

It is upon the institution to attract suitable and competent candidates for all positions. In its operation, the municipality ensures the implementation of its recruitment and selection policy and other policies that governs the human resource management. Employees are informed of the policies and Collective Agreements (central and divisional) that are applicable within the context of local government. This implies that the human resource division shall develop and review all policies within its powers and functions.

In addition, there's a need to fill the vacant positions that will be beneficial for service delivery purposes. It is the municipality's responsibility to identify vacant positions in the organizational structure which must be aligned to the objectives and goals found in the Integrated Development Plan of the municipality. One of the major tasks of the human resource division is to develop and review the job descriptions and evaluate jobs within the entire workforce. Every employee shall be able to operate and execute his/her tasks and duties competently.

One of the main area of concern in the workplace is to develop and reinforce the need for competitive compensation to attract and retain top talent. This strategy shall be drawn from the exit Interview comments and recommendations. This initiative shall reduce the level of resignations and increase job satisfaction and serves as a retention

strategy among employees.

Priorities:

- The HRM unit is to prioritize the recruitment and selection of competent candidates.
- The reviewable and adoption of the Organizational Structure.

- Conduct Job evaluation.
- Development and reviewable of Job descriptions.
- Development of the employee retention strategy.
- Development, reviewable and monitoring of the Employment Equity Plan and submission of the report.
- Administration of conditions of services.
- Payroll management.
- Time management.
- Policy development and reviewal.
- Assurance of occupational health and safety of employees and councillors.
- Train and develop employees, councillors, and unemployed youth.

Activities:

- To develop the Human Resource Strategy;
- Placement of staff as per the organogram;
- Management of Unit: HR budget;
- To develop and adopt human resource policies.

3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

3.28

The Municipality depends on the Information and Communication Technology Systems to communicate with other spheres of government and other stakeholders around the world through the usage of its Email System and the Website (www.moroka.gov.za) which requires further enhancements and revamp. Furthermore, the Municipality also uses other Government Portals to ensure that it remains up to date with developments in Local, Provincial and National Governments. The Information and Communication Technology Unit has introduced the IT Helpdesk Services for incident management purposes and the SharePoint portal used for intranet and electronic notice board.

The Municipal Satellite Offices have been connected via the Multiprotocol Label Switching (**MPLS**) Network Technology to ensure that users have access to ICT Systems based at the Municipal Head Offices. Redundancy is also needed across the Multiprotocol Label Switching (**MPLS**) Network for continuity purposes in the event of network failures. The Municipality also utilizes the Geographical Information System for Geographical location when searching for villages, vacant land / stands within its jurisdiction and for sales purposes. The VoIP telephone system has since been implemented at Municipal Head Offices which needs to be extended to other municipal satellite offices to minimize telephone bill to ensure that these satellite offices are accessible via extensions instead of direct telephone lines through the municipal local area network which requires some improvements to accommodate data and voice traffic.

There are few challenges that the Information and Communication Technology Unit is currently facing which it intends to address, and these include amongst others, unreliable Multiprotocol Label Switching (**MPLS**) Network, mechanical failures on the UPS & a Generator and the unreliable electrical power supply from the Eskom Grid which has a direct impact to the ICT Infrastructure. The non-existence of the external disaster recovery site and or hot site for other critical systems for redundancy and business continuity purposes.

OBJECTIVES

- To improve the current Multiprotocol Label Switching (**MPLS**) Network to ensure accessibility, reliability, and redundancy across the Municipal ICT Infrastructure.
- To improve and standardized the existing telecommunication system for all municipal satellite offices through rolling out of VoIP telephone system across.
- To investigate other means of alternative and reliable energy to ensure uninterrupted power supply to the Municipal ICT infrastructure across all Offices.
- To provide routine maintenance and support provision for the current & existing ICT Infrastructure to keep abreast with the ever-changing technology this includes hardware, software and network.
- To improve the ICT usage within the Municipality for the purpose of successful interaction and reliable communication.

STRATEGIES

- Installing additional Multiprotocol Label Switching (**MPLS**) Network devices to ensure that Municipal ICT Infrastructure is reliable, secured and that there's redundancy across the MPLS Network.
- Extend the installation of the VoIP telephone system to other Municipal Satellite Offices in order to standardize tele-communication system and also to reduce the municipal telephone bill.
- Continuous Maintenance on the electrical standby generator and uninterrupted power supply (UPS) which will secure and reduce the effects due to fluctuations in the power cuts and interruptions across municipal satellite offices.
- Establishment of the External Data Recovery Site or Hot site for critical systems to ensure redundancy and business continuity.
- Continuous maintenance and support provision to the entire ICT Infrastructure to meet the current and future IT Technological trends growth and needs.

3.28. RECORDS MANAGEMENT AND ARCHIVAL UNIT

The unit falls under the auspices of National Archives and Records Services Act. The act requires all governmental bodies to establish and put in place systems for proper records management and records keeping systems. The unit provides for the development and management of organisation wide records management programme, which is designed to ensure that record keeping and establishment of a centralized, effective and efficient registry services within the municipality meet the organization's objectives and ensure compliance to National Archives Act 43 of 1996.

Priorities:

- Review of the subject file plan and submission to Provincial Archives for approval.
- Installation of the Electronic Document Management System.
- Update and Develop records procedure manuals or registers.
- Implementation of Protection Of Personal Information Act (POPIA)
- Continuous conversion of manual records into electronic records.

- Filling of Municipal Council Document
- Policy and procedure manual record as well register for endorsement provincial archives.

Activities:

- Referencing of official documents received by Registry Office; for filling purpose.
- Installation of Electronic Document Management System.
- Maintain access control of official records in line with POPIA.
- Scanning and Indexing of official correspondence and records.

3.29 PROPERTY; LEGAL, UNIT OFFICES; RISK MANAGEMENT AND PROCUREMENT SERVICES

PROPERTY:

Dr J.S Moroka local municipality is approximately 1 416, 4240 square kilometres in area composed of 61 villages and only two proclaimed townships namely Siyabuswa and Libangeni. Most villages in the Municipality fall under the jurisdiction of traditional leadership which is a system inherited from the previous administration. In terms of land administration all pieces of land falling within the municipality is supposed to be owned and administered by the municipality, in Dr J.S Moroka most of the pieces of land still fall under the state as in the Department of Agriculture, Rural Development and Land Affairs (DARDLA), Department of Public Works, Province of Mpumalanga and those that are privately owned. Supposedly during the transition from the previous government to the new one, proper transfers of land were not accordingly done.

For proper land administration by the municipality, land transfers have to be effected

accordingly. The vast amount of land in Dr J.S Moroka Municipality is registered with the National government, tribal or communal land and is administered by traditional authorities through gazetting done by the Mpumalanga government. It is critical that the municipality through Department of Agriculture, Rural Development and Land Affairs continue with the implementation of the Land Tenure Upgrading to enable individuals to have formal ownership. Land reform in terms of land claims affects land ownership, only 3 land claims that were successful within the jurisdiction of the Municipality till to date. The municipality is currently busy with the process of transferring farm portions registered with the State and Province to the Municipality. Portions of land that are purchased by the municipality bordering with other municipalities are often demarcated to be out of the municipality by the board, and this creates problems too.

The Municipality has purchased Farm Kameelrivier 160 JR portion 1 a portion of portion 7 in 2009, the farm is already registered under Dr J.S Moroka Municipality the farm, and in terms of the Spatial Development Frame work it is earmarked for residential, commercials, professional services and tourism prospects. The municipality has already adopted a precinct plan on one part of the portion which was developed by the Nkangala District Municipality on its behalf. The purchase of this farm was an attempt by the Municipality to reclaim some of the privately owned land that lies idle for development purposes as well as to develop the Libangeni/ Siyabuswa economic node.

Priorities:

- Land ownership by individuals in the municipality is a priority for land development and property rates payment;
- Acquisition of land by the municipality is imperative for land development and for proper spatial planning;
- Unoccupied sites or stands and open spaces lying fallow in Siyabuswa and Libangeni are to be acquired back by council to discourage illegal dumping on them;

- Encroachment of the servitude and sites has to be attended to by land-use inspectors and the municipal legal services.

Activities:

- Land Tenure Upgrading has to be done to provide individuals with title deeds;
- Purchasing land by the municipality should be considered in areas where municipal development is required;
- Repossession of unoccupied stands and empty spaces lying fallow by the municipality should be done through the legal services;
- Surveying of land and issuing beacon certificates will be done to sort out encroachment.

LEGAL:

The municipality as established through the Local Government Municipal Systems Act, Act 32 of 2000, is a legal person or juristic person as defined by law. The municipality as a juristic person can be sued, may face litigations and can also apply for litigation against individuals or other juristic persons like individual institutions. As a juristic person and employer, the Municipality is governed by the prescripts regulating the local Government amongst others to wit, Local Government Municipal Systems Act, Local Government Municipal Structures Act, Local Government Municipal Finance Management Act, Labour Relations Act, Basic Conditions of Employment and the Employment Equity Act which are legislations governing and providing the framework for compliance and proper interaction between the management and the employees.

The municipality as the employer has to act within the parameters of the law in its relations to its employees.

Priorities:

- Deal with the provision of legal services;
- Responsible for the development of compliance register for the Municipality.
- Development of all Service Level Agreements and Contracts between the municipality and service Providers and also including other organizations.
- Review of municipal By-Laws not to be in contrast with the Constitution of RSA;
- Ensure proper reporting on service level agreement for the Municipality.

Activities:

- Deal with attendance of legal cases;
- Review of compliance register for the Municipality;
- Development of Service Level Agreements, Contracts, Leases and Memorandums of Understandings between individuals, organizations and the municipality;

- Review of By-Laws for Gazetting
- Advice on disputes emanating from the contracts procured with the Municipality.
- Implementing of Protection of personal

MATHANJANA & MBIBANE UNIT OFFICES

Mathanjana & Mbibane Unit Offices are satellite offices that administer and manage service delivery at regional level. The functions that are bestowed upon these Units involve almost all the entire operations of the municipality. Notable among others, the unit offices, at their regional level, provide services, among others, such as Human Resource Management, Water Provision, Finance, Roads and Storm Water Management and Sanitation. In essence, the unit offices administer service delivery on behalf of the other departments, their divisions and sections. It should be acknowledged that the unit offices are not independent entities but coordinate service delivery operations on behalf of other departments at the regional level. The following priorities, activities and challenges, denote the operation of Mbibane and Mathanjana unit offices.

Priorities:

- Coordinate the operation of Roads and Storm water maintenance at wards within the Mbibane and Mathanjana regions.
- Coordinate in the Human Resource Management
- Coordinate water provision to all wards through Water tankers and Pump operators.
- Assist in collection of municipal rates fees for water, cemetery, halls bookings and rentals
- Manage and maintain municipal facilities
- Liaise with service providers such as electricity supply.
- Coordinating community participation events, IDP, Budget and outreach programmes.

Activities:

- Ensure that adequate water supply is provided.
- Provide Human Resource Management.
- Ensure adequate rates collection fees are adhered to.
- Secure transport for personnel to various wards facilities.
- Ensure that Waste Collection programme is in place.
- Ensure that roads maintenance programme is followed.
- Liaise with various stakeholders on municipal management matters.
- Ensure that there's accessibility of municipal facilities by community members.
- Ensure that there's sharing of information with community members and sector department.

LABOUR RELATIONS

The municipality is the employer in terms of the labour laws, relevant Local Government legislation and Collective Agreements. The employer and employee relationship is governed and regulated in terms of the Labour Relations Act. Other Collective Agreements in addition to the Basic Conditions of Employment ACT, are applicable to conditions of service. Workers' rights as entrenched in the Section 23 of RSA Constitution and further effected by the Labour Relations Act are central to the peaceful and stable workplace in the municipality. Both the employer and the employee are required to act within the parameters of the law with its engagements against each other and in exercising the right in terms of any law.

All recognised unions are to be treated fairly, equally and irrespective of the number of employees it represents in the municipality. It remains the choice of every employee to

join any recognised Union, and the municipality does not promote or encourage employees to join a particular trade union.

Priorities:

- To maintain discipline and labour peace in the Municipality, and a harmonious relationship between the employer and the employee;
- To ensure that all employees who feel aggrieved about any issue related to the workplace are encouraged to lodge a grievance in accordance with the grievance procedure and further to ensure substantive and procedural fairness to resolve a problem as quickly and as close to their source as possible when those grievances are lodge as per main collective agreement
- To facilitate meetings of a well constituted and functional Local Labour Forum in terms of the Main Collective Agreement;
- To ensure that the Policies are in compliance with the Labour Laws and Collective Agreements, in as far as the conditions of service are concerned;
- Ensure that the Local Labour Forum negotiates and concludes the Minimum Service Agreements.

Activities

- Co-ordinate all disciplinary processes and procedures for and on behalf of the Municipality;
- Ensure that grievances are resolved within the prescribed time frame to avoid them turning into a dispute and ensure that no employee shall suffer victimisation or occupational prejudice directly or indirectly as a result of lodging a grievance;
- Provide or co-ordinate a continuous skills training for managers, shop stewards and members of the Local Labour Forum on application and implementation of conditions of service and discipline;

- Serve as a resource office and provide a secretarial support for the Local Labour Forum. Facilitates and co-ordinates the meetings of the of the LocalLabour Forum;
- Advise on compliance/non-compliance with the Collective Agreements.

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE

(PERFORMANCE REPORT PART II:

The objective of service delivery to the community is anchored on the skills that employees are possessing. The municipality is successfully providing bursaries to the needy community members through the Executive Mayor's Bursary Scheme. Note that some bursary holders who completed their training have been absorbed into the workforce of the municipality. Employees and councillors and unemployed community members of the municipality are undergoing training as per the skills WSP .

Although the training and development initiatives are undertaken, there's a need to identify the skills gaps and backlogs in strategic divisions and departments. It is the municipality's responsibility to train its employees in order to reach its Integrated Development Plan's objectives and goals.

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

The municipality' primary focus is to ensure that departments are neither over- nor understaffed, and that employees with appropriate talents and skills are available to carry out tasks in the right jobs at the right time to support the municipality to achieve its strategic objectives.

As part of the Human Resource Management Plan, the municipality's human resource focuses on filling of critical vacancies, skills audit, and capacity building intervention for Councillors and officials, performance recognition and develop employees' equity plan.

Vacancy Rate: Year 2022/2023			
Designations	Total Approved Posts	Filled Posts	Vacant Posts
Municipal Manager	1	1	0
Section 56	5	3	2
All other posts	876	534	342
Total	882	540	344
Turn-over Rate			
Details	Total Appointments No.	Terminations (Resignations/Deaths) during the Financial Year No.	
	54	25	

EPARTMENT	FILLED POSTS	VACANT POSTS	TOTAL POSTS
Senior Management (MM & Sec 56)	4	2	6
Administration & Corporate Services	35	32	67
Office of the Municipal Manager	37	38	75
Community Development Services	161	105	226
Finance	83	41	124
Technical Services	220	125	345
Total	540	342	882

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

See attached as APR 2022/2023 FY

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

4.1 POLICIES

HR Policies and Plans		
Name of Policy	Completed	Reviewed
	%	%
1. Budget Policy	100	100
2. Tariff Policy and Tariff Structure	100	100
3. Credit Control and Debt Collection Policy	100	100
4. Property Rates Policy	100	100
5. Free Basic Services and Indigent Support	100	100
6. Impairment of Debt and Write-off Policy	100	100
7. Cash Management and Invest Policy	100	100

8. Supply Chain Management Policy	100	100
9. Asset Management Policy	100	100
10. Loss Control Policy	100	100

INJURIES, SICKNESS AND SUSPENSIONS

In the 2022/2023 financial year, the municipality had no injury on duty case.

LEAVE

The table below provides reflective figures of all the approved and recorded leave taken for 2022/2023 financial year:

Leave Type	Total leave days taken	No of Employees
Sick	1759	90
Maternity	240	04
Family Responsibility	420	19
Annual Leave	540	260
Study	64	16

4.2 PERFORMANCE REWARDS

The municipality did not pay any performance related rewards or bonuses in the 2022/2023 financial year.

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

4.3 SKILLS DEVELOPMENT AND TRAINING

The Workplace Skills Development Plan (WSP) is in place and submitted to Local Government SETA as per the skills Development Act, 97 of 1998. Training is provided to staff, councilors and members of the community in line with the plan and reported monthly, quarterly and yearly to the council and LGSETA.

CHAPTER 5 – FINANCIAL PERFORMANCE

5.1 INTRODUCTION

The aim of this chapter is to provide an overview of the municipality's financial performance as well as a thorough assessment of the results. This section will focus on municipal finance improvement to ensure that the institution's financial performance is compatible with all financial management plans and expenditure products.

The municipality is one of the developing rural communities in the Nkangala District and Mpumalanga province. The municipality is still heavily reliant on government grants to provide services to its residents.

The municipality is not only central to the delivery of essential services, but it is also becoming increasingly important in the improvement of infrastructure.

Revenue management is governed by laws pertaining to revenue management and debt recovery, such as payment schemes and indigent laws.

Highlights have been achieved in terms of updating and managing indigent policies on a regular basis. However, it should be remembered that continuous improvement is the key to achieving the desired outcome over time.

According to the Auditor General's report, there is also concern that the municipality's liquidity may be jeopardized by an increase in debtors. To reduce debt accumulation and implement debt collection and credit management policies, the Municipality has developed a revenue growth plan.

Furthermore, this section will allow for planning to ensure that potential budgetary allocations are consistent with IDP and functional area activities and outputs. Strong financial management practices are critical to municipalities' long-term survival. They serve as the foundation for democratic accountability. Poor or obfuscated financial accounting and reporting practices result in capital being misdirected and underutilized.

The main goal of the Municipal Finance Management Act (2003) (MFMA) is to modernize municipal financial management. Successful municipal financial management shall have the following interrelated elements:

1. Planning and Budgeting
2. Asset and Liability Management
3. Revenue and Expenditure Management
4. Supply Chain Management
5. Other Financial Management
6. Accounting and Reporting
7. Oversight & Operational Continuity

5.2 FINANCIAL PERFORMANCE STATUS

The matrix below highlights financial performance measures achieved in terms of their compliance dates within the Finance Section.

Objectives	Performance Measure/service delivery indicator	Performance	
		Target	Actual
<i>To develop a medium term financial framework (budget)</i>	<i>Three-year capital and operational budget approved by council</i>	<i>R 827,096,000</i>	<i>R 712,603,372</i>
	<i>Approval of the adjustment budget by council</i>	<i>Feb 2023</i>	<i>Feb 2023</i>

<i>Approved Service Delivery and Budget</i>

<i>June 2023</i>

<i>June 2023</i>

<i>To provide a framework for financial accountability</i>	<i>Implementation Plan (SDBIP)</i>		
	<i>Adoption of Tariff Structure</i>	<i>May 2023</i>	<i>May 2023</i>
<i>To manage and control revenue</i>	<i>Monthly billing</i>	<i>Monthly</i>	<i>Monthly</i>
	<i>Credit control policy enforcement</i>	<i>2022/23 FY</i>	<i>Partially Achieved</i>
<i>To manage the cash-flow of the council to ensure timely payment of creditors and servicing of long-term liabilities.</i>	<i>Creditors paid within 30 days</i>	<i>Monthly</i>	<i>Partially Achieved</i>
<i>To prepare and submit Annual Financial Statement (AFS) to AG for 2020/2021 FY</i>	<i>AFS submitted to AG</i>	<i>31 August 2023</i>	<i>31 August 2023</i>
<i>To monitor and control the budget & expenditure</i>	<i>Submission of monthly financial report to Provincial & National Treasury</i>	<i>Monthly</i>	<i>Monthly</i>

5.3 STATEMENTS OF FINANCIAL PERFORMANCE

5.3.1 REVENUE

The Municipality's main revenue sources are best revealed in the table below, which provides a bird's-eye view of the Municipality's total income and reveals the Municipality's reliance on State grants and subsidies, as grant revenue accounts for 77% of the Municipality's total income. The municipality's own revenue from the sale of water, the increase in the assessment rate, and other sources account for 23% of the municipality's total income. This figure represents a 15% increase over the previous year's figure. Service charge disparities Water, in terms of household vs. actual collection, is a major concern for the municipality, whereas companies and the government have seen a significant increase in actual cash collected.

The generation of own income streams would become increasingly important if the current increase in infrastructure spending is to be maintained through cross-linking and water meter installations in areas where there is a source, in exchange for revenue collection by the municipality.

The table below displays the description of revenue

Revenue		2023	2022
Service Charges	17	79 315 109	80 563 779
Rendering of services	18	871 096	2 092 812
Rental of Facilities and equipment	19	244 424	166 257
Interest on Receivables	20	54 496 201	45 132 529
Licence & permits	21	10 681 964	9 467 188
Interest Received	23	5 898 764	1 387 519
Revenue from Exchange Transactions		157 107 558	138 810 084
Property Rates	24	41 698 388	40 169 647
Transfers & Subsidies	25	614 639 742	555 955 265
Donations	26	53 191 370	9 538 218
Traffic Fines	27	1 535 999	854 250
Revenue from Non-Exchange Transactions		711 065 499	606 517 380
Total Revenue		862 573 057	745 327 464

NOTE:

- The increase in property rates and services charges are because of increase of tariffs.
- Interest on outstanding debtors is primarily due to non-payment of consumer services;
- The decrease in Interest received is due to the municipality not investing funds.

All grants received from the National and Provincial governments are included in the amounts disclosed for grant revenue.

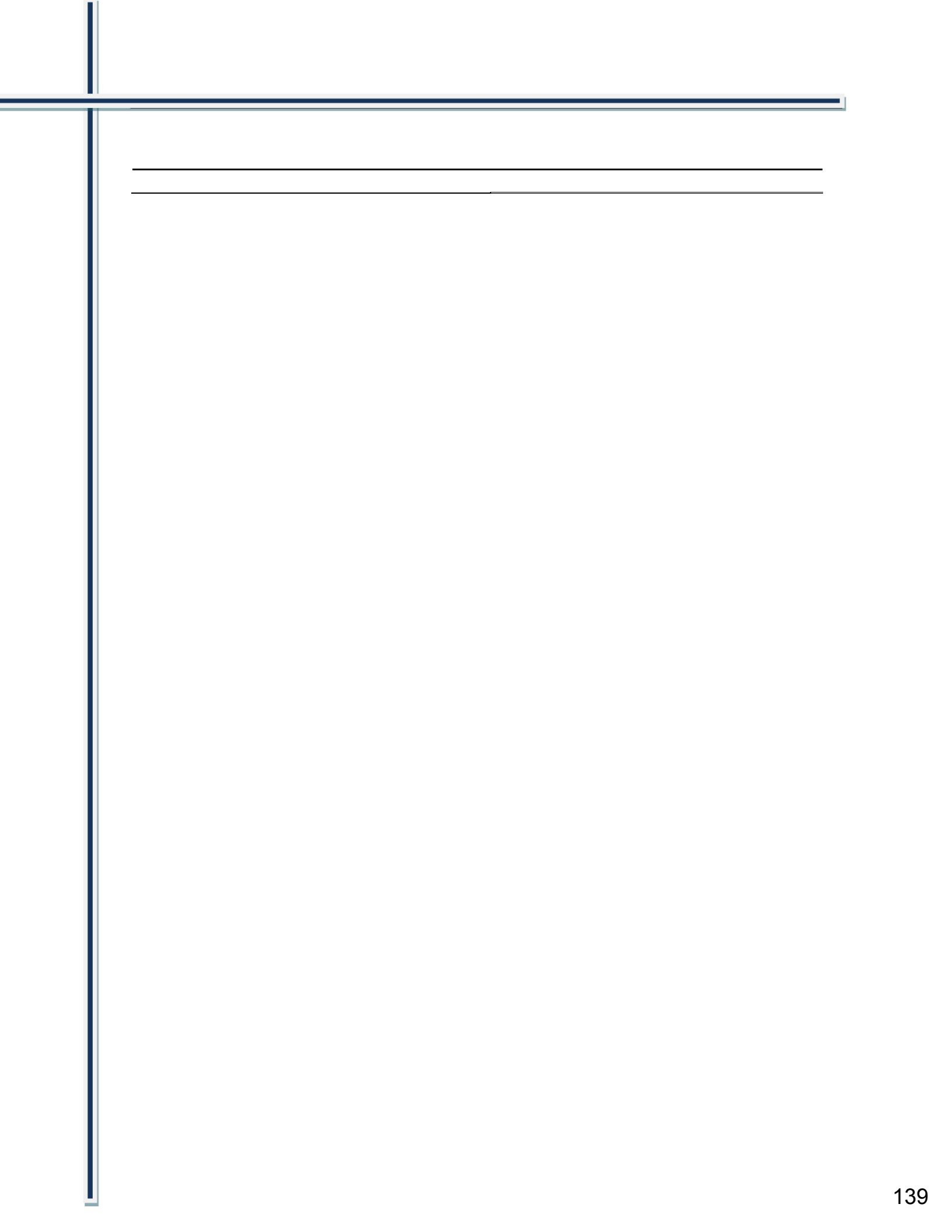
While receiving grants from the government is both good and fair, it can also have a negative impact because the municipality is becoming increasingly reliant on the government to finance operating and capital expenditures as a result of debt accumulation.

It is evident that the municipality continues to rely on government grants to provide services to the communities under its jurisdiction.

5.3.2 EXPENDITURE

TOTAL OPERATING EXPENDITURE

		2023	2022
Expenditure			
Employee related costs	28	-255 896 440	-205 945 378
Remuneration of Councillors	29	-25 399 861	-23 731 620
Depreciation & Amortisation	30	-101 655 593	-62 907 518
Impairment loss	9	-5 453 439	-5 016 643
Finance Costs	32	-4 958 762	-4 023 470
Operations Lease	33	-4 630 998	-4 730 889
Debt impairment	34	-92 817 688	-102 135 695
Contracted Services	35	-148 929 270	-162 828 312
Loss on disposal of assets and liabilities	9	-4 704 130	-6 851 908
General Expenses		-107 723 420	-102 716 514
Total Expenditure		-722 169 601	-680 887 947
Surplus for the year		140 403 456	64 439 517



NOTE:

- Employee Related Costs – shows a significant rise, mostly due to salary increases relating to SALBGC .
- Contract services display a huge amount, mostly due to reclassifications as mandated by mSCOA.

5.4 ANNUAL FINANCIAL STATEMENTS – 2022/2023

On August 31, 2023, the annual financial statements for the fiscal year ended June 2023 were compiled and submitted to the Office of the Auditor General.

The annual financial statements were prepared in accordance with GRAP guidelines.

The notes to the annual financial statements contain additional details, where appropriate, as needed by Municipal Financial Management Act No. 56 of 2003.

The notes to the annual financial statements reveal the details requested under section 123 of the Municipal Finance Management Act. Please refer to Annexure as part of the 2022/2023 annexures.

5.6 SOURCES OF FINANCE

To continue to improve the quality of services provided to its residents, the municipality needs to generate the necessary revenue. In these difficult economic times, good tax management is critical to each municipality's financial survival.

In reality, the municipality is dealing with a backlog of growth and poverty. The expenditure required to address these issues will undoubtedly always exceed the available funding; thus, difficult decisions regarding tariff increases and the balance of expenditure against realistically expected revenues must be made.

5.7 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

The Municipality has evolved tremendously in terms of maintaining, storing, controlling, and providing clean drinking water to the residents of Dr. J.S Moroka Local Municipality, as well as in the collection and disposal of wastewater. The range of responsibility extends from bulk water sources such as the Weltevreden water purification plant and boreholes to drinking water supplies.

The Municipality generates approximately 40ML / pd of the Weltevreden treatment works on average.

A large proportion of the population in Dr. J.S Moroka Local Municipality complains about intermittent water sources on a regular basis. The problem is exacerbated during the hot summer months, from late September to the first heavy summer rains. The main reason for intermittent water supply is:

- Inequitable water distribution;
- Reduced revenue collection / low cost recovery rate;
- Illegal link due to lack of infrastructure availability;
- Infrastructure aging;
- Reactive service and maintenance infrastructure;
- High volume of leakage

Significant challenges face the municipality in providing reliable and efficient water services, ranging from; the goal of achieving 100 percent water supply system coverage for all those who do not have access to water based on a minimum walking distance of 200 m to the nearest tap and was the basis for determining the degree of backlog eradication.

The requirement for making water sources available to all communities in the Municipality has been thought to be a minimum walking distance of 200 m.

Wards or villages where drinking water is constantly interrupted, as well as areas where water is cut off due to overuse, unauthorized connections, or a lack of infrastructure in some areas.

The above-mentioned authorities are confronted with the problem of insufficient infrastructure capable of providing enough drinking water to all residents. As a result, communities banded together, obtained cheap materials, and illegally connected water from the majority of the city, resulting in severe friction losses, water losses, and no payment of services.

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

5.8 CASH FLOW

The importance of cash flow management within the municipality is that it allows the municipality to forecast its expected revenues and expenditures for a month, quarter, or half-year period. Cash flow control is intended to track and measure the income and expenses accumulated over time.

5.9 BORROWINGS AND INVESTMENTS

5.9.1 BORROWINGS:

The municipality had no borrowings in the fiscal year 2022/2023.

5.9.2 INVESTMENTS:

The municipality made investments in the fiscal year 2022/2023.

5.10 PUBLIC PRIVATE PARTNERSHIPS

The municipality did not have any Public Private Partnerships in the fiscal year 2022/2023.

COMPONENT D: OTHER FINANCIAL MATTERS

5.11 SUPPLY CHAIN MANAGEMENT

The Municipality has an established Supply Chain Management Unit that enforces the Supply Chain Management Program, which centralizes all goods and services

procurement. The Supply Chain Management Unit shall report directly to the Chief Financial Officer or an official to whom this responsibility has been delegated in accordance with Section 82 of the Act. The following are all obvious impediments to the implementation of the supply chain management policy.

DEMAND MANAGEMENT:

Section 10(1) of the Supply Chain Management Policy requires the accounting officer to develop and implement an effective demand management system to ensure that the municipality's resources meet its organizational commitments and the strategic objectives outlined in the Integrated Development Plan.

The Administration team has mandated adherence to Circular 62, which is supported by procurement plan implementation. The institution had the procurement plans during the 2022/2023 fiscal year.

ACQUISITION MANAGEMENT:

Procurement of goods and services:

During the 2022/2023 fiscal year, the Municipality centralized procurement of goods and services for operational obligations (goods and services under R30,000) in accordance with legislation, which means that the Supply Chain Management Unit purchased goods and services for the Municipality upon request from individual departments.

Goods worth R 30 000 but less than R 200 000 are advertised on the municipal website and notice board, with a 7-day window between the advertising date and the closing date.

Goods worth R 200 000 or more will be procured in accordance with standard procurement practices, via the national newspaper, in accordance with the SCM Regulations regarding the number of days to be marketed, whether the value exceeds R 10 000 000, or whether the project is long-term / long-term in nature.

LOGISTICS MANAGEMENT

The supply chain management policy was being updated in terms of sub-delegations, so managers are now able to approve transactions up to R 30,000.00, and thus, once the quotations have been issued, the appropriate manager will be given the opportunity to review and approve the procurement, resulting in the cost-effectiveness of the goods and services procured.

The Municipality will implement its SDBIP, along with its procurement plans, to ensure that the procurement criteria are made in advance.

When the capital project procurement contract is signed and approved by the accounting officer, a schedule of bid committee meetings will be created and tracked by the Supply Chain Management Team, with each bid committee member providing a timeline to avoid delays.

Along with the procurement plans, the Municipality will adhere to its service delivery and budget implementation strategy. This will help the company purchase products and services of the right quality, quantity, location, and time, and at the right price.

5.13 GRAP COMPLIANCE

The 2022/2023 Annual Financial Statements have been prepared in accordance with the Accounting Standards Board's requirements for Generally Recognized Accounting Principles (GRAP) in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been compiled on an accrual basis of accounting and, unless otherwise stated, are in compliance with the historical expense convention as the basis of calculation. They are presented in the South African Rand.

A description of the important accounting practices that have been systematically implemented in the preparation of these annual financial statements is given below. These accounting policies are consistent with the previous era.

5.14 FINANCIAL POLICIES

<i>Policy</i>	<i>Approved by council</i>	<i>Implemented</i>	<i>Promulgated in By- Law</i>
<i>Tariff policy</i>	√	√	√
<i>Credit control & Debt Collection policy</i>	√	√	√
<i>Indigent policy</i>	√	√	√
<i>SCM policy</i>	√	√	√
<i>Property rate policy</i>	√	√	√
<i>Cash Management and Investment policy</i>	√	√	√
<i>Asset management policy</i>	√	√	√
<i>Debt Impairment and Write-off policy</i>	√	√	√
<i>Loss Control Policy</i>	√	√	√

5.15 DEBTORS ASSESSMENT

The figures below show the comparative incremental pattern of outstanding consumer debtors for the fiscal years 2021/22 and 2022/23. The increase in the receivable balance is attributed to the MFMA-mandated reduction in outstanding accounts. The total outstanding debt as of 30 June 2023 was R 272 261 864, up from R 218 927 216 as of 30 June 2022.

5.16 CREDITORS ASSESSMENT

At the end of the fiscal year, an amount of R 107 261 597 remained owed to creditors, compared to R 91 450 574 the previous year.

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

(See Attached annexure)

ANNEXURE A-AUDIT REPORT

Report of the auditor-general to the Mpumalanga Provincial Legislature and the council on Dr JS Moroka Local Municipality

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Dr JS Moroka Local Municipality set out on pages 330 to 444, which comprise the statement of financial position as at 30 June 2023, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with 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, except for the effects and possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Dr JS Moroka Local Municipality as at 30 June 2023, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2022 (Dora).

Basis for qualified opinion

Property, plant and equipment

3. The municipality did not recognise all items of property, plant and equipment, in accordance with GRAP 17, *Property, plant and equipment*. Depreciation was calculated using useful lives that differed from those in the asset management and accounting policy. As a result, property, plant and equipment was understated by R37,4 million (2021-22: R11,0 million) and depreciation and amortisation was overstated by R17,4 million (2021-22: R11,0 million). This also had an impact on the accumulated surplus amounting to R20,0 million.
4. Furthermore, the municipality did not assess the impairment for assets that are not in good condition or not working at year end. I was unable to determine the full extent of the misstatement of the property, plant and equipment and impairment loss, as it was impracticable to do so.

Receivables from exchange transactions

5. The municipality did not disclose receivables from exchange transactions in accordance with GRAP 104, *Financial instruments*. The municipality did not accurately disclose an age

analysis of the financial assets as at the end of the reporting period in the comparative year. This was due to multiple errors in determining disclosure amounts on the ageing for the comparative figures disclosed in note 6 to the financial statements. My opinion on the current year financial statements is modified because of the effect of this matter on the comparability of the receivables from exchange transactions for the current year.

Receivables from non-exchange transactions

6. The municipality did not recognise receivables from non-exchange transactions, in accordance with GRAP 104, *Financial instruments*. Debtors with credit balance were included in the computation of the allowance for impairment. As a result, receivables from non-exchange transactions was overstated by R11,6 million and debt impairment was understated by R11,6 million.

Payments received in advanced

7. The municipality did not recognise payments received in advanced, in accordance with GRAP 1, *Presentation of financial statements*. Debtors with credit balance were not reclassified into payments received in advance. As a result, payments received in advanced was understated by R22,0 million, receivables from non-exchange transactions was understated by R20,2 million and receivables from exchange transactions was understated by R1,8 million.

Property rates

8. The municipality did not recognise property rates transactions, in accordance with GRAP 23, *Revenue from non-exchange transactions*. Some property rates transactions were not billed at the correct amount while properties not in the valuation roll were incorrectly billed property rates. As a result, property rates was overstated by R26,4 million receivables from non-exchange transactions was understated by R26,4 million.

Cash flows from investing activities – Purchase of property, plant and equipment

9. The purchase of property, plant and equipment was not determined in accordance with GRAP 2, *Cash flow statements*. The purchase of property, plant and equipment for the comparative year was incorrectly calculated as it included non-cash items. Consequently, the purchase of property, plant and equipment for the comparative year was understated by R49,3 million.

Unauthorised expenditure

10. The municipality did not have adequate systems to identify and disclose all unauthorised expenditure incurred during the current and previous years, as required by section 125(2)(d) of the MFMA. Not all unauthorised expenditure was identified and disclosed. I was unable to quantify the understatement of unauthorised expenditure for the current and the prior year, as it was impractical to do so.

Irregular expenditure

11. The municipality did not have adequate systems to identify and disclose all irregular expenditure incurred during the previous years, as required by section 125(2)(d) of the MFMA.

I was unable to quantify the understatement of irregular expenditure for the current and the prior year, as it was impractical to do so.

12. In addition, I was unable to obtain sufficient appropriate audit evidence for irregular expenditure due to a lack of adequate supporting evidence in the prior years. Consequently, I was unable to determine whether any adjustments were necessary to irregular expenditure, stated at R1,2 billion (2021-22: R1,0 billion) in note 43 to the financial statements.

Prior period error

13. The municipality did not appropriately determine the correction of previous period errors in note 48 to the financial statements, as required by GRAP 3, *Accounting policies, estimates and errors*. The correction of error for the property, plant and equipment disclosed in note 48 to the financial statements contained material misstatements due to application of incorrect useful lives. I was unable to determine the full extent of the misstatement of the correction of error for the property, plant and equipment, as it was impracticable to do so.

Context for opinion

14. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
15. 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.
16. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Other matter

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

Unaudited disclosure note

18. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

Responsibilities of the accounting officer for the financial statements

19. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the MFMA

and Dora; and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

21. 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.
22. 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

23. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected development priority presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
24. I selected the following development priority presented in the annual performance report for the year ended 30 June 2023 for auditing. I selected a development priority that measures the municipality's performance on its primary mandated functions and that is of significant national, community or public interest.

Development priority	Page numbers	Purpose
KPA 5: Basic service delivery and infrastructure development	217 to 304	The purpose of this development priority is to facilitate the social community development services or programmes and to ensure sustainable delivery of improved services for all households within DR JS Moroka Local Municipality.

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

26. I performed procedures to test whether:

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

27. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.

28. The material findings on the reported performance information for the selected development priority are as follows:

KPA 5: Basic service delivery and infrastructure development

Various indicators

29. I could not determine whether the achievements reported against the targets were correct, as there were no processes to consistently measure and report on achievements against planned indicators for the key performance indicators below. Adequate supporting evidence was also not provided for auditing. Consequently, the reported achievements might be more or less than reported and were not reliable for determining if the targets had been achieved:

Key performance indicator	Planned target	Reported achievement
<p>Percentage Progress (completion) 4 Borehole sighting, drilling , equipping complete with submersible pump Inside, Precast structure to cover, fencing , the electrical pump and motor mounted to it, pressure, gauge, water meter, RSV valve, borehole pipework, storage tank, electricity, water reticulation. 360 HH by 30 June 2023.</p>	<p>100 % Progress (completion) 4 Borehole sighting, drilling , equipping complete with submersible pump Inside, Precast structure to cover, fencing , the electrical pump and motor mounted to it, pressure, gauge, water meter, RSV valve, borehole pipework, storage tank, electricity, water reticulation. 360 HH by 30 June 2023.</p>	<p>100 % Progress (completion) Achieved</p>
<p>Percentage Progress (completion) on the Construction of 400KL elevated steel tank, Construction of 3X guard houses on the boreholes with the palisade fence, installation of booster pump, installation of dosage unit and bulk line at Setateng by 30 June 2023.</p>	<p>100 % Progress (completion) on the Construction of 400KL elevated steel tank, Construction of 3X guard houses on the boreholes with the palisade fence, installation of booster pump, installation of dosage unit and bulk line at Setateng by 30 June 2023</p>	<p>95% complete Not Achieved</p>
<p>Percentage Progress (Completion) on the 4 Borehole sighting, drilling , equipping complete with submersible pump Inside, Precast structure to cover, fencing , the electrical pump and motor mounted to it, pressure, gauge, water meter, RSV valve, borehole pipework, storage tank, electricity, water reticulation, mini package plant by 30 June 2023</p>	<p>100 % Progress (Completion) on the 4 Borehole sighting, drilling , equipping complete with submersible pump Inside, Precast structure to cover, fencing , the electrical pump and motor mounted to it, pressure, gauge, water meter, RSV valve, borehole pipework, storage tank, electricity, water reticulation, mini package plant by 30 June 2023</p>	<p>95 % Progress (Completion) Not Achieved</p>
<p>Percentage Progress (completion) on Replacement of 1km asbestos bulk line pipe to HDPE including installation of 100m steel pipe and air valve, butterfly valves, bulk water meters, scour valves, strainers, accessories and construction of</p>	<p>100 % Progress (completion) on Replacement of 1km asbestos bulk line pipe to HDPE including installation of 100m steel pipe and air valve, butterfly valves, bulk water meters, scour</p>	<p>90% Progress (completion) Not Achieved</p>

rectangular manhole at Kuilen – Phase 1 by 30 June 2023	valves, strainers, accessories and construction of rectangular manhole at Kuilen – Phase 1 by 30 June 2023	
Percentage Progress (completion) on Replacement of 3,8km asbestos bulk line to HDPE including installation of 100m steel pipe and air valve, butterfly valves, bulk water meters, scour valves, and construction of rectangular manhole from WTP to Bloedfontein – Phase 1 by 30 June 2023	100 % Progress (completion) on Replacement of 3,8km asbestos bulk line to HDPE including installation of 100m steel pipe and air valve, butterfly valves, bulk water meters, scour valves, and construction of rectangular manhole from WTP to Bloedfontein – Phase 1 by 30 June 2023	Practical and Final Completion Certificates 100 % Progress (completion) Achieved
Percentage Progress (completion) on Replacement of 6km asbestos bulk line to HDPE including installation of chamber, scour valves, pressure reducing valves, bulk water meters and accessories from GaPhahla to Siyabuswa “A” by 30 June 2023	40 % Progress (completion) on Replacement of 6km asbestos bulk line to HDPE including installation of chamber, scour valves, pressure reducing valves, bulk water meters and accessories from GaPhahla to Siyabuswa “A” by 30 June 2023	63 % Progress (completion) Achieved
Percentage Progress (completion) on Construction of Ga-Phaahla sewer outfall, sewer reticulation of 46km, manholes, yard connections, installation precast structure of 1640.installation precast structure of 1640 by 30 June 2023	60 % Progress (completion) on Construction of Ga-Phaahla sewer outfall, sewer reticulation of 46km, manholes, yard connections, installation precast structure of 1640.installation precast structure of 1640 by 30 June 2023	93% Progress (completion) Achieved
Percentage Progress (completion) Construction of 2 pumpstations, class 34 uPVC heavy sewer Pipes,30 km 160mm dia uPVC,1.1 km of 200mm dia uPVC,1 km of 35mm PipeuPVC,534 manholes,200 Toilets Units & installation of Power Supply 2x Transformer by 30 June 2023	100% Progress (completion) Construction of 2 pumpstations, class 34 uPVC heavy sewer Pipes,30 km 160mm dia uPVC,1.1 km of 200mm dia uPVC,1 km of 35mm PipeuPVC,534 manholes,200 Toilets Units & installation of Power Supply 2x Transformer by 30 June 2023	Construction at 82% Not Achieved

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Other matters

30. I draw attention to the matters below.

Achievement of planned targets

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

Material misstatements

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

Report on compliance with legislation

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

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

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

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

Annual financial statements

37. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets, current assets and disclosure items identified by the auditors in the

submitted financial statements were subsequently corrected and the supporting records were provided subsequently, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

Expenditure management

38. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The expenditure disclosed does not reflect the full extent of the irregular expenditure incurred as indicated in the basis for qualification paragraph. The majority of the disclosed irregular expenditure was caused by the bid evaluation and adjudication criteria for some awards not consistent with the bid specification documents.
39. Reasonable steps were not taken to prevent unauthorised expenditure, as required by section 62(1)(d) of the MFMA. The expenditure disclosed does not reflect the full extent of the unauthorised expenditure incurred as indicated in the basis for qualification paragraph. The majority of the disclosed unauthorised expenditure was caused by overspending on the vote.

Revenue management

40. An effective system of internal control for debtors and revenue was not in place, as required by section 64(2) (f) of the MFMA.
41. Revenue due to the municipality was not calculated on a monthly basis, as required by section 64(2)(b) of the MFMA.

Human resource management

42. Senior managers did not submit proof of previous employment prior to signing employment contracts on appointment, as required by municipal performance regulations for municipal managers and managers directly accountable to municipal managers 4(4)(b).

Consequence management

43. 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.
44. 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.
45. 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.

Assets management

46. An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.

Procurement and contract management

47. Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM Regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM Regulation 36(1). Similar non-compliance was also reported in the prior year.
48. The performance of some of the contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA. Similar non-compliance was also reported in the prior year.
49. The contract performance and monitoring measures were not in place to ensure effective contract management, as required by section 116(2)(c)(ii) of the MFMA. Similar non-compliance was also reported in the prior year.

Strategic planning and performance management

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

Other information in the annual report

51. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and the selected development priority presented in the annual performance report that have been specifically reported on in this auditor's report.
52. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
53. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected development priority presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
54. 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

55. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
56. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the material findings on the annual performance report and the material findings on compliance with legislation included in this report
57. Management did not exercise oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls. Management did not establish and communicate policies and procedures to enable and support the understanding and execution of internal control objectives, processes and responsibilities. Management did not adequately monitor the implementation of action plans to address internal control deficiencies.
58. Management did not adequately implement controls over daily and monthly processing and reconciliation of transactions. Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information. Management did not review and monitor compliance with applicable legislation.

Material irregularities

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

Material irregularities identified during the audit

Loss of revenue due to property rates not billed

60. The municipality did not ensure property rates revenue due to the municipality is calculated on a monthly basis. The billing system was not reconciled to the valuation roll to ensure all the properties eligible for property rates are billed. Consequently, some customers were not billed throughout the 2021-22 financial year; while other customers were billed for part of the year instead of the full year. Consequently, section 64(2)(b) of the MFMA was not complied with as the accounting officer did not take all reasonable steps to ensure that revenue due to the municipality is calculated on a monthly basis. The non-compliance is likely to result in a material financial loss for the municipality due to property rates revenue not billed.
61. The accounting officer was notified of the material irregularity on 26 April 2023 and invited to make a written submission on the actions taken and that will be taken to address the matter. The accounting officer improved the controls around the recording of property rates revenue. Some of the controls implemented included reconciliation of the billing system to the valuation roll with effect from June 2023.

62. The accounting officer is committed to further strengthen the internal control environment by ensuring that the revenue section is capacitated through filling of vacancies, formal and on the job training and ensuring monthly reconciliations and reviews of the property rates billing. Further actions are planned to be implemented throughout the 2023-24 financial year which commenced in July 2023.

63. I will follow up on the implementation of the planned further actions during my next audit.

Status of previously reported material irregularities

Full and proper records not kept

64. Reasonable steps were not taken in the 2019-20 financial year to ensure that full and proper records were kept of property plant and equipment, cash and cash equivalents, transfers and subsidies, bulk purchases, payables from exchange transactions, contracted services, operational cost, receivables, unauthorised expenditure, as required by section 62(1)(b) of the MFMA. The non-compliance contributed to a disclaimer audit opinion as I could not obtain sufficient appropriate audit evidence to support the amounts and disclosures in the financial statements. The lack of full and proper records is likely to result in substantial harm to the municipality as it contributed to the material uncertainty regarding its ability to continue operations. This, in turn, is likely to have a negative impact on the municipality's ability to discharge its service delivery mandate.

65. The accounting officer was notified of the material irregularity on 4 October 2021 and invited to make a written submission on the actions taken and that will be taken to address the matter. The accounting officer improved the controls around the keeping of full and proper records starting from the 2020-21 financial year onwards. Some of the preventative controls implemented include daily and monthly processing and reconciliation of transactions for key items and ensuring a proper filing system to ensure accounting records are easily retrievable when required.

66. The accounting officer is committed to continue to strengthen the internal control environment by ensuring that there is regular asset verifications and reconciliations to the fixed asset register, monthly reconciliations and reviews of the property rates and services charges billing and proper budgeting and monitoring processes.

67. I will follow up on the implementation of the planned further actions during my next audit.

Unfairly disqualified bidder – upgrading of roads and storm water in the Mdutjana village cluster

68. The municipality issued an advert for upgrading of roads and storm water in the Mdutjana village cluster. The bid specification specified a bidder needed a minimum of 24 points to qualify for the 80/20 price and B-BBEE scoring system and proof must be attached to qualify for the points claimed.

69. The bid adjudication committee awarded one of the disqualified bidders a total of 22 points instead of 25 points. As a result, the bidder was unfairly disqualified despite meeting the

minimum points required for pre-qualification and functionality. The unfair disqualification contravened paragraph 5(7) of the Preferential Procurement Regulation (PPR) of 2017. The award was made to a supplier who bided for R11 499 264.92 while the unfairly disqualified bidder had submitted a bid proposal of R9 193 121.59. The non-compliance was likely to result in a material financial loss for the municipality.

70. The accounting officer was notified of the material irregularity on 27 January 2022 and invited to make a written submission on the actions taken and those that will be taken to address the matter. The accounting officer instructed the internal audit unit on 20 April 2022 to investigate the matter, identify the person(s) responsible and make recommendations to the Municipal Public Accounts Committee (MPAC) for final processing and submission to council in line with section 32 of the MFMA. The investigation was conducted and a report received from the accounting officer.
71. Based on my evaluation of the information and evidence provided in the accounting officer's written submission, this matter will not be pursued further as a material irregularity and is therefore closed

Overpayment of supplier on the construction of Katjibane bus and taxi route

72. The municipality overpaid the supplier contracted for the construction of Katjibane Bus and Taxi Route, in contravention of section 65(2)(a) of the MFMA. Some of the works paid for could not be verified on site, while the rates used to claim for some of the items were higher than the rates on the bill of quantities. The re-measurement of some of the items claimed by the supplier indicated the items were over-claimed. The non-compliance was likely to result in a material financial loss for the municipality if the money was not recovered.
73. The accounting officer was notified of the material irregularity on 8 December 2021 and invited to make a written submission on the actions taken and those that will be taken to address the matter. The accounting officer instructed the internal audit unit on 20 April 2022 to investigate the matter, identify the person(s) responsible and make recommendations to the MPAC for final processing and submission to council in line with section 32 of the MFMA. The investigation was conducted and a report received from the accounting officer.
74. Based on my evaluation of the information and evidence provided in the accounting officer's written submission, this matter will not be pursued further as a material irregularity and is therefore closed.

Mbombela

14 January 2024



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

The auditor-general's responsibility for the audit

The selected legislative requirements for compliance testing

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

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

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

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

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

conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease operating as a going concern

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

Communication with those charged with governance

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

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

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	<p>Section 1 - Paragraph (a), (b) & (d) of the definition: irregular expenditure,</p> <p>Section 1 - Definition: service delivery and budget implementation plan,</p> <p>Sections 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 29(1),</p> <p>Sections 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), 32(2)(b),</p> <p>Sections 32(6)(a), 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 62(1)(f)(i),</p> <p>Sections 62(1)(f)(ii), 62(1)(f)(iii), 63(1)(a), 63(2)(a), 63(2)(c), 64(2)(b),</p> <p>Sections 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e),</p> <p>Sections 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1),</p> <p>Sections 122(2), 126(1)(a), 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii),</p> <p>Sections 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 170,</p> <p>Sections 171(4)(a), 171(4)(b)</p>
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulations 71(1), 71(2), 72
MFMA: Municipal Investment Regulations, 2005	Regulations 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2017	<p>Regulations 5, 12(1)(c), 12(3), 13(b), 13(c), 13(c)(i), 16(a), 17(1)(a),</p> <p>Regulations 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a),</p> <p>Regulations 27(2)(e), 28(1)(a)(i), 28(1)(a)(ii), 29(1)(a), 29(1)(b),</p> <p>Regulations 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c),</p> <p>Regulations 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43,</p> <p>Regulations 44, 46(2)(e), 46(2)(f)</p>

Legislation	Sections or regulations
Municipal Systems Act 32 of 2000	<p>Sections 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 29(3)(b), 34(a), 34(b),</p> <p>Sections 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), 56(a), 57(2)(a),</p> <p>Sections 57(4B), 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 93J(1), 96(b)</p>
MSA: Municipal Planning and performance Management Regulations, 2001	<p>Regulations 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 3(6)(a), 7(1), 8, 9(1)(a), 10(a),</p> <p>Regulations 12(1), 15(1)(a)(i), 15(1)(a)(ii)</p>
MSA: Municipal Performance Regulations for Municipal Managers and Managers directly Accountable to Municipal Managers, 2006	Regulations 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations 17(2), 36(1)(a)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2), 5(3), 5(6), 8(4)
Annual Division of Revenue Act	Section 11(6)(b), 12(5), 16(1); 16(3)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations	Regulations 17, 25(7A)
Municipal Property Rates Act 6 of 2004	Section 3(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	<p>Regulations 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8),</p> <p>Regulations 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5) 9(1), 10(1), 10(2),</p> <p>Regulations 11(1), 11(2)</p>
Preferential Procurement Regulations, 2022	Regulations 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

ANNEXURE B – AUDIT ACTION PLAN

Audit Action Plan Financial Year: 2022/2023

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
1	Other	Substantial harm due to the environmental impact caused by the Siyabuswa Wastewater Treatment Plant	During the audit, visits performed (31 July and 01 August 2023), it was confirmed and noted that there are various concerns and challenges regarding the safeguarding of assets, effective treatment of wastewater, the quality of effluent disposed into the immediate environment and compliance with general treatment and disposal legislative requirements.	<ul style="list-style-type: none"> • There is limitations on oversight, management and internal controls implemented to ascertain all environmental legislative compliance in and around the Municipality's environmental resource base (and ecosystems); • On-going monitoring and supervision are not always or continually undertaken to ascertain and assess the condition and effectiveness of water- and wastewater infrastructure (mechanical- and operational equipment, treatment works, pump stations and reticulation lines), overall and related operational 	<p>1)DR JS Moroka Local Municipality should ensure the proper implementation, management, monitoring and continual improvement on their developed and updated environmental policies, plans and strategies to effectively manage, operate and safeguards their assets (including the environmental resource base</p> <p>2) Resource needs (funding – sourced operational - and capital budget, vehicles, equipment and work force) should be addressed and or escalated to</p>	<p>The plant modification system is old and not compactable to the current challenges of inflow determinates, the plant was initially design to handle domestic waste and small diameter pipelines that handles low inflows, no fats, grease and oil. When the Siyabuswa wastewater treatment plant was designed there were no industries that would feed the system with non-biodegradable waste or material.</p> <p>N.B During the visit by the office of the Auditor General the Siyabuswa Wastewater treatment Works was still under refurbishment process</p>	<p>Initially the plant had two stages namely anoxic and aerobic that only handle the removal of ammonia, the plant was then modified to a three stage phoredox process with addition of anaerobic stage to handle other pollutants e.g. phosphate. The chlorine system was also refurbished for disinfection of effluent. The maturation ponds will be refurbished as they have overgrown with grass. The inlet work will be modified with primary sedimentation tank to handle raw sludge. The capacity</p>	Bonisiwe Klaas, Lucas Masombuka	30-Jun-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
				<p>practices that impact or may impact on the quality of water sources;</p> <ul style="list-style-type: none"> • There is limited oversight responsibility relating to wastewater and effluent quality compliance and / or other waste related legislation; • Processes are not in place or implemented to ascertain adequate and effective resources (HR / funding, vehicles and equipment) for solid waste-, wastewater and water treatment, quality and disposal practices 	<p>the relevant governance levels in order to ascertain effective and continual service delivery, response and repair of blockages, overflows and pollution into the environment and or sensitive water sources;</p> <p>3) All the measures to treat, process and dispose of waste, wastewater and other pollutants as provided in legislation be complied with and implemented through properly constructed management- and action plans that should be monitored and steered by dedicated officials;</p> <p>4) Pollution prevention and minimization</p>		<p>of emergency dams will be increased.</p>		

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
					strategies be operationalized, managed and enforced to curb the continuous trend of illegal dumping and improper disposal practices (through a functional Telemetry or other effective monitoring System				

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
2	Revenue from exchange transactions	Misstatements identified between the Schedules, General ledger and the Annual Financial Statements	During the audit we noted the differences between the amount as per the supporting schedules, general ledger, trial balance and the amount disclosed in the annual financial statements. The below table include the differences identified through audit	Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information. Management did not adequately review the annual financial statements prior to submission to ensure that the annual financial statements tie to the underlying records	<ul style="list-style-type: none"> •Management should strengthen review controls in order to ensure that the annual financial statements are supported by complete, valid and accurate records. •In addition, management must implement review processes to ensure that the annual financial statements are supported by valid, complete and accurate records. •Management should submit the records that agrees to the submitted annual financial statements 	Management acknowledges the finding. The GL used by the auditors has the current year financial history only and does not include opening balance votes. This resulted in the auditor arriving at their differences in Column E without considering some transactions. The imported Trial balance already provided to the auditor as well as the General Ledger with opening balances supporting will address the variances noted. In some of the instances the auditors did not pick the correct vote numbers in their analysis and therefore the auditors end results are different. Please refer to the reconciling schedule.	Management will submit the records that agrees to the submitted annual financial statements Management will review the annual financial statements are supported by complete, valid and accurate records.	Noma Nkehli	30-Jun-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
3	Revenue from non-exchange transactions	Misstatements identified between the Schedules, General ledger and the Annual Financial Statements	During the audit we noted the differences between the amount as per the supporting schedules, general ledger, trial balance and the amount disclosed in the annual financial statements. The below table include the differences identified through audit	Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information. Management did not adequately review the annual financial statements prior to submission to ensure that the annual financial statements tie to the underlying records	<ul style="list-style-type: none"> • Management should strengthen review controls in order to ensure that the annual financial statements are supported by complete, valid and accurate records. • In addition, management must implement review processes to ensure that the annual financial statements are supported by valid, complete and accurate records. • Management should submit the records that agrees to the submitted annual financial statements 	Management acknowledges the finding. The GL used by the auditors has the current year financial history only and does not include opening balance votes. This resulted in the auditor arriving at their differences in Column E without considering some transactions. The imported Trial balance already provided to the auditor as well as the General Ledger with opening balances supporting will address the variances noted. In some of the instances the auditors did not pick the correct vote numbers in their analysis and therefore the auditors end results are different. Please refer to the reconciling schedule.	Management will submit the records that agrees to the submitted annual financial statements Management will review the annual financial statements are supported by complete, valid and accurate records.	Noma Nkehli	30-Jun-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
4	Non-current assets	Misstatements identified between the Schedules, General ledger and the Annual Financial Statements	During the audit we noted the differences between the amount as per the supporting schedules, general ledger, trial balance and the amount disclosed in the annual financial statements. The below table include the differences identified through audit	Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information. Management did not adequately review the annual financial statements prior to submission to ensure that the annual financial statements tie to the underlying records	<ul style="list-style-type: none"> Management should strengthen review controls in order to ensure that the annual financial statements are supported by complete, valid and accurate records. In addition, management must implement review processes to ensure that the annual financial statements are supported by valid, complete and accurate records. Management should submit the records that agrees to the submitted annual financial statements. 	<p>Management disagrees with the finding: the differences are due to the following reasons:</p> <ol style="list-style-type: none"> The WIP register was not considered by the auditors in amounts per fixed assets register for buildings, infrastructure and Community. Please refer to the PPE Annexure. Management agrees with the finding: An account was incorrectly mapped to infrastructure instead of plant and machinery. Management requests an opportunity to reclassify to the correct accounts. Please refer to the PPE Annexure for the account proposed to be reclassified. The depreciation journals for the prior year and current year relating to movable assets i.e plant and machinery, furniture and fittings, Office equipment, IT equipment and transport assets were omitted. 	Management will review the supporting schedules prior to submission for audit to ensure they are correct. Management will review the annual financial statements and ensure that the amounts as per the annual financial statements agree to the general ledger. Trial balance and the supporting schedules e.g. Fixed asset registers	Believe Mosungwa, Noma Nkehli	30-Jun-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
5		Actual Achievements in the Annual Performance report not supported by listings/register/reports	The information requested as part of RFI 51 relating to the listings/register/reports that the reported achievements of the key performance indicators in the Annual Performance report were not provided for audit purposes and as a result limited our scope of work	Management failed to implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support performance reporting	Management of municipality should implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support performance reporting	Management Partially agrees with the findings	Management will implement proper record keeping in a timely manner to ensure that information is accessible and available to support performance reporting.	Lazarus Baloyi	30-Jun-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
6	Strategic planning and performance management	Municipality did not publish its final IDP on the website within 14 days and approved adjustment budget not published on the website within 10 days	Audit noted that the municipality did not publish the final IDP on the municipal website within 14 days of the adoption of the integrated development plan, it was further noted that the municipality did not publish the approved adjustments budget and supporting documentation on the website within ten working days after the municipal council has approved an adjustments budget	Management did not establish effective controls in place to ensure that the final IDP and approved adjustments budget and supporting documentation are publicise on the municipal website within the stipulated days as per the Municipal System Act and Municipal budget and reporting regulation	Management should regularly review the resolutions by council to ensure that the final IDP and approved adjustments budget and supporting documentation are publicise on the municipal website within the stipulated days as per the Municipal System Act and Municipal budget and reporting regulation	Management is in agreement with the finding. The delay was due to network challenges	Compliance register with clear timelines has been adopted by council and will serve as a guideline for critical compliance timelines. Publication on the adjusted planning documents to be made within 10 working days after adoption/approval (March/April).	Lazarus Baloyi	30-Jun-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
7	Audit committees	Internal control deficiency relating to the Audit committee	Audit noted that the audit committee did not review the annual financial statements to provide the council with an authoritative and credible view of the financial position of the entity, its efficiency and effectiveness and its overall level of compliance with the MFMA and DoRA and other applicable legislation. The audit committee did not liaise with the internal audit unit of the municipality separate from management. The audit committee did not ensure that the implementation of the combined assurance plan is reported to it	Management did not ensure that the audit committee promotes accountability and service delivery through evaluating and monitoring responses to risks and overseeing the effectiveness of the internal control environment, including financial and performance reporting and compliance with legislation	Management should develop a yearly plan to monitor and review the commitments of audit committee to ensure compliance with all laws and legislations applicable to the Municipality.	Management disagrees with the audit finding that the Shared Audit Committee and Internal audit did not have separate meetings. The communication between the meetings were held between the Chair, and Members on the virtual platform on the 05 April 2023 and the bulk of the conversations are held telephonically and on What App between the shared audit committee and internal audit, this ensures smooth running of the unit while ensuring smooth communication	The shared audit committee would submit a report on the combined assurance model to Council, this report would be sent twice to the Council by the committee. Internal audit would be responsible to ensure that the report is sent to Council.	Sibusiso Morare	30-Jun-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
8	Short term liabilities	Income received in advance for accounts that belong to the Municipality	During the audit of income received in advance it was noted that service accounts that belong to the municipality are billed for property rates and further indicate income received in advance from the municipality to the municipality, as per the above requirements the municipality is exempt from paying rates as per paragraph 12.1(a) of the policy	Management did not implement controls over monthly processing and reconciliation of the property rates billing to ensure that the billing is accurate and complete and is in accordance with the policy and tariff structure	Management should implement monthly reconciliation of the property rates billing for each account holder and be checked against the policy tariff structure to ensure that it is accurate and complete. Management should also review the monthly reconciliations of property rates billing	Management partially agrees with the finding The account holders noted on the advance payment listing are in the Dr JS Moroka Municipality's name and noted as such in line with valuation roll as per deeds office data. The properties are used for a school and a clinic respectively. The municipality has compiled a list of all properties under its name, and this is currently being investigated. The amounts were received from the Department of Public works in bulk payments. The schedule of payment from the department provides for the accounts to be paid with amount as noted above which leads to the account being in advance.	Management to prepare reconciliation of the property rates billing to ensure that the billing is accurate and complete and is in accordance with the policy and tariff structure	Noma Nkehli	30-Jun-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
9	Non-current assets	Expenditure incurred to repair and maintain PPE not separately disclosed in the PPE note	During the audit of property, plant, and equipment, we noted that the expenditure incurred to maintain and repair the municipality's property, plant, and equipment were not disclosed in the notes to the financial statements. The finding was also reported in the audit report of prior year, therefore classified as recurring finding	Management did not ensure that there is proper reviews of financial statements to ensure that the financial statement comply with the Disclosure requirements of GRAP 17	Management should ensure that the repairs & maintenance expenditure incurred to maintain the property, plant & equipment is separately disclosed in line with GRAP 17.88. Management should adequately review the financial statements submitted for audit to ensure that the submitted records are accurate	Management is in agreement with the finding. However, a proposed correction has already been submitted in COMAF 2	Management will ensure that the repairs & maintenance expenditure incurred to maintain the property, plant & equipment is separately disclosed in line with GRAP 17.88. Management will also review the financial statements to ensure that the amounts per the note agrees to the trial balance.	Believe Mosungwa, Noma Nkehli	30-Jun-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
10	Short term liabilities	Retentions recorded at incorrect amount	During the audit of retentions, we noted that some retentions amounts as per the supporting payment certificates does not agree to the retention amount per the retentions register	Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information as the retention amount per certificate does not agree to the retentions register	Management did not implement controls over the regular processing and reconciling of transactions relating to retentions. Management did not prepare regular, accurate and complete retentions listing that is supported and evidenced by reliable information	Management agrees with the finding	Management will update the retention register on monthly basis to ensure is accurate and complete.	Madraai Skosana, Tshireletso Rammutla	30-Jun-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
11	Revenue from exchange transactions	Misstatements identified in the amount of property rates per note 24 of the annual financial statements	During the audit of revenue from non-exchange transactions when casting and recalculating the amount per note 24, valuations of property rates, it was noted that the current year amounts have been omitted, and the prior year amounts are inaccurate	Inadequate review of the financial statements by the senior delegated official/s to ensure that the financial statements are accurate	Management did not prepare regular, accurate and complete financial reports that are supported and evidenced by reliable information	Management agrees with finding and requests an opportunity to make an adjustment	Management to review of the financial statements to ensure that the financial statements are accurate	Dumisani Ntuli, Noma Nkehli	30-Jun-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
12	Revenue management	Presentation and disclosure of revenue from non-exchange transactions is not complete in terms of GRAP 23 disclosure checklist	During the audit of the presentation and disclosure of revenue from non-exchange transactions, it was noted that the municipality received in-kind services or donation in a form of assets from Nkangala District Municipality amounting to R53 191 370, however, the nature and type (narrative) of the in-kind services received were not disclosed in the annual financial statements under note 26	Inadequate review of the financial statements by the senior delegated official/s to ensure that the financial statements are accurate and complete. Management did not prepare regular, accurate and complete financial reports that are supported and evidenced by reliable information.	Management should ensure that the annual financial statements are prepared on time to allow for adequate reviews by management, internal audit and audit committee must ensure that the annual financial statements are supported and evidenced by reliable, accurate and complete schedules	Management agrees to the finding and requests an opportunity to update the disclosure note	Management will submit the records that agrees to the submitted annual financial statements. Management will review the annual financial statements are supported by complete, valid and accurate records.	Dumisani Ntuli, Noma Nkehli	30-Jun-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
13	Revenue from exchange transactions	Revenue from exchange transactions – Incorrect tariff rates used on the metered accounts for water services.	During the audit of metered accounts for water services, it was noted that the Municipality charged the following accounts for water consumption R23.33 instead of R23.13 and the unmetered accounts for water services, it was noted that management adjusted the accounts with incorrect amounts, therefore the revenue charged for water is inaccurate	Inadequate review of the rate or amount captured on the system for billing of water services to ensure that customer are charged the correct amount. Management did not prepare regular, accurate and complete financial reports that are supported and evidenced by reliable information	Management should review the rate used to charge customers for water services on the system before billing run is complete to ensure that customers are charged the correct amount	Management agrees to the findings and requests an opportunity to make an adjustment	Management to review billing of water services for the year 2023/24 to ensure that customers are charged the correct amount.	Noma Nkehli	30-Jun-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
14	Revenue from exchange transactions	Refuse removal – Overstatement of revenue	During the audit of revenue charged on refuse removal services, it was noted that management charged incorrect rates on the accounts	Inadequate review of the tariff rate captured on the billing system to ensure that customers are charged the correct amount. Management did not prepare regular, accurate and complete financial reports that are supported and evidenced by reliable information	Management should review the tariff rate captured on the billing system on a monthly basis before the billing run is complete to ensure that customers are billed the correct amount	Management agrees to the findings	Management to review billing of refuse removal services for the year 2023/24 to ensure that customers are charged the correct amount.	Noma Nkehli	30-Jun-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
15	Revenue from non-exchange transactions	Incomplete traffic fine register	During the audit of completeness of receivables from non-exchange transactions (traffic fines), it was noted that some traffic fines are not included in the municipality's traffic fine register.	Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting	Management should implement review processes to ensure that the annual financial statements are supported by valid, complete, and accurate records	Management agrees with the finding and requests an opportunity to make an adjustment	Management to revisit all traffic fine full population for period of 2022/23 and capture them on the traffic fine register and general ledger	Noma Nkehli	30-Jun-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
16		AoPO: The Performance indicator is not well defined and not verifiable.	During the audit of Performance information, it was noted that the reported performance indicators and the related targets are not well defined and are not verifiable	Management did not prepare regular, accurate and complete and performance reports that are supported and evidenced by reliable information. Furthermore, Management and those charged with governance have not exercised adequate oversight over the performance information reporting process which has resulted in misstatements identified in the Annual performance report. Management did not implement effective controls regarding performance reporting and compliance with the R-FSAPP	Management should ensure that the reported achievements in the annual performance report are supported by reliable information. Furthermore, management should thoroughly review the planning documents together with Technical Indicator Description (TID) to confirm that the performance indicators are well defined and that the data that support the numerator and denominator relating to the percentage indicators is verifiable	Management Partially Agrees with the Finding – Management has prepared supporting documentation in sense of Monthly Progress Reports of all the listed projects. This monthly progress report where also accompanied by listings that included the workings that agree with the reported achievements. However, the Auditor upon review of the workings, expressed limitation in the methodology used	Review the format of the Progress Report drawn between the contractors and PMU Technician to ensure that the progress reports express the methodology used on each monthly progress report. Document a detailed and tested methodology for the workings used to derived the reported % (achievements) in the Planning documents including the TID. Where applicable make the necessary adjustment of the SDBIP as well as TID during the Budget and SDBIP midyear Adjustment (February)	Lazarus Baloyi	30-Jun-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
17		AoPO: Reported achievements are not consistent with planned and reported indicator and targets	During the audit of Performance information, it was noted that the reported achievements are not consistent with planned and reported indicator and targets	Management did not prepare regular, accurate and complete and performance reports that are supported and evidenced by reliable information	Management should ensure that the reported achievements in the annual performance report are supported by reliable information. All the reported performance in the annual report should be reviewed against supporting evidence to ensure consistency	Management Partially Agrees with the Finding – Management has prepared supporting documentation in sense of Monthly Progress Reports of all the listed projects. This monthly progress report where also accompanied by listings that included the workings that agree with the reported achievements. However, the Auditor upon review of the workings, expressed limitation in the methodology used	Subject both the planning documents and APR to a review by both Internal Audit and Audit committee. Developed a standard APR Reporting template with all data as per the approved Planning document and subject it to internal Audit review with aim of preventing identified inconsistencies.	Lazarus Baloyi	30-Jun-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
18		AoPO: Reported achievements are not valid and accurate	During the audit of Performance information, it was noted that the reported achievements included in the Annual Performance Report are not valid and accurate	Management did not prepare regular, accurate and complete and performance reports that are supported and evidenced by reliable information	Management should ensure that the reported achievements in the annual performance report are supported by reliable information. Furthermore, Management should thoroughly review the reported achievements in the annual performance report to confirmed that the achievements are supported by a reliable information	Management Notes the finding is in agreement following a review. The Report referred to herein is for Landfill costing and provision on for inclusion in the annual financial statements for the period ending 30 June 2023, and not for the external compliance audit of landfill sites.	Make budgetary provision during adjustment to cover for both external compliance audit of landfill sites as well landfill costing provisions separately. Conduct external compliance audit prior the financial year end.	Lazarus Baloyi	30-Jun-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
19	Non-current assets	Provisions – Incorrect remaining useful life was disclosed for the Siyabuswa Landfill Site	During the audit of note 14 on provisions, we noted that the remaining useful life of the Siyabuswa landfill site was incorrectly disclosed as 29 years instead of 28 years that was used in the valuation report	Management did not adequately review the annual financial statements prior to submission to ensure that the annual financial statements agree to the underlying records	Management should strengthen the review controls in order to ensure that the annual financial statements are supported by complete, valid and accurate records.	Management agrees with the finding and requests and opportunity to correct the disclosure.	Management will review the financial statements to ensure that the correct remaining useful lives are disclosed in note 14:Provisions	Believe Mosungwa, Noma Nkehli	30-Jun-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
20	Other disclosure items	Contingent Liabilities Differences between the Schedules and the Annual Financial Statements	Audit noted the differences between the amount of contingent liability per the schedule and the amount disclosed in the annual financial statements Furthermore audit noted that there are cases that have been duplicated in the contingent liability note to the annual financial statements The matter relates to 45 employees that were irregularly appointed by the former Municipal Manager without following due processes and policies of the Municipality	Management did not adequately review the annual financial statements prior to submission to ensure that the annual financial statements agree to the supporting schedule	Management should strengthen review controls in order to ensure that the annual financial statements are supported by complete, valid and accurate records	<p>a) Bopape Elizabeth Maite/ Dr JS Moroka Municipality – Management agrees with the finding and ask to adjust the AFS.</p> <p>b) Ndlovu AJ Inc – Management agrees to the finding and ask for an opportunity to adjust the AFS.</p> <p>c) Prior period error disclosure for Malose Frans Monkoe/ Dr JS Moroka and Gubis 85 Solutions (Pty) Ltd – Management agrees with the finding. The amounts that were disclosed in the prior year are correct and were adjusted in error in the current year. The adjustment that management requests is to the current year figures that needs to be corrected to those disclosed in the prior year.</p> <p>d) Duplicate contingent liability – Management agrees with the finding and request an opportunity to adjust the disclosure.</p>	Management will ensure that all of the AFS schedules are reviewed prior to submissions to ensure that they are error free.	Dumisani Ntuli, Mathabo Mphahlele	30-Jun-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
21	Expenditure	Expenditure Misstatements identified between the General ledger and the Annual Financial Statements	During the audit we noted the differences between the amount as per the supporting schedules, general ledger, trial balance and the amount disclosed in the annual financial statements. The below table include the differences identified through audit	Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information. Management did not adequately review the annual financial statements prior to submission to ensure that the annual financial statements tie to the underlying records	<ul style="list-style-type: none"> • Management should strengthen review controls in order to ensure that the annual financial statements are supported by complete, valid and accurate records. • Management should also implement review processes to ensure that the annual financial statements are supported by valid, complete and accurate records 	Management agrees with the finding and requests to post an adjusting journal for corrections	Prepare all supporting documents for expenditure per segments to reconcile with general ledger, trail balance and annual financial statements.	Dumisani Ntuli, Boledi Serepo	30-Jun-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
22	Expenditure management	Non-compliance: Suppliers not paid within 30 days	<p>During the audit of expenditure the following suppliers were noted to have not been paid within 30 days from the receipt of the invoice:</p> <p>The number of days it took the municipality to pay its suppliers was calculated by comparing the invoice date, date on which the municipality stamped the invoice, and the payment date</p>	Management did not implement effective controls to ensure that invoices received from suppliers are paid within 30 days.	Management should establish an electronic invoice register, which should be monitored on a regular basis. Management should also encourage the end-user to submit all the invoices received from the suppliers to the finance department timely	Management agrees with the finding. There is currently no central email for receiving of invoices for tracking with exception of Telkom and Eskom invoices. Some invoices are still sent to departments.	A reminder Memo to all end users or department will be send quarterly for reminding and urging them to submit invoices for payment.	Boledi Serepo	30-Jun-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
23	Other important matters	Incomplete contract register	<p>During the audit of the use of consultants we have noted that the contract register is not complete as the following contracted services were not included in the contract register:</p> <ol style="list-style-type: none"> 1. Reliable Accountants 2. MMB Consulting Incorporated 3. PKF Financial Consulting CC 4. Minatlou Consultants 5. MGR Consultants 	Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting	Management should regularly review and update the contract register to ensure that all contracts are recorded in the contract register	Management acknowledges the finding by the auditor	Management to ensure that SCM registers are reviewed before submission in order to ensure that they are complete and accurate.	April Masilela	30-Jun-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
24	Revenue from exchange transactions	. Other comprehensive income omitted from the statement of financial performance	audit noted that the municipality has presented the Gain on landfill site provision and Actuarial gains as part of revenue from exchange transactions and not separately under operating surplus on the statement of financial performance	Management did not review the annual financial against the standard of GRAP to ensure fair presentation.	Management should review the annual financial statements against the requirements of the standard of GRAP to ensure that gains on landfill site provision and actuarial gains are presented separately under operating surplus and not as revenue from exchange transactions	Management agrees to the finding and requests an opportunity to make adjustments	Management to review the annual financial statements against the GRAP checklist before submission to Auditor General	Dumisani Ntuli, Noma Nkehli	30-Jun-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
25		AoPO: Presentation and disclosure misstatement	During the audit of Performance information, we noted Presentation and Disclosure misstatements in the Annual Performance Report for the year ended 2022/23:	Management and those charged with governance have not exercised adequate oversight over the performance information reporting process which has resulted in misstatements identified in the Annual performance report. Management did not implement effective controls regarding performance reporting and compliance with the R-FSAPP	Management should ensure that the annual performance report is prepared and aligned to the provisions of section 46 of the Municipal System Act. Furthermore, management should regularly review the planning documents against the reported information on the annual performance report to confirm consistency before submitting the annual performance report for audit	1.The documentation relating to the contractors' instruction to complete the outstanding work is herein attached. Refer to: 130-Maphotlaq Water Supply Instruction to Complete Works	Management will ensure that monthly progress report, where also accompanied by listings that included the workings that agree with the reported achievements.	Lazarus Baloyi	30-Jun-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
26		AoPO: Performance indicators relating to Core Function of the Municipality not included the Performance Planning and Reporting documents	During the audit of Performance information, it was noted that Performance indicators relating to the Core function and Mandate of the municipality are not included in the Service Delivery and Budget Implementation Plan (SDBIP) and Annual Performance Report. As part of the core function of the municipality, the municipality is responsible for provision of safe and healthy water to the communities, however the following objectives are not included in the planning documents as measurable indicators: 1. Planned targets and results of quality of water after purification. 2. Planned targets and results of water samples collected from	Management did not ensure completeness of the performance indicators relating to the core function and mandate of the Municipality	Management should ensure that all relevant indicators relating to core function and mandate of the Municipality are included in the Planning documents of the Municipality	Management is not in agreement with the finding. Management is not aware of any legislated document or framework that makes in an obligation for the municipality to have the following set of indicators on the planning documents (SDBIP): 1. Planned targets and results of quality of water after purification. 2. Planned targets and results of water samples collected from the water treatment plants and/or Reservoirs. 3. Planned targets and results of wastewater samples collected from the water treatment works.	Review and include the following indicators during the Adjustment of the SDBIP following the Budget Adjustment (February): 1. Planned targets and results of quality of water after purification. 2. Planned targets and results of water samples collected from the water treatment plants and/or Reservoirs. 3. Planned targets and results of wastewater samples collected from the water treatment works. Also explore the possibility of combining the three indicators into one report.	Lazarus Baloyi	30-Jun-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
			<p>the water treatment plants and/or Reservoirs. 3. Planned targets and results of wastewater samples collected from the water treatment works.</p>						

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
27	Other disclosure items	Misstatements identified relating to the segment reporting disclosure note	During the audit of the municipality's financial statements, the following differences were noted between amounts presented in the financial statements and the amounts disclosed for segment reporting and no explanation for differences was provided	Management did not regularly review the financial statements to ensure accuracy and completeness segment reporting	Management should regularly review the AFS and ensure that all GRAP requirements are complied with	Management agrees with the finding and request an opportunity to submit the adjusted segment report. Due to the fact that the segments change each time an adjustment is processed, management requests to submit the adjustments with the Final adjusted AFS.	Ensure that segment reporting prepared or reviewed as the last activity before the submission as the amounts are changes each time the adjustment is processed	Dumisani Ntuli	30-Jun-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
28	Other disclosure items	Inaccurate Cash Flow Statement	During the audit of the cash flow statement it was noted that management did not have schedules and workings prepared supporting the amounts presented in the financial statements. The material differences were noted between the amounts presented in the Annual Financial Statements (AFS) and the auditors' recalculations	Management did not adequately review the amounts presented in the annual financial statements to ensure accuracy cash flow statement	Management should ensure that cashflow statement is reviewed to ensure accuracy of amount disclosed	Management agrees with the finding and request an opportunity to submit the adjusted segment report. Due to the fact that some components on cash flow are affected each time an adjustment is processed, management requests to submit the adjustments with the Final adjusted AFS	Ensure that the cash flow statement is reviewed after all adjustments and the supporting schedule and calculation are in place	Dumisani Ntuli	31-Aug-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
29	Unauthorized, irregular and fruitless and wasteful expenditure	Misstatements identified in the amount of Irregular Expenditure presented in the comparative figures of the current year annual financial statements. Audit requirements	Audit noted differences between the amounts of irregular expenditure and compensation of employees as per the prior year audited financial statements and the corresponding figures of the current year financial statements and no prior period error have been disclosed in the annual financial statements relating to the identified misstatements 1. Irregular expenditure 2. Compensation of employees Audit noted further that the amount of basis salary presented and disclosed in the current year annual financial statements includes acting allowance and standby allowance	Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information. Management did not adequately review the annual financial statements prior to submission to ensure that the annual financial statements tie to the underlying records	<ul style="list-style-type: none"> Management should strengthen review controls in order to ensure that the annual financial statements are supported by complete, valid and accurate records. In addition, management should implement review processes to ensure that the annual financial statements are supported by valid, complete and accurate records. Management should submit the records that agrees to the submitted annual financial statements 	(a) Management is in agreement with the finding (b) Compensation to employees. Management agrees to the finding and requests an opportunity to adjust the disclosure to what it was in the prior year	Management will ensure that annual financial statement is supported by complete, valid and accurate records.	April Masilela	30-Jun-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
30	Current assets	Incomplete disclosure of inventory	audit noted that the municipality did not the inventory relating to the value of water on hand at the end of the financial year 2023. Enquired from management and also inspected the schedule used to calculate the distribution loss and noted that the municipality has water on hand at the end of the financial year, however no inventory was disclosed in the annual financial statements relating to the value of water on hand.	Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information	Management should implement effective controls to ensure that the water inventory on hand at year end are disclosed and presented in the annual financial statements	Management agrees to the finding and request to update the note with the disclosure	Management will ensure that accurate and complete financial and performance reports that are supported and evidenced by reliable information.	Believe Mosungwa, Noma Nkehli	31-Aug-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
31	Other disclosure items	No disclosure of principle agent arrangement was disclosed in the annual financial statements	audit noted that the municipality did not disclose principal-agent arrangement in the notes to the annual financial statements. Through inspection of the annual financial statement and the service level agreement between the department of community safety, security and liaison, it was noted that the municipality is the agent for the department, in relation to the collection of motor vehicles licensing fees, however no disclosure of principle-agent arrangement was made in the annual financial statements.	Management did not adequately review the annual financial statements prior to submission to ensure that the annual financial statements tie to the underlying records	<ul style="list-style-type: none"> • Management should strengthen review controls in order to ensure that the annual financial statements are supported by complete, valid and accurate records. • In addition, management should implement review processes to ensure that the annual financial statements are supported by valid, complete and accurate records 	Management agrees to the finding and requests an opportunity to make an adjustment to the disclosure	Assess all activities performed by the municipality which have the potential of principal and agent arrangement and ensure all these activities are disclosed as the agreement or SLA	Dumisani Ntuli	31-Aug-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
32	Revenue management	Differences noted between debtors balances as per the age analysis and balances as per the debtors' statement	During the audit of receivables from exchange and non-exchange transactions, we noted the differences between the amounts as per the debtors age analysis and the amounts as per the debtors' statements	Management did not review the annual financial statements against the debtor's age analysis and the debtors' statements to ensure accuracy of the account receivable amount	Management should strengthen review controls to ensure that the annual financial statement disclosure is Accurate and complete	Management does not agree with the finding. The amounts noted by the auditors as differences are corrections relating to property rate that were processed after year end but before the submission of the financial statements. The debtors statements are extract from the debtor module. The debtor module closes as soon at year end therefore do not reflect and adjustment performed on debtors direct account but the amount reflect as owing per debtor is what has been noted in the ageing	Management will review the annual financial statements against the debtor's age analysis and the debtors' statements to ensure there agree	Dumisani Ntuli, Noma Nkehli	30-Jun-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
33	Revenue from exchange transactions	Differences noted between the amounts disclosed in the age analysis disclosure note in the current year comparative amounts and the amount disclosed as per prior year audited financial statements	During the audit of receivables from exchange transactions, audit noted inconsistencies between the amounts disclosed in the current year comparative figures and the amounts as per prior year audited financial statements with regards to the disclosure of the debtor's age analysis in the financial statements (note 6)	Management did not adequately review the annual financial statements prior to submission to ensure accuracy and completeness annual financial statements	Management should strengthen review controls to ensure that the annual financial statement disclosure is accurate and complete	Management agrees with finding	Management will review the annual financial statements prior to submission to ensure accuracy and completeness annual financial statements	Dumisani Ntuli, Noma Nkehli	30-Jun-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
34	Procurement	Quotations: Quotations were obtained from suppliers that are not registered in the prospective supplier's list or NT's central supplier database	During the audit of quotations, it was noted that the municipality obtained quotations from the following suppliers who are not listed on the National Treasury Central Suppliers Database 1.Somkofare Building Constructions 2.Maboe Game Shop	Management did not ensure that quotations are sourced from suppliers who are listed on the National Treasury Central Suppliers Database as prescribed by the Municipality SCM policy	Management should ensure that they only obtained suppliers from the National Treasury Central Suppliers Database. Furthermore, on evaluation of the quotations, management should ensure that all suppliers that submitted quotations are verified on the CSD.	Management is not in agreement with the finding Section 14(1)(a)(i) instruct the accounting officer to keep a list of accredited prospective providers. The listed above suppliers are listed as the municipal accredited suppliers within the listing of the municipality passed utilized suppliers, they are not new suppliers, they are listed within the municipal Supply Master File, which has been submitted in request for information number: 88, supplier data extraction request. The are detailed in row 2181 and 4201 with creditor code 10198 and 03036 respectively	Management will ensure that all quotations are sourced from the national treasury central supplier database.	April Masilela	30-Jun-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
35	Procurement	SCM Quotations - Supplier that scored the highest points on evaluation not appointed	During the audit it was noted that the supplier that scored the highest points were not appointed and no deviation was approved and recorded in the deviation register 1.Senzazona PTY LTD 2.MM Sibeko Trading PTY LTD	Management did not follow proper SCM processes as the supplier who scored the highest and quoted the lowest price was not appointed, which resulted in the municipality having to pay more for the same services. Furthermore, Management did not ensure that a deviation is approved and recorded for deviating from the SCM process	Management should ensure that SCM processes and policies are followed and also ensure that the processes for awarding contracts to suppliers are properly reviewed.	Management is not in agreement with the finding. The SCM regulation 18(b), it states that the accounting officer must promote ongoing competition amongst providers, including by inviting providers to submit quotations on rotation basis. Based on the municipality's conclusion made on the award thereon that within the same event the other highest scoring supplier was awarded a project, management awarded the second highest thereon on the basis of rotation	management will ensure that all deviations are approved, recorded and reported to council..	April Masilela	30-Jun-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
36	Procurement	SCM Competitive Bids - Bid advertised for period less than the minimum required period	During the audit it was noted that the following bids were advertised for a period which is less than 30 days	Management did not follow proper SCM processes as the bids above were advertised for a period less than the minimum period prescribed in the municipal supply chain management policy	Management should ensure that they follow SCM processes and policies by ensuring that there is enough allowance of days between the day on which the advert is placed in the newspaper and the closing day. This will aid in ensuring that bids are advertised for the minimum periods as prescribed in the SCM policy	<p>Management is not in agreement with the finding.</p> <p>The procurement amount per applicable bidder was based on the historical spending and budget allocated which were assessed to being less than R10 000 000.00, from which minimum 14 days advertisement was applied.</p> <p>Furthermore, all the above awards were made on rate basis. In the case were within the awarded period the overall amount incurred in that year exceeds the R10 000 000.00, management will have to record the expenditure as irregular. The appointments were concluded in June and the recorded expenditure does not exceed 10 million. Please refer to budget attachments for prior expenditure and budgeted amount per award used as a base</p>	Management will ensure that all bids are advertised in accordance with the applicable legislations.	April Masilela	30-Jun-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
37	Procurement	SCM Competitive Bids – Awards made to suppliers whose tax matters are not in order	During the Audit, it was noted that awards were made to the following suppliers whose tax matters were not in order by the time the awards were evaluated and awarded 1.Noponde Business Enterprise(Replacement of Asbestos Bulk line from water treatment plant to Bloedfontein Reservoir. 2.CmeloKuhle Construction(Construction of Radijoko Bus and Taxi route)	Management did not ensure that the evaluation committee and adjudication committee verify the tax compliance of the suppliers when evaluating the bids to ensure that bidder's tax matters are in order	Management should ensure that the bid evaluation and adjudication committee verify the tax compliance of the bidders. This can be done by drawing a compliance report from the CSD to ensure that the bidders are tax compliant during the period of the evaluation and before the award is made to the supplier	Management is in agreement with the finding and requests an opportunity to correct the irregular expenditure disclosure During the procurement process, the municipality applied circular 90 of the MFMA, where the supplier tax matters were communicated to the supplier to where a correspondence thereon was submitted that was being done between the supplier and SARS from which management concluded upon. Correspondence is herein attached	Management will ensure that bid evaluation committee and adjudication committee draw CSD reports in order to verify the tax compliance status before appointment.	April Masilela	30-Jun-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
38	Unauthorized, irregular and fruitless and wasteful expenditure	1. Deviation from supply chain management regulations not appropriately disclosed	<p>During the audit of note 46 Deviation from supply chain management regulation, management indicated that Busses and gym equipment were procured during the financial year under review and the process followed in procuring those goods deviated from paragraph 12(1)(d) of Government gazette No.27636 however through discussion with management and inspection of the register supporting the narrative it was noted that the narrative was included in error and there was no procurement of busses or gym equipment done by the Municipality in the year under review</p> <p>During the audit of deviations note 46 it was noted that the deviations indicated below</p>	Management did not regularly review the financial statements to ensure the accuracy, classification and appropriateness of information presented and disclosed in the financial statements	Management should review financial statements to ensure that all information presented and disclosed in the financial statements are aligned to supporting records	<p>Management is in agreement with the finding. The paragraph thereon was erroneously not switched off from the generic CaseWare file it is not relevant to the municipality.</p> <p>Finding 2 Management is not in agreement with the finding.</p> <p>In terms of section 36(1) of the Supply Chain Management Regulations, the accounting officer may—(a) Dispense with the official procurement processes established by this Policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only – (l) in an emergency. (ii) If such goods or services are produced or available from a single provider. (v) In any other exceptional case where it is impractical or impossible to follow</p>	Management will ensure the review of Annual Financial Statement before submission.	April Masilela	30-Jun-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
			<p>have been classified as impractical or impossible however through inspection of supporting documentation it was noted that the reasons provided to for the deviations did not support the classification disclosed in the financial statements.</p> <ol style="list-style-type: none"> 1.WANCOR CC 2.WORLD FOCUS 3.GUGULABO PROPERTIES AND LOGIST 4.SS MASONDO ATTORNEYS 5.MHLALUS ENTERPRISE (PTY)LTD 6.UNIVERSITY OF WITWATERSRAND 7.SBK BROTHERS IN PROJECTS 			<p>the official procurement processes;</p> <p>Therefore, all the transactions listed above had not followed the normal procurement process as required by the act hence they were approved by the accounting officer and recorded as deviation</p>			

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
39	Procurement	Deviation approved does not meet the requirements of the SCM regulations 36	During the audit of deviations requirements, we identified that the following deviations were approved on the basis that they were exceptional cases/situation that made it impractical or impossible to follow normal processes. Based on the reasons provided by management it was noted that the reasons for deviation are unjust and not aligned with SCM regulation 36. It was also noted that management have correctly recorded the irregular expenditure for some on the basis of unjust reasons	Management did not review and monitor compliance with SCM regulation to ensure that the reason for the deviation complies with Municipal SCM regulations36	<p>Management should ensure that they verify the information on the deviation letter to ensure that all information required is included and that the deviation reason meets SCM regulation 36.</p> <p>Management should review all their deviation reasons and confirm that all deviations approved with unjust reasons/ non-compliant with SCM regulation 36 are included in the irregular expenditure register and disclosed in the annual financial statement notes.</p> <p>Management should review the deviation register and confirm that only valid</p>	<p>Management is in agreement with the finding.</p> <p>- Irregular Expenditure- During the preparation of AFS, management had performed an assessment thereon of identifying non-compliance items. The listed above findings were already accounted for in the irregular expenditure submitted for audit</p>	Management to review deviation reason before approval in terms of regulation 36 of the SCM	April Masilela	30-Jun-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
					<p>deviation are recorded and disclosed in the annual financial statements note for SCM Deviation.</p> <p>Management should ensure that proper procurement planning is done to ensure compliance with SCM regulations</p>				

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
40	Procurement	Deviation winning supplier not tax compliant at point of award and payment	During the audit of deviations requirements, we identified that supplier Gugulabo Properties and Logistics was tax non-compliant during period of award and payment of the deviation as indicated below. Through discussion with management it was noted that the supplier was given the required 7 days to clear their tax compliance status as required however management still approved and paid the supplier while they were non-compliant. Management should have offered the supplier the opportunity to be compliant after confirming that the supplier is tax compliant, award the contract and make payment	Management did not monitor compliance with SCM regulations to ensure that only tax compliant suppliers are awarded and paid	Management should ensure that confirmation of tax compliance is performed before an award or payment is made to a supplier. Management should ensure that SCM regulations & SCM policy is complied with	<p>Management is not in agreement with the finding.</p> <p>On award- Method used by management in simultaneously conducting the consultation with the supply about their tax matters and awarding process may not be prudent, which may result to non-compliant if within the seven the supplier was still non-compliant. But in this event, the supplier was compliant within the 7 days gap period given.</p> <p>Furthermore, page 2, last sentence of circular 90 of the MFMA states that the accounting officer should reject a bid submitted by the bidder if such a bidder fails to provide proof of tax compliance status within the timeframe stated above. In this event there was no need of rejecting the appointment as the supplier was compliant within the time frame</p> <p>On payment- MFMA</p>	Management to ensure that CSD report is drawn in order to verify tax compliance status before award or payment.	April Masilela	30-Jun-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
						Circular 90, page 3, first sentence states that, where goods or services have been delivered satisfactorily without any dispute, accounting officers should not delay processing payment of invoices due to outstanding tax matters. In this manner the good were received with no dispute hence payment was made			

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
41	Procurement	SCM Registers: Incomplete registers submitted for Audit	During the audit of supply chain management, it was noted that the following registers were not complete: 1. Quotation Register 2. Deviation Register	Management did not exercise oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls. Management did not ensure that there are adequate controls around the completeness and accuracy of the quotation register and the deviation register	Management should ensure that the SCM registers submitted for audit are properly reviewed to ensure that they are complete and accurate	Management is partially in agreement with the finding 1. Supply chain management report quotation listing attached was extracted on the system based on all orders issued for that applicable quarter. This included all orders issued that were deviations and contracts transactions. In the assessment performed on high level review on the listing attached in the report, there are transactions listed that are over R200 000.00 which indicates the combination stated. Further more an exercise has been conducted of reconciling all the reports against the quotations register. Schedule of all contract orders that were listed in report is attached with quotations register which may be also traced to contract register and deviation already at the disposal of the auditors	Management to ensure that SCM registers are reviewed before submission in order to ensure that they are complete and accurate.	April Masilela	30-Jun-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
42	Non-current assets	1. Condition of the assets verified on site does not agree to the condition reported in the FAR.	<p>Audit noted that the following asset of the municipality does not appear to be in good condition and operating to ensure that the municipality is able to provide basic services to the community</p> <p>1. siyabuswa waste water treatment clarifier</p> <p>1-4 (infrastructure)</p> <p>2. movable assets which should be used for service delivery remain idle and not working.</p> <p>o Audit noted that the assets of the municipality are not in good condition, some of the assets were vandalised, and however no impairment was assessed and reported in the annual financial statements.</p> <p>(a) Building assets b) Community Assets</p>	Management did not access the assets that are not in good condition for impairment, to ensure that the carrying amount of assets is correctly valued	Management should regularly perform an assets verification to access assets that are not in good condition for impairment	<p>Management disagrees with the finding. Siyabuswa WWTW assets are currently under refurbishment. Other systems within the facility are not operational due to ongoing refurbishment works. In addition, the clarifiers are made of concrete and there is no physical damage to the structure on site.</p> <p>(b) Movable assets</p> <p>Management disagrees with the finding. The motor vehicles were in the stipulated condition on the FAR on the day that they were verified by the municipality. Please see PPE annexure B for reports with dates to confirm when they were verified and the condition of the asset.</p> <p>(c) Buildings</p> <p>Management disagrees with the finding. The asset is a very good condition and, in a sound, physical</p>	Management will perform asset verifications as per the asset management policy, update the conditions of the assets accordingly on the fixed asset register and assess the assets that are not in a good condition for impairment.	Believe Mosungwa, Noma Nkehli	30-Jun-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
						<p>condition with the structural integrity not compromised. There are no structural defects, asset likely to perform adequately without major works. There is minimal failure risk, and the structure requires only normal maintenance. There cannot be impairment indicators as the auditor has stated that the asset is in a good condition .Please see PPE annexure Cfor reports with dates to confirm when they were verified and the condition of the asset</p>			

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
43	Non-current assets	Misstatements identified in the carrying amount of property, plant and equipment	Management comment noted. Asset Management Policy together with the PPE accounting policy indicates that municipality shall use straight line method for the calculation of the asset carrying value (depreciation). "The straight-line depreciation method whereby items of property, plant and equipment are depreciated on a constant or uniform amount over their estimated useful life." Auditors used straight-line depreciation method for calculating depreciation items of asset estimated useful life as per asset management policy which is the methodology of the municipality for depreciating its asset over their approved useful life. Therefore, the methodology was used in	Management did not adequately review the process of calculation depreciation to ensure consistency of the useful life used to calculate depreciation	Management should also review the useful life of assets used in calculating the depreciation to ensure that the correct economic useful life of assets as per the assets management policy is used and also disclosed in the annual financial statements	Management disagrees with the audit finding. The remaining useful life used by the auditors is not according to the methodology of the municipality. The remaining useful life used by the municipality also considers the condition of the asset as per the asset methodology. Whereas the auditor used the straight-line method which resulted in the differences noted	Management will review the useful life of assets used in calculating the depreciation to ensure that the economic useful life of assets and the depreciation method are inline with the assets management policy. Management will also ensure that the change in accounting estimates, if applicable, is disclosed in the financial statements as per GRAP 3.	Noma Nkehli, Believe Mosungwa	31-Aug-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
			<p>determining the asset carrying value as at 30 June 2023.</p> <p>As per Municipal Accounting Policy paragraph 1.6 indicate the following: The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as</p>						

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
			<p>a change in an accounting estimate.</p> <p>During the audit, nothing came to our attention to confirm that the has been significant change in the expected pattern of future economic benefit consumption embodied in the asset.</p> <p>We cannot confirm that management followed the municipal methodology in evaluating/calculating and determining the asset carrying value as at 30 June 2023.</p> <p>Therefore, finding remains and will be reported in the management report.</p>						

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
44	Non-current assets	Incorrect classification of offices equipment (movable assets) as building (immovable assets)	incorrectly classified as immovable asset while the assets is not directly attributable to bringing the asset (building) to the location and condition necessary for it to be capable of operating in the manner intended by management	Management did not review the annual financial statements against the fixed assets register to ensure correct classification of assets	Management should review the annual financial statements against the fixed assets register to ensure that office equipment are correctly classified as movable assets	Management agrees with the finding	Management will review the fixed assets register to ensure that all assets are correctly classified correctly.	Believe Mosungwa, Noma Nkehli	31-Aug-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
45	Non-current assets	Fixed assets register does not include the acquisition date of the assets	During the audit of Property, plant, and equipment we noted that the Municipalities' Fixed Asset Register do not contain the date on which the asset was acquired for use	Management did not review the fixed assets register ensure that the fixed assets register includes the information regarding the acquisition date of the assets	Management should review the fixed assets register against the assets management policy to ensure the fixed assets register includes all the information as per the assets management policy.	Management agrees with the finding.	Where practical, management will review the fixed assets register and ensure that the acquisition date of the assets are included. However, where impractical, management will use the condition based remaining useful lives to assume the acquisition date. Management will also review the fixed assets register to ensure that it includes all the information as per the assets management policy.	Noma Nkehli, Believe Mosungwa	31-Aug-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
46	Other	Nature and amount of a change in accounting estimates not disclosed in the AFS	Through review of the AFS, it was noted that the nature and amount of the change in accounting estimate has not been disclosed	Management did not adequately review the Change in Accounting Estimates note against the disclosure requirements set in the accounting standard for Change in Accounting Estimates.	Management should perform thorough reviews of disclosure notes against the disclosure requirements set out in accounting standards. The nature and amount of the Change in Accounting Estimates should be included in the AFS	Management agrees with the finding. Management will implement review processes to ensure that the annual financial statements are supported by valid, complete and accurate records.	Ensure that during the review of the AFS all notes to the AFS are correctly disclosed as per the requirement of GRAP	Dumisani Ntuli	31-Aug-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
47	Non-current assets	Assets disclosed as WIP have been vandalised	Audit noted that the assets disclosed as work in progress have been vandalised by the community, however no impairment assessment was performed on the assets which have been halted and damaged. During the audit of work in progress we inspected the technical report for DR JS Moroka Fresh Produce Market (AGRIHUB) and noted that the boundary wall, palisade fence were damaged by vandals. The gate was stolen and cold room was either taken or stolen	Management did not implement effective controls to ensure safe guarding of the assets. Management did not monitor the project to ensure challenges between the main contractor and sub-contractor are attended to and resolved timely	Management should implement proper safe guarding of the assets. Management should perform the assessment of impairment on damaged assets	Management agrees with the finding.	Management to perform asset verification and impairment assessment for all asset in asset register and where damage is noted impairment of asset will be implemented	Dumisani Ntuli, Believe Mosungwa, Noma Nkehli	31-Aug-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
48	Budgets	Differences - Statement of Comparison of Budget and Actual	During the audit of Budget comparison, identified that following transaction disclosed in the Annual Financial Statement does not agree to the amount reflected in both original budget and special adjusted budget statements and the amount disclosed in the Statement of Budget Comparison does not agree to the actual amounts disclosed in the other statements	Management did not exercise adequate oversight responsibility regarding financial processes and related internal controls	Management should ensure that information used for the preparation of annual financial statements is reviewed adequately for accuracy and completeness before they are reported in the annual financial statements, management therefore needs to improve on review and control processes	Management agrees with the finding and request an opportunity to submit the adjusted statement of comparison between budget and actual amounts. Due to the fact that management is still effecting adjustments some actual amounts may change, management therefore requests to submit the adjustments with the Final adjusted AFS	Management will submit the records that agrees to the submitted annual financial statements and all its supporting statements Management will review the annual financial statements are supported by complete, valid and accurate records.	Sophy Masanabo, Noma Nkehli	31-Aug-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
49	Other	No prior period error disclosed for the identified differences in the amount of water distribution losses between the current year corresponding figures and prior year audited financial statements	Audit noted the differences between the amount of water distribution losses as per the corresponding figures in the current year annual financial statements and the amount of water distribution losses per the prior year audited financial statements, however no prior period error was disclosed	Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information. Management did not adequately review the annual financial statements prior to submission to ensure that the annual financial statements tie to the underlying records	Management should strengthen review controls in order to ensure that the annual financial statements are supported by complete, valid and accurate records	Management agrees with the finding. Management would like an opportunity to adjust. The rate that was used in calculating the water distribution losses in 2022 was incorrect. The rate has since been corrected and the figures updated, the prior period error note has also been updated as per the attached screenshot.	Management to review the annual financial against the GRAP checklist before submission.	Dumisani Ntuli, Noma Nkehli	31-Aug-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
50	Other important matters	Primary bank account number per the AFS different to the account number per the bank statements and bank confirmation	Audit noted that the primary bank account number as disclosed in note 7 of the annual financial statements differ from the account number as per the bank statements and bank confirmation	Management did not review the annual financial statements in detail to ensure the disclosure note for cash and cash equivalents agrees to the details as per the bank statements	Management should strengthen review controls in order to ensure that the annual financial statements are supported by complete, valid and accurate records	Management agrees with the finding. Management is requesting to update the account number. We have attached the corrected note 7	Management will make sure that AFS are reviewed before submission.	Boledi Serepo	31-Aug-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
51	Other important matters	GL input VAT do not agree to VAT 201s submissions	During the audit we noted that the input VAT submitted monthly to SARS does not agree to the Input VAT per General Ledger. Management did not provide reasons as to why the amounts do not agree.	Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information. Management did not adequately review the annual financial statements prior to submission to ensure that the annual financial statements tie to the underlying records	Management should strengthen review controls in order to ensure that the annual financial statements are supported by complete, valid and accurate records	Management disagrees with the finding. The auditor did not include all the votes from the GL for VAT receivables. Management has further provided the votes that were supposed to be included in the analysis	Management will ensure that VAT 201 is reviewed before submitting to SARS	Boledi Serepo	30-Jun-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
52	Other important matters	Management did not include SARS assessment in their VAT receivable reconciliation	During the audit we noted that SARS issued VAT assessments in the 2023 VAT statement of account, which were not included in the VAT receivable reconciliation. Management did not provide the reasons why the assessments were not included	Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information. Management did not adequately review the annual financial statements prior to submission to ensure that the annual financial statements tie to the underlying records	Management should strengthen review controls in order to ensure that the annual financial statements are supported by complete, valid and accurate records	Management does not agree with the finding. The re-assessments relate to a portion not allowed by SARS. Management is currently investigating all the reasons, with an aim of resubmission. Management has appointed a service provider to investigate and resubmit within the 5-year period allowed by SARS	Management will make sure that VAT year end recon is reviewed.	Boledi Serepo	30-Jun-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
53	Other important matters	Management did not provide schedules to support amounts used to calculate the VAT receivables reconciliation	During the audit we noted that management calculated their VAT receivable closing balance through a reconciliations. Management did not provide schedules to the following details that were included in the VAT receivable reconciliation	Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information. Management did not adequately review the annual financial statements prior to submission to ensure that the annual financial statements tie to the underlying records	Management should strengthen review controls in order to ensure that the annual financial statements are supported by complete, valid and accurate records	Management agrees with the finding. Management has provided an updated reconciliation with the support of transactions	Management will ensure that VAT 201 is reviewed before submitting to SARS	Boledi Serepo	30-Jun-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
54	Contract management	Procurement and Contract management: Contracts not monitored on a monthly basis	During the audit of contract management, it was noted that the performance of the contractors and service providers was not monitored on a monthly basis during the 2022/23 Financial year:	Management did not review and monitor compliance with laws and regulations	Management should ensure the performance of the contractor is monitored on a monthly basis to be able to prevent delays and losses resulting from project overruns	Management partially agrees with the finding. Progress reports were initially not submitted but they are herein attached	Management will establish committee.in order to ensure the monitoring of performance of the contractors.	Tshireletso Rammutla, Madraai Skosana	30-Jun-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
55	Contract management	Procurement and Contract management: Contract performance measures were not in place to ensure effective contract management	During the audit of contract management, it was noted that contract performance measures were not in place to ensure effective contract management during the 2022/23 financial year	Management did not review and monitor compliance with laws and regulations	Management should implement effective contract performance measures in place to ensure that challenges experienced by the contractors are attended to timely to avoid delays in completing the projects	Management is not in agreement with the finding. The approvals for the extension of time are herein attached	Management will establish committee.in order to ensure the monitoring of performance of the contractors	Madraai Skosana, Tshireletso Rammutla	30-Jun-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
56	Contract management	Procurement and Contract management: Total payments made in a contract exceeds the contract value	During the audit of contract management, it was noted that the total payments made on a contract exceeds the contract value and there is no evidence that a delegated official approved the variation order and therefore the overpayment cannot be justified(Shingirayi and civil building Construction)	Management did not review and monitor compliance with laws and regulations	Management should review and monitor compliance with MFMA to avoid the occurrence of fruitless and wasteful expenditure	Management is not in agreement with the finding. The total amount paid to date does not exceed the contract amount. Please see the attached payment reconciliation.	Management will provide payment schedule to confirm that there was no over payment to the service provider	Tshireletso Rammutla, Madraai Skosana	30-Jun-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
57	Contract management	Procurement and Contract management: Limitation of scope with indication of expenditure incurred in vain	<p>During the audit of procurement and contract management, management of the municipality did not provide information relating to contracts indicated below as requested in RFI No. 113. Refer to the details below: Pankop Hokwani and Bigen Africa Services</p> <p>Management did not provide the following:</p> <ol style="list-style-type: none"> 1. Approved service level agreements. 2. Documented reasons for discontinuing the projects. 3. Any form of evidence of measures taken by management to confirm that the expenditure was not incurred in vain. 	Management did not implement effective controls to ensure information is available when requested	Management did not implement effective controls to ensure information is available when requested	.Management agrees to the finding	management will conduct the assessment on the matter and disclose it according	Madraai Skosana, Tshireletso Rammutla	30-Jun-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
58	Expenditure	Misstatements between the amounts paid to SALGA as per the annual financial statements and the supporting evidence	Audit noted that the amount disclosed in note 44, as amount paid during the year, R6 000 is not the same as the amount that was actually paid to SALGA as per the SALGA invoices, statement, the request for payment dated 22 August 2022 signed for approval by MM Mathebela and acting CFO S.K. Mahlangu and a payment advice dated 25 August 2023, R2 522 944	Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information. Management did not adequately review the annual financial statements prior to submission to ensure that the annual financial statements tie to the underlying records	<ul style="list-style-type: none"> • Management should strengthen review controls in order to ensure that the annual financial statements are supported by complete, valid and accurate records. • In addition, management must implement review processes to ensure that the annual financial statements are supported by valid, complete and accurate records 	Management agrees with the finding. Management would like to adjust the financials with the corrected amounts. The adjusted note is shown on the attached	Review that all disclosure notes and disclosed as per the supporting information or documents	Dumisani Ntuli	30-Jun-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
59	Revenue management	Statutory receivables disclosure note not in line with GRAP requirements	<p>Contrary to the above requirements the municipality did not disclose all the requirements as per GRAP 108.</p> <p>The municipality did not disclose a description of:</p> <p>(a) how the transaction arises, with specific reference to applicable legislation, supporting regulations, or similar means;</p> <p>(b) how the transaction amount is determined;</p> <p>(c) interest or other charges levied charged (where applicable), including the basis and rate used;</p> <p>(d) the basis used to assess and test whether a statutory receivable is impaired, including how receivables are grouped and assessed for collective impairment; and</p>	Management did not review the annual financial statements against the requirements of GRAP 108 to ensure that the statutory receivable disclosure note is complete	Management should strengthen review controls in order to ensure that the annual financial statements complies with GRAP requirements	Management agrees with the finding Management would like to update the financial statements with the disclosure as shown in the attached	Management to review the discloser of GRAP 108 requirements to ensure the compliance and completeness..	Dumisani Ntuli	31-Aug-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
			(e) the discount rate applied to the estimated future cash flows, where applicable, and how it was determined.						

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
60	Non-current assets	Impairment loss not presented in the statement of financial performance of the municipality	During the audit of impairment loss, it was noted that the amount of R5 016 643 relating to impairment loss as disclosed in note 9: property, plant and equipment was not presented on the statement of financial performance	Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information. Management did not adequately review the annual financial statements prior to submission to ensure that the annual financial statements tie to the underlying records	<ul style="list-style-type: none"> • Management should strengthen review controls in order to ensure that the annual financial statements are supported by complete, valid and accurate records. • In addition, management must implement review processes to ensure that the annual financial statements are supported by valid, complete and accurate records 	Management disagrees with the finding	Ensure that all adjustments are performed in time to be in line with assets register to ensure that the annual financial statements are supported by complete, valid and accurate records	Dumisani Ntuli	31-Aug-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
61	Expenditure	Misstatements identified between the output vat per VAT 201 and the recalculated output vat for taxable supplies	During the audit we noted the differences between the output vat reported to SARS through the VAT 201s and the recalculated output VAT based on the taxable supplies made by the municipality	Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information. Management did not adequately review the annual financial statements prior to submission to ensure that the annual financial statements tie to the underlying records	<ul style="list-style-type: none"> • Management should strengthen review controls in order to ensure that the annual financial statements are supported by complete, valid and accurate records. • In addition, management must implement review processes to ensure that the annual financial statements are supported by valid, complete and accurate records. 	Management does not agree with the finding. The municipality accounts for VAT on cash basis and not on accrual basis and therefore VAT on revenue billed as reported above is not what is declared to SARS	Management will make sure that the VAT 201 is reviewed before submitting to Sars every month..	Boledi Serepo	30-Jun-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
62	Other	Incomplete disclosure note for prior period error	During the audit of prior period errors, we noted that for each prior period presented, the amount of the correction for each financial statements line item affected has not been disclosed. Furthermore, the amount of the correction at the beginning of the earliest period presented has not been disclosed.	Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information. Management did not adequately review the annual financial statements prior to submission to ensure that the annual financial statements are accurate and complete	Management should review the annual financial statements in detail to ensure that prior period error note is complete	Management partially agrees with the finding	Create all listing of all transactions which affects prior periods and highlights all adjustment during the audit to ensure that the adjusted AFS have updated notes to the prior period error.	Dumisani Ntuli	31-Aug-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
63	Non-current assets	Incorrect amount reclassified from Accumulated surplus to PPE	During the audit we noted that management reclassified projects that were incorrectly classified as expense to property plant and equipment. Audit further noted differences between the amount as per the payment certificates and invoices and the amount disclosed as prior period error. The auditors could therefore not confirm the costs of property, plant and equipment per the GRAP 17 par .17 as the invoices for the affected items did not agree to the reclassified amounts	Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information. Management did not adequately review the annual financial statements prior to submission to ensure that the annual financial statements tie to the underlying records	<ul style="list-style-type: none"> • Management should strengthen review controls in order to ensure that the annual financial statements are supported by complete, valid and accurate records. • In addition, management should implement review processes to ensure that the annual financial statements are supported by valid, complete and accurate records 	Management agrees with the finding	Management will review the fixed assets register, payment certificates and vouchers regularly to ensure that the cost of the all assets is recorded and classified accurately.	Believe Mosungwa, Noma Nkehli	31-Aug-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
64	Expenditure management	No signed payment certificate and invoice	During the audit we noted that management reclassified projects that were incorrectly classified as expenses to property plant and equipment. In confirming the amount being reclassified management provided the auditors with a payment certificate that was not signed by any of the designated signatories. The transaction was therefore not appropriately authorized. The affected invoice is for replacement of asbestos and reticulation at Makometsane for the amount of R517, 085.40.	Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information. Management did not adequately review the annual financial statements prior to submission to ensure that the annual financial statements tie to the underlying records	<ul style="list-style-type: none"> • Management should strengthen review controls in order to ensure that the annual financial statements are supported by complete, valid and accurate records. • In addition, management should implement review processes to ensure that the annual financial statements are supported by valid, complete and accurate records 	Management agrees with the finding	Management not the control deficiency and will make ensure all payment certificate are signed.	Madraai Skosana, Tshireletso Rammutla, Boledi Serepo	30-Jun-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
65		AoPO: Reported indicator is not consistent with planned indicator and there is no evidence that changes to planned indicator were approved.: Reported targets are not consistent with planned targets and there is no evidence that changes to planned targets are approved. Reported achievements are not consistent with planned and reported indicator and targets	During the audit of Performance information, it was noted that the reported indicator is not consistent with planned indicator and there is no evidence that changes to planned indicator were approved	Management did not prepare regular, accurate and complete and performance reports that are supported and evidenced by reliable information	Management should ensure that the reported achievements in the annual performance report are supported by reliable information. All the reported performance in the annual report should be reviewed against supporting evidence to ensure consistency	Management will ensure that monthly progress report, where also accompanied by listings that included the workings that agree with the reported achievements.	Management will ensure that monthly progress report, where also accompanied by listings that included the workings that agree with the reported achievements.	Lazarus Baloyi	30-Jun-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
66	Other	Non-compliance with MFMA regulations with regards to use of VAT consultants	<p>Although the SLA with the service provider provides for the transfer of skills and knowledge to the officials of the municipality; the plan is not likely to be realised due to the following:</p> <ul style="list-style-type: none"> • There municipality is moving slow in filling the vacant positions within the finance unit as evidenced by the high vacancy rate. The vacancies include the position of the resource that will directly be responsible for the preparation of the VAT 201 returns i.e. Accountant: Financial Reporting and Compliance <p>Although the condition for transfer of skills and knowledge is included in the SLA; the SLA and appointment letter for the 2022-23 financial year does not contain terms of reference that</p>	Management did not develop and monitor the implementation of action plans to address internal control deficiencies and non-compliances relating to use of consultants	<ul style="list-style-type: none"> • Management must ensure that the cost containment policy and the consultancy reduction plan that have been developed are implemented. • Management must ensure they prioritise the filling of the budgeted vacant positions especially the position of the Accountant: Financial Reporting and Compliance. • Management should ensure that transfer of skills is monitored and formally documented to ensure that the reliance on consultants is reduced. • Management must ensure that performance reports are kept on the monitoring of the work done by the consultants 	Management did not develop skills transfer specific to a service provider. Management will develop skills transfer specific to a service provider as an addendum to each SLA for the remainder of the contract. Furthermore, the filling of the vacancies in the Compliance and Reporting Unit will be prioritized	Management will develop skills transfer specific to a service provider as an addendum to each SLA for the remainder of the contract. Furthermore, the filling of the vacancies in the Compliance and Reporting Unit will be prioritized	Bonisiwe Klaas	30-Jun-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
			specifically reflected the nature, scope, objective and goals of the training programme. The details of trainers and trainees, skills to be transferred, time frames and monitoring and evaluation arrangements and not included in neither the SLA nor the appointment letter. The cost for the training programme has also not been included in the SLA or appointment letter						

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
67	Other	Non-compliance with MFMA regulations with regards to use of AFS consultants	<p>Although the municipality has a 3 year consultancy reduction plan and the SLA with the service provider provides for the transfer of skills and knowledge to the officials of the municipality; the plan is not likely to be realised due to the following:</p> <ul style="list-style-type: none"> • There municipality is moving slow in filling the vacant positions within the finance unit as evidenced by the high vacancy rate. The vacancies include the position of the resource that will directly be responsible for the preparation of the AFS i.e. Accountant: Financial Reporting and Compliance. Although the condition for transfer of skills and knowledge is included in the SLA; the SLA and appointment letter for the 	Management did not develop and monitor the implementation of action plans to address internal control deficiencies and non-compliances relating to use of consultants	<ul style="list-style-type: none"> • Management must ensure that the cost containment policy and the consultancy reduction plan that have been developed are implemented. • Management must ensure they prioritise the filling of the budgeted vacant positions especially the position of the Accountant: Financial Reporting and Compliance. • Management should ensure that transfer of skills is monitored and formally documented to ensure that the reliance on consultants is reduced. • Management must ensure that performance reports are kept on the monitoring of the work done by the consultants 	<p>Management agrees with the finding.</p> <p>Management will develop skills transfer specific to a service provider as an addendum to each SLA for the remainder of the contract. Furthermore, the filling of the vacancies in the Compliance and Reporting Unit will be prioritized</p>	<p>Management will develop skills transfer specific to a service provider as an addendum to each SLA for the remainder of the contract. Furthermore, the filling of the vacancies in the Compliance and Reporting Unit will be prioritized</p>	Bonisiwe Klaas	30-Jun-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
			<p>2022-23 financial year does not contain terms of reference that specifically reflected the nature, scope, objective and goals of the training programme. The details of trainers and trainees, skills to be transferred, time frames and monitoring and evaluation arrangements and not included in neither the SLA nor the appointment letter. The cost for the training programme has also not been included in the SLA or appointment letter</p>						

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
68	Other disclosure items	Misstatements identified in the amount of commitments disclosed in the AFS	During the audit of commitments, we identified the below differences between commitment register balance as at 30 June 2023 and the auditor's recalculations	Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information	<ul style="list-style-type: none"> • Management should strengthen review controls in order to ensure that the annual financial statements are supported by complete, valid and accurate records. • In addition, management should implement review processes to ensure that the annual financial statements are supported by valid, complete and accurate records 	Management is still engaging with the auditors on this finding	Management will effect correction on the commitment register. Furthermore, the register will be reviewed to ensure that there are errors.	Dumisani Ntuli	30-Jun-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
69	Other disclosure items	<p>i. During the audit of the statement of changes in net assets, we noted that the "balance at 01 July 2020 as restated" does not agree to the prior year audited financial statements. The difference is as follows:-</p> <p>(a) Misstatements identified on the prior year adjustments for 2019/20 financial year</p> <p>(b) Misstatements identified on the prior year adjustments for 2021/22 financial year</p> <p>In addition to the above, audit noted that a prior year adjustments amounting to R37 723 297 relating to the 2019/20 financial statements in the statement of changes in net assets, however no supporting documents were provided to support the prior year adjustments</p>	Misstatements identified in the Statement of Changes in Net Assets	Management did not thoroughly review the financial statements to ensure that the statement of changes in net assets is accurate and complete and in line with the GRAP requirements	<ul style="list-style-type: none"> • Management should strengthen review controls in order to ensure that the annual financial statements are supported by complete, valid and accurate records. • In addition, management should implement review processes to ensure that the annual financial statements are supported by valid, complete and accurate records 	Management agrees with the finding. Management will implement review processes to ensure that the annual financial statements are supported by valid, complete and accurate records.	Review the annual financial statements to ensure that the statement of changes in net assets is accurate and complete after adjustment and be in line with the GRAP requirements	Dumisani Ntuli	31-Aug-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
70	Unauthorised, irregular and fruitless and wasteful expenditure	Approved budgeted expenditure per vote does not agree to the amounts used to calculate the unauthorised expenditure	During the audit we noted differences between budgeted expenditure approved by council and the amount used as the approved budgeted amounts to calculate the unauthorised expenditure	Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information	Management should strengthen review controls in order to ensure that the annual financial statements are supported by complete, valid and accurate records	Management is in agreement with the finding and requests an opportunity to make an adjustment	Management to revisit the full population of expenditure incurred in 2022-2023, recalculate unauthorised expenditure and adjust accordingly. Management to refer unauthorised expenditure to MPACC.	April Masilela	31-Aug-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
71	Unauthorized, irregular and fruitless and wasteful expenditure	Incorrect actual expenditure used to calculate the unauthorised expenditure	During the audit we noted that the total expenditure by function per the General ledger does not agree to the actual expenditure used in the calculation of unauthorized expenditure	Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information. Management did not adequately review the annual financial statements prior to submission to ensure that the annual financial statements tie to the underlying records	Management should strengthen review controls in order to ensure that the annual financial statements are supported by complete, valid and accurate records.	Management is in agreement with the finding and requests an opportunity to make an adjustment.	Management to revisit the full population of expenditure incurred in 2022-2023, recalculate unauthorised expenditure and adjust accordingly. Management to refer unauthorised expenditure to MPACC.	April Masilela	31-Aug-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
72	Non-current assets	Misstatements identified in the amount of work in progress transferred per the WIP register, AFS and the amount per the completion certificates	During the audit of work in progress (transfers to infrastructure) we identified differences between the amount transfers per WIP register and the amount per the AFS. During the audit of work in progress (transfers to infrastructure assets) we noted differences between the total expenditure per the WIP register and the total expenditure per the completion certificates	Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information	<ul style="list-style-type: none"> • Management should strengthen review controls in order to ensure that the annual financial statements are supported by complete, valid and accurate records. • In addition, management should implement review processes to ensure that the annual financial statements are supported by valid, complete and accurate records 	Management disagrees with the finding. The WIP transfer as per the WIP register agrees with the WIP transferred as per the AFS	Management will agree the WIP register to the completion certificate and AFS before financial statements are finalised to ensure there are accurate	Dumisani Ntuli, Believe Mosungwa, Noma Nkehli	31-Aug-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
73	Procurement	SCM PPR: The municipality incorrectly qualified a bidder that did not meet the pre - qualification criteria and they also allocated 20 points for B-BBEE status level while the bidder did not submit proof of B-BBEE status level.	During the audit of MFMA Compliance testing - Procurement and contract management - F5a. PPR 2017, it was noted that the municipality incorrectly qualified a tender of the following supplier who did not meet all the pre - qualification criteria and they were also allocated 20 points for B-BBEE while they did not submit proof of B-BBEE status level.	Management did not ensure that the suppliers which did not comply with the stipulated qualifying criteria are disqualified as not responsive/ unacceptable and that no points are awarded for B-BBEE status level if the bidder did not submit proof of its B-BBEE status level.	Management should ensure that they only qualify suppliers which comply with the stipulated qualifying criteria and also ensure that they do not award points for B-BBEE status level if the bidder did not submit proof of its B-BBEE status level.	(i) Acknowledgement of the audit findings (in agreement or not in agreement) Management is not in agreement with the finding. B-BBEE certificate was not part of the disqualifying factors stipulated in the bid documents	Management to ensure that no awards will be made without BBBEE or Sworn affidavit.	April Masilela	30-Jun-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
74	Other information	Misrepresentation of information in the financial statements	The municipality does not adopt and has not developed an appropriate system and procedures to monitor, measure and evaluate performance of other staff. They only have that process for the municipal manager and other senior managers. The senior managers did not submit proof of previous employment on appointment	There are no effective controls to monitor compliance with HR management requirements of the Municipal Systems Act.	The management should ensure that they have controls in place to ensure that all the relevant acts, especially the Municipal Systems Act 32 of 2000, applicable for HR management purpose are not contravened.	Management does not agree with the finding. The previous employment record is submitted with the application (in an application form and CV) which forms the basis of background check that is conducted by the employer as part of the recruiting process. Regulations 11(4) of the Regulations on appointment and conditions of employment of senior managers provides for the application process that is followed in the recruitment of senior managers, especially the disclosure that is done in an application form and CV of the applicant	No action required. Finding cleared during audit.	Lucky Zulu	31-Aug-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
75	Non-current assets	. Useful lives of the assets in the fixed asset register does not match with the useful lives recommended in the Asset Management Policy	<p>During the audit of depreciation of Property, Plant and Equipment in the prior year, it was noted that the useful life of the assets in the fixed asset register does not match with the useful lives recommended in the Asset Management Policy.</p> <p>This resulted in a misstatement of the Accumulated Depreciation and Carrying Amounts of the assets affected by the error</p>	Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information	Management should ensure that adequate controls are designed and implemented to ensure that corrective measures are in place to ensure that errors do not reoccur in subsequent financial periods. Management should also review the depreciation calculation for accuracy of the amount presented and disclosed in the annual financial statements	Management is in agreement with the finding and requests an opportunity to adjust the accumulated depreciation and all the related schedules	Management will review the full population, apply the policy and effect the correction of to the useful life.	Believe Mosungwa	30-Jun-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
76	Revenue from exchange transactions	Debtors account understated by debtors with credit balances	During the audit of receivables from exchange and non-exchange transactions, it was noted that the municipality have credit balances amounting to R 22 018 344, 56 on the debtors age analysis and have been incorrectly classified as receivables	Management did not review the annual financial statements against the debtor's age analysis to ensure accuracy of the account receivable amount	<p>Management should strengthen review controls to ensure that the annual financial statement disclosure is accurate, complete and GRAP compliant.</p> <p>In addition, management should implement review processes to ensure that the annual financial statements are supported by valid, complete, and accurate records</p>	Management agrees with the finding and would like the opportunity to reclassify the credit balances to advance payment.	Management to remove debtors with credit balance from receivable line in financial statement	Noma Nkehli	30-Jun-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
77	Revenue from non-exchange transactions	Impairment of debtors with negative (credit) balances	During the audit of receivables from exchange transactions, it was noted that the municipality incorrectly provided for impairment of R 12 324 874, 93 on debtors with negative balances (credit balances).	Management did not adequately review the annual financial statements prior to submission to ensure accuracy and completeness financial statement information in line with the applicable GRAP requirements	<p>Management should strengthen review controls to ensure that the annual financial statement disclosure is accurate, complete and GRAP compliant.</p> <p>In addition, management must implement review processes to ensure that the annual financial statements are supported by valid, complete, and accurate records</p>	Management agrees with the finding and would like the opportunity to remove the negative impairment.	Management to recalculate impairment of debtors and exclude all negative debtor balances. Management to disclose impairment of debtors and confirm they agree with the amount as per calculation schedule	Noma Nkehli	30-Jun-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
78	Unauthorized, irregular and fruitless and wasteful expenditure	Irregular and unauthorized expenditure is not complete	During the audit we noted that a completeness finding for irregular expenditure and unauthorised expenditure were raised in the prior year as management did not have measures to identify and disclose these expenditures, in correcting the finding, management only corrected the unauthorized and irregular expenditures for the previous 2 years. We noted that the correction is not sufficient and should cover at least 5 years. This is in line with the legislative requirement to retain supporting documents for at least 5 years	Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information Management did not implement controls over daily and monthly processing and reconciling of transactions	Management should implement adequate processes to ensure that all irregular expenditure, which occurred during the year, is disclosed in the financial statements to ensure completeness	Management is in agreement with the finding that the opening balance figure is not complete. Management process plan already in place is to continue to the conduct the exercise for the rest of the financial years affected within the 2023/24 financial year.	Management process plan already in place is to continue to the conduct the exercise for the rest of the financial years affected within the 2023/24 financial year.	April Masilela	31-Aug-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
79	Other important matters	Property rates – Properties not appearing on the valuation	During the audit of revenue from property rates, we noted that the below customers were billed by the municipality, but they could not be located in the valuation roll of the municipality and no letter to support that the clients being billed actually opened an account with the municipality. (a) Properties billed by the municipality not included in the valuation roll	Management did not implement controls over monthly processing and reconciliation of the property rates billing to ensure that the billing is accurate and complete and is in accordance with the policy and tariff structure.	Management should ensure that they only bill the clients which they are entitled to bill and have evidence to validate that a service is actually provided to the client to avoid overstatement of revenue. Management should implement monthly reconciliation of the property rates billing for each account holder and also review the billing report against the policy tariff structure to ensure that it is accurate and complete. Management should also review the monthly reconciliations	Management disagrees with findings. Properties billed by the municipality not included in the valuation roll. <ul style="list-style-type: none"> Account number 1007220 with stand number of SI00C-000000045-0-00001 has merge with stand number SI00C-000000044-0-00001 and new stand number T0JS007800002233 00000 as per valuation roll Account number 1007174 with stand number SI00B-000000364-0-00001 has been changed to stand T0JS006400002141 00000 as per valuation roll 1000038 with stand number SI00B-000001008-000000-10081 has been changed to stand T0JS006400001008 00000 as per valuation roll 1003106 with stand number F04JS-000000033-73-00001 has been 	Management will prepare a reconciliation of the property rates billing to valuation roll, policy and tariff structure and ensure all property included are in valuation roll or supplementary roll	Noma Nkehli	30-Jun-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
						changed to stand T0JS003300000073 00000 as per valuation roll			

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
80	Revenue from exchange transactions	Municipal Property incorrectly billed for property rates	During the audit of receivables from exchange and non-exchange transactions, we noted that the municipal properties were charged for property rates	Management did not review the annual financial statements against the debtor's age analysis and the debtors' statements to ensure that municipal properties are not being charged for property rates	Management should adequately review the billing process to ensure that municipal properties are exempted from property rates billing	Management does not agree with the finding. Management have billed account currently noted as on Dr JS Moroka name as these properties do not belong to the municipality but private owner. The deeds office has delayed in registering these properties which has led to valuation roll reflecting them as owned by municipalities	Management to prepare reconciliations of the property rates billing to valuation roll, the policy and tariff structure ensure that the billing is accurate and complete	Noma Nkehli	30-Jun-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
81	Revenue from exchange transactions	rates – Ratable properties on the valuation roll not billed property rates	During the audit of revenue from property rates, we noted that the below properties were included in the valuation roll, and categorised as Public Service Infrastructure. As a result, these properties were 100% exempt from the levy of property rates in terms of Municipal property rates policy. However, as we inspected the property names we identified that the properties are government institutions not Public Service Infrastructures as defined, and a tariff rate of 0.0190 should therefore be applicable to these properties according to the Municipal approved tariff policy	Management did not implement controls over monthly processing and reconciliation of the property rates billing to ensure that the billing is accurate and complete and is in accordance with the policy and tariff structure	Management should ensure that their Valuation roll is aligned to their applicable policies. Management should implement monthly reconciliation of the property rates billing for each account holder and be checked against the policy tariff structure to ensure that it is accurate and complete. Management should further review the monthly reconciliations	Management disagrees with the findings. The municipality did not incur any revenue loss. In the listing provided by the auditors on the finding there are the following accounts names. a) Properties noted not register - Auditors have no evidence these properties are government properties therefore cannot be billed on the tariff of government or any other tariff. b) Properties noted as Dr JS Properties – Management have no evidence these properties are government. c) Properties noted in name of school/clinics – Management have account of all schools on the list that is billing for the government use and also this account noted on this listing as PSI as after investigation considered the property has multiple use. The	Management to recalculate impairment of debtors and exclude all negative debtor balances. Management to disclose impairment of debtors and confirm they agree with the amount as per calculation schedule	Noma Nkehli	30-Jun-2024

No	Section	Finding	Finding Details	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date
						schedule has been provided to the auditors for review			

ANNEXURE C – ANNUAL PERFORMANCE REPORT

DR. JS MOROKA LOCAL MUNICIPALITY



ANNUAL PERFORMANCE REPORT 2022/2023

MUNICIPAL MANAGER
MATHEBELA MM

This Dr JS Moroka Local Municipality 2022/2023 APR was prepared from the Office of the Municipal Manager in terms of section 53 of MFMA. It reflects all performance related activities in accordance with the requirements of the Local Government: Municipal Systems Act, 2000 (At No. 32 of 2000) and MFMA for the period 1 July 2022 to 30 June 2023. Information contained in this publication was provided by the various departments. Every effort was made to ensure that facts are correct.

1. FOREWORD

This Annual Performance Report is meant to report the performance of Dr JS Moroka Local Municipality against the Service Delivery and Budget Implementation Plan (SDBIP) for 2022/2023 Financial Year as required by the Local Government: Municipal Finance Management Act No: 56 of 2003, section 52(d) and the Local Government: Municipal Systems Act No: 32 of 2000, section 41(e).

The performance information reflective in this report is based on the approved Integrated Development Plan (IDP) and Budget for 2022/2023 FY. One of the main aims of this Annual Performance Report is to make possible for the relevant stakeholder groups to evaluate progress made by the municipality towards achieving its strategic objection. This report serves as a key element of report the IDP and budget implementation in terms of service delivery KPAs and other related KPAs. Directorates were required to submit the performance evidence to validate the reported information. This report will be audited by Auditor General South Africa as part of monitoring the effectiveness of performance management system. Regardless of this, it is anticipated that this report does justice to the situation on the ground and that it achieves what it purports to achieve. This report will also help to hold the municipality and its management accountable for the performance on the mentioned programmes and projects on the SDBIP.

2. BACKGROUND

In terms of Local Government: Municipal Systems Act (Act No. 32) of 2000, Section 46 “a municipality must prepare for each financial year a performance report reflecting- 1

- a) The performance of the municipality and of each external service provider during that financial year;
- b) a comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year; and

- c) measures taken to improve performance. An Annual Performance Report must form part the municipality's annual report in terms of the Municipal Finance Management Act (Act No. 56) 2003, Section 121 (3) (b).

It is from this legal framework that the Dr JS Moroka Local Municipality's Annual Performance Report for 2022/2023 financial year is compiled.

The Annual Performance Report is structured according to six (6) National Key Performance Areas:

- Municipal Transformation and Institutional Development.
- Good Governance and Public Participation.
- Local Economic Development.
- Municipal Financial Viability and Management.
- Basic Service Delivery
- Spatial Analysis & Rational.

3. EXECUTIVE SUMMARY

This report serves as the Annual Performance Report for the 2022/2023 financial year ending 30 June 2023. It provides feedback on the performance level achieved (accumulative reporting) against the targets as planned out in the SDBIP Performance Plan. In areas of under-performance, reasons are provided for such under performance as well as corrective measures to be implemented to remedy the identified under-performance.

The overall performance for the Dr JS Moroka Local Municipality is based on a composite Performance Plan of each Department comprising of all indicators assessed in the period under review.

The accumulative institutional performance achieved for the Annual Performance Report of 2022/2023 Financial year reflected an overall average of **84 %**, representing an improvement from the performance average of **71 %** achieved in the Annual Performance Report of 2021/2022 financial year.

Improvement in performance levels were noted in various Key Performance Areas as reflective the **Table Ref No1**. The quality of departmental performance information and

the submissions thereof, needs to be addressed as a significant number of KPIS were not sufficiently reported on. Departments needs to take responsibility and accountability for the service delivery and related activities measured in the performance reports, as this report forms a public document and reflects negatively on the Municipality's commitment to service delivery.

4. MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT

4.1. Objectives

The main focus in this key performance area is the institutional and organizational capacity of municipalities to perform their functions and fulfil their developmental role as stipulated in the Constitution and the White Paper on Local Government. Institutional and organizational reform in Local Government is the key to sustainable municipalities. Having been allocated separate powers and functions entrenched in the Constitution, municipalities had to organize themselves in preparation to fulfil these functions and powers. Organizational transformation in Local Government is further explicitly prescribed in Section 51 of the Municipal Systems Act which provides as follows:

“A municipality must, within its administrative and financial capacity, establish and organise its administration in a manner that would enable the municipality to:-

- be responsive to the needs of the local community;
- facilitate a culture of public service and accountability amongst its staff;
- be performance orientated and focused on the objects of Local Government set out in section 152 of the Constitution and its developmental duties as required by section 153 of the Constitution ensure that its political structures, political office bearers and managers and other staff members align their roles and responsibilities with the priorities and objectives set out in the municipality's Integrated Development Plan;
- establish clear relationships, and facilitate co-operation, co-ordination and communication, between:

- its political structures, political office bearers and administration and the local community;
- organize its political structures, political office bearers and administration in a flexible way in order to respond to changing priorities and circumstances.

This Key Performance Area (KPA) focuses on organizational capacity and includes indicators that show progress on how the municipality has organized itself in terms of building capacity to deliver and compliance with equity targets.

KPA	IMPROVE ORGANISATIONAL COHESION AND EFFECTIVENESS			
	TOTAL KPIs	TOTAL ACHIEVED	TOTAL NOT ACHIEVED	% ACHIEVEMENT
KPA 1: Institutional Development and Municipal Transformation	27	25	02	93 %

Detailed Report Attached

5. LOCAL ECONOMIC DEVELOPMENT

5.1. Objectives

This is one of the most important KPA's that the National Government intended using to push back the frontiers of poverty and build a developmental state. It cannot be doubted that the unemployment rate is quite high and if all spheres of government do not collectively play a meaningful role in creating conducive environment to attract investors, more people will end up in the social grant lists, which puts a tremendous strain on government.

LED is one of those KPA’s that most municipalities push to the back burner and do not allocate enough attention, planning and resources to it. It is even worse that most municipalities have not reached a level of appreciating the relevance of the principles of the National Development Plan, the importance of developing their Spatial Development Frameworks (SDF) and LED strategies and linking these with their IDPs and the Provincial Growth and Development Strategies. For the financial year under review, LED had 6 planned targets and 1 of those targets not achieved.

KPA	TO DEVELOP AND CREATE CONDUCIVE ENVIRONMENT FOR ECONOMIC GROWTH			
	TOTAL KPIs	TOTAL ACHIEVED	TOTAL NOT ACHIEVED	% ACHIEVEMENT
KPA 3: Local Economic Development	06	05	01	83 %

Detailed Report Attached

6. GOOD GOVERNANCE AND PUBLIC PARTICIPATION

6.1. Objectives

Good governance according to the democratic principles is achieved through effective public participation. Not only does public participation allow constituents to monitor the governance record of its elected officials, but it also encourages the public to take an active interest in the performance of their municipality and region. It is only through broad public participation that citizens will recognize that their interests are taken to heart—especially the needs of the most vulnerable members of society.

This allows all citizens to be heard in determining the political, social and economic priorities through the establishment of a broad societal consensus that includes civil

society, government and the private sector. Active ward-based plans and consultative forums are central structures through which public participation and, ultimately, good governance can be achieved. This necessarily means that municipalities need to be enabled to perform their duties in order to ensure the implementation of good governance practices and public participation. Section 151 of Chapter 7 of the South African Constitution gives each municipality the right to govern the Local Government affairs of its community on its own initiative, subject to National and Provincial legislation. Additionally, the by-laws of municipal councils are legislative acts that are not reviewable in terms of administrative law.

However, community participation alone is not sufficient in ensuring that good governance practices are adopted. Institutional integrity is of equal importance and individual municipalities should ensure that its Finance Committee, Audit Committee, Council and sub-committees are fully functional. This should be done through the adoption of effective by-laws and policies that entrench the effective performance of all aspects of municipal governance. For the financial year under review, **Good Governance and Public Participation** had 35 planned targets and 5 of those targets were achieved.

KPA	TO PROMOTE CULTURE OF PARTICIPATORY AND GOOD GOVERNANCE THROUGH A SOUND APPLICATION OF PERFORMANCE MANAGEMENT SYSTEM, RISK MANAGEMENT SERVICES, PUBLIC PARTICIPATION SERVICES AND THE INTERNAL AUDIT SERVICES			
	TOTAL KPIs	TOTAL ACHIEVED	TOTAL NOT ACHIEVED	% ACHIEVEMENT
KPA 2: Good Governance and Public Participation	35	30	05	86 %

Detailed Report Attached

7. MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

7.1. Objectives

Profound fiscal efficacy, discipline, prudence and monitoring all provide a sound basis for the delivery of all the key and fundamental municipal objectives. It is therefore imperative that municipalities not only purport to portray but embrace an intrinsic and frugal duty to maximize revenue potential while transparently managing public finances as set out in the Municipal Finance Management Act 2003, and the Municipal Property Rates Act 2004 following the proper International Accounting Standards as prescribed in policy and regulation. The guidelines set therein provide for effective accountability, evident financial sustainability and a financial viability conducive to infrastructure investment and service delivery. The financial performance of municipalities is based on the 2022/2023 financial statements. An attempt is made to ensure that the data tabled in this report are for the status as at end June 2023. For the financial year under review, **Municipal Financial Viability and Management** had 24 planned targets and only 1 of those targets not achieved.

KPA	TO IMPROVE OVERALL FINANCIAL MANAGEMENT IN MUNICIPALITY BY DEVELOPING AND IMPLEMENTING APPROPRIATE FINANCIAL MANAGEMENT POLICIES, PROCEDURES AND SYSTEMS.			
	TOTAL KPIs	TOTAL ACHIEVED	TOTAL NOT ACHIEVED	% ACHIEVEMENT
KPA 4: Municipal Financial Viability and Management	24	23	01	96 %

Detailed Report Attached

8. BASIC SERVICE DELIVERY AND INFRASTRUCTURE

8.1. Objectives

This KPA entails the assessment of the ability of municipalities to deliver infrastructure and basic services, and also report on the role played by National and Provincial Departments in the different sectors in the execution of their functions. Local Government works in partnership with the communities to find sustainable ways to meet their needs and improve the quality of lives. As entrenched in the Constitution, the Sustainable Development Goals, government has geared itself to achieve targets for universal access to basic services. Municipalities are at the forefront of attempting to achieve high levels of service delivery. Service delivery has assumed centre stage in South Africa, due to highly publicized events related to wide-spread protests within various communities. This has put even greater pressure on municipalities to deliver on their mandates and to ensure effective service delivery. The role of municipalities is crucial in dealing with many of the challenges that have led to such high levels of discontent.

A crucial aspect of this process is the provision of basic services such as water, electricity and sanitation for all communities. The historical backlogs in the provision of basic infrastructure for service delivery require that municipalities establish a delicate balance between delivering and improving current services, maintaining existing infrastructure and extending the infrastructure to eradicate the backlog in service delivery.

The focus areas that measure the performance of municipalities in this KPA are the following:

❖ Access to basic services

- a) Access to portable water to all households;
- b) Access to adequate sanitation;
- c) Universal access to electricity; and
- d) Access to adequate shelter.

❖ Municipal Infrastructure Grant (MIG)

- a) Free Basic Services (FBS)
- b) Indigent policy implementation;
- c) Free basic water;
- d) Free basic sanitation;
- e) Free basic sanitation; and
- f) Refuse removal








At Dr JS Moroka Local Municipality, this KPA is shared by two Directorates; Community Development Services and Technical Services. The following the performance of the two directorates in the year under review (2022-2023):


KPA	TOTAL KPIs	TOTAL ACHIEVED	TOTAL NOT ACHIEVED	% ACHIEVEMENT
TO FACILITATE THE SOCIAL COMMUNITY DEVELOPMENT SERVICES OR PROGRAMMES				
KPA 5: Service Delivery: Community Development Service	18	16	02	89 %
SUSTAINABLE DELIVERY OF IMPROVED SERVICES FOR ALL HOUSEHOLDS WITHIN DR JS MOROKA MUICIPALITY				
KPA 5: Service Delivery and Infrastructure Development	20	11	09	55 %
TO PROMOTE INTEGRATED HUMAN SETTLEMENTS				
KPA 6: Spatial Analysis and Rationale	09	06	03	67 %

Detailed Report Attached

9. OVERALL ANNUAL MUNICIPAL PERFORMANCE

The 2022/2023 Annual Performance Report is a monitoring tool that will assist the executive mayor, councilors, accounting officer, senior managers and the community in monitoring the execution of the budget, in assessing the performance of officials and ensuring the achievement of the strategic objectives. The Following is the 2022/2023 Annual Performance Summary per Key Performance Area for Dr JS Moroka Local Municipality:

KPA	TOTAL KPIs	TOTAL ACHIEVED	TOTAL NOT ACHIEVED	% ACHIEVEMENT 2022/23 FY	% ACHIEVEMENT 2021/22 FY
KPA 1: Institutional Development and Municipal Transformation	27	25	02	93 % 	90 %
KPA 2: Good Governance and Public Participation	35	30	05	86 % 	69 %
KPA 3: Local Economic Development	06	05	01	83 % 	83 %
KPA 4: Municipal Financial Viability and Management	24	23	01	96 % 	69 %
KPA 5: Service Delivery: Community Development Service	18	16	02	89 % 	54 %
KPA 5: Service Delivery and Infrastructure Development	20	11	09	55 % 	65%
KPA 6: Spatial Analysis and Rationale	09	06	03	67 % 	75 %

OVERAL PERFORMANCE	139	116	23	84 %		71 %
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By 2022/2023 Financial Year end, the overall performance level achieved was 84 %, a 13% improvement from the 2021/2022 71 % achievement. Out of 139 targets set and assessed, 116 were achieved and a total of 23 was not achieved. This translates into 16 % of targets not achieved for 2022/2023 Financial Year. **(Refer to the detailed attached report)**

10. CONCLUSION

The purpose of this Annual Performance Report is to make possible for the Dr JS Moroka Local Municipality's relevant stakeholder groups to evaluate progress made by the municipality towards achieving its strategic objection. This report serves as a key element of aligning IDP and budget in terms of service delivery KPA and other related KPA. Directorates were required to submit the performance evidence to validate the reported information. Regardless of this it is anticipate that this report does justice to the situation on the ground and that it achieves what it purports to achieve. It remains important to highlight the positive impact of the filling of vacancies in critical positions such as Senior Management which were previously vacant.

KPA 1 : MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

OUTCOME : RESPONSIVE, ACCOUNTABLE, EFFECTIVE AND EFFICIENT LOCAL GOVERNMENT SYSTEM

NO	KEY FOCUS AREA	PROJECT	PREDETERMINED OBJECTIVES	KEY PERFORMANCE INDICATOR	BASELINE	BUDGET ALLOCATION	2022-2023 ANNUAL TARGETS	ACTUAL PERFORMANCE 2021/22	ACTUAL PERFORMANCE 2022/2023	VARIANCE REASONS	CORRECTIVE MEASURE	EVIDENCE
1	HUMAN RESOURCE MANAGEMENT	Review of institutional policies	Capacitating employees and councillors with necessary skills. Recruit, select and retain competitive employees	Number of institutional policies reviewed by June 2023	20 policies reviewed	Opex	20 institutional policies reviewed and developed by June 2023	20 Institutional policies reviewed Achieved	22 institutional policies reviewed and developed Achieved	Overachievement as a result of two additional HR policies following the implementation of the Municipal Staff regulation	None	Council resolution
2	HUMAN RESOURCE MANAGEMENT	IPMDS	Capacitating employees and councillors with necessary skills. Recruit, select and retain competitive employees	Number of reports on the signed performance agreements for staff below section 57 and 56 managers by June 2023	New	Opex	1 report on the signed performance agreements for staff below section 57 and 56 managers by June 2023	New Target	1 report on the signed performance agreements for staff below section 57 and 56 managers Resolution: 247.06.2023 Achieved	None	None	Report

3	HUMAN RESOURCE MANAGEMENT	Recruitment & Selection	Capacitating employees and councillors with necessary skills. Recruit, select and retain competitive employees	Number of reports on the number of vacancies filled by June 2023	2 Report	Opex	2 reports on the number of vacancies filled by June 2023	2 Reports on the number of vacancies filled within 3 months of being vacant Achieved	2 reports on the number of vacancies filled Achieved	None	None	2 Reports on the number of vacancies filled
4	HUMAN RESOURCE MANAGEMENT	Organogram	Capacitating employees and councillors with necessary skills. Recruit, select and retain competitive employees	Reviewed Organogram aligned with the IDP	2021 /22 approved Organogram	Opex	1 organogram reviewed and approved by June 2023	1 reviewed Organogram and aligned to the IDP and Budget Achieved	1 organogram reviewed and approved Achieved	None	None	Organogram & Council resolution approving the organogram
5	HUMAN RESOURCE MANAGEMENT	Leave Management	Capacitating employees and councillors with necessary skills. Recruit, select and retain competitive employees	Number of reports on the management of leave by all departments by June 2023	12	Opex	12 Reports on Leave Management by June 2023	12 reports on the management of leave by all departments Achieved	12 reports on the management of leave by all departments Achieved	None	None	12 Monthly Reports on Leave Management sent to all Directorates & Proof that all the reports have been circulated to all Directorates

NO	KEY FOCUS AREA	PROJECT	PREDETERMINED OBJECTIVES	KEY PERFORMANCE INDICATOR	BASELINE	BUDGET ALLOCATION	2022-2023 ANNUAL TARGETS	ACTUAL PERFORMANCE CE 2021/22	ACTUAL PERFORMANCE CE 2022/2023	VARIANCE REASONS	CORRECTIVE MEASURE	Evidence
6	HUMAN RESOURCE MANAGEMENT	Review of the EE Plan	Capacitating employees and councillors with necessary skills. Recruit, select an retain competitive employees	1 approved Employment Equity plan and report	2021/2022 Approved EE Plan	opex	1 approved Employment Equity plan and report	New Target	1 approved Employment Equity plan and report prepared and submitted in January Achieved	None	None	Council resolution , EE Plan and report
7	HUMAN RESOURCE DEVELOPMENT	Develop WSP	Capacitating employees and councillors with necessary skills. Recruit, select an retain competitive employees	Development of the 2023/2024 WSP by 30 April 2023	2022/2023 Approved WSP	Opex	2023/2024 WSP Developed and submitted to LGSETA by 30 April 2023	2022/2023 WSP Developed and submitted to LGSETA Achieved	2023/2024 WSP Developed and submitted to LGSETA in April 2023 as required by the SDA Achieved	None	None	Acknowledgement of LGSETA .
8	HUMAN RESOURCE DEVELOPMENT	Training Initiatives for Staff	Capacitating employees and councillors with necessary skills. Recruit, select an retain competitive employees	Reports on the training initiatives for staff and councillors implemented in terms of the WSP by June 2023	2021/2022 WSP Quarterly Training Reports	Opex	4 Reports on training initiatives implemented for staff by June 2023	4 Quarterly Reports on the training initiatives for staff and councillors implemented in terms of the WSP	4 Reports prepared on training initiatives implemented for staff Achieved	None	None	Quarterly Report on training initiatives
9	HUMAN RESOURCE DEVELOPMENT	Training Initiatives for unemployed members of the community	Capacitating employees and councillors with necessary skills. Recruit, select an retain	Number of reports on the training initiatives for unemployed members of the	2021/2022 WSP Quarterly Training Reports	Opex	4 Reports on training initiatives implemented for unemployed	4 Quarterly Reports on the training initiatives	4 Reports prepared on training initiatives implemented for unemployed	None	None	Quarterly Report

			competitive employees	community by June 2023			members of the community by June 2023	for staff and councillors implemented in terms of the WSP	members of the community			
NO	KEY FOCUS AREA	PROJECT	PREDETERMINED OBJECTIVES	KEY PERFORMANCE INDICATOR	BASELINE	BUDGET ALLOCATION	2022-2023 ANNUAL TARGETS	ACTUAL PERFORMANCE CE 2021/22	ACTUAL PERFORMANCE CE 2022/2023	VARIANCE REASONS	CORRECTIVE MEASURE	EVIDENCE
10	HUMAN RESOURCE DEVELOPMENT	Employee Wellness	Capacitating employees and councillors with necessary skills. Recruit, select and retain competitive employees	Number of Wellness events	1 Wellness events conducted	Opex	2 Municipal Wellness Day held by June 2023	4 Municipal Wellness Day held Achieved	2 Municipal Wellness Day held Financial wellness – 21 Dec 2022 Health wellness – 7 June 2023 Achieved	None	None	Attendance Register, invitations,
11	HUMAN RESOURCE DEVELOPMENT	Employee awareness	Capacitating employees and councillors with necessary skills. Recruit, select and retain competitive employees	Number of awareness conducted	New	opex	4 awareness conducted	New Target	4 awareness conducted Achieved	None	None	Posters, emails
12	HUMAN RESOURCE DEVELOPMENT	OHS Medical surveillance	Capacitating employees and councillors with necessary skills. Recruit, select and retain	OHS Medical surveillance conducted	1 Medical surveillance conducted	Opex	1 OHS Medical surveillance conducted	3 Medical surveillance conducted	1 OHS Medical surveillance conducted on the 21 Dec 2022	None	None	OHS Medical fitness certificate

			competitive employees					Not Achieved	Achieved			
13	HUMAN RESOURCE DEVELOPMENT	OHS Meetings	Capacitating employees and councillors with necessary skills. Recruit, select and retain competitive employees	Number of OHS meetings	New	Opex	4 OHS Meetings held by June 2023	0 OHS meetings held Not Achieved	4 OHS Meetings held Achieved	None	None	Agenda, Minutes and Attendance Register
14	LABOUR RELATIONS	Disciplinary Proceedings	To ensure sound labour relations within the municipality	number of quarterly reports on disciplinary proceedings initiated in relation to reported matters by June 2023	1	Opex	4 quarterly reports on disciplinary proceedings initiated in relation to reported matters by June 2023	New Target	4 quarterly reports on disciplinary proceedings initiated in relation to reported matters Achieved	None	None	Report on the Disciplinary proceedings of the reported matters
15	LABOUR RELATIONS	Local Labour Forum (Meetings with Organised Labour)	To ensure sound labour relations within the municipality	Number of Local Labour Forum meeting held by June 2023	2 LLF meetings held by June 2020	Opex	4 Meetings held by June 2023	4 Local Labour Forum meeting held Achieved	Six LLF meeting held on the 31 st August 2022, 14 th and 16 th November 2022, 09 th March 2023, 12 th and 15 th June 2023 Achieved	None	None	Agenda & Minutes & Attendance Register
NO	KEY FOCUS AREA	PROJECT	PREDETERMINED OBJECTIVES	KEY PERFORMANCE INDICATOR	BASELINE	BUDGET ALLOCATION	2022-2023 ANNUAL TARGETS	ACTUAL PERFORMANCE CE 2021/22	ACTUAL PERFORMANCE CE 2022/2023	VARIANCE REASONS	CORRECTIVE MEASURE	EVIDENCE

16	SECRETARIAT	Development of Schedule of meetings	Proper coordination of meetings and council support.	Approved Schedule of meetings by June 2023	2021/2022 Approved Schedule of meetings	Opex	1 Approved Schedule of meetings for 2022/23	Approved Schedule of meetings Achieved	1 report together with the schedule was tabled to council on the 29 June 2023 Not Achieved	The report was deferred back for due diligence. See attached council resolution	The report was then retabled to council for approval in council sitting that took place in July 2023	Approved schedule of meetings for 2022/23 & Council Resolution
17	SECRETARIAT	Management and Co-ordination of meetings	Proper coordination of meetings and council support.	Number of council sittings scheduled and held by June 2023	12 Council sittings	Opex	11 council sittings scheduled and held by June 2023	13 council sittings scheduled and held Achieved	11 council sittings scheduled and held Achieved	None	None	Agenda, Minutes & Attendance register
NO	KEY FOCUS AREA	PROJECT	PREDETERMINED OBJECTIVES	KEY PERFORMANCE INDICATOR	BASELINE	BUDGET ALLOCATION	2022-2023 ANNUAL TARGETS	ACTUAL PERFORMANCE CE 2021/22	ACTUAL PERFORMANCE CE 2022/2023	VARIANCE REASONS	CORRECTIVE MEASURE	EVIDENCE
18	Legal Services	Review of By-Laws	To handle and advise on all legal matters for and against the municipality. , review of by-laws	Number of quarterly reports on the review of the municipal By-Laws by June 2023	4 reports	Opex	4 Reports compiled by 30 June 2023	4 quarterly reports on the review of the municipal By-Laws Achieved	4 quarterly reports on the review of the municipal By-Laws Achieved	None	None	4 Quarterly reports, on the reviewed by-laws
19	Legal Services	Litigation Register / legal cases	To handle and advise on all legal matters for and against the municipality. , review of by-laws	Number of litigation register compiled quarterly by June 2023	4 report	Opex	4 litigation registers by 30 June 2023	4 litigation register compiled quarterly Achieved	4 litigation register compiled quarterly Achieved	None	None	4 Quarterly litigation registers

20	Legal Services	Service Level Agreements	To handle and advise on all legal matters for and against the municipality, review of by-laws	Number of quarterly reports on the status of municipal service level agreements by June 2023	4 reports on SLA developed for 2022/23	Opex	4 Service Level Agreement Reports compiled by 30 June 2023	4 quarterly reports on the status of municipal service level agreements Achieved	4 quarterly reports on the status of municipal service level agreements Achieved	None	None	4 Quarterly Reports on the status of Municipal service level agreements
NO	KEY FOCUS AREA	PROJECT	PREDETERMINED OBJECTIVES	KEY PERFORMANCE INDICATOR	BASELINE	BUDGET ALLOCATION	2022-2023 ANNUAL TARGETS	ACTUAL PERFORMANCE 2021/22	ACTUAL PERFORMANCE 2022/2023	VARIANCE REASONS	CORRECTIVE MEASURE	EVIDENCE
21	COMMUNICATION	Advertising & Marketing	To coordinate and facilitate information dissemination, through effective responsive communication and manage the municipal identity	Number of monthly reports on ads, & live reads, interviews, notices & announcements by June 2023	12	Opex	12 monthly reports on ads, & live reads, interviews, notices & announcements by June 2023	12 monthly reports on ads, & live reads, interviews, notices & announcements Achieved	12 monthly reports on ads, & live reads, interviews, notices & announcements Achieved	None	None	12 monthly reports, Audio clips, live reads and notices of the published information.
22	COMMUNICATION	Printing of Publications	To coordinate and facilitate information dissemination, through effective responsive communication and manage the municipal identity	Number of quarterly internal/external newsletters, report on diaries, brochures (water awareness, waste collection schedule), calendars to populate Municipal identity	4 newsletters issued, 6000 brochures, 600 diaries & 6000 calendars	Opex	4 newsletters, 6 000 brochures, 600 diaries and 6 000 Calendars by June 2023	New Target	1 Newsletter, 6 000 brochures, 600 diaries and 6 000 Calendars Not Achieved	Calendars were submitted late due to procurement delays	SCM to appoint the qualified service providers for the	Final newsletter, reports on diaries, calendars, brochure

				information to stakeholders								s print outs
23	COMMUNICATION	Marketing	To coordinate and facilitate information dissemination, through effective responsive communication and manage the municipal identity.	Number of flags procured (South Africa & Dr JS Moroka) procured by June 2023	New	Opex	20 SA and 20 Municipal indoor flags procured by June 2023	New Target	20 SA and 20 Municipal indoor flags procured Achieved	None	None	Purchase orders and pictures of the flags
24	COMMUNICATION	Media liaison	To coordinate and facilitate information dissemination, through effective responsive communication and manage the municipal identity	Number of media engagement on water matters	12 radio slots on water matters New	opex	12 media engagements audio/notices	New target	12 media engagements printed evidence for social media purchase orders submitted. Achieved	None	None	Audio clips/notes of the populated information
25	COMMUNICATION	Customer Care	To coordinate and facilitate information dissemination, through effective responsive communication and manage the municipal identity	Number of Monthly reports on issues raised by communities by June 2023	12 reports	Opex	12 Monthly Reports on issues raised by community June 2023	12 Monthly reports on issues raised by communities Achieved	12 Monthly Reports on issues raised by community Achieved	None	None	12 Monthly Reports on Issues raised by community submitted to Top Management

26	RECORDS MANAGEMENT	Records Management	Managing and safe guarding the records of the municipality	Number of Quarterly reports on the Implementation of the Electronic Document Management System submitted to the Municipal Manager by June 2023	4	Opex	4 Quarterly reports on the Implementation of the Electronic Document Management System submitted to the Municipal Manager by June 2023	4 Quarterly reports on the Implementation of the Electronic Document Management System submitted to the Municipal Manager Achieved	4 Quarterly reports on the Implementation of the Electronic Document Management System submitted to the Municipal Manager Achieved	None	None	Report on the Implementation of the Electronic Document Management System
27	RECORDS MANAGEMENT	Records Management	Managing and safe guarding the records of the municipality	Number of Quarterly reports in terms of the Correspondence received Submitted to the MM by June 2023	4	Opex	4 Quarterly reports in terms of the Correspondence received Submitted to the MM by June 2023	4 Quarterly reports in terms of the Correspondence received Submitted Achieved	4 Quarterly reports in terms of the Correspondence received Submitted to the MM Achieved	None	None	Report in the terms of the Correspondence received and submitted to the MM by June 2023

KPA: LOCAL ECONOMIC DEVELOPMENT

NO	KEY FOCUS AREA	PROJECT	PREDETERMINED OBJECTIVES	KEY PERFORMANCE INDICATOR	BASELINE	BUDGET ALLOCATION	2022-2023 ANNUAL TARGETS	ACTUAL PERFORMANCE 2021/22	ACTUAL PERFORMANCE 2022/2023	VARIANCE REASONS	CORRECTIVE MEASURE	EVIDENCE
28	LOCAL ECONOMIC DEVELOPMENT (LED)	LED Meetings	Creation of sustainable jobs and SMMEs Development for the local community	Number of LED meetings held by June 2023 (LED Forums, PLC, and Mining forums)	4	Opex	12 Meetings held by June 2023	12 LED meetings held Achieved	12 LED meetings held Achieved	None	None	Attendance Register & Minutes of the Meetings and agenda
29		Local Reference Committee Meeting	Encourage private sector investment in order to stimulate economic growth and job creation	Number of Local Reference Committee meetings held by June 2023	New	Internal	4 by June 2023	4 Local Reference Committee meetings held Achieved	4 Local Reference Committee meetings Achieved	None	None	Attendance Register & Minutes of the Meetings and agenda
30		Community Work's Programmes (CWP) Participants Training	Encourage private sector investment in order to stimulate economic growth and job creation	Number of Training for CWP participants conducted by June 2023	New	Internal	1 by June 2023	1 Training for CWP participants conducted Achieved	1 Training for CWP participants conducted Achieved	None	None	Training report with photos and attendance register

31		LED Strategy Review	Creation of sustainable jobs and SMMEs Development for the local community	Number of LED Strategy Review Reviewed by June 2023	0	Internal	1 by June 2023	0 LED Strategy Review Reviewed Not Achieved	0 Not Achieved	To be reviewed in the next financial year	To monitor review implementation in the next financial year	Reviewed LED Strategy with Council resolution
32		Local Tourism Organisation (LTO) Meetings	Position Dr JS MLM as preferred destination for tourism	Number of LTO meetings held by June 2023	New	Internal	4 by June 2023	4 LTO meetings held Achieved	4 LTO meetings held Achieved	None	None	Attendance Register & Minutes of the Meetings and agenda
33		Business Licensing	Effective & Efficient control of business environment	Number of Annual Consolidated Report on number jobs created through LED initiatives including capital projects	New	Internal	1 Annual Consolidated Report on number jobs created through LED initiatives including capital projects by June 2023	1 Annual Consolidated Report on number jobs created through LED initiatives including capital projects Achieved	1 Annual Consolidated Report on number jobs created through LED initiatives including capital projects Achieved	None	None	Annual Consolidated Report on number jobs created through LED initiatives including capital projects approved by the MM

KPA: GOOD GOVERNANCE & PUBLIC PARTICIPATION

NO	KEY FOCUS AREA	PROJECT	PREDETERMINED OBJECTIVES	KEY PERFORMANCE INDICATOR	BASELINE	BUDGET ALLOCATION	2022-2023 ANNUAL TARGETS	ACTUAL PERFORMANCE 2021/22	ACTUAL PERFORMANCE 2022/2023	VARIANCE REASONS	CORRECTIVE MEASURE	EVIDENCE
34	PMS	Reviewal of the PMS Policy Framework	To enhance institutional performance culture and To maximise accountability and transparency amongst employees	PMS Policy Framework reviewed and adopted by council by June 2023	2020/21 PMS Policy Framework reviewed	Opex	2022/2023 PMS Policy Framework to be reviewed and adopted by council by June 2023	2021/2022 PMS Policy Framework to be reviewed and adopted Achieved	2022/2023 PMS Policy Framework reviewed and adopted Achieved	None	None	Approved PMS Policy & Council Resolution
35	PMS	Signing of Performance Agreements by Senior Managers	To enhance institutional performance culture and To maximise accountability and transparency amongst employees	Performance Agreements of Senior Managers signed by June 2023	2020/2021 Signed Performance Agreements of Senior Managers	Opex	Performance Agreements of Senior Managers signed by 31 July 2023	Only Performance Agreement of the Municipal Manager signed Not Achieved	Performance Agreements of Senior Managers (5) signed by 31 July 2023 Achieved	None	None	Signed Performance Agreements & Proof of submission
36	PMS	Annual Performance Report	To enhance institutional performance culture and To maximise accountability and transparency amongst employees	Compilation of the Annual Performance Report 2020/2021 by June 2023	2019//2021 Annual Performance Report	Opex	Annual Performance Report compiled and Submitted to AG by 31 August 2023	Annual Performance Report compiled Achieved	21/22 Annual Performance report compiled and submitted to AS by 31 August 2022 Achieved	None	None	Proof of Submission to the Provincial AG

37	PMS	Annual Report	To enhance institutional performance culture and To maximise accountability and transparency amongst employees	Compilation of the Annual Report for 2021/2022 by June 2023	2020/2021 Annual Report	Opex	Annual Report compiled and approved by 31 March 2023	Annual Report compiled and approved after the prescribed timeframe Not Achieved	21/22 Annual Report compiled and approved by 31 March 2023 Achieved	None	None	Council resolution Approving the Annual Report
NO	KEY FOCUS AREA	PROJECT	PREDETERMINED OBJECTIVES	KEY PERFORMANCE INDICATOR	BASELINE	BUDGET ALLOCATION	2022-2023 ANNUAL TARGETS	ACTUAL PERFORMANCE 2021/22	ACTUAL PERFORMANCE 2022/2023	VARIANCE REASONS	CORRECTIVE MEASURE	EVIDENCE
38	PMS	SDBIP 2022/2023	To enhance institutional performance culture and to maximise accountability and transparency amongst employees	Number of Final 2022/2023 SDBIP developed and approved by the Executive Mayor by June 2023	2021/2022 SDBIP	Opex	1 Final SDBIP developed and approved by the Mayor within 28 days after the approval of the Budget by June 2023	1 Final SDBIP developed and approved by the Mayor within 28 days after the approval of the Budget Achieved	1 Final SDBIP developed and approved by the Mayor within 28 days after the approval of the Budget Achieved	None	None	Approved SDBIP by the Mayor

39 - A	PMS	Quarterly Performance Reports	To enhance institutional performance culture and To maximise accountability and transparency amongst employees	Number of SDBIP quarterly performance report submitted to council by June 2023	4 quarterly reports submitted to council	Opex	4 SDBIP Quarterly Performance Reports submitted to council by June 2023	4 SDBIP Quarterly Performance Reports submitted to council Achieved	4 SDBIP Quarterly Performance Reports submitted to council Achieved	None	None	SDBIP Quarterly Performance Reports & Council Resolutions
39 - B	Office of the MM	Mayoral Lekgotla	To enhance institutional performance culture and To maximise accountability and transparency amongst employees	Number of Quarterly Mayoral Lekgotla (Performance Review) held by 30 June 2023	New	opex	4 Quarterly Mayoral Lekgotla (Performance Review) held by 30 June 2023	New Target	4 Quarterly Mayoral Lekgotla (Performance Review) held Achieved	None	None	Invitation, Agenda and minutes
40	IDP	IDP Process Plan	To Ensure development and adoption of the IDP process plan as per legislated timeframes	Development of the IDP Process Plan for 2023/2024 by June 2023	New	Opex	Developed 2023/2024 IDP Process Plan by 31 August 2023	2022/2023 IDP Process Plan Developed Achieved	Developed 2023/2024 IDP Process Plan Achieved	None	None	IDP Process Plan & Council Resolution
NO	KEY FOCUS AREA	PROJECT	PREDETERMINED OBJECTIVES	KEY PERFORMANCE INDICATOR	BASELINE	BUDGET ALLOCATION	2022-2023 ANNUAL TARGETS	ACTUAL PERFORMANCE 2021/22	ACTUAL PERFORMANCE 2022/2023	VARIANCE REASONS	CORRECTIVE MEASURE	EVIDENCE
41	IDP	IDP 2020/2021	To Ensure development and adoption of the IDP process plan as per legislated timeframes	Number of Reviews of the 2021-26 IDP by June 2023	2021/2022 IDP	Opex	1 developed and approved IDP for 2021-2026 by June 2023	1 developed and approved IDP for 2021-2026 Achieved	1 Reviews of the 2021-26 IDP Achieved	None	None	Council resolution noting and approving the IDP

42 - A	IDP	IDP Meetings	To Ensure development and adoption of the IDP process plan as per legislated timeframes	Number of IDP Representative and Public Participation Forum meetings held by June 2023	2020/2021 meetings	Opex	4 Meetings held by June 2023	4 IDP Representative and Public Participation Forum meetings Achieved	4 Meetings held Achieved	None	None	Attendance Register & Minutes of the Meetings and agenda
42 - B	Office of the MM	Strategic Planning/Lekgotla	To promote culture of participatory and good governance through a sound application of performance management system, risk management services, communication and public participation services and the internal audit services	Strategic Planning/Lekgotla report tabled to council by February 2023	New	Opex	1 Strategic Planning/Lekgotla report tabled to council by February 2023	New Target	1 Strategic Planning/Lekgotla report tabled to council Achieved	None	None	Strategic Planning/Lekgotla report & council resolution
42 - C	Office of the MM	State of Municipal Address	To promote culture of participatory and good governance through a sound application of performance management system, risk management services, communication and public participation services and the internal audit services	State of the Municipal Address held by 30 June 2023	New	Opex	1 State of Municipal Address held by 30 June 2023	New Target	1 State of Municipal Address held Achieved	None	None	Report – Inclusive of Invitations, Agenda and Photos

43	ICT	IT Steering Committee	Improving communication within the workplace infrastructure	Number of IT Steering Committee meetings by June 2023	4	Opex	4 IT Steering Committee Meetings Held by June 2023	4 IT Steering Committee Meetings Held Achieved	4 IT Steering Committee Meetings Held Achieved	None	None	Attendance Register & Minutes of the Meetings and agenda
44	ICT	Procurement Of Computers And Other ICT Equipments	Improving communication within the workplace infrastructure	Number of reports on the Procurement of Computers and Other ICT Equipments submitted to MM by June 2023	2021/2022 Procurement Report	Opex	2 Reports on the Procurement of Computers and Other ICT Equipments by June 2023	2 Reports on the Procurement of Computers and Other ICT Equipments Achieved	2 Reports on the Procurement of Computers and Other ICT Equipments Achieved	None	None	Reports Approved by MM
45	ICT	Maintenance and Support Provision of the Municipal LAN, WAN, RF Network Infrastructure	Improving communication within the workplace infrastructure	Number of Quarterly Reports on the Maintenance and Support Provision of the Municipal LAN, WAN, SD Network Infrastructure by June 2023	4 Quarterly Reports	Opex	4 Quarterly Reports on the Maintenance and Support Provision of the Municipal LAN, WAN, SD Network Infrastructure by June 2023	4 Quarterly Reports on the Maintenance and Support Provision of the Municipal LAN, WAN, RF Network Infrastructure Achieved	4 Quarterly Reports on the Maintenance and Support Provision of the Municipal LAN, WAN, SD Network Infrastructure Achieved	None	None	4 Quarterly Reports on the Maintenance and Support Provision of the Municipal LAN, WAN, SD Network Infrastructure approved by the MM

46	ICT	Repairs and Maintenance of ICT Equipments	Improving communication within the workplace infrastructure	Number of quarterly Reports on the Repairs and Maintenance of ICT Equipments by June 2023	4 Quarterly	Opex	4 Quarterly Reports on the Repairs and Maintenance of ICT Equipments by 30 June 2023	4 Quarterly Reports on the Repairs and Maintenance of ICT Equipments Achieved	4 Quarterly Reports on the Repairs and Maintenance of ICT Equipments Achieved	None	None	4 Quarterly Reports on the Repairs and Maintenance of ICT Equipments Approved by the MM
47	ICT	Disaster Recovery Site	Improving communication within the workplace infrastructure	Number of quarterly progress on the implementation of Disaster Recovery site by 30 June 2023	New	Opex	1 Disaster Recovery Site Implementation Plan & 4 Quarterly Progress Reports Monthly Reports by 30 June 2023	1 plan & 3 progress reports Not Achieved	1 Disaster Recovery Site Implementation Plan & 4 Quarterly Progress Reports Monthly Reports Achieved	None	None	Disaster Recovery Site Implementation Plan & 4 Quarterly Progress Reports Monthly
48	ICT	Solar system for the ICT infrastructure	Improving communication within the workplace infrastructure	Solar system for the ICT Infrastructure procured by 30 June 2023	New	Opex	Solar system for the ICT Infrastructure procured by 30 June 2023	New Target	Removed from the face of the 2022/2023 following budget Adjustment	None	None	Comprehensive Report – (Spec, Advert, Appointment letter and delivery note)

NO	KEY FOCUS AREA	PROJECT	PREDETERMINED OBJECTIVES	KEY PERFORMANCE INDICATOR	BASELINE	BUDGET ALLOCATION	2022-2023 ANNUAL TARGETS	ACTUAL PERFORMANCE CE 2021/22	ACTUAL PERFORMANCE CE 2022/2023	VARIANCE REASONS	CORRECTIVE MEASURE	EVIDENCE
51	INTERNAL AUDIT	Internal Audit Charter	To improve the adequacy and effectiveness of governance processes, risk management & internal control	Internal audit charter reviewed by June 2023	2020/21 Internal audit charter approved	Opex	Internal Audit charter reviewed and approved by Audit Committee before the end of June 2022	The Audit Charter was approved by Audit committee on the 27 June and Council will adopt the two charters on the 28 July 2022 Achieved	The charter was approved by the Shared Audit Committee on the 29 June 2022 The Council approved the charter in Resolution 145/07/2022 Achieved	None	None	Reviewed 2022/23 internal audit charter, council resolution
52	INTERNAL AUDIT	Audit Committee Meeting	To improve the adequacy and effectiveness of governance processes, risk management & internal control	Number of Audit Committee Meetings held per quarter (including Performance Meetings) by June 2023	4	Opex	4 audit committee meetings to be held by June 2023	4 audit committee meetings to be held Achieved	8 meetings were held in the year under review, 5 Special meetings and 3 Ordinary committee meetings Achieved	Overachievement as a result of 5 additional Audit Committee Meetings called as special on emerging factors	None	Agenda, Minutes & Attendance Register, Teams invitations
53	INTERNAL AUDIT	Audit Committee Reports	To improve the adequacy and effectiveness of governance processes, risk management & internal control	Number of quarterly Audit Committee reports submitted to Council per quarter by June 2023	New	Opex	4 Reports by June 2023	4 quarterly Audit Committee reports submitted to Council per quarter Achieved	04 reports to Council were presented 08 December 2022 2 reports were presented to Council on the 31 May 2023 The last meeting was reported on	None	None	Quarterly Audit Committee reports and council Resolution

									the 27 July 2023			
									Achieved			
54	INTERNAL AUDIT	Monitoring of the Audit Action Plan for 2022/23	To improve the adequacy and effectiveness of governance processes, risk management & internal control	Number of the reports to Audit Committee on the Audit Action plan for 2022/23	New	Opex	6 monthly reports from January to June 2023. Monitoring reports from the monitoring of the Audit Action plan	New Target	The audit action plan was presented to Audit Committee in May 2023 and Council that was held in 27 May 2023. Achieved	None	None	The monitoring reports presented to Management and Audit Committee.
55	INTERNAL AUDIT	Implementation of the Annual 1 year Operational plan for 2022/23	To improve the adequacy and effectiveness of governance processes, risk management & internal control	Implement 20 audit projects in line with the approved 1 year annual operational audit plan for 2022/23	New	Opex	Implement 20 audit projects in line with the approved 1 year annual operational audit plan for 2022/23	New target	21 projects were implemented in the year under review by Internal Audit. Achieved	None	None	Implementation 5 projects per quarter as stipulated in the 1 year Operational plan for 2022/23 Cumulatively there would be 20 reports for the year of 2022/23

56	INTERNAL AUDIT	Reviewal of the Draft AFS and APR for 2021/22 by 31 August 2022 in line with section 126(2)	To ensure that there is legislative reporting in terms of section 126 of MFMA by ensuring that the AFS and APR are reviewed before submitting to AGSA on the 31 st August 2022	Reviewed draft AFS and APR submitted on to AGSA before the 31 th August 2022 @ 23H59	New	Opex	1 review report on the submission of the AFS and APR for 2021/22 to AGSA within the reasonable time of 30 th August 2022	New Target	The review of t the draft AFS were present to the Shared Audit Committee on the 29 August 2022 The final AFS were submitted to Council on the 31 st August 2022 Achieved	None	None	Report to Council on the Review of the Draft AFS & APR for 2021/22 before the end of August 2022 The audit report from AGSA by the 30 th November 2022
57	RISK MANAGEMENT	Risk Reports	To coordinate, monitor, maintain and improve the effective and efficient functioning of Risk Management systems in order to better risk management capability maturity level	Number of quarterly reports on matters of Risk to the Audit Committee by June 2023	16 Risk Reports	Opex	16 Reports by June 2023	16 quarterly reports on matters of Risk to the Audit Committee Achieved	16 quarterly reports on matters of Risk to the Audit Committee Achieved	None	None	Risk Reports with council resolutions
58	RISK MANAGEMENT	Risk Management Committee Meetings	To coordinate, monitor, maintain and improve the effective and efficient functioning of Risk Management	Number of Risk committee meeting conducted by June 2023	4 meetings	Opex	4 meetings by June 2023	4 Risk committee meeting conducted	4 Risk committee meeting conducted	None	None	attendance register, minutes, agenda

			systems in order to better risk management capability maturity level					Achieved		Achieved		
NO	KEY FOCUS AREA	PROJECT	PREDETERMINED OBJECTIVES	KEY PERFORMANCE INDICATOR	BASELINE	BUDGET ALLOCATION	2022-2023 ANNUAL TARGETS	ACTUAL PERFORMANCE CE 2021/22	ACTUAL PERFORMANCE CE 2022/2023	VARIANCE REASONS	CORRECTIVE MEASURE	EVIDENCE
59	RISK MANAGEMENT	Business Continuity Plan	To coordinate, monitor, maintain and improve the effective and efficient functioning of Risk Management systems in order to better risk management capability maturity level	Number of quarterly reports on the status and implementation of the Business Continuity Plan approved by MM by 2023	New	Opex	4 quarterly reports on the status and implementation of the Business Continuity Plan by June 2023	New Target	2 quarterly reports on the status and implementation of the Business Continuity Plan Not Achieved	The work was more reliant on the service provider and lack of capacity in relation to business continuity Plan	Seek training and capacity building on business continuity Plan	Quarterly reports on the implementation of Business Continuity Plan
60	PUBLIC PARTICIPATION	Ward Committee Meetings	To organize, mobilize and empower community to participate in decision making that the municipality should take in terms of service delivery	Number of Ward Committee meetings held by June 2023	372 meetings	Opex	372 Ward Committee meetings held by June 2023	0 Ward Committee meetings held Not Achieved	337 Ward Committee meetings held Not Achieved	Due to ongoing workshops and Ward Operational Plans processes, Mandatory meetings had to start later in the 1 st quarter	Mandatory programmes progressed later In the first quarter	Minutes, quarterly reports and attendance registers
61	PUBLIC PARTICIPATION	Community Meetings	To organize, mobilize and empower community to participate in decision making that	Number of Community Meetings held by June 2023	186 meetings	Opex	186 Community Meetings held by June 2023	31 (Launching and introduction of Ward Committees)	114 Community Meetings held Not Achieved	Non-adherence of Mandatory Community Programmes	Coordination of Mandatory Community Meetings by Ward Councillors to	Minutes, quarterly reports and attendance registers

			the municipality should take in terms of service delivery					Not Achieved		by Ward Councillors	be enhanced through quarterly sessions and thorough implementation of Public Participation Policy and strategies	ce registers
62	PUBLIC PARTICIPATION	Ward Committee and Councillors induction	To organize, mobilize and empower community to participate in decision making that the municipality should take in terms of service delivery	Number of Ward Committee Members and Number of Councillors inducted by June 2023	310 Ward Committee Members inducted	Opex	310 Ward Committee Members and 62 Councillors inducted by June 2023	Induction Programme done for all approved Ward Committees members in all Magisterial Districts Achieved	310 Ward Committee Members and 62 Councillors inducted Achieved	None	None	Reports and attendance registers
NO	KEY FOCUS AREA	PROJECT	PREDETERMINED OBJECTIVES	KEY PERFORMANCE INDICATOR	BASELINE	BUDGET ALLOCATION	2022-2023 ANNUAL TARGETS	ACTUAL PERFORMANCE CE 2021/22	ACTUAL PERFORMANCE CE 2022/2023	VARIANCE REASONS	CORRECTIVE MEASURE	EVIDENCE
63	PUBLIC PARTICIPATION	Ward Committee Training	To organize, mobilize and empower community to participate in decision making that	Number of Ward Committee Members and Number of Ward Committee	310 Ward Committee Members and 31 Ward Committee	Opex	310 Ward Committee Members and 31 Ward Committee Secretaries	0 Ward Committee Members and 31 Ward Committee	Only 31 Ward Committee Secretaries trained	Limited Budget allocation and constraints	310 Ward Committees to be trained upon Budget plans and availability in	Reports and attendance registers

			the municipality should take in terms of service delivery	Secretaries trained by June 2023	Secretaries		trained by June 2023	Secretaries trained Not Achieved	Not Achieved		the new Financial year 2023/2024	
64	PUBLIC PARTICIPATION	IDP, IDP Open day, Budget and Community Outreach meetings	To organize, mobilize and empower community to participate in decision making that the municipality should take in terms of service delivery	Number of community outreach meetings held by June 2023	3 IDP OPEN DAYS	Opex	6 community outreach meetings held by June 2023	6 community outreach meetings held Achieved	6 outreach meetings held Achieved	None	None	Reports and attendance registers
65	PUBLIC PARTICIPATION	Ward Committee, CDW's and Home Based Carers Summit	To organize, mobilize and empower community to participate in decision making that the municipality should take in terms of service delivery	Number of summits held by June 2023	1	Opex	One(1) summit held by June 2023	0 summit held Not Achieved	1 Summit held Achieved	None	None	Reports and attendance registers
66	PUBLIC PARTICIPATION	Customer Survey	To organize, mobilize and empower community to participate in decision making that the municipality should take in terms of service delivery	Number of Customer survey conducted by June 2023	1 Customer survey	Opex	1 Customer survey conducted by June 2023	0 Customer survey conducted Not Achieved	0 Survey conducted Not Achieved	Limited Budget allocation and constraints	To be conducted upon Budget plans and availability in the new Financial Year 2023/2024	Report on customer survey.
NO	KEY FOCUS AREA	PROJECT	PREDETERMINED OBJECTIVES	KEY PERFORMANCE INDICATOR	BASELINE	BUDGET ALLOCATION	2022-2023 ANNUAL TARGETS	ACTUAL PERFORMANCE 2021/22	ACTUAL PERFORMANCE 2022/2023	VARIANCE REASONS	CORRECTIVE MEASURE	EVIDENCE

67	UNIT OFFICES	MANTHANJANA OFFICE	Facilitate access to basic services to all communities.	Number of Service delivery reports compiled by June 2023	4	Internal	4 Service delivery reports compiled by June 2023	1 Service delivery reports compiled Not Achieved	4 Service delivery reports compiled Achieved	None	None	Signed Service delivery reports.
68	UNIT OFFICES	MBIBANE OFFICE	Facilitate access to basic services to all communities.	Number of Service delivery reports compiled by June 2023	4	Internal	4 Service delivery reports compiled by June 2023	1 Service delivery reports compiled Not Achieved	4 Service delivery reports compiled Achieved	None	None	Signed Service delivery reports.

KPA: MUNICIPAL FINANCIAL MANAGEMENT AND VIABILITY

NO	KEY FOCUS AREA	PROJECT	PREDETERMINED OBJECTIVES	KEY PERFORMANCE INDICATOR	BASELINE	BUDGET ALLOCATION	2022-2023 ANNUAL TARGETS	ACTUAL PERFORMANCE CE 2021/22	ACTUAL PERFORMANCE CE 2022/2023	VARIANCE REASONS	CORRECTIVE MEASURE	Evidence
68	FINANCIAL MANAGEMENT	AFS preparation	Ensure accurate and reliable financial planning & management	Draft Annual Financial Statements (AFS) submitted on or before the 31 st August to Auditor General	2020/2021 AFS.	Opex	1 by June 2023	Draft Annual Financial Statements (AFS) submitted on or before the 31st August to Auditor General Achieved	1 Draft Annual Financial Statements (AFS) submitted on or before the 31 st August to Auditor General Achieved	None	None	Annual Financial Statements (AFS) and acknowledgement of Auditor General's office
69	FINANCIAL MANAGEMENT	Audit readiness	Ensure accurate and reliable financial planning & management	Number of AFS and audit steering committees held by June 2023	2017/2018 Audit Action Plan	Opex	7 by June 2023	7 AFS and audit steering committees Achieved	9 Achieved	None	None	Agenda, Minutes & Attendance Register
70	FINANCIAL MANAGEMENT	Improved Audit outcome and opinion.	Ensure accurate and reliable financial planning & management	Number of Quarterly updated Audit Action Plan submitted to Treasury by June 2023	Qualified audit opinion	Opex	2 Quarterly updated Audit Action Plan submitted to Treasury by June 2023	1 Quarterly updated Audit Action Plan submitted to Treasury Not Achieved	Quarterly updated Audit Action Plan submitted to Treasury Achieved	None	None	2 updated Audit Action Plan and Proof of submission

71	BUDGET MANAGEMENT	Budget Process Plan	Ensure accurate and reliable financial planning & management	Budget Process Schedule approved by 31 August 2023	2021/2022 Approved Budget Process Schedule	Opex	Budget Process Schedule approved by 31 August 2022	Budget Process Schedule approved Achieved	Budget Process Schedule approved by 31 August Achieved	None	None	Budget Process Schedule approved & Council Resolution
72	BUDGET MANAGEMENT	Budget Management	Ensure accurate and reliable financial planning & management	2022/2023 Budget approved June 2023	2021/2022 Annual budget	Opex	2023/2024 Budget approved June 2023	2022/2023 Budget approved Achieved	2023/2024 Budget approved June Achieved	None	None	Council Resolution for Draft and Final Annual Budget
73	BUDGET MANAGEMENT	Budget and reporting regulations.	Ensure accurate and reliable financial planning & management	Number of section 71 reports submitted to the Executive Mayor by June 2023	12 Reports	Opex	12 section 71 reports submitted to the Executive Mayor by June 2023	12 section 71 reports submitted to the Executive Mayor Achieved	12 section 71 reports submitted to the Executive Mayor Achieved	None	None	Approved Reports & Proof of submission to Treasury
74	REVENUE	Revenue management	To collect revenue due to the municipality		12	Opex	12 Billing reports by June 2023	12 billing reports submitted to Council Achieved	12 Billing reports prepared Achieved	None	None	12 Billing reports with council resolutions
NO	KEY FOCUS AREA	PROJECT	PREDETERMINED OBJECTIVES	KEY PERFORMANCE INDICATOR	BASELINE	BUDGET ALLOCATION	2022-2023 ANNUAL TARGETS	ACTUAL PERFORMANCE 2021/22	ACTUAL PERFORMANCE 2022/2023	VARIANCE REASONS	CORRECTIVE MEASURE	Evidence
75	REVENUE	Revenue Management	To collect revenue due to the municipality	Numbers of debtors age analysis reconciliation reports signed off – CFO by 30 June 2023	12	Opex	12 monthly debtors age analysis by June 2023	12 debtors age analysis reconciliation submitted to Council Achieved	12 monthly debtors age analysis prepared Achieved	None	None	12 monthly debtors reports

									Achieved				
76	REVENUE	Revenue collection	To collect revenue due to the municipality	Numbers of quarterly government debts collection reports submitted council by June 2023	12 Reports	Opex	4 government debts collection reports by June 2023	12 government debts reports submitted council Achieved	4 government debts collection reports Achieved	None	None	4 government debts collection reports	
77	REVENUE	Revenue management	To collect revenue due to the municipality	Number of quarterly MPRA reconciliation reports submitted to National Treasury by June 2023	New	Opex	4 quarterly MPRA reports by June 2023	0 Number of quarterly MPRA implementation reports submitted Not Achieved	4 quarterly MPRA reports Achieved	None	None	4 quarterly MPRA implementation reports	
78	REVENUE	Valuation roll.	To collect revenue due to the municipality	12 Valuation Reconciliations and 1 Supplementary Valuation Roll prepared by June 2023	"12 Reconciliations Advert for Public Comments	Opex	12 Reconciliations by June 2023	12 Valuation Reconciliations prepared Not Achieved	12 Valuation Reconciliations prepared Achieved	None	None	Reports	
		Revenue management	Compile general Valuation Roll according to Municipal Property rates Act	General valuation roll valid for five years		Opex	1 Supplementary Valuation Roll by June 2023	1 Supplementary Valuation Roll Achieved	Achieved	None	None	Supplementary valuation roll & Advert of Public Notice	
		Revenue management	Compile supplementary valuation roll according to	MPRA require the municipality to compile the									

			Municipal property rates act	Supplementary valuation roll once a year	One Supplementary valuation roll a year							
79	REVENUE	Data Cleansing	To collect revenue due to the municipality	Numbers of tariffs schedule reviewed by June 2023	1	Opex	1 Approved tariffs schedule by June 2023	1 Approved tariffs schedule Achieved	1 Approved tariffs schedule Achieved	None	None	Approved Tariffs Schedule & Council resolutions
80	REVENUE	Rates and Taxes setting	To collect revenue due to the municipality	Tariff structure	Non cost reflective tariffs.	Opex	Public Notices and Public Participation by June 2023	Public Notice submitted Achieved	Public Notices and Public Participation Achieved	None	None	Advertisement Public Notices and Public Participation.
						Opex	Gazetting and By laws by June 2023	Gazetting and By laws Achieved	Gazetting still in progress Not Achieved	The gazetting process has begone – Experiencing delays	To be finalised in the beginning of the first Quarter 23/24 FY	Gazetted Bylaws (Notice)
NO	KEY FOCUS AREA	PROJECT	PREDETERMINED OBJECTIVES	KEY PERFORMANCE INDICATOR	BASELINE	BUDGET ALLOCATION	2022-2023 ANNUAL TARGETS	ACTUAL PERFORMANCE 2021/22	ACTUAL PERFORMANCE 2022/2023	VARIANCE REASONS	CORRECTIVE MEASURE	Evidence
82	ASSET MANAGEMENT	Asset Register	Ensure a GRAP compliant asset register and Reliable & accurate reporting & accounting	Number of monthly Asset reconciliation reports submitted to MM by June 2023	2022/2023 GRAP Compliant Asset Register	Opex	12 monthly assets reconciliation reports by June 2023	4 monthly Asset reconciliation reports submitted to MM Not Achieved	12 monthly assets reconciliation reports prepared Achieved	None	None	Assets reconciliation reports

NO	KEY FOCUS AREA	PROJECT	PREDETERMINED OBJECTIVES	KEY PERFORMANCE INDICATOR	BASELINE	BUDGET ALLOCATION	2022-2023 ANNUAL TARGETS	ACTUAL PERFORMANCE CE 2021/22	ACTUAL PERFORMANCE CE 2022/2023	VARIANCE REASONS	CORRECTIVE MEASURE	Evidence
83	ASSET MANAGEMENT	Asset Register	Ensure a GRAP compliant asset register and Reliable & accurate reporting & accounting	Number of asset verification report submitted to MM by June 2023	2018/2019 GRAP Compliant Asset Register	Opex	2 asset verification report submitted to the Municipal Manager by June 2023	2 asset verification report submitted to the Municipal Manager Achieved	2 asset verification report submitted to the Municipal Manager Achieved	None	None	Annual asset verification report and proof of submission to MM
84	INVENTORY MANAGEMENT	Inventory/Stock count	Ensure a GRAP compliant asset register and Reliable & accurate reporting & accounting	Number of quarterly reports on Inventory/stock count by June 2023	4	Opex	4 stock counts reports by June 2023	2 quarterly reports on Inventory/stock count Not Achieved	4 stock counts reports prepared Achieved	None	None	1 Quarterly Inventory/ Stock count Reports
85	SUPPLY CHAIN MANAGEMENT	Institutional Procurement Plan	Ensure full compliance to SCM policy, regulations and relevant legislation.	Development of the Institution Procurement Plan by June 2023	New	Opex	1 Institution Procurement plan developed by June 2023	1 Institution Procurement plan developed Achieved	1 Institution Procurement plan developed Achieved	None	None	Plan Approved by the MM

NO	KEY FOCUS AREA	PROJECT	PREDETERMINED OBJECTIVES	KEY PERFORMANCE INDICATOR	BASELINE	BUDGET ALLOCATION	2022-2023 ANNUAL TARGETS	ACTUAL PERFORMANCE CE 2021/22	ACTUAL PERFORMANCE CE 2022/2023	VARIANCE REASONS	CORRECTIVE MEASURE	Evidence
86	SUPPLY CHAIN MANAGEMENT	Tender Register	Ensure full compliance to SCM policy, regulations and relevant legislation.	Establishment and monitoring of the tender register for above R200 000 tenders.	New	Opex	4 Quarterly reports on tender register for above R200 000 tenders by June 2023	4 Quarterly reports on tender register for above R200 000 tenders Achieved	4 Quarterly reports on tender register for above R200 000 tenders prepared Achieved	None	None	Quarterly Reports and council resolutions
87	SUPPLY CHAIN MANAGEMENT	Compliance to SCM regulations	Ensure full compliance to SCM policy, regulations and relevant legislation.	Number of Compliance In-year reports submitted to Council by June 2023	2018/2019 Compliance Reports	Opex	8 Compliance In-year reports submitted to Council by June 2023	0 Compliance In-year reports submitted to Council Not Achieved	8 Compliance In-year reports submitted to Council Achieved	None	None	Council Resolutions. Deviation reports.
88	FINANCIAL MANAGEMENT	Creditors Reconciliation	Ensure the prompt payment of creditors	Number of Monthly Creditors Reconciliation prepared and signed off by CFO by June 2023	12	Opex	12 Monthly Creditors Reconciliation prepared by June 2023	12 Monthly Creditors Reconciliation prepared and Submitted to Council Achieved	12 Monthly Creditors Reconciliation prepared and submitted Achieved	None	None	creditors Reconciliation Reports
89	EXPENDITURE MANAGEMENT	Section 66 Reports	Ensure the prompt payment of creditors	Number of section 66 Reports prepared and submitted to Council by June 2023	12 Sec 66 reports	Opex	12 Section 66 Reports submitted by June 2023	12 section 66 Reports prepared and submitted to Council	12 Section 66 Reports prepared and submitted	None	None	Sec 66 reports

								Achieved	Achieved			
90	EXPENDITURE MANAGEMENT	Investment Register	Ensure the prompt payment of creditors	Number of investment register prepared and signed off by CFO by June 2023		Opex	12 monthly investment registers prepared and submitted by June 2023	12 monthly investment registers prepared and submitted to council Achieved	12 monthly investment registers prepared and submitted Achieved	None	None	Investment registers

KPA 5 : BASIC SERVICE DELIVERY: COMMUNITY DEVELOPMENT SERVICES

NO	KEY FOCUS AREA	PROJECT	PREDETERMINED OBJECTIVES	KEY PERFORMANCE INDICATOR	BASELINE	BUDGET ALLOCATION	2022-2023 ANNUAL TARGETS	ACTUAL PERFORMANCE 2021/22	ACTUAL PERFORMANCE 2022/2023	VARIANCE REASONS	CORRECTIVE MEASURE	EVIDENCE
91	TRAFFIC	Road safety Promotion	To ensure public safety in all the roads within the municipal jurisdiction and provision of securities to all facilities	Number of road safety campaign conducted by June 2023	New	Opex	One Road safety campaign conducted for road users by June 2023	New Target	1 Road safety campaign conducted. Achieved	None	None	Invitations, Photos and attendance register
92	TRAFFIC		To ensure public safety in all the roads within the municipal jurisdiction and provision of securities to all facilities	Number of scholar patrol event conducted	1 Scholar patrol event	Opex	One scholar patrol event attended by 300 learners and their supervisors by June 2023	0 scholar patrol event attended by 300 learners and their supervisors Not Achieved	1 scholar patrol event held attended by over 300 learners and their supervisors. Achieved	None	None	Invitations, Photos and attendance register
93	LICENSING	Operations of Municipal Registering Authorities	To ensure, manage and control the services of registering authority and DLTC	Number of monthly report on the operations of the Municipal registering authorities signed by the head of the department	New	Opex	12 monthly report on the operations of the Municipal registering authorities signed by the head of the	12 monthly report on the operations of the Municipal registering authorities submitted to council	12 monthly report on the operations of the Municipal registering authorities signed by the head of the department.	None	None	Monthly report with Council resolution

							department by June 2023	Achieved	Achieved			
94	YOUTH DEVELOPMENT	Job Preparedness Workshop	To develop and empower youth socially, economically and with career opportunities	Number of Job Preparedness Workshops held by June 2023	New	Opex	4 Job Preparedness Workshops held by June 2023	4 Job Preparedness Workshops held Achieved	3 Job Preparedness Workshops held. Not Achieved	1 Job Preparedness Workshops not held as planned due to change of management and no proper hand over	Prepare for and conduct handover whenever there are changes in management. Monitor implementation of programs to be conducted as the planned documents.	Report, Photos & attendance register
NO	KEY FOCUS AREA	PROJECT	PREDETERMINED OBJECTIVES	KEY PERFORMANCE INDICATOR	BASELINE	BUDGET ALLOCATION	2022-2023 ANNUAL TARGETS	ACTUAL PERFORMANCE CE 2021/22	ACTUAL PERFORMANCE CE 2022/2023	VARIANCE REASONS	CORRECTIVE MEASURE	EVIDENCE
95	YOUTH DEVELOPMENT	Teenage pregnancy dialogues	To develop and empower youth socially, economically and with career opportunities	Number of schools visited for Teenage pregnancy dialogue by June 2023	New	Opex	2 Schools by June 2023	2 schools visited for Teenage pregnancy dialogue Achieved	3 schools visited for Teenage pregnancy dialogue. Achieved	1 more school visited over the 2 that was planned	None	Report, Photos & attendance register
96	YOUTH DEVELOPMENT	Career Expo	To develop and empower youth socially, economically and with career opportunities	Number of career expo held by 30 June 2023	New	Opex	1 career expo held by 30 June 2023	New Target	1 career expo held Achieved	None	None	Report, Photos & attendance register

97	YOUTH DEVELOPMENT	Youth In – Entrepreneurship Summit	To develop and empower youth socially, economically and with career opportunities	Number of Youth In – Entrepreneurship Summit held by 30 June 2023	New	Opex	1 Youth In – Entrepreneurship Summit held by 30 June 2023	New Target	1 Youth In – Entrepreneurship Summit held by 30 June 2023 Achieved	None	None	Report, Photos & attendance register
98	Sports, Art Culture & Recreation	Mayoral Cup	Promoting Arts, culture and conserving our heritage	Number of Mayoral cup hosted by June 2023	New	Opex	1 Mayoral cup hosted by June 2023	0 Number of Mayoral cup hosted Not Achieved	1 Mayoral cup hosted. Achieved	One	One	Report, Photos & attendance register
99	SPECIAL PROGRAMME	HIV/Aids, cancer and TB awareness campaign	Lobby, educate and support on the issues related to Socio economic challenges for elderly, women, children & persons with disability	Number of HIV/Aids, cancer and TB awareness campaign conducted by June 2023	1	Opex	One HIV/Aids, cancer and TB awareness campaign conducted by June 2023	1 HIV/Aids, cancer and TB awareness campaign conducted Achieved	1 HIV/Aids, cancer, and TB awareness campaign Achieved	None	None	Photos, Invitations and attendance register
100	SPECIAL PROGRAMME	Disability Indaba	Lobby, educate and support on the issues related to Socio economic challenges for elderly, women, children & persons with disability	Number of Disability Indaba conducted by June 2023	1	Opex	One of Disability Indaba conducted by June 2023	1 Disability Indaba conducted Achieved	1 Disability Indaba conducted Achieved	None	None	Photos, Invitations and attendance register
NO	KEY FOCUS AREA	PROJECT	PREDETERMINED OBJECTIVES	KEY PERFORMANCE INDICATOR	BASELINE	BUDGET ALLOCATION	2022-2023 ANNUAL TARGETS	ACTUAL PERFORMANCE CE 2021/22	ACTUAL PERFORMANCE CE 2022/2023	VARIANCE REASONS	CORRECTIVE MEASURE	EVIDENCE
111	SPECIAL PROGRAMME	Women Indaba for sustainable and	To empower women on how to sustain	Number of Women Indaba held by June 2023	1	Opex	One women Indaba held by June 2023	1 women Indaba held Achieved	1 women Indaba held Achieved	None	None	Photos Invitations and

		economic development	themselves economically									attendance register
112	SPECIAL PROGRAMME	Elderly Sports Indaba	Lobby, educate and support on the issues related to Socio economic challenges for elderly, women, children & persons with disability	Number of elderly sport indaba held by June 2023	New	Opex	One elderly sport indaba held by June 2023	1 Older persons indaba held Achieved	1 Elderly sport indaba held Achieved	None	None	Photos, Invitations and attendance register
113	SPECIAL PROGRAMME	Men's forum workshop	Lobby, educate and support on the issues related to Socio economic challenges for elderly, women, children & persons with disability	Number of Men's forum workshop held by June 2023	New	Opex	1 Men's forum workshop held by June 2023	New Target	1 Men's forum workshop held Achieved	None	None	Photos, Invitations and attendance register
114	DISASTER MANAGEMENT	Disaster Management	To Mitigate & effective response to disaster	Number of quarterly disaster management reports approved by MM by June 2023	New	Opex	4	0 quarterly disaster management reports approved Not Achieved	4 Achieved	None	None	Quarterly Disaster management reports
115	WASTE MANAGEMENT	Waste Collection	To promote clean, safe & healthy environment	Number of reports on waste collection program implemented by June 2023	New	Internal	12 of reports on waste collection program implemented by June 2023	New Target	12 monthly reports on waste collection program implemented Achieved	None	None	Monthly signed waste collection reports

116	WASTE MANAGEMENT	Conduct external compliance audit on landfill sites	To promote clean, safe & healthy environment	Number of external compliance audit of landfill sites conducted by June 2023	1	Internal	1 external compliance audit of landfill sites conducted by June 2023	1 external compliance audit of landfill sites conducted Achieved	0 external compliance audit of landfill sites conducted Not Achieved	The Report referred to herein is for Landfill costing and provision on for inclusion in the annual financial statements for the period ending 30 June 2023, and not for the external compliance audit of landfill sites.	Municipality to include separately the external compliance Audit to be conducted over and above the Landfill costing Provision from 23/34 FY	Final Report on External compliance audit on landfill sites
117	EPWP	EPWP	To promote clean, safe & healthy environment	Number of EPWP job Opportunities provided (FTE) through EPWP grant funding by June 2023	513	EPWP	404 EPWP job Opportunities provided (FTE) through EPWP grant funding by June 2023	490 EPWP job Opportunities provided (FTE) through EPWP grant funding Not Achieved	404 EPWP job Opportunities provided (FTE) through EPWP grant funding Achieved	None	None	Quarterly Reports submitted to the Department of Public Works
118	FACILITY MANAGEMENT	Maintenance on municipal buildings	To have a safe, efficient and accessible facilities for all races	Number of Facility Maintenance reports submitted to MM by June 2023	4	Opex	4 Facility Maintenance reports submitted to MM by June 2023	4 Facility Maintenance reports submitted to MM Achieved	4 Facility Maintenance reports submitted to MM Achieved	None	None	Quarterly Maintenance reports

KPA: BASIC SERVICE DELIVERY: TECHNICAL SERVICES

NO	KEY FOCUS AREA	PROJECT	PREDETERMINED OBJECTIVES	KEY PERFORMANCE INDICATOR	BASELINE	BUDGET ALLOCATION	2022-2023 ANNUAL TARGETS	ACTUAL PERFORMANCE 2021/22	ACTUAL PERFORMANCE 2022/2023	VARIANCE REASONS	CORRECTIVE MEASURE	EVIDENCE
119	WATER	Water Samples	Ensure access to potable and sustainable water supply services to all communities	Number of samples collected for analysis as per SANS241 2015 by 30 June 2023	800	Opex	600 samples collected for analysis as per SANS241 2015 by 30 June 2023	644 samples collected for analysis as per SANS241 2015 Achieved	648 samples collected Achieved	None	None	Quarterly water samples reports (proving Number of water samples taken)
120	WATER	Water Service Development Plan	Ensure access to portable and sustainable water supply services to all communities	Number of Water Service Development Plan reviewed by 30 June 2023	2013/2014 WSDP	Capex (NDM Donation)	1 Water Service Development Plan reviewed by 30 June 2023	0 Water Service development plan reviewed Not Achieved	1 Water Service Development Plan reviewed and approved by council in November 2022. Achieved	None	None	Reviewed Water Service Development Plan & Council resolution
121	WATER	Provision of Water to the community	Ensure access to sustainable water supply	Number of quarterly reports on the % of households with access to Water	New	Opex	4 quarterly reports on the % of households with access to Water approved	0 quarterly reports on the % of households with access to	4 quarterly reports on the % of households with access to	None	None	Quarterly reports & council

NO	KEY FOCUS AREA	PROJECT	PREDETERMINED OBJECTIVES	KEY PERFORMANCE INDICATOR	BASELINE	BUDGET ALLOCATION	2022-2023 ANNUAL TARGETS	ACTUAL PERFORMANCE CE 2021/22	ACTUAL PERFORMANCE CE 2022/2023	VARIANCE REASONS	CORRECTIVE MEASURE	EVIDENCE
			services to all communities	approved by MM per quarter by 30 June 2023			by MM per quarter by 30 June 2023	basic levels (Water, Sanitation, Electricity and roads) submitted to Council Not Achieved	Water approved by MM Achieved			resolution
122	ELECTRICAL AND MECHANICAL	Preventative maintenance of pumps at water treatment works and Pump-Stations	To ensure that municipal water infrastructure is in good working condition	Number of pumps at water treatment works and sub-station maintained or repaired by 30 June 2023	52	Opex	52 pumps at water treatment works and sub-station maintained or repaired by 30 June 2023	11 pumps at water treatment works and sub-station maintained or repaired Not Achieved	52 pumps at water treatment works and sub-station maintained or repaired Achieved	None	None	Monthly Inspection reports with Job Cards
124	ELECTRICAL AND MECHANICAL	Preventative maintenance of waste water treatment works and sub-stations	To ensure that municipal sewer infrastructure is in good working condition	Number of pumps including panels of waste water treatment works maintained by 30 June 2023	24	Opex	24 pumps including panels of waste water treatment works maintained by 30 June 2023	0 pumps including panels of waste water treatment works maintained or repaired Not Achieved	17 pumps including panels of waste water treatment works maintained Not Achieved	Limited relevant personnel and delays in procurement of material.	Speedy procurement process and make provision for additional relevant personnel	Monthly Inspection reports with Job Cards
126	ELECTRICAL AND MECHANICAL	Inspection of High-mast lights	Repair municipal electric infrastructure and cohesively co-ordinate with Eskom in	Percentage of requests for repairs of high mast lights attended (as and when)	New	Opex	70% requests for repairs of high mast lights attended to (as and when) by 30 June 2023	37 % requests for repairs of high mast lights attended to (as and when)	52 % requests for repairs of high mast lights attended to (as and when)	Limited relevant personnel and delays in procurement	Speedy procurement process and make provision for additional	Monthly Repairs Reports with Job Cards

			electrifying Dr JS MLM households.	when) by 30 June 2023				when) Not Achieved	when Not Achieved	of material.	relevant personnel	
127	ELECTRICAL AND MECHANICAL	Electrification of households	Supply of Electricity to the community	Number of applications made and approved to DMRE by 30 June 2023	New	INEP	4 number of applications approved by DMRE by 30 June 2023	0 quarterly reports in terms of the households with access to basic level of electrification submitted to MM Not Achieved	1 number of applications approved by DMRE Not Achieved	The municipality received various applications at different times within the financial year and DMRE only considers and make declaration on the approved applications once in a financial year	Management to consider and revise the indicator accordingly to speak to the applications received as well as a once off approval from DRMR during the Adjustment during 23/24 FY	Quarterly Applications made to the DMRE
NO	KEY FOCUS AREA	PROJECT	PREDETERMINED OBJECTIVES	KEY PERFORMANCE INDICATOR	BASELINE	BUDGET ALLOCATION	2022-2023 ANNUAL TARGETS	ACTUAL PERFORMANCE CE 2021/22	ACTUAL PERFORMANCE CE 2022/2023	VARIANCE REASONS	CORRECTIVE MEASURE	EVIDENCE
128	Water	Borehole, Pump station, sealing of existing reservoir & reticulation at Mbongo	Ensure access to potable and sustainable water supply services to all communities.	Percentage Progress (completion) 4 Borehole sighting, drilling , equipping complete with submersible pump Inside, Precast structure to cover, fencing , the electrical pump and motor mounted to it, pressure, gauge, water meter, RSV	New	R 500 000	100 % Progress (completion) 4 Borehole sighting, drilling , equipping complete with submersible pump Inside, Precast structure to cover, fencing , the electrical pump and motor mounted to it, pressure, gauge,	95 % progress with Construction of Mbongo water reticulation (Borehole sitting, drilling, equipping and storage tank) Not Achieved	100 % Progress (completion) Achieved	None	None	Practical Completion Certificate and Final Completion Certificate

				valve, borehole pipework, storage tank, electricity, water reticulation. 360 HH by 30 June 2023			water meter, RSV valve, borehole pipework, storage tank, electricity, water reticulation. 360 HH by 30 June 2023					
129	Water	Construction of 400KL elevated steel tank, Construction of 3X guard houses on the boreholes with the palisade fence, installation of booster pump, installation of dosage unit and bulk line at Setateng	Ensure access to potable and sustainable water supply services to all communities.	Percentage Progress (completion) on the Construction of 400KL elevated steel tank, Construction of 3X guard houses on the boreholes with the palisade fence, installation of booster pump, installation of dosage unit and bulk line at Setateng by 30 June 2023	New	R 500 000	100 % Progress (completion) on the Construction of 400KL elevated steel tank, Construction of 3X guard houses on the boreholes with the palisade fence, installation of booster pump, installation of dosage unit and bulk line at Setateng by 30 June 2023	95 % progress with Construction of Setateng water reticulation (Borehole sitting, drilling, equipping and storage tank) Not achieved	95% complete Not Achieved	Slow progress by the contractor in installing electrical components	Instruction to complete the outstanding works issued	Practical Completion Certificate and Final Completion Certificate
130	Water	Construction of 4 boreholes, guard house, pump station, sealing of existing boreholes, reviving of existing water bulk line and installation of new water bulk line to the reservoir. And	Ensure access to potable and sustainable water supply services to all communities.	Percentage Progress (Completion) on the 4 Borehole sighting, drilling , equipping complete with submersible pump Inside, Precast structure to cover, fencing , the electrical pump and motor mounted to it,	New	R 11 245 218	100 % Progress (Completion) on the 4 Borehole sighting, drilling , equipping complete with submersible pump Inside, Precast structure to cover, fencing , the electrical pump and motor mounted to it,	1 completed design report on the construction of Maphotla water reticulation (Borehole sitting, drilling, equipping and storage tank) Achieved	95 % Progress (Completion) Not Achieved	Slow progress by the contractor in installing electrical components	Instruction to complete the outstanding works issued	Progress reports, Practical Completion Certificate and Completion Certificate

		construction of 5km water pipeline at Maphotla		pressure, gauge, water meter, RSV valve, borehole pipework, storage tank, electricity, water reticulation, mini package plant by 30 June 2023			pressure, gauge, water meter, RSV valve, borehole pipework, storage tank, electricity, water reticulation, mini package plant by 30 June 2023					
131	Water	Replacement of 1km asbestos bulk line pipe to HDPE including installation of 100m steel pipe and air valve, butterfly valves, bulk water meters, scour valves, strainers, accessories and construction of rectangular manhole at Kuilen – Phase 1	Ensure access to potable and sustainable water supply services to all communities.	Percentage Progress (completion) on Replacement of 1km asbestos bulk line pipe to HDPE including installation of 100m steel pipe and air valve, butterfly valves, bulk water meters, scour valves, strainers, accessories and construction of rectangular manhole at Kuilen – Phase 1 by 30 June 2023	New	R 11 041 553	100 % Progress (completion) on Replacement of 1km asbestos bulk line pipe to HDPE including installation of 100m steel pipe and air valve, butterfly valves, bulk water meters, scour valves, strainers, accessories and construction of rectangular manhole at Kuilen – Phase 1 by 30 June 2023	New Target	90% Progress (completion) Not Achieved	Slow progress by the contractor due to lack of financial capacity	Payment done through cessions	Appointment letter, Progress reports, Practical Completion Certificate and Completion Certificate
132	Water	Replacement of 3,8km asbestos bulk line to HDPE including installation of 100m steel pipe and air valve, butterfly valves, bulk water meters,	Ensure access to potable and sustainable water supply services to all communities.	Percentage Progress (completion) on Replacement of 3,8km asbestos bulk line to HDPE including installation of 100m steel pipe and air valve, butterfly valves,	New	R 23 021 693	100 % Progress (completion) on Replacement of 3,8km asbestos bulk line to HDPE including installation of 100m steel pipe and air valve, butterfly valves, bulk water	New Target	Practical and Final Completion Certificates 100 % Progress (completion) Achieved	None	None	Detail Design Report, Appointment letter, Progress reports.

		scour valves, and construction of rectangular manhole from WTP to Bloedfontein – Phase 1		bulk water meters, scour valves, and construction of rectangular manhole from WTP to Bloedfontein – Phase 1 by 30 June 2023			meters, scour valves, and construction of rectangular manhole from WTP to Bloedfontein – Phase 1 by 30 June 2023					
133	Water	Replacement of 6km asbestos bulk line to HDPE including installation of chamber, scour valves, pressure reducing valves, bulk water meters and accessories from GaPhahla to Siyabuswa "A"	Ensure access to potable and sustainable water supply services to all communities.	Percentage Progress (completion) on Replacement of 6km asbestos bulk line to HDPE including installation of chamber, scour valves, pressure reducing valves, bulk water meters and accessories from GaPhahla to Siyabuswa "A" by 30 June 2023	New	R23 021 693	40 % Progress (completion) on Replacement of 6km asbestos bulk line to HDPE including installation of chamber, scour valves, pressure reducing valves, bulk water meters and accessories from GaPhahla to Siyabuswa "A" by 30 June 2023	New Target	63 % Progress (completion) Achieved	It a multi-year project	None	Detail Design Report, Appointment letter, Progress reports.
134	ROADS AND STORMWATER	Maintenance of Roads in identified Wards as per the Council Approved Maintenance Schedule	Ensure safe, reliable and accessible roads within the Municipality. Ensure effective & efficient storm water control	Number of monthly reports on the maintenance of Roads in identified Wards by end of June 2023	New	Opex	12 monthly reports on the maintenance of Roads in identified Wards by end of June 2023	12 monthly reports on the maintenance of Roads in identified Wards Achieved	12 monthly reports on the maintenance of Roads in identified Wards Achieved	None	None	Monthly maintenance reports actual number of Kilometers maintained per ward, and Potholes

												Repaired, Approved by the Council
135	ROADS AND STORMWATER	Road markings	Ensure safe, reliable and accessible roads within the Municipality. Ensure effective & efficient storm water control	Number of km of surface roads marked by 30 June 2023	10 Km	Opex	10 km on roads markings done by 30 June 2023	26 km of surface roads marked Achieved	21.6 km roads markings Achieved	None	None	Inspection and Progress Reports
136	ROADS AND STORMWATER	Construction of 1,2km at Siyabuswa C Bus and Taxi route (Next to Velulwazi high school)	Ensure safe, reliable and accessible roads within the Municipality. Ensure effective & efficient storm water control	Number of kilometres of Siyabuswa C Bus and Taxi route (Next to Velulwazi high school) constructed by 30 June 2023	New	R 10 000 000	Construction of 1,2Km road and storm water drainage system by 30 June 2023	New Target	1.5 km road and storm water drainage system Achieved	None	None	Appointment letter, Progress reports, Practical Completion Certificate and Completion Certificate
137	ROADS AND STORMWATER	Construction of 1,2km at Mmamethlake Bus and Taxi route	Ensure safe, reliable and accessible roads within the Municipality. Ensure effective & efficient storm water control	Number of kilometres of Mmamethlake Bus and Taxi route constructed by 30 June 2023	New	R 10 000 000	Construction of 1,2Km road and storm water drainage system 30 June 2023	New Target	1,2Km road constructed Not Achieved	1,2Km road constructed with exception of the storm water drainage system due to continuation of 1 km road scope in the year 23/24	Management to complete the storm water drainage system in the 23/24 FY after completing of the	Appointment letter, Progress reports, Practical Completion Certificate

											addition 1 km road scope – Storm water drainage to be implemented on a full scoped road following phase 1b.	ate and Completion Certificate
138	ROADS AND STORMWATER	Construction of 1,2km at Radijoko Bus and Taxi route	Ensure safe, reliable and accessible roads within the Municipality. Ensure effective & efficient storm water control	Number of kilometres of Radijoko Bus and Taxi route constructed by 30 June 2023	New	R 10 000 000	Construction of 1,2Km road and storm water drainage system 30 June 2023	New Target	1,2Km road constructed Not Achieved	1,2Km road constructed with exception of the storm water drainage system due to continuation of 1 km road scope in the year 23/24	Management to complete the storm water drainage system in the 23/24 FY after completing of the addition 1 km road scope – Storm water drainage to be implemented on a full scoped road following phase 1b.	Appointment letter, Progress reports, Practical Completion and Completion Certificate

139	SANITATION	Construction of Ga-Phaahla sewer outfall, sewer reticulation of 46km, manholes, yard connections, installation precast structure of 1640.	Ensure access to basic sanitation services to all communities.	Percentage Progress (completion) on Construction of Ga-Phaahla sewer outfall, sewer reticulation of 46km, manholes, yard connections, installation precast structure of 1640. installation precast structure of 1640 by 30 June 2023	New	R 30 442 000	60 % Progress (completion) on Construction of Ga-Phaahla sewer outfall, sewer reticulation of 46km, manholes, yard connections, installation precast structure of 1640. installation precast structure of 1640 by 30 June 2023	1 completed design reports on the construction of Ga-Phahla sewer reticulation Achieved	93% Progress (completion) Achieved	Hard rock experienced on site	Blasting of hard rock is underway	Appointment letter, Progress reports.
140	SANITATION	Construction of 2 pumpstations, class 34 uPVC heavy sewer Pipes, 30 km 160mm dia uPVC, 1.1 km of 200mm dia uPVC, 1 km of 35mm PipeuPVC, 534 manholes, 200 Toilets Units & installation of Power Supply 2x Transformer. (Libangeni Sewer)	Ensure access to basic sanitation services to all communities.	Percentage Progress (completion) Construction of 2 pumpstations, class 34 uPVC heavy sewer Pipes, 30 km 160mm dia uPVC, 1.1 km of 200mm dia uPVC, 1 km of 35mm PipeuPVC, 534 manholes, 200 Toilets Units & installation of Power Supply 2x Transformer by 30 June 2023	New	R 7 000 000	100% Progress (completion) Construction of 2 pumpstations, class 34 uPVC heavy sewer Pipes, 30 km 160mm dia uPVC, 1.1 km of 200mm dia uPVC, 1 km of 35mm PipeuPVC, 534 manholes, 200 Toilets Units & installation of Power Supply 2x Transformer by 30 June 2023	44 % progress with the construction of sewer reticulation at Libangeni phase 2 Not Achieved	Construction at 82% Not Achieved	Underground water and the rock still a problem	Dump rock to be delivered on site in large quantities and to increase manpower to blast the rock.	Progress reports, Practical Completion Certificate and Completion Certificate

KPA 6 : SPATIAL RATIONALE

NO	KEY FOCUS AREA	PROJECT	PREDETERMINED OBJECTIVES	KEY PERFORMANCE INDICATOR	BASELINE	BUDGET ALLOCATION	2022-2023 ANNUAL TARGETS	ACTUAL PERFORMANCE 2021/22	ACTUAL PERFORMANCE 2022/2023	VARIANCE REASONS	CORRECTIVE MEASURE	EVIDENCE
141	LAND DEVELOPMENT	Title Deeds Development (Land Tenure Upgrading)	To ensure that all beneficiaries of the municipality who reside in Established Townships have title deeds to their properties	Number of quarterly reports on the applications for title deeds submitted to attorneys (conveyancers) for processing Signed off by HOD by June 2023	new	Open	4 quarterly reports on the applications for title deeds submitted to attorneys (conveyancers) for processing signed off by HOD by June 2023	New Target	4 quarterly reports on the applications for title deeds Achieved	None	None	Quarterly reports
142	LAND DEVELOPMENT	Land Invasion Policy Review	To ensure that the policy adheres to SPLUMA and SDF regulations	Number of Council adopted Land Invasion Policy reviewed by June 2023	1	Open	1 Council adopted Land invasion Policy reviewed by June 2023	1 Council adopted Land Invasion Policy reviewed Achieved	1 Council adopted Land invasion Policy reviewed Achieved	None	None	Final Land invasion Policy with council resolution
143	LAND DEVELOPMENT	Facilitate the Implementation of Housing Development in DR JSMLM by the Provincial Dep of Human Settlement	To ensure adherence to town planning and building control legislation	Number of progress reports submitted to Council with respect the number of new RDP Housing units provided by the PDoHS by June 2023	New	Open	2 Progress Reports submitted to council by June 2023	0 progress reports submitted to Council with respect the number of new RDP Housing units provided by the PDoHS Not achieved	2 Progress Reports submitted to council Not achieved	PDoHS did not allocate housing for beneficiaries in Dr JS Moroka LM for 22/23 financial year		Progress report and council resolution
NO	KEY FOCUS AREA	PROJECT	PREDETERMINED OBJECTIVES	KEY PERFORMANCE INDICATOR	BASELINE	BUDGET ALLOCATION	2022-2023 ANNUAL TARGETS	ACTUAL PERFORMANCE 2021/22	ACTUAL PERFORMANCE 2022/2023	VARIANCE REASONS	CORRECTIVE MEASURE	EVIDENCE

144	BUILDING PLANS ADMINISTRATION	Compliance with National Building Regulations	To ensure adherence to town planning and building control legislation	Percentage of New Building Plans of less than 500 square meters received and assessed within 28 days of receipt of Plans by June 2023	New	Open	100% of New Building Plans of less than 500 square meters received and assessed within 28 days of receipt of Plans by June 2023	100 % New Building Plans of less than 500 square meters received and assessed within 28 days of receipt of Plans Achieved	100% of New Building Plans of less than 500 square meters received and assessed within 28 days of receipt of Plans Achieved	None	None	Building Plan Submission Register
145	BUILDING PLANS ADMINISTRATION	Compliance with National Building Regulations	To ensure adherence to town planning and building control legislation	Percentage of New Building Plans of more than 500 square meters received and assessed within 60 days of receipt of Plans by June 2023	New	Open	100% of New Building Plans of more than 500 square meters received and assessed within 28 days of receipt of Plans by June 2023	100 % New Building Plans of more than 500 square meters received and assessed within 28 days of receipt of Plans Achieved	100% of New Building Plans of more than 500 square meters received and assessed within 28 days of receipt of Plans Achieved	None	None	Building Plan Submission Register
146	SPATIAL PLANNING	Formalizations of Townships	To provide formalised Townships that are proclaimed.	Number of Township Formalised by June 2023	Registered Townships	Open	1 Formalised Townships (Portion 7 of the farm Kameelrivier 160 JR) by June 2023	New Target	Not Achieved	Layout is approved by the municipality; Service Provider is still busy with SPLUMA application	Service Provider to send additional information that was requested by Nkangala District for Approval	Conditions of establishment and 1 approved layouts
147	SPATIAL PLANNING	Formalisation of Townships	To provide formalised Townships that are proclaimed.	Number of Township Formalised by June 2023	Registered Townships	Capex	2 Formalised Townships, (Kameelrivier D and portion 29 and 31 of Valschfontein 33 JS) by end of June 2023	New Target	Not Achieved	Layout is approved by the municipality; Service Provider is still busy with SPLUMA application	The PDoHS should intervene as an implementing agent and push Service providers to fast track the SPLUMA processes.	Conditions of establishment and 2 approved layouts
NO	KEY FOCUS AREA	PROJECT	PREDETERMINED OBJECTIVES	KEY PERFORMANCE INDICATOR	BASELINE	BUDGET ALLOCATION	2022-2023 ANNUAL TARGETS	ACTUAL PERFORMANCE CE 2021/22	ACTUAL PERFORMANCE CE 2022/2023	VARIANCE REASONS	CORRECTIVE MEASURE	EVIDENCE

148	SPATIAL PLANNING	Capacitation of Traditional Councils to prevent illegal occupation of land and enlighten communities on land development	To ensure adherence to town planning and building control legislation	Number of Land Use Awareness Workshops held with Traditional Leaders by June 2023	New	Capex	1 workshop conducted with Traditional Councils on land invasion and tenure by June 2023	1 workshop conducted with Traditional Councils on land invasion and tenure Achieved	1 workshop conducted with Traditional Councils on land invasion and tenure Achieved	None	None	Memorandum of understanding between DRJSML and Tribal Leaders and proof of attendance
149	SPATIAL PLANNING	GIS mapping System	To promote spatial development	Number of progress reports on implementation of GIS Project submitted to council by June 2023	New	Opex	1 Progress report on implementation of GIS Project submitted to council by June 2023	2 progress reports on implementation of GIS Project submitted to council Achieved	1 Progress report on implementation of GIS Project submitted to council Achieved	None	None	Progress report and council resolution

ANNEXURE D – AUDIT COMMITTEE REPORT

1. PURPOSE

The purpose of this report is to present the annual Shared Audit Committee report of Dr. JS Moroka Local Municipality for the year ending 30th June 2023. This report will form part of the 2022/23 annual report of the municipality.

2. BACKGROUND

Dr JS Moroka Local Municipality had a fully functional shared audit committee for the year under review established in terms of section 166(2)(a)(ii) of the Municipal Finance Management Act (MFMA), (Local Government Act No.56 of 2003). The Shared Audit Committee has adopted its written terms of reference.

3. STATUTORY REQUIREMENTS

Section 166 of the MFMA requires that each municipality must have an Audit Committee. The Shared Audit Committee is an independent advisory body that advises Council, Office Bearers, Accounting Officer, and staff of the municipality on the following:-

- a) Internal financial control and internal audits.
- b) Risk management.
- c) Accounting policies.
- d) The adequacy, reliability, and accuracy of financial reporting and information.
- e) Performance Management and Evaluation.
- f) Effective governance.
- g) Compliance with the MFMA, the Annual Division of Revenue Act (DoRA) and any other applicable legislation.
- h) Any other issues referred to by the municipality Council or Accounting Authority.
- i) Review annual financial statements so as to provide authoritative and credible view of the financial position, on overall compliance with MFMA, DORA and other applicable legislations.
- j) Respond to Council on any matter raised by the Auditor-General (AGSA).
- k) Carry out such investigations into financial affairs of the municipality as may be prescribed from time to time.

4. COMPOSITION OF THE COMMITTEE AND ATTENDANCE OF MEETINGS

The Shared Audit Committee had five (5) appointed members who served on the Committee for the 2022/23 financial year ended on the 30th June 2023.

The following is attendance of Shared Audit Committee meetings by the members:

Name of Member	Type of the member	Ordinary Meetings	Special Meetings	Council Meetings	Totals Meetings
Ms. Fikile Mudau	Chairperson	3	5	1	9
Ms. Patiance Ntuli	Member	3	5	1	8
Ms. Mathabiso Chamane	Member	3	3	0	6
Ms. Jane Masite	Member	3	3	1	7
Mr. Tebogo Gafane**	Member	0	0	0	0
Adv.Letsepe Thubakgale^^	Member	2	1	0	3

Legends

** Contract Lapsed on the 31st March 2023

^^ Appointed on the 01st April 2023

The following individuals and stakeholders, although not members of the Shared Audit Committee, have standing invitation to Audit Committee meetings:

- a) The Accounting Officer.
- b) The Chief Financial Officer
- c) The Section 56 Managers/Departmental Heads
- d) The Auditor-General of South Africa
- e) Mpumalanga Provincial Treasury
- f) Internal Audit (also tasked with Secretariat function)

5. CLASSIFICATION OF THE MEETINGS

- a) Friday 1st July 2022 - Special Shared audit committee meeting.
- b) Monday 29th August 2022 – Special shared audit committee meeting
- c) Friday 16th September 2022- Special shared audit committee meeting.
- d) Thursday 1st December 2022- Special shared audit committee meeting.
- e) Thursday 8th December 2022 - Special shared audit committee meeting.
- f) Friday 14th April 2023 – Ordinary shared audit committee meeting.
- g) Friday 05th May 2023 - Ordinary shared audit committee meeting.
- h) Friday 23rd June 2023 - Ordinary shared audit committee meeting

6. SHARED AUDIT COMMITTEE REPORTING TO COUNCIL

The Shared Audit Committee reported to the Municipal Council on the following dates as listed below in line with section 165 (4)(b) of the Local Government: Municipal Finance Management Act.

- a) 08th December 2022 for the first quarter of 2022/23 financial year.
- b) 31st May 2023 for the second and third quarter of 2022/23 financial year.
- c) 27th July 2023 for the fourth quarter of 2022/23 financial year.

7. INTERNAL AUDIT

Section 165 of MFMA requires the municipality to have an Internal Audit Unit and prepare a risk based internal audit plan and an internal audit program for each financial year. Dr JS Moroka Local Municipality did have an effective Internal Audit Unit for the year under review.

8. SHARED AUDIT COMMITTEE

Section 166 of MFMA requires the municipality to have an audit committee for the year under review.

Shared Audit Committee:

- a) Received and reviewed the Annual financial statements for 2022/23.
 - b) Received and reviewed the Annual Performance Report for 2022/23.
 - c) Received and reviewed the Integrated Development plan for 2022/23.
 - d) Received and reviewed the Annual Budget for 2022/23.
 - e) Participated in all the Audit Steering committee meetings with office of the Audit General.
 - f) Received and considered reports from the internal auditors.
 - g) Reviewed and Approved the Internal Audit Charter, Audit Methodology for 2022/23.
 - h) Reviewed and recommended Audit Committee Charter for approval by Council.
 - i) Reviewed and approved the 1 year Operational Internal Audit Plan for 2022/23.
 - j) Reviewed the Performance management reports for the year
 - k) Reviewed and approved the 3-year rolling Internal Audit Plan for 2022/23 to 2024/25.
- Furthermore, on those audits which were conducted with the support of the Internal Audit, the following matters were high-lighted as challenges during the year under review:
- l) Slow response by management in availing information for audit purposes both for AGSA and Internal Audit Unit and addressing audit findings respectively.
 - m) This hampers the effectiveness of the Internal Audit Unit and the Shared Audit Committee (SAC).

The Shared Audit Committee is of the view that Internal Audit is functional despite the capacity constraints and requires the support of management to ensure optimum audit universe coverage.

To ensure that the internal audit findings receive urgent attention at the highest level, the Shared Audit Committee has requested internal audit reports to be a standing item on the agenda of Top Management Meetings.

The Shared Audit Committee recommended that the Municipal Manager addresses the matter on the timely submission of information to relevant stakeholders eg Internal Audit or AGSA and any other relevant.

9. IMPLEMENTATION OF THE SHARED AUDIT COMMITTEE RESOLUTION

A total of 125 resolutions were taken by the Shared Audit Committee for 2022/23. A total of 8 meetings were held by the Shared Audit Committee in the 2022/2023 financial year.

The resolution register excludes the meetings of the Audit Steering Committee meetings held between AGSA, Management, AGSA, Provincial Treasury, Provincial COGTA and SALGA



4 (3%) resolutions were NOT implemented.



76 (61%) resolutions WERE implemented.



45 (36%) resolutions remained in progress as at 30th June 2023.

10. INTERNAL CONTROLS

The Shared Audit Committee monitored the internal audit assessment of the design, implementation and effectiveness of the municipality's system of internal controls, including internal financial controls during the financial year ended 30 June 2022.

Based on the results of the assessment, as well as information and explanations given by management and discussions with the external auditors on the results of their audit, the Committee is of the opinion that the Council's system of internal and financial controls is partially effective.

The Shared Audit Committee:

- a) Monitored the identification and correction of weaknesses and breakdowns of systems and internal controls;
- b) Monitored the adequacy and reliability of management information and the efficiency of management information systems.
- c) Reviewed quarterly results and statements and reporting for proper and complete disclosure of timely, reliable and consistent information.
- d) Review the final financial results and statements and reporting for proper and complete disclosure of timely, reliable and consistent information;
- e) Evaluated on an ongoing basis the appropriateness, adequacy and efficiency of accounting policies and procedures, compliance with GRAP overall accounting standards, as well as any related changes discussed.
- f) Reviewed reports supplied by management about the effectiveness and efficiency of the credit-monitoring process, exposures and related impairments and adequacy of impairment provisions to discharge its obligations satisfactorily.

- g) Reviewed and monitored all key financial performance indicators to ensure that they are appropriate and that decision-making capabilities are maintained at high levels.
- h) Reported on the effectiveness of the Municipal internal reporting controls.

11. EFFICIENCY AND EFFECTIVENESS OF INTERNAL CONTROL

The shared audit committee considered the work performed by Internal Audit on a quarterly basis and reviewed Internal Audit's Annual Statement on Governance, Risk Management and Internal Control Processes

Some improvement is needed in the Municipality. This is an ongoing iterative process of continuous improvement of implementation and maintenance of controls through assurance coverage in order to mitigate risk to within tolerance levels with the goal of meeting the Municipal strategic objectives.

The committee is satisfied that while specific control weaknesses were identified, in general the controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks are managed and/or objectives are met.

There has been an improvement in the overall internal controls, however, there is always room for continuous improvement across all the components of internal control.

The conclusion is, however, based on, and limited to, the available Internal Audit results throughout the 2022/23 financial year, which were assessed in terms of the Committee. It should be noted that audits conducted differ from year to year, as it is dependent on the Municipal risk profile identified during the compilation of the annual risk-based audit plan.

The impact of this is that the basis of comparatives used may differ as the Municipal risk profile may change from year to year. The committee wishes to draw attention to the following areas flowing from the committee's activities during the year and the Annual Statement on Governance, Risk Management and Internal Control Processes and, while they were not the general rule, they did occur from time to time in certain areas:

- (a) Lack of policies and procedures and the inadequacy of existing policies and procedures.
- (b) Lack of management review, supervisory checks and oversight.
- (c) Lack of supporting evidence/information/records management processes.
- (d) Resource/capacity constraints and lack of skills.
- (e) Lack of communication/collaboration; and
- (f) Lack of monitoring activities.

While all these areas require the necessary management attention, as the first line of defense in combined assurance, it is emphasized that none are serious enough to negatively impact the audit opinion, nor for the committee to raise a specific concern in this report with the Municipal Manager, Council, the Executive Mayor or Mayo.

12. RISK MANAGEMENT

The Municipality has appointed the External Chairperson of Risk Management Committee during the course of the year of 2022/23.

Risk Management is a standing item on all Audit Committee meetings for the year under review.

The Audit Committee recommended the following:

- a) The municipality should increase capacity in the Risk Management Unit.
- b) The municipality incorporates risk management into the performance agreements of senior managers.

13. PERFORMANCE MANAGEMENT

The delays in submitting the PMS quarterly reports for Internal audit purposes is a concern and this affect the effectiveness of Internal Audit and Shared Audit Committee for effective and timely reporting of performance related activities of the Municipality.

The Shared Audit Committee noted the qualification audit opinion for 2022/23 on the annual performance report as issued by Auditor General.

14. REPORTED FRAUDULANT ACTIVITIES

There were no cases of fraudulent activities reported to the Shared Audit Committee for the year under review of 2022/23.

15. MATERIAL IRREGULARITIES

The AGSA issued the municipality was issued with 3 material irregularities in 2021. The first material irregularity had 7 elements, the municipality is working on this material irregularity and the progress is fairly going well, Auditor General has since accepted this investigation reports and closed the Material irregularity.

The second material irregularity was related unfairly disqualified bidder which was resolved after the municipality conducted investigation which determined that the bidder did not qualify to claim the points as the bidder did not attach the appointment letter and the completion letters which were requirements before going into the next evaluation stage (Bid adjudication), Auditor General has since accepted this investigation reports and closed the Material irregularity.

The third material irregularity relates to overpayment of the of Katjibane bus and taxi route, the Auditor General is currently assessing and reviewing the responses from the Municipality, once Auditor General has made the determination, the Auditor General has since accepted this investigation reports and closed the Material irregularity.

The fourth material irregularity relates to Revenue Management on Property rates that were billed but they were supposed to be billed. The municipality is addressing the material

irregularity by putting the resources including the warm bodies to create capacity within the unit. The Auditor General is assessing the response and the implementation of material irregularity, Auditor General.

16. EVALUATION OF ANNUAL FINANCIAL STATEMENTS

The Audit Committee has scheduled a review meeting to be held on the 29th August 2023 and 31st August 2023 to review the draft Annual Financial Statements and Annual Performance Report for 2022/23.

The Shared Audit Committee would concur and accept the conclusions of the Auditor-General on the 2022/23 Annual Financial Statements.

17. 2022/23 AUDIT REPORT

The municipality has received the same audit opinion refer to as “Qualification” for 2023 and 2022 in both years.

The number of the qualified paragraphs have decreased from 2021/22 (12) to 2022/23 (10), this indicated an improvement from the prior year audit results. Management is encouraged to do a post audit action plan to be able to implement the remedial actions in line with the audit report from Auditor General.

The Shared Audit Committee concurs and accept the conclusions of the Auditor-General on the 2022/23 Annual Financial Statements.

18. POST AUDIT ASSESSMENT FOR 2022/23

The Audit Committee is pleased to report that the audit for 2022/23 has been concluded within reasonable timelines in line with the section 126 of the Local Government: Municipal Finance Management Act 56 of 2003.

The committee is pleased to report that for the 2022/23 there was harmonious relationship between all the parties namely management, auditor general and shared audit committee, and the Mayoral Committee respectively, the harmonious relationship represents steady improvement from 2021/22.

19. KEY ADVISES FROM THE SHARED AUDIT COMMITTEE.

- a) Unauthorized, Irregular, Fruitless & Wasteful expenditure should be dealt with in line with section 32, the process be completed and reported to MPAC & Council respectively.
- b) Council and Management should continue to deal with Supply Chain Management challenges, compliance, old amounts to be cleared and preventative controls be adhered to.

- c) Training of all the Bid Committees should be continuous process.
- d) Municipal Public Accounts Committee (MPAC) to have a standing item, work closely with Internal Audit, Audit Committee and Financial Disciplinary Board Committee.
- e) Follow up on UIFW reduction plan, note the new circular on Cost Containment
- f) Management and Council to ensure that indigent registration process is consistently improved (those who can pay must pay).
- g) The municipality should improve the revenue collection mechanisms to improve the overall cash inflow situation in the municipality.
- h) The audit action plan should be implemented and reported to Council on a consistent basis.

20. CONCLUSIONS

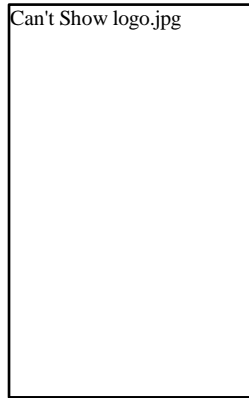
The Shared Audit Committee acknowledges the co-operation and assistance by the Accounting Officer and management of Dr. JS Moroka Local Municipality in strengthening corporate governance and working towards clean audit goal.

The Shared Audit Committee represented by the Chairperson remains confident of these matters receiving due consideration and intervention. We are committed to fully execute our oversight function and strengthening Corporate Governance within the municipality.

Ms. Fikile Mudau

On behalf of the Shared Audit Committee

ANNEXURE E – ANNUAL FINANCIAL STATEMENT



Dr JS Moroka Local Municipality
(Registration number MP316)
Annual Financial Statements
for the year ended June 30, 2023

Dr JS Moroka Local Municipality
(Registration number MP316)
Annual Financial Statements for the year
ended June 30, 2023

General Information

Nature of business and principal activities

Local Municipality

Mayoral committee

Executive Mayor
MMC Social Development
MMC Public Safety, Roads & Transport
MMC Planning & Infrastructure
MMC Finance & LED
MMC Admin & Corporate Services
Speaker
Chief Whip
Councillors

Mtsweni NS
Mnguni PP
Mtsweni S
Madyibi C
Makola MJ
Legong MS
Nkoane MR
Nkgodi JS
Ditshego K
Dlowu BM
Kekae MD
Kutu PF
Lamola BR
Lebelo LK
Lekgoathi MR
Mabena JS
Mabogoane KM
Machava SS
Mahlangu SK
Mahlangu JS
Mahlangu PL
Mahlangu K
Mahlangu P
Mahlangu LM
Majombosi TR
Makuwa IS
Maleka AL
Maleka ME
Manganye SM
Manganye J
Maphalla JK
Mashabela N
Mashamaite J
Mashiane CM
Mashilo JP
Mashishi DA
Mashishi MW
Masumbuka MP
Matlaila BJ
Matabane MS
Maubane ONM
Mgidi MA
Mhlanga KP
Mnguni V
Moabi JM
Moimana AT

Dr JS Moroka Local Municipality
(Registration number MP316)
Annual Financial Statements for the year
ended June 30, 2023

General Information

Mothibi MF
Mphela LK
Msiza DL
Mtimunye MS
Mtsweni TL
Ngoatle MN
Ngubeni PM
Nkgau JS
Nkwana MMT
Ntuli JM
Ntuli PA
Rankapole S
Rankapole MM
Simango BA
Skhosana LM
Skhosana AX

Replaced Councillors
Malete AM (late)
Malatjie RJ (replaced 30 March 2023)

Grading of local authority

Grade 3

Accounting Officer

Mathebela MM

Chief Finance Officer (CFO)

Klaas DB

Registered office

A2601/3 Bongimfundo Street
Siyabuswa
0472

Business address

A2601/3 Bongimfundo Street
Siyabuswa
0472

Postal address

A2601/3 Bongimfundo Street
Siyabuswa
0472

Bankers

ABSA Bank Limited
Marble Hall Branch

Auditors

Auditor General South Africa

Audit Committee Members

J Masite
M J Moloi-Chamane
T Gafane (contract expired 31 March 2023)
F Mudau (Chairperson)
P Ntuli
L Thobakgale (appointed 1 April 2023)

Dr JS Moroka Local Municipality
(Registration number MP316)
Annual Financial Statements for the year

Index

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

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Cash Flow Statement	12
Statement of Comparison of Budget and Actual Amounts	13 - 15
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Abbreviations used:

GRAP	Generally Recognised Accounting Practice
MMC	Member of the Mayoral Committee
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
MIG	Municipal Infrastructure Grant (Previously CMIP)

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 must be given unrestricted access to all financial records and related data.

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

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

The accounting officer acknowledges that she 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 from 01 July 2022 to 30 June 2023 and, in the light of this review and the current financial position, she is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

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

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

The annual financial statements, which have been prepared on the going concern basis, were approved by the accounting officer on 30 August 2023 and were signed on its behalf by:

Accounting Officer
MM Mathebela

Dr JS Moroka Local Municipality
(Registration number MP316)
Annual Financial Statements for the year
ended June 30, 2023

Audit Committee Report

We are pleased to present our report for the financial year ended June 30, 2023.

Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet 4 times per annum as per its approved terms of reference. During the current year 8 meetings were held.

Name of member	Number of meetings attended
F Mudau (Chairperson)	8
J Masite	6
MJ Moloi-Chamane	6
T Gafane (contract expired)	0
P Ntuli	8
L Thobakgale (newly appointed)	3

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

The effectiveness of internal control

The system of internal controls applied by the municipality over financial and risk management is effective, efficient and transparent. In line with the MFMA and the King III Report on Corporate Governance requirements, Internal Audit provides the audit committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the annual financial statements, and the management report of the Auditor-General South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations therefrom. Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective.

The quality of in year management and monthly/quarterly reports submitted in terms of the MFMA and the Division of Revenue Act.

The audit committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Accounting Officer of the municipality during the year under review..

Evaluation of annual financial statements

The audit committee has:

- reviewed and discussed the audited 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 (delete if not applicable);
- reviewed the entities compliance with legal and regulatory provisions;
- reviewed significant adjustments resulting from the audit.

The audit committee concur with and accept the Auditor-General of South Africa's report 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.

Internal audit

The audit committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the municipality and its audits.

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.

Dr JS Moroka Local Municipality
(Registration number MP316)
Annual Financial Statements for the year
ended June 30, 2023

Audit Committee Report

Chairperson of the Audit Committee

Date: _____

Dr JS Moroka Local Municipality
(Registration number MP316)
Annual Financial Statements for the year
ended June 30, 2023

Accounting Officer's Report

The accounting officer submits her report for the year ended June 30, 2023.

1. Review of activities

Main business and operations

The municipality is engaged in local governance activities, which includes planning and promotion of the intergrated development planning, land, economic and environmental development and supplying of the following services to the community: Rates, refuse, general services and rental of facilities owned by the municipality

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.

2. Going concern

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

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

3. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year which might require adjustment to the financial information.

4. Accounting Officers' interest in contracts

The Municipal Manager did not have an interest in any of the contracts entered into during the current financial year.

5. Accounting policies

The annual financial statements prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

6. Non-current assets

No major changes in the nature or the policy relating to the use of the non-current assets of the Municipality occurred during the year.

7. Accounting Officer

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

Name	Nationality
Ms Mathebela MM	South African

8. Bankers

The municipality banks primarily with ABSA Bank Limited

9. Auditors

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

10. Public Private Partnership

In accordance with the PPP agreement, the Contractor shall open a separate account with a bank registered in the Republic of South Africa, for the purpose of administering and separate safekeeping of:

- moneys deposited as excess surpluses;

Dr JS Moroka Local Municipality
(Registration number MP316)
Annual Financial Statements for the year
ended June 30, 2023

Accounting Officer's Report

- any foreign exchange rate amounts;
- any service credits; and
- any penalties for later service commencement text.

The annual financial statements set out on page 7, which have been prepared on the going concern basis, were approved by the accounting officer on August 31, 2023 and were signed on its behalf by:

Accounting Officer
MM Mathebela

Dr JS Moroka Local Municipality
 (Registration number MP316)
 Annual Financial Statements for the year

Statement of Financial Position as at June 30, 2023

Figures in Rand	Note(s)	2023	2022 Restated*
Assets			
Current Assets			
Inventories	3	2,354,434	2,317,778
Receivables from non-exchange transactions	4	48,884,706	39,305,066
VAT receivable	5	36,508,240	38,587,083
Receivables from exchange transactions	6	223,777,158	179,622,150
Cash and cash equivalents	7	7,714,343	3,332,335
		319,238,881	263,164,412
Non-Current Assets			
Investment property	8	154,170	154,170
Property, plant and equipment	9	2,068,771,642	1,957,325,807
Intangible assets	10	750,574	1,012,326
Prepayments	11	250,000	250,000
		2,069,926,386	1,958,742,303
Total Assets		2,389,165,267	2,221,906,715
Liabilities			
Current Liabilities			
Payables from exchange transactions	12	107,261,597	91,450,578
Consumer deposits	13	850,663	833,861
Unspent conditional grants and receipts	16	6,129,967	-
Long service bonus liability	15	2,573,628	1,348,032
		116,815,855	93,632,471
Non-Current Liabilities			
Provisions	14	31,601,845	32,486,956
Long service bonus liability	15	13,177,801	14,221,231
		44,779,646	46,708,187
Total Liabilities		161,595,501	140,340,658
Net Assets		2,227,569,766	2,081,566,057
Accumulated surplus		2,227,569,766	2,081,566,057
Total Net Assets		2,227,569,766	2,081,566,057

* See Note 48

Dr JS Moroka Local Municipality
(Registration number MP316)
Annual Financial Statements for the year

Statement of Financial Performance

Figures in Rand	Note(s)	2023	2022 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	17	79,315,109	80,563,779
Rendering of services	18	871,096	2,092,812
Rental of facilities and equipment	19	244,424	166,257
Interest received (trading)	20	54,496,201	45,132,529
Licences and permits	21	10,681,964	9,467,188
Interest received - investment	23	5,898,764	1,387,519
Total revenue from exchange transactions		151,507,558	138,810,084
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	24	41,698,388	40,169,647
Transfer revenue			
Government grants & subsidies	25	614,639,742	555,955,265
Public contributions and donations	26	53,191,370	9,538,218
Fines, Penalties and Forfeits	27	1,535,999	854,250
Total revenue from non-exchange transactions		711,065,499	606,517,380
Total revenue		862,573,057	745,327,464
Expenditure			
Employee related costs	28	(225,896,440)	(205,945,378)
Remuneration of councillors	29	(25,399,861)	(23,731,620)
Impairment loss	9	(5,453,439)	(5,016,643)
Depreciation and amortisation	30	(101,655,593)	(62,907,518)
Finance costs	32	(4,958,762)	(4,023,470)
Operating leases	33	(4,630,998)	(4,730,889)
Debt Impairment	34	(92,817,688)	(102,135,695)
Loss on disposal of Property, plant and equipment	9	(4,704,130)	(6,851,908)
Contracted services	35	(148,929,270)	(162,828,312)
General Expenses	36	(107,723,420)	(102,716,514)
Total expenditure		(722,169,601)	(680,887,947)
Operating surplus		140,403,456	64,439,517
Gain on landfill site provision	22	4,078,177	6,797,872
Actuarial gains/losses	15	1,522,080	278,005
		5,600,257	7,075,877
Surplus for the year		146,003,713	71,515,394

* See Note 48

Dr JS Moroka Local Municipality
 (Registration number MP316)
 Annual Financial Statements for the year

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	1,935,544,189	1,935,544,189
Adjustments		
Prior year adjustments 48	74,506,474	74,506,474
Balance at July 1, 2021 as restated*	2,010,050,663	2,010,050,663
Changes in net assets		
Surplus for the year	71,515,394	71,515,394
Total changes	71,515,394	71,515,394
Opening balance as previously reported	2,022,702,431	2,022,702,431
Adjustments		
Prior year adjustments 48	58,863,622	58,863,622
Restated* Balance at July 1, 2022 as restated*	2,081,566,053	2,081,566,053
Changes in net assets		
Surplus for the year	146,003,713	146,003,713
Total changes	146,003,713	146,003,713
Balance at June 30, 2023	2,227,569,766	2,227,569,766

Note(s)

* See Note 48

Dr JS Moroka Local Municipality
 (Registration number MP316)
 Annual Financial Statements for the year

Cash Flow Statement

Figures in Rand	Note(s)	2023	2022 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		35,042,043	30,436,124
Grants		620,769,710	555,955,265
Interest income		5,898,762	1,387,519
Other receipts		4,173,028	13,431,327
		665,883,543	601,210,235
Payments			
Employee costs		(246,150,237)	(226,802,886)
Suppliers		(242,676,968)	(290,747,071)
Finance costs		(1,765,702)	(1,208,541)
		(490,592,907)	(518,758,498)
Net cash flows from operating activities	37	175,290,636	82,451,737
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(170,908,628)	(138,825,926)
Prepayments	9	-	(250,000)
Purchase of other intangible assets	10	-	(1,274,079)
Net cash flows from investing activities		(170,908,628)	(140,350,005)
Cash flows from financing activities			
Net increase/(decrease) in cash and cash equivalents		4,382,008	(57,898,268)
Cash and cash equivalents at the beginning of the year		3,332,335	61,230,603
Cash and cash equivalents at the end of the year	7	7,714,343	3,332,335

* See Note 48

Dr JS Moroka Local Municipality

(Registration number MP316)

Annual Financial Statements for the year ended June 30, 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and	Reference
					actual	
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	94,500,000	(437,000)	94,063,000	79,315,109	(14,747,891)	(a)
Rendering of services	3,278,000	10,134,000	13,412,000	871,096	(12,540,904)	(b)
Rental of facilities and equipment	170,004	125,500	295,504	244,424	(51,080)	(c)
Interest received (trading)	42,000,000	12,031,300	54,031,300	54,496,201	464,901	(d)
Licences and permits	4,539,996	2,207,004	6,747,000	10,681,964	3,934,964	(e)
Interest received - investment	2,499,996	(825,000)	1,674,996	5,898,764	4,223,768	(g)
Total revenue from exchange transactions	146,987,996	23,235,804	170,223,800	151,507,558	(18,716,242)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	40,000,008	(1,520,000)	38,480,008	41,698,388	3,218,380	(h)
Transfer revenue						
Government grants & subsidies	620,103,012	438,100	620,541,112	614,639,742	(5,901,370)	(i)
Public contributions and donations	-	-	-	53,191,370	53,191,370	(j)
Fines, Penalties and Forfeits	450,000	(220,000)	230,000	1,535,999	1,305,999	(k)
Total revenue from non-exchange transactions	660,553,020	(1,301,900)	659,251,120	711,065,499	51,814,379	
Total revenue	807,541,016	21,933,904	829,474,920	862,573,057	33,098,137	
Expenditure						
Employee related costs	(217,830,000)	(7,954,605)	(225,784,605)	(225,896,440)	(111,835)	(l)
Remuneration of councillors	(26,879,988)	-	(26,879,988)	(25,399,861)	1,480,127	(m)
Impairment loss	-	-	-	(5,453,439)	(5,453,439)	(o)
Depreciation and amortisation	(61,320,012)	-	(61,320,012)	(101,655,593)	(40,335,581)	(n)
Finance costs	(3,200,000)	-	(3,200,000)	(4,958,762)	(1,758,762)	(p)
Operating leases	-	-	-	(4,630,998)	(4,630,998)	(q)
Debt Impairment	(77,350,000)	-	(77,350,000)	(92,817,688)	(15,467,688)	(r)
Loss on disposal of Property, plant and equipment	-	-	-	(4,704,130)	(4,704,130)	
Contracted Services	(159,030,000)	(9,797,000)	(168,827,000)	(148,929,270)	19,897,730	(t)
Transfers and Subsidies	(8,450,000)	-	(8,450,000)	-	8,450,000	
General Expenses including inventory consumed	(125,578,000)	22,340,000	(103,238,000)	(107,723,420)	(4,485,420)	(u)
Total expenditure	(679,638,000)	4,588,395	(675,049,605)	(722,169,601)	(47,119,996)	
Operating surplus	127,903,016	26,522,299	154,425,315	140,403,456	(14,021,859)	
Gain on landfill site provision	-	-	-	4,078,177	4,078,177	(v)
Actuarial gains/losses	-	-	-	1,522,080	1,522,080	(w)
	-	-	-	5,600,257	5,600,257	
Surplus before taxation	127,903,016	26,522,299	154,425,315	146,003,713	(8,421,602)	

Dr JS Moroka Local Municipality

(Registration number MP316)

Annual Financial Statements for the year ended June 30, 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	127,903,016	26,522,299	154,425,315	146,003,713	(8,421,602)	

Dr JS Moroka Local Municipality

(Registration number MP316)

Annual Financial Statements for the year ended June 30, 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

Statement of Financial Position

Assets

Current Assets

Inventories	(16,299,347)	1,440,000	(14,859,347)	2,354,434	17,213,781	(x)
Receivables from non-exchange transactions	72,852,000	18,628,000	91,480,000	48,884,706	(42,595,294)	(aa)
VAT receivable	-	-	-	36,508,240	36,508,240	(ab)
Receivables from exchange transactions(Consumer debtors)	118,570,000	8,850,000	127,420,000	223,777,158	96,357,158	(ac)
Cash and cash equivalents	69,869,008	(5,343,200)	64,525,808	7,714,343	(56,811,465)	(ad)
	244,991,661	23,574,800	268,566,461	319,238,881	50,672,420	

Non-Current Assets

Investment property	153,183	-	153,183	154,170	987	(ae)
Property, plant and equipment	1,743,573,000	(200,000)	1,743,373,000	2,068,771,642	325,398,642	(af)
Intangible assets	13,618	-	13,618	750,574	736,956	(ag)
Prepayments	-	-	-	250,000	250,000	(ah)
	1,743,739,801	(200,000)	1,743,539,801	2,069,926,386	326,386,585	

Total Assets	1,988,731,462	23,374,800	2,012,106,262	2,389,165,267	377,059,005	
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Liabilities

Current Liabilities

Payables from exchange transactions	57,702,539	(3,148,854)	54,553,685	107,261,597	52,707,912	(ai)
Consumer deposits	709,951	-	709,951	850,663	140,712	(ak)
Unspent conditional grants and receipts	-	-	-	6,129,967	6,129,967	(al)
Provisions	835,000	-	835,000	-	(835,000)	
Long service bonus liability	-	-	-	2,573,628	2,573,628	
	59,247,490	(3,148,854)	56,098,636	116,815,855	60,717,219	

Non-Current Liabilities

Provisions	22,857,000	-	22,857,000	31,601,845	8,744,845	(am)
Long service bonus liability	-	-	-	13,177,801	13,177,801	(an)
	22,857,000	-	22,857,000	44,779,646	21,922,646	

Total Liabilities	82,104,490	(3,148,854)	78,955,636	161,595,501	82,639,865	
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Net Assets	1,906,626,972	26,523,654	1,933,150,626	2,227,569,766	294,419,140	
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Net Assets

Net Assets Attributable to Owners of Controlling Entity

Reserves

Accumulated surplus	1,906,628,000	26,523,000	1,933,151,000	2,227,569,771	294,418,771	
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Dr JS Moroka Local Municipality
(Registration number MP316)
Annual Financial Statements for the year
ended June 30, 2023

Accounting Policies

Figures in Rand	Note(s)	2023	2022
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1. Presentation of Annual Financial Statements

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

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

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

These accounting policies are consistent with the previous period

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

1.4 Significant judgements and sources of estimation uncertainty

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

Receivables from exchange transactions

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 municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

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

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. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note.

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Impairment testing

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

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. 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 goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including [list entity specific variables, i.e. production estimates, supply demand], together with economic factors such as [list economic factors such as exchange rates inflation interest].

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 14 - Provisions.

Useful lives of assets

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

Effective interest rate

The municipality used the prime 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 discounted at the effective interest rate, computed at initial recognition.

Impairment of statutory receivables

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

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

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

1.5 Investment property

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

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

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

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

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

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

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

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value by equal installments over the useful life of the property, which is as follows:

Item	Useful life
Property - land	indefinite

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

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

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

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

The nature OR type of properties classified as held for strategic purposes are as follows:

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements (see note 9).

1.6 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

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

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

Item	Depreciation method	Average useful life
Land	Straight-line	indefinite
Buildings	Straight-line	5-60
Plant and machinery	Straight-line	3-50
Furniture and fixtures	Straight-line	3-20
Transport Assets	Straight-line	3-20
Office equipment	Straight-line	3-20
IT equipment	Straight-line	3-20
Infrastructure	Straight-line	3-60
Community	Straight-line	10-50

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

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

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

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

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

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

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

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

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

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

1.7 Site restoration and dismantling cost

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which a municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

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

If the related asset is measured using the revaluation model:

- (a) changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
 - a decrease in the liability (subject to (b)) is credited to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit
 - an increase in the liability is recognised in surplus or deficit, except that it is debited to the revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.
- (c) a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit or net assets under (a). If a revaluation is necessary, all assets of that class are revalued.

1.8 Intangible assets

An asset is identifiable if it either:

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

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

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An intangible asset is recognised when:

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

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

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

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

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

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

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

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Depreciation method	Average useful life
Computer software, other	Straight-line	3-17

1.9 Heritage assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Recognition

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

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

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

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

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

If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, the decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

Impairment

The municipality assesses 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.

Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

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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 included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.10 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.

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

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

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

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

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

A financial asset is:

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

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

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

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

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

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

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

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

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

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

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

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

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

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

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

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

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

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

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

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Classification

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

Class	Category
Receivables from exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

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

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost

Initial recognition

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

The municipality recognises financial assets using trade date accounting.

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.

The municipality first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the municipality analyses a concessionary loan into its component parts and accounts for each component separately. The municipality accounts for that part of a concessionary loan that is:

a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or

non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

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

Financial instruments at amortised cost.

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

Short term receivables and payables are not discounted were initial credit period granted or received is consistent with terms used in the public sector, either through established practices or legislation.

Gains and losses

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

Impairment and uncollectibility of financial assets

The entity assesses 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:

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

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

Financial assets measured at cost:

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

Derecognition Financial assets

The municipality derecognises financial assets using trade date accounting.

The municipality derecognises a financial asset only when:

the contractual rights to the cash flows from the financial asset expire, are settled or waived;

the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or

the municipality, 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 without needing to impose additional restrictions on the transfer. In this case, the municipality:

derecognise the asset; and

recognise separately any rights and obligations created or retained in the transfer.

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

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

Financial liabilities

The municipality 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.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

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

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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.

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

1.11 Statutory receivables

Identification

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

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

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

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

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

Recognition

The municipality recognises statutory receivables as follows:

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

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

The municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

Accrued interest

Where the municipality levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

Other charges

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

Impairment losses

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

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

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

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

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

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

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

Derecognition

The municipality derecognises a statutory receivable, or a part thereof, when:

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

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

1.12 Leases

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

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

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.

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

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

Operating leases - lessee

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

1.13 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

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

1.14 Impairment of cash-generating assets

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

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

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

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

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

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

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

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

Useful life is either:

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

Judgements made by management in applying the criteria to designate assets as cash-generating assets or non-cash-generating assets, are as follows:

Identification

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

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

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

Value in use

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

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

Basis for estimates of future cash flows

In measuring value in use the municipality:

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

Estimates of future cash flows include:

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

Estimates of future cash flows exclude:

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

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

Discount rate

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

Cash-generating units

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.

1.15 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

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

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

Useful life is either:

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

Judgements made by management in applying the criteria to designate assets as non-cash-generating assets or cash-generating assets, are as follows:

Designation

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

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

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

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

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

Identification

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

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

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

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Value in use

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

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

Depreciated replacement cost approach

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

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an 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.

1.16 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.

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

A constructive obligation is an obligation that derives from an 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.

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Short-term employee benefits

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

Short-term employee benefits include items such as:

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

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

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

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

The entity recognises the expected cost of bonus, incentive and performance related payments when the 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.

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

Post-employment benefits: Defined contribution plans

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

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

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

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

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Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognises actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognises past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The entity account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability 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;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The entity measures the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The entity determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

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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 post employment costs take account of estimated future changes in the costs, resulting from both inflation and specific changes.

Other post retirement obligations

The municipality provides long service awards to employees based on period in service.

The entitlement to the long service awards is based on the employee remaining in service up to 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. 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.

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Termination benefits

The entity recognises termination benefits as a liability and an expense when the entity is demonstrably committed to either:

- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The entity is demonstrably committed to a termination when the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:

- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

1.17 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

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

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

Provisions are not recognised for future operating surplus.

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

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

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

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

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

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

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

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

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

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

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

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

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

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

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

Accounting Policies

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 tests 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 1.14 and 1.15.

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.

1.18 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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 or social security benefit commitments are excluded.

1.19 Revenue from exchange transactions

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

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

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

Measurement

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

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

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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 .

1.20 Revenue from non-exchange transactions

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

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

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

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

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

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

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

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

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

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

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

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

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

Recognition

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

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

Measurement

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

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

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

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

Taxes (Property Rates)

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

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

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

Gifts and donations, including goods in-kind

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

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Revenue received from conditional grants is recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. A liability is recognised, to the extent that the criteria, conditions or obligations have not been met.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use. Where public contributions have been received but the Municipality has not met the condition, a liability is recognised.

Revenue is measured at the fair value of the consideration received or receivable.

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 present 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 will be recognised as revenue.

1.21 Investment income

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

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.

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

1.23 Fruitless and wasteful expenditure

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

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

1.24 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 -

this Act; or

the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or

any provincial legislation providing for procurement procedures in that provincial government.

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

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

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

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

1.25 Segment information

A segment is an activity of an entity:

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

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

Reportable segments for the municipality are as follows:

- Water
- Refuse
- Sewerage
- Electricity
- Roads and Infrastructure
- Planning and development, and
- Community and social services

These segments were identified as reportable segments as they represent the mandate of service delivery that the municipality carries towards the community. Management considers these segments as the main reason the municipality is set up and as such the performance of each of them needs to be reported on on a regular basis. All other ancillary services of the municipality that are administrative in nature have been aggregated into an unallocated segment.

Please refer to note 49 for the analysis of the mentioned segments

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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.

The measurement of the amounts for the reportable segments is done using the allocation structure of votes in the general ledger. The general ledger has clear distinct votes where all transactions are appropriately processed on a monthly basis. Management extract the revenue, expenditure, assets and liabilities per the identified reportable segments. Please refer to note 49 for a description of the allocations.

1.26 Budget information

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

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

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

The approved budget covers the fiscal period from 7/1/2022 to 6/30/2023.

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

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

1.27 Related parties

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

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

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

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

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

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.

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

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

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

1.28 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.

1.29 Value-added Tax

Revenue, expenses and assets are recognised net of the amounts of Value Added Tax. The net amount of value added tax recoverable from, or payable to the taxation authority is included as part of receivables or payables in the Statement of Financial Position. The Municipality is registered at SARS for VAT on the payment basis. VAT control debit and credit accounts (recognised on transaction(s) date before payments) are presented on net basis and they do not form part of financial instruments. Once payments are received or paid, the VAT receivable or payable from/(to) SARS is presented on a net basis and is accounted as a statutory receivable under GRAP 108 or statutory payable in line with GRAP 19

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2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after July 1, 2023 or later periods:

Guideline: Guideline on Accounting for Landfill Sites

The objective of this guideline: The Constitution of South Africa, 1996 (Act No. 108 of 1996) (the constitution), gives local government the executive authority over the functions of cleaning, refuse removal, refuse dumps and solid waste disposal. Even though waste disposal activities are mainly undertaken by municipalities, other public sector entities may also be involved in these activities from time to time. Concerns were raised about the inconsistent accounting practices for landfill sites and the related rehabilitation provision where entities undertake waste disposal activities. The objective of the Guideline is therefore to provide guidance to entities that manage and operate landfill sites. The guidance will improve comparability and provide the necessary information to the users of the financial statements to hold entities accountable and for decision making. The principles from the relevant Standards of GRAP are applied in accounting for the landfill site and the related rehabilitation provision. Where appropriate, the Guideline also illustrates the accounting for the land in a landfill, the landfill site asset and the related rehabilitation provision.

It covers: Overview of the legislative requirements that govern landfill sites, Accounting for land, Accounting for the landfill site asset, Accounting for the provision for rehabilitation, Closure, End-use and monitoring, Other considerations, and Annexures with Terminology & References to pronouncements used in the Guideline.

The effective date of the guideline is for years beginning on or after April 1, 2009.

The municipality expects to adopt the guideline for the first time in the 2098/2099 annual financial statements.

The impact of this standard is currently being assessed.

GRAP 25 (as revised): Employee Benefits

Background

The Board issued the Standard of GRAP on Employee Benefits (GRAP 25) in November 2009. GRAP 25 was based on the International Public Sector Accounting Standard on Employee Benefits (IPSAS 25) effective at that time. However, GRAP 25 was modified in some respects where the Board decided the requirements of the International Accounting Standard on Employee Benefits (IAS@ 19) were more appropriate. Specifically, the Board:

- Eliminated the corridor method and required recognition of actuarial gains and losses in full in the year that they arise.
- Required the recognition of past service costs in the year that a plan is amended, rather than on the basis of whether they are vested or unvested.

Since 2009, the International Accounting Standards Board@ has made several changes to IAS 19, including changes to the recognition of certain benefits, and where these changes are recognised. The IPSASB made similar changes to its standard and as a result of the extent of changes, issued IPSAS 39 on Employee Benefits to replace IPSAS 25 in 2016.

When the Board consulted locally on the proposed amendments to IPSAS 25 in 2016, stakeholders welcomed the amendments to align IPSAS 25 to IAS 19 and supported the changes that resulted in IPSAS 39.

In developing GRAP 25, the Board agreed to include the guidance from the IFRS Interpretation on IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IFRIC 14@) partly in GRAP 25 and partly in the Interpretation of the Standards of GRAP on The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IGRAP 7).

Key amendments to GRAP 25

The Board agreed to align GRAP 25 with IPSAS 39, but that local issues and the local environment need to be considered. As a result of this decision, there are areas where GRAP 25 departs from the requirements of IPSAS 39. The Board's decisions to depart are explained in the basis for conclusions.

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The amendments to GRAP 25 are extensive and mostly affect the accounting for defined benefit plans. A new renumbered Standard of GRAP (e.g. GRAP 39) will not be issued, but rather a new version of the current GRAP 25.

The effective date of these revisions have not yet been set. April 1, 2009.

The municipality expects to adopt the revisions for the first time in the 2008/2009 annual financial statements.

The impact of this revisions is currently being assessed.

iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction

Background

The Board issued the Standard of GRAP on Employee Benefits (GRAP 25) in November 2009. GRAP 25 was based on the International Public Sector Accounting Standard on Employee Benefits (IPSAS 25) effective at that time. However, GRAP 25 was modified in some respects where the Board decided the requirements of the International Accounting Standard on Employee Benefits (IAS@ 19) were more appropriate. Specifically, the Board:

- Eliminated the corridor method and required recognition of actuarial gains and losses in full in the year that they arise.
- Required the recognition of past service costs in the year that a plan is amended, rather than on the basis of whether they are vested or unvested.

Since 2009, the International Accounting Standards Board@ has made several changes to IAS 19, including changes to the recognition of certain benefits, and where these changes are recognised. The IPSASB made similar changes to its standard and as a result of the extent of changes, issued IPSAS 39 on Employee Benefits to replace IPSAS 25 in 2016.

When the Board consulted locally on the proposed amendments to IPSAS 25 in 2016, stakeholders welcomed the amendments to align IPSAS 25 to IAS 19 and supported the changes that resulted in IPSAS 39.

In developing GRAP 25, the Board agreed to include the guidance from the IFRS Interpretation on IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IFRIC 14@) partly in GRAP 25 and partly in the Interpretation of the Standards of GRAP on The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IGRAP 7).

The effective date of these revisions have not yet been set. April 1, 2009.

The municipality expects to adopt the revisions for the first time in the 2008/2009 April 1, 2009.

It is unlikely that the revisions will have a material impact on the municipality's annual financial statements.

GRAP 104 (as revised): Financial Instruments

Following the global financial crisis, a number of concerns were raised about the accounting for financial instruments. This included that (a) information on credit losses and defaults on financial assets was received too late to enable proper decision-making, (b) using fair value in certain instances was inappropriate, and (c) some of the existing accounting requirements were seen as too rules based. As a result, the International Accounting Standards Board@ amended its existing Standards to deal with these issues. The IASB issued IFRS@ Standard on Financial Instruments (IFRS 9) in 2009 to address many of the concerns raised. Revisions were also made to IAS@ on Financial Instruments: Presentation and the IFRS Standard@ on Financial Instruments: Disclosures. The IPSASB issued revised International Public Sector Accounting Standards in June 2018 so as to align them with the equivalent IFRS Standards.

The revisions better align the Standards of GRAP with recent international developments. The amendments result in better information available to make decisions about financial assets and their recoverability, and more transparent information on financial liabilities.

The most significant changes to the Standard affect:

- Financial guarantee contracts issued
- Loan commitments issued
- Classification of financial assets
- Amortised cost of financial assets
- Impairment of financial assets

Notes to the Annual Financial Statements

- Disclosures

The effective date of the revisions is not yet set by the Minister of Finance.

The municipality expects to adopt the revisions for the first time when the Minister sets the effective date for the revisions.

The impact of this standard is currently being assessed.

iGRAP 21: The Effect of Past Decisions on Materiality

Background

The Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors (GRAP 3) applies to the selection of accounting policies. Entities apply the accounting policies set out in the Standards of GRAP, except when the effect of applying them is immaterial. This means that entities could apply alternative accounting treatments to immaterial items, transactions or events (hereafter called "items").

The Board received questions from entities asking whether past decisions to not apply the Standards of GRAP to immaterial items effect future reporting periods. Entities observed that when they applied alternative accounting treatments to items in previous reporting periods, they kept historical records on an ongoing basis of the affected items. This was done so that they could assess whether applying these alternative treatments meant that the financial statements became materially "misstated" over time. If the effect was considered material, retrospective adjustments were often made.

This Interpretation explains the nature of past materiality decisions and their potential effect on current and subsequent reporting periods.

iGRAP 21 addresses the following two issues:

- Do past decisions about materiality affect subsequent reporting periods?
- Is applying an alternative accounting treatment a departure from the Standards of GRAP or an error?

The effective date of these interpretation have not yet been set. April 1, 2023.

The municipality expects to adopt the interpretation for the first time in the 2022/2023 April 1, 2023.

The impact of this interpretation is currently being assessed.

GRAP 2020: Improvements to the standards of GRAP 2020

Every three years, the Accounting Standards Board undertakes periodic revisions of the Standards of GRAP, in line with best practice internationally among standard setters.

Improvements to Standards of GRAP are aimed at aligning the Standards of GRAP with international best practice, to maintain the quality and to improve the relevance of the Standards of GRAP.

Amendments include,

GRAP 5 – Borrowing Costs

- For general borrowings, borrowing costs eligible for capitalisation determined by applying a capitalisation rate
 - Clarify that borrowings made specifically for purposes of obtaining a qualifying asset are excluded until substantially all the activities necessary to prepare asset for intended use or sale are complete

GRAP 13 – Leases

- Operating leases & Sale and leaseback transactions are currently assessed for impairment in accordance with GRAP 26
- Clarify that these arrangements may also be assessed in accordance with GRAP 21

GRAP 16 – Investment Property

- Clarify that GRAP 21 may be applied to assess investment property for impairment
- Include heading "Classification of property as investment property" (par 6 and 7) & delete existing headings

Notes to the Annual Financial Statements

- Investment property under construction (within scope of GRAP 16)
 - Added heading “Guidance on initially measuring self-constructed investment property at fair value”
 - Added clarification that investment property is measured at fair value at earliest of:
 - o completion of construction or development; or
 - o when fair value becomes reliably measurable
- Clarify requirements on transfers to and from Investment property
 - Change in use involves an assessment on whether:
 - o property meets, or ceases to meet definition of investment property and
 - o evidence exists that a change in use has occurred
 - List of examples of a change in use is regarded as non-exhaustive

GRAP 17 – Property, Plant and Equipment

- Delete example indicating that quarries and land used for landfill may be depreciated in certain instances
 - Land has an unlimited useful life and cannot be consumed through its use

GRAP 20 – Related Party Disclosures

- Clarify that entity, or any member of a group of which it is part, providing management services to reporting entity (or controlling entity of reporting entity) is a related party
 - Disclose amounts incurred by the entity for the provision of management services that are provided by a separate management entity
 - If an entity obtains management services from another entity (“the management entity”) the entity is not required to apply the requirements in paragraph .35 to the remuneration paid or payable by the management entity to the management entity’s employees or those charged with governance of the entity in accordance with legislation, in instances where they are required to perform such functions
 - Management services are services where employees of management entity perform functions as “management” as defined

GRAP 24 – Presentation of Budget Information in Financial Statements

- Terminology amended
 - Primary financial statements amended to “financial statements” or “face of the financial statements”

GRAP 31 – Intangible Assets

- Extend requirement to consider whether reassessing useful life of intangible asset as finite rather as indefinite indicates that asset may be impaired
 - Both under cost model or revaluation model

GRAP 32 – Service Concession Arrangements: Grantor

- Clarify disclosure requirement for service concession assets
 - Disclose carrying amount of each material service concession asset recognised at the reporting date

GRAP 37 – Joint Arrangements

- Application guidance clarified
 - When party obtains joint control in a joint operation where activity of joint operation constitutes a function (GRAP 105 or GRAP 106), previous held interest in joint operation is not remeasured

GRAP 106 – Transfer of Functions Between Entities Not Under Common Control

- When party obtains control of joint operation and entity had rights to assets, or obligations to liabilities before acquisition date, it comprises an acquisition received in stages
 - Apply the requirements for an acquisition achieved in stages, including remeasuring previously held interest in joint operation

Directive 7 – The Application of Deemed Cost

- Clarify that bearer plants within scope of Directive

The effective date of these improvements is April 1, 2023.

The municipality expects to adopt the improvements for the first time in the 2022/2023 annual financial statements.

It is unlikely that the improvements will have a material impact on the municipality’s annual financial statements.

GRAP 1 (amended): Presentation of Financial Statements

Notes to the Annual Financial Statements

Amendments to this Standard of GRAP, are primarily drawn from the IASB's Amendments to IAS 1.

Summary of amendments are:

Materiality and aggregation

The amendments clarify that:

- information should not be obscured by aggregating or by providing immaterial information;
- materiality considerations apply to all parts of the financial statements; and
- even when a Standard of GRAP requires a specific disclosure, materiality considerations apply.

Statement of financial position and statement of financial performance

The amendments clarify that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements.

Notes structure

The amendments add examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order listed in GRAP 1.

Disclosure of accounting policies

Remove guidance and examples with regards to the identification of significant accounting policies that were perceived as being potentially unhelpful.

An municipality applies judgement based on past experience and current facts and circumstances.

The effective date of this amendment is for years beginning on or after April 1, 2025.

The municipality expects to adopt the amendment for the first time in the 2024/2025 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

3. Inventories

Consumable stores	2,354,434	2,317,778
<hr/>		
Inventories recognised as an expense during the year	3,332,192	1,301,100
Water for distribution		
Opening balance	199,458	165,572
Water Pumped	51,305,301	49,663,220
Authorised consumption	(45,459,236)	(43,368,844)
Water losses	(5,846,065)	(6,294,376)
Overs and unders	(50,352)	33,886
Closing balance	149,106	199,458

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022
4. Receivables from non-exchange transactions		
Traffic fines		
Fines	8,766,749	7,262,044
Fines: Impairment	(8,275,889)	(6,914,189)
	490,860	347,855
Property rates		
Consumer debtors - Rates	123,595,386	103,035,653
Consumer debtors - Rates: Impairment	(75,201,540)	(64,078,442)
	48,393,846	38,957,211
Fines	8,766,749	7,262,044
Allowance for impairment	(8,275,889)	(6,914,189)
Consumer debtors - Rates	123,595,386	103,035,653
Allowance for impairment	(75,201,540)	(64,078,442)
	48,884,706	39,305,066
Statutory receivables included in receivables from non-exchange transactions above are as follows:		
Rates	48,393,846	38,957,211
Fines	490,860	347,855
	48,884,706	39,305,066
Total receivables from non-exchange transactions	48,884,706	39,305,066

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Figures in Rand	2023	2022
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Statutory receivables general information

Transaction(s) arising from statute

Property rates are governed by the Municipal Property Rates Act which regulates the power of a municipality to value and rate immovable properties (that is, land and buildings) located within the boundaries of municipalities. The market value of the properties is determined by professional valuers who value the immovable property at an amount the property would have realised if sold on the open market.

Traffic fines are governed by the National Road Traffic Act and AARTO which sets out the rules pertaining to who can drive a vehicle, the qualifications one has to have before one can be licensed to drive a vehicle, how one may operate a vehicle on the various types of roads and what happens in the case of a person operating a vehicle in a reckless or negligent manner or failing to comply with the rules of the road.

Determination of transaction amount

Municipal property rates are the financial liabilities that each immovable property owner pays to the municipality where his/her immovable property (land and buildings) is located. The financial liabilities for property rates are calculated by multiplying the market value of immovable property (land plus buildings) by a cent amount in the rand that a municipal council has determined.

Infringement of the regulations set out in the National Road Traffic Act and other traffic violations results in fines being issued based on penalties set out by the MEC and published in the Provincial Gazette.

Interest or other charges levied/charged

Interest on rates is calculated on accounts that are overdue and payable after 30 days. The interest is charged daily on outstanding amounts after 30 days.

Basis used to assess and test whether a statutory receivable is impaired

Impairment of rates is done for outstanding accounts over 90 days.

Impairment of fines is done for all outstanding tickets over 90 days.

Statutory receivables past due but not impaired

Statutory receivables which are less than 3 months past due are not considered to be impaired. At June 30, 2023, R12,142,250 (2022: R5,648,434) were past due but not impaired.

The ageing of amounts past due but not impaired for property rates and traffic fines respectively is as follows:

31-60 days	9,413,427	2,833,828
61-90 days	2,728,823	2,814,607

Statutory receivables impaired

As of June 30, 2023, Statutory receivables amounted to R132,362,135 (2022: R110,297,697). The total amounts impaired were R83 477 429 (2022:R70 992 631).

The amount of the provision was R12,484,798 as of June 30, 2023 (2022: R26,029,533).

Credit quality of receivables from non-exchange transactions

The credit quality of other receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to historical information about counterparty default rates.

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	202	202
5. VAT receivable		
VAT	36,508,240	38,587,083
6. Receivables from exchange transactions		
Gross balances: Receivables from exchange transactions at amortised cost		
Water	284,903,748	228,193,642
Sewerage	21,623,297	16,582,323
Refuse	22,633,012	17,323,990
Interest and Other	232,411,485	180,156,811
	561,571,542	442,256,766
Less: Allowance for impairment		
Water	(148,307,818)	(120,648,646)
Sewerage	(20,278,318)	(16,390,492)
Refuse	(22,179,667)	(16,817,420)
Interest and Other	(147,028,581)	(108,778,058)
	(337,794,384)	(262,634,616)
Net balance		
Water	136,595,930	107,544,996
Sewerage	1,344,979	191,831
Refuse	453,345	506,570
Interest and Other	85,382,904	71,378,753
	223,777,158	179,622,150
Rates		
Current (0 -30 days)	21,736	5,653,857
31 - 60 days	9,252,627	2,757,328
61 - 90 days	2,500,223	2,533,057
91 - 120 days	112,049,833	107,240,167
	123,824,419	118,184,409
Water		
Current (0 -30 days)	23,752	224,083
31 - 60 days	3,397,734	7,487,713
61 - 90 days	2,242,159	7,975,589
Above 90 days	278,140,555	212,506,036
	283,804,200	228,193,421
Sewerage		
Current (0 -30 days)	8,374	2,588
31 - 60 days	1,422,616	645,110
61 - 90 days	548,916	521,794
Above 90 days	19,651,898	15,412,836
	21,631,804	16,582,328

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Notes to the Annual Financial Statements

	202	202
Refuse		
Current (0 -30 days)	9,216	-
31 - 60 days	457,955	379,208
61 - 90 days	414,695	378,386
Above 90 days	20,634,625	16,563,216
	21,516,491	17,320,810
Other (specify)		
Current (0 -30 days)	60,727	33,880
31 - 60 days	5,720,798	5,560,620
61 - 90 days	5,403,649	5,490,217
Above 90 days	221,297,776	167,148,819
	232,482,950	178,233,536

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	602,330	(166,427)
Short-term deposits	7,112,013	3,498,762
	7,714,343	3,332,335

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2023	June 30, 2022	June 30, 2021
ABSA Bank -40-6952-9871	908	-	7,267,015	908	-	7,267,015
ABSA Bank- 40-5285-3972	602,333	(166,427)	31,298,971	602,333	(166,427)	31,298,971
Cheque Account(Primary account)						
ABSA Bank -40-9074-1909	7,098,596	1,993,285	21,210,242	7,098,596	1,993,285	21,210,242
Call Deposits						
ABSA Bank - 40-9720-6394	-	1,505,477	1,454,375	-	1,505,477	1,454,375
Call Deposits						
FNB - 63 01406573	12,509	-	-	12,509	-	-
Total	7,714,346	3,332,335	61,230,603	7,714,346	3,332,335	61,230,603

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8. Investment property

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	154,170	-	154,170	154,170	-	154,170

Reconciliation of investment property - 2023

	Opening balance	Total
Investment property	154,170	154,170

Reconciliation of investment property - 2022

	Opening balance	Total
Opening balance	154,170	154,170

Details of property

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.

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Notes to the Annual Financial Statements

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2022

Details of valuation

The effective date of the valuations was Sunday, July 1, 2018. Valuations were performed by Professional Mobile Mapping professional valuer. Professional Mobile Mapping are not connected to the municipality and have recent experience in location and category of the investment property being valued.

The valuation was based on deemed cost approach, in line with the municipality adopted approach in valuation of investment properties. The deemed cost is described as per GRAP 7(4).

Amounts recognised in surplus and deficit for the year.

Investment property located in (a foreign country: specify) is governed by that country's exchange controls and therefore the rental income and proceeds from any sale of that investment property are not available to the municipality:

Restrictions on the realisability of investment property or the remittance of revenue and proceeds of disposal are as follows:

Contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements is as follows:

In the exceptional cases when the municipality has to measure investment property using the cost model in the Standard of GRAP on Property, Plant and Equipment when the municipality subsequently uses the fair value measurement, disclose the following:

- a description of the investment property,
- an explanation of why fair value cannot be determined reliably,
- if possible, the range of estimates within which fair value is highly likely to lie, and
- on disposal of investment property not carried at fair value:
 - the fact that the entity has disposed of investment property not carried at fair value,
 - the carrying amount of that investment property at the time of sale, and
 - the amount of gain or loss recognised.

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9. Property, plant and equipment

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	87,395,669	-	87,395,669	87,395,669	-	87,395,669
Buildings	99,231,347	(55,773,523)	43,457,824	101,955,386	(54,800,919)	47,154,467
Plant and machinery	42,287,011	(22,855,980)	19,431,031	46,208,060	(25,194,620)	21,013,440
Furniture and fixtures	12,281,585	(9,606,925)	2,674,660	13,255,810	(9,196,386)	4,059,424
Transport Assets	39,199,764	(22,464,022)	16,735,742	40,154,544	(18,441,977)	21,712,567
Office equipment	4,905,564	(1,925,663)	2,979,901	3,366,203	(1,922,284)	1,443,919
IT equipment	19,381,806	(10,952,760)	8,429,046	25,889,411	(12,386,786)	13,502,625
Infrastructure	2,256,621,164	(498,498,631)	1,758,122,533	2,056,013,591	(425,113,457)	1,630,900,134
Community	236,040,090	(106,494,854)	129,545,236	227,448,877	(97,305,315)	130,143,562
Total	2,797,344,000	(728,572,358)	2,068,771,642	2,601,687,551	(644,361,744)	1,957,325,807

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Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Loss on derecognition	Donation received	WIP Additions	Depreciation	Impairment loss	Total
Land	87,395,669	-	-	-	-	-	-	87,395,669
Buildings	47,154,467	-	(142,174)	-	-	(3,533,232)	(21,237)	43,457,824
Plant and machinery	21,013,440	587,545	(264,919)	2,731,613	-	(4,373,225)	(263,423)	19,431,031
Furniture and fixtures	4,059,424	127,797	(229,275)	7,197	-	(1,203,433)	(87,050)	2,674,660
Transport Assets	21,712,567	-	(23,078)	-	-	(3,383,541)	(1,570,206)	16,735,742
Office equipment	1,443,919	2,225,744	(160,698)	-	-	(445,465)	(83,599)	2,979,901
IT equipment	13,502,625	1,972,534	(3,697,277)	161,644	-	(2,709,763)	(800,717)	8,429,046
Infrastructure	1,630,900,134	13,715,364	(186,709)	49,188,165	143,688,429	(78,513,073)	(669,777)	1,758,122,533
Community	130,143,562	-	-	-	8,591,213	(7,232,109)	(1,957,430)	129,545,236
	1,957,325,807	18,628,984	(4,704,130)	52,088,619	152,279,642	(101,393,841)	(5,453,439)	2,068,771,642

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Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Loss on derecognition of assets	Donations received	Restatement	Work in Progress	Other changes- Reclassification	Depreciation	Impairment loss	Total
Land	87,395,669	-	-	-	-	-	-	-	-	87,395,669
Buildings	47,915,428	553,322	(21,050)	-	-	9,057,387	(6,877,270)	(2,485,678)	(987,672)	47,154,467
Plant and machinery	12,443,620	4,208,048	(2,396,913)	5,022,263	3,087,996	-	-	(1,351,574)	-	21,013,440
Furniture and fixtures	3,911,944	37,500	-	-	740,735	-	-	(621,944)	(8,811)	4,059,424
Transport Assets	19,928,976	3,216,637	(1,720,608)	-	2,447,631	-	-	(2,160,069)	-	21,712,567
Office equipment	977,129	313,966	(324)	-	414,091	-	-	(243,674)	(17,269)	1,443,919
IT equipment	10,926,454	4,050,799	(25,761)	-	(257,043)	-	-	(789,180)	(402,644)	13,502,625
Infrastructure	1,535,420,769	16,742,728	(1,995,225)	-	(9,109,831)	135,842,335	8,510,013	(51,678,172)	(2,832,483)	1,630,900,134
Community	135,180,580	-	(692,027)	-	-	1,632,743	(1,632,743)	(3,577,227)	(767,764)	130,143,562
	1,854,100,569	29,123,000	(6,851,908)	5,022,263	(2,676,421)	146,532,465	-	(62,907,518)	(5,016,643)	1,957,325,807

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

The Fresh Produce Project started in 2008. The first payment was in 2009. Due to various factors such as community protests regarding the initial site of the project, the municipality was forced to move the project to its current location during the 2012/2013 financial year. The project has been delayed by community protests since inception. During 2013/2014 financial year, the delays were due to contractor not having material on site due to cashflow problems. Furthermore there were delays due to subcontractor not being paid hence they stopped work. Due to the slow progress of the initial contractor and his unwillingness to complete the project on time, a new contractor had to be appointed which caused further delays. The revised completion date was 2015 but was once again delayed due to community protests causing the project not to be completed. The new completion date was scheduled for 2016/2017 financial year end but due to protests in May to July 2016, the project was further delayed.

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Figures in Rand				2023	2022
Reconciliation of Work-in-Progress 2023					
	Included within	Included within	Included within	Total	
	Infrastructure	Community	Other PPE		
Opening balance	170,725,615	39,657,332	2,180,117	212,563,064	
Additions/capital expenditure	152,269,013	8,591,213	-	160,860,226	
Repairs and Maintenance expenditure	(8,580,584)	-	-	(8,580,584)	
Transferred to completed items	(142,196,542)	(8,591,213)	(2,180,117)	(152,967,872)	
	172,217,502	39,657,332	-	211,874,834	

Reconciliation of Work-in-Progress 2022

	Included within	Included within	Included within	Total	
	Infrastructure	Community	Buildings		
Opening balance	113,698,064	39,657,332	-	153,355,396	
Additions/capital expenditure	135,842,334	1,632,743	9,057,387	146,532,464	
Other movements [reclassification]	8,510,013	(1,632,743)	(6,877,270)	-	
Transferred to completed items	(87,324,798)	-	-	(87,324,798)	
	170,725,613	39,657,332	2,180,117	212,563,062	

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

Community Assets	-	148,830		
Buildings	1,875,161	61,353		
Infrastructure	46,370,742	19,499,891		
IT Equipment	148,450	-		
Transport Assets	3,320,020	2,510,992		
Plant and Machinery	3,687,868	902,596		
	55,402,241	23,123,662		

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.

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10. Intangible assets

	2023			2022		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Intangible assets	1,273,052	(522,478)	750,574	2,726,934	(1,714,608)	1,012,326

Reconciliation of intangible assets - 2023

	Opening balance	Amortisation	Total
Intangible assets	1,012,326	(261,752)	750,574

Reconciliation of intangible assets - 2022

	Opening balance	Additions	Amortisation	Total
Opening balance	-	-	-	-
Intangible assets	-	1,273,052	(260,726)	1,012,326

11. Prepayments

Heading

Compactor Truck Service Plan

	2023	2022
	250,000	250,000

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12. Payables from exchange transactions		
Trade payables	21,517,021	9,328,147
Payments received in advanced	3,342,846	6,435,424
Retentions	43,875,864	35,956,485
Accrued leave pay	24,424,445	20,877,539
Accrued bonus	4,961,658	4,867,068
Payroll accruals	1,107,015	1,306,689
Accruals	6,461,936	11,047,844
ENatis	1,570,812	1,631,382
	107,261,597	91,450,578
Trade and other payables measured at amortised cost		
Trade and other payables payables	129,601,714	91,450,573
Payments received in advance	(25,682,963)	(6,435,424)
Accrued leave pay	(24,424,445)	(20,877,539)
Accrued bonus	(4,961,658)	(4,867,068)
Payroll accruals	(1,107,015)	(1,306,689)
Trade and other payables measured at amortised cost	73,425,633	57,963,853
13. Consumer deposits		
Water	645,892	639,462
Refuse	7,702	7,702
Housing rental	197,069	186,697
	850,663	833,861

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14. Provisions

Reconciliation of provisions - 2023

	Opening Balance	Utilised during the year	Change in discount factor	Total
Siyabuswa Landfill	20,265,031	(423,620)	1,896,503	21,737,914
Libangeni Landfill	12,221,927	(3,654,557)	1,296,563	9,863,933
	32,486,958	(4,078,177)	3,193,066	31,601,847

Reconciliation of provisions - 2022

	Opening Balance	Utilised during the year	Change in discount factor	Total
Siyabuswa landfill	23,028,150	(4,392,015)	1,628,896	20,265,031
Libangeni landfill	13,441,750	(2,405,856)	1,186,033	12,221,927
	36,469,900	(6,797,871)	2,814,929	32,486,958

Environmental rehabilitation provision

The municipality has two landfill sites for which the calculation was made and those calculations of the closure costs have been based on estimations.

Siyabuswa landfill has now been closed, a remaining useful life of zero years has been used for the valuations since 2013.

The expected useful life of the Libangeni landfill is estimated at 28 years.

Financial Assumptions used

Unit Costs

Unit costs for each of the elements are obtained annually by means of a commercial quotation. Details of this are provided separately.

Consumer Price Index

The CPI is used for determining the future value of current costs in the year when the cost is projected to be incurred. The CPI figure used in the GLCCM is based on the three month average CPI for the quarter that includes the financial year-end date. The average of the CPI for the last quarter amounted to 6.1716%

Discount rate

GRAP 19 states that where the effect of the time value of money is material, the amount of the provision shall be the present value of expenditures expected to be required to settle the obligation. In view of the long operational life of landfills, the time value of money is considered material. GRAP 19 prescribes that the discount rate shall be the pretax rate that reflects current market assessments of the time value of money., and the risks specific to the liability. Normally corporate bonds are to determine the discount rate. The liability for this purpose is in most cases determined for a government entity (municipality). Therefore government bonds are considered a more appropriate indicator of the risk associated with the entity than corporate bond rates to determine the bond rate. The government bond rate most consistent with the estimated term of the liability should be used. As inflation-linked RSA retail bond rates have longer terms than fixed RSA retail bond rates, inflation-linked rates are used.

The rate most consistent with the remaining life of the landfill published at the end of the quarter that includes the financial year-end date used.

For the landfills the rate associated with a maximum period of 10 years is used i.e 4% above CPI

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15. Long service bonus liability		
	2023	2022
Opening balance	15,569,263	14,124,044
Service cost	1,366,136	1,327,100
Interest cost	1,686,142	1,208,541
Actuarial gains	(1,522,080)	(278,005)
Benefit paid	(1,348,032)	(812,417)
	15,751,429	15,569,263
Long service broken down		
	2023	2022
Current portion	2,573,628	1,348,032
Non current portion	13,177,801	14,421,231
	15,751,429	15,769,263

Nature of Liability

The employer's long service bonus awards consist of an obligation to pay out a bonus in the year of the employee attaining the required service. This obligation represents a liability to the employer and the value is represented by the present value of the total long service bonus awards expected to become payable under the employer's current policy. Dr JS Moroka offers bonuses for every 5 years of completed service from 10 years to 45 years

Long service accumulated leave must be taken within one year of receiving such leave or may be wholly or partially cashed. Dr JS Moroka advised that in most cases, employees choose to exercise the option to wholly convert their accumulative leave bonus days into cash

Summary of actuarial assumptions

The methodology of setting the financial assumptions has been updated to be more duration specific. At the previous valuation report, 30 June 2022 the duration of liabilities was 6.41 years. At this duration the discount rate determined by using the Bond Exchange Zero Coupon Yield Curve as at 30 June 2023 is 10.99% per annum, and the yield on inflation-linked bonds of a similar term was about 4.69% per annum. This implies an underlying expectation of inflation of 5.54% per annum ($(1 + 10.99\% - 0.50\%) / [1 + 4.69\%] - 1$).

We have assumed that salary inflation would exceed general inflation by 1.00% per annum, i.e. 6.54% per annum.

However, it is the relative levels of the discount rate and salary inflation to one another that are important, rather than the nominal values. We have thus assumed a net discount factor of 4.18% per annum ($(1 + 10.99\%) / [1 + 6.54\%] - 1$).

Liability valuation method

In accordance with the requirements of GRAP 25, the Projected Unit Credit method has been applied. Accrued liabilities are defined as the actuarial present value of all benefits expected to be paid in future based on service accrued to the valuation date and awards projected to retirement date. In determining these liabilities, due allowance has been made for future award increases.

The valuation has been made with reference to Actuarial Society of South Africa (ASSA) guidelines, in particular the Advisory Practise Note 207, and is consistent with the requirements of GRAP 25.

2023	1% decrease	30 June 2023	1% increase
	R's	valuation basis R's	R's
Employer's accrued liability	14,824,581	15,751,429	16,771,518
Employer's current service cost	1,205,314	1,291,279	1,386,824
Employer's interest cost	1,487,801	1,589,661	1,701,769
	17,517,696	18,632,369	19,860,111

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As per the table above, a 1% increase in the salary increase rate results in a 6.48% increase in the accrued liability whilst a 1% decrease in the salary increase rate will result in a 5.88% decrease in the accrued benefit

Discount Rate

The effect of a 1% increase and decrease in the discount rate is as follows:

2023	1% decrease R's	30 June 2023 valuation basis R's	1% decrease R's
Employer's accrued liability	16,737,990	15,751,429	14,867,690
Employer's current service cost	1,383,669	1,291,279	1,209,294
Employer's interest cost	1,543,047	1,589,661	1,628,968
	19,664,706	18,632,369	17,705,952

As per the table above, a 1% increase in the discount rate results in a 5.61% decrease in the accrued liability whilst a 1% decrease in the discount rate results in a 6.26% increase in the accrued liability.

Sensitivity analysis

Salary Increase

The valuation bases assumes that the salary inflation rate(which manifests itself as the annual increase in employees' salaries which determine the binus payable) will be 3.23% less than the corresponding discount rat, in the long term. The effect of a 1% increase and decrease in salary infalction rate is as follows:

2022	1% decrease R's	Valuation Basis	1% increase R's
Employer's accrued liability	14,591,519	15,569,263	16,649,940
Employer's current service cost	1,269,996	1,366,136	1,473,483
Employer's interest cost	1,575,461	1,686,142	1,808,475
	17,436,976	18,621,541	19,931,898

As per the table above, a 1% increase in the salary increase rate results in a 6.94% increase in the accrued liability whilst a 1% decrease in the salary increase rate will result in a 6.28% decrease in the accrued benefit

16. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Municipal Infrastructure Grant	6,129,968	-
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Movement during the year

Additions during the year	153,660,000	136,383,000
Income recognition during the year	(147,530,033)	(136,383,000)
	6,129,967	-

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 25 for reconciliation of grants from National/Government.

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These amounts are invested in a ring-fenced investment until utilised.

17. Service charges

Sale of water	63,926,751	68,226,329
Solid waste	5,736,282	4,566,695
Sewerage and sanitation charges	9,652,076	7,770,755
	79,315,109	80,563,779

18. Operational revenue

Application for tenders	235,936	133,922
Administration fees	105,560	72,570
Advertising	313,529	5,693
Sundry income	117,190	1,767,021
Sale of water	98,881	113,606
	871,096	2,092,812

19. Rental of facilities and equipment

Facilities and equipment		
Municipal buildings	244,424	129,015
Community halls	-	37,242
	244,424	166,257

20. Interest received (trading)

Interest received (trading)	54,496,201	45,132,529
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The balance is made up of interest received charged on receivables.

21. Licences and permits

Trading	9,686,152	9,465,908
Road and Transport	995,812	1,280
	10,681,964	9,467,188

22. Gain on landfill site provision

Gain on landfill site provision	4,078,177	6,797,872
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23. Investment revenue

Interest revenue		
Bank	5,898,764	1,387,519

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24. Property rates		
Rates received		
Residential	11,653,672	10,047,674
Commercial	1,378,659	1,361,585
State	29,979,472	36,945,626
Small holdings and farms	7,140,982	(1,087,154)
Less: Income forgone	(8,454,397)	(7,098,084)
	41,698,388	40,169,647

Valuation Roll

Residential	2,969,800,865	2,968,803,865
Commercial	437,162,561	424,846,561
State	4,080,891,586	4,079,544,586
Small holdings and farms	324,141,577	324,141,577
	7,811,996,589	7,797,336,589

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2018. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

The basic rates of R0.0190 agriculture commercial, R0.0082 on the value of agricultural residential, R0.0190 on the value of commercial business land and buildings, R0.0140 consent use, R0.0190 government institutions, R0.082 on the value of state land and buildings, R0.0020 farming, R0.0279 vacant land empty sites, 0.0279 non permitted use, R0.0090 multi purpose business and residential and R0.0082 on the value of residential land and buildings are applied to determine assessment rates. These rates were agreed to the approved tariff policy..

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25. Government grants & subsidies		
Operating grants		
Equitable share	461,561,000	419,133,000
LG SETA Grant	666,710	439,265
EPWP Grant	2,432,000	1,451,000
Financial Management Grant	2,450,000	2,450,000
Municipal Infrastructure Grant	147,530,032	132,482,000
	614,639,742	555,955,265

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Equitable Share

In terms of section 227 of the Constitution, the equitable share grant is used to subsidise the provision of basic services and the day to day operations of the municipality.

Financial Management Grant

Current-year receipts	2,450,000	2,450,000
Conditions met - transferred to revenue	(2,450,000)	(2,450,000)
	-	-

The purpose of the grant is to promote and support reforms to financial management and the implementation of the MFMA. The conditions of the grant were met and no funds have been withheld.

EPWP Grant

Current-year receipts	2,432,000	1,451,000
Conditions met - transferred to revenue	(2,432,000)	(1,451,000)
	-	-

The grant was used to provide poverty and income relief through temporary work for the unemployed to carry out socially useful activities. The conditions of the grant were met and no funds have been withheld.

LG SETA Grant

Current-year receipts	666,710	-
Conditions met - transferred to revenue	(666,710)	-
	-	-

Municipal Infrastructure Grant

Current-year receipts	153,660,000	132,482,000
Conditions met - transferred to revenue	(147,530,032)	(132,482,000)
	6,129,968	-

Conditions still to be met - remain liabilities (see note 16).

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26. Public contributions and donations

Nkangala District Municipality 53,191,370 9,538,218

Nkangala District Municipality donated the following assets and operational items to the municipality in 2023.

Capital assets that were donated to the municipality were the following:

Infrastructure assets	:	Ga Morwe to Mtambathini Vehicle Bridge	R42,298,038.12
		Mabuyeni Stormwater Drainage System	R 6,890,127.00
Movable assets	:	Compactor Truck	R 2,731,612.63
		Laptops, Printers and Screens	R 169,290.31

Donations of an operational nature that were donated amounted to R1,102,302.00. These were expenditures that Nkangala District Municipality incurred on behalf of the municipality during 2023. This includes the Disaster Management Awareness Campaign, The HIV AIDS Campaign, MHS Education and Awareness Campaign, The Moral Regeneration Campaign and the Land Audit.

27. Fines, Penalties and Forfeits

Municipal Traffic Fines 1,535,999 854,250

28. Employee related costs

Basic	144,338,924	133,858,322
Bonus	10,292,602	10,405,955
Medical aid - company contributions	13,924,287	13,058,011
UIF	1,075,963	1,106,216
SDL	1,795,804	1,682,650
Leave pay provision charge	3,546,906	319,956
Pension fund contribution	28,312,679	26,954,751
Travel, motor car, accommodation, subsistence and other allowances	7,859,812	5,679,906
Overtime payments	7,208,463	3,788,705
Acting allowances	2,427,429	3,409,338
Housing benefits and allowances	783,459	822,320
Group life contributions	23,416	24,007
Bargaining Council	65,568	63,641
Cellphone allowance	957,204	797,879
Standby allowance	3,283,924	3,973,723
	225,896,440	205,945,380

29. Remuneration of councillors

Executive Major	1,018,539	541,200
Mayoral Committee Members	3,764,018	2,474,373
Speaker	838,517	719,453
Councillors	18,998,960	19,396,692
Chief Whip	779,827	599,902
	25,399,861	23,731,620

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In-kind benefits

The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor has use of a Council owned vehicle and a driver for official duties.

The Mayor has full time personal assistant to assist her in her duties.

The remuneration of political office bearers and councillors is paid in line with the upper limits as determined by the framework envisaged in Section 129 of the constitution.

30. Depreciation and amortisation

Property, plant and equipment	101,393,841	59,056,038
Intangible assets	261,752	260,752
	101,655,593	59,316,790

31. Impairment loss

32. Finance costs

Other interest paid	4,958,762	4,023,470
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Included in the interest paid is the interest on the landfill site provision, interest on late payments and interest on long service bonus liability.

33. Lease rentals on operating lease

Plant and equipment

Contractual amounts	4,630,998	4,730,889
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34. Bad debt provision

Debt impairment	92,817,688	102,135,695
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35. Contracted services

Contractors

Repairs and Maintenance	65,658,171	72,485,033
Security	54,581,568	46,798,725
Specialist Services	17,279,365	23,809,026
Other contractors	11,410,166	19,735,528
	148,929,270	162,828,312

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36. General expenses	107,723,420	102,716,514
Advertising	1,182,643	2,376,970
Auditors remuneration	9,568,454	8,556,030
Bank Charges	343,761	25,085
Cleaning	6,995,930	8,062,594
Consumables	13,465,396	14,193,882
Donations	-	4,302,106
Electricity	37,412,706	33,673,609
Indigent Relief	2,740,213	-
IT expenses	10,008,820	12,274,096
Insurance	656	-
Medical expenses	1,366,136	1,710,782
Other expenses	12,555,624	4,459,568
Postage and courier	334,722	-
Printing and stationery	3,591,778	4,681,685
Protective clothing	28,310	3,384
Subscriptions and membership fees	2,540,477	2,676,751
Telephone and fax	110,663	220,224
Transport and freight	287,754	648,000
Travel - local	1,909,207	1,885,504
Ward Committee support	3,280,170	2,966,244
37. Cash generated from operations		
Surplus	146,003,713	71,515,394
Adjustments for:		
Depreciation and amortisation	101,655,593	62,907,518
Gain on sale of assets and liabilities	4,704,130	6,851,908
Surplus on distribution of non-cash assets to owners	-	-
Movement in employee benefit liability	182,166	1,445,219
Impairment of assets	5,453,439	5,016,643
Debt impairment	92,817,688	102,135,695
Movements in provisions - Landfill site	(885,111)	(3,982,943)
Non-cash donations and other in-kind benefits	(53,191,370)	(9,538,218)
Donations	1,102,751	-
Other non-cash items	(3)	10,836
Changes in working capital:		
Inventories	(36,656)	3,393,390
Consumer debtors	(140,065,273)	(156,986,422)
Other receivables from non-exchange transactions	(9,579,640)	22,387,297
Payables from exchange transactions	18,903,597	(26,069,371)
VAT	2,078,843	3,344,676
Unspent conditional grants and receipts	6,129,967	-
Consumer deposits	16,802	20,115
	175,290,636	82,451,737

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38. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment - Infrastructure	20,849,919	58,803,643
Total capital commitments		
Already contracted for but not provided for	20,849,919	58,803,643
Authorised operational expenditure		
Total commitments		
Total commitments		
Authorised capital expenditure	20,849,919	58,803,643
This committed expenditure relates to Property, plant and equipment - Infrastructure and will be financed by retained surpluses, existing cash resources, funds internally generated.		
Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	2,825,552	3,767,403
- in second to fifth year inclusive	-	2,825,552
	2,825,552	6,592,955

DR JS Moroka Municipality entered in a 36 months operating Lease agreement with Matupunuka to lease printing and photo copying machinery including maintenance services. The contract commenced on the 01/04/2021. The lease monthly rent is a monthly fixed amount of R313 950.23 inclusive of VAT. The contract will continue after the initial rental period unless the Municipality notifies Matupunuka in writing at least one month before the end of the initial lease period.

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39. Contingencies

Contingent liabilities 2023

1. Bopape Elizabeth Maite, OBO Kabelo Bopape/ Dr JS Moroka Local Municipality

The following matter relates to a claim against the municipality, regarding a minor child who was injured as a result of falling off a concrete water pipe and was therefore seriously injured. The Plaintiff is claiming R4 255 000,00 in damages against the Municipality.

2. Sizwe Africa IT Group/ Dr JS Moroka Local Municipality

The following matter relates to a claim against the municipality for the repudiation of an equipment rental agreement for which the municipality reneged on. The Plaintiff is claiming R3 418 270,20 in damages against the Municipality plus interest and legal costs.

3. Elijah Mashinga/ Dr JS Moroka Local Municipality

The following matter relates to the unlawful detention of the plaintiff. The plaintiff is claiming R900 000 against the Municipality.

4. Dumisani J Mashiga - this is a claim against the municipality in the amount of R700 000 in respect of wrongful arrest and detention plus interest and legal costs.

5. Dr JS Moroka/ Unlawful invasion Portion 2 De Beerpruit 152

This matter relates to the illegal invasion of De Beerspruit 152 by squatters. There is no monetary value attached.

6. Dr JS Moroka Local Municipality/ Unlawful invasion of land Geelbeksvley 684

This matter relates to the illegal invasion of farm Geelbeksvley by squatters. There is no monetary value attached.

7. Dr JS Moroka Local Municipality/ Unlawful invasion of land Allenmanskraal

This matter relates to the illegal invasion of farm Allenmanskraal by squatters. There is no monetary value attached.

8. Dr JS Moroka Local Municipality/ Unlawful invasion of land Portion 12 of ERF 162 Allenmansdrift

This matter relates to the illegal invasion of farm Portion 12 of ERF 162 Allenmansdrift by squatters.

9. Dr JS Moroka Local Municipality/ Unlawful invasion of land Vaalbank 163

This matter relates to the illegal invasion of land Vaalbank 163 by squatters. There is no monetary value attached.

10. Black Achievers/ Dr JS Moroka Local Municipality

The following claim against the Municipality relates to a claim by the plaintiff for services rendered for which the municipality is still owing. The amount in damages claimed by the Plaintiff is R87 612,92 against the Municipality.

11. Pangela protection service (pty) Ltd//Dr Js Moroka Local Municipality

Urgent court application instituted against the respondent for termination of agreement under case number 3293/21. The claim is estimated to be R5m.

12. Mr Monareng // Dr Js Moroka Local Municipality

Urgent court application in the labour court against the respondent for termination of salary dispute and declaration of the applicant as an employee as well as salary reinstatement. The balance of the claim is estimated at R800 000.00

13. Get there security services (Pty) Ltd

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The matter relates to a claim of a contract terminated because the process did not follow the law and SCM policies of the municipalities. The value of the claim is estimated at R5m

14. Malose Frans Monkoe// DR JS Moroka Local Municipality

An application to the labour court for unpaid leave days amounting to R639 785.97

15. Dr Js Moroka Local Municipality/Rammutla Tshireletso and others

Application proceedings for the review and setting aside of the appointments by Mr Kubheka N.T.G inter alia termination of employment contract.

16. Gubis 85 solutions (pty)Ltd

A claim for the sum of R403 148.32 for termination of contract and outstanding amount for service rendered on the monitoring and maintenance of the CCTV cameras.

17. Dr JS Moroka LM/ Audrey Sindane

Instruction is to recover costs awarded to the municipality after it had succeeded in its interdict application. Costs to be recovered are estimated to be R100 000.00

18. Dr JS Moroka LM/Mthimunya Mvangelu, SAMWU, and the employees listed in annexures

Interdict and restraining order

19 Thathazakho Taxi Association / Dr JS Moroka Municipality

This is a claim against the municipality which disputes relating to two rival taxi associations regarding a taxi route with the municipality as one of the respondents and ordered to implement the court order.

20. Mozma Trading / Dr JS Moroka Local Municipality

The claim is against the Municipality for breach of contract. The Plaintiff is claiming damages of R1 267 194,92 against the Municipality.

21. Lucus Mafetsa Attorneys/ Dr JS Moroka Local Municipality

This matter is awaiting notice of sit down. The Plaintiff is claiming damages of R2 758 253 against the Municipality.

22. Water Sanitation Services South Africa/ Dr JS Moroka Local Municipality

The matter relates to a claim by the plaintiff for services rendered for which the Municipality has not settled. The plaintiff is claiming R1 080 866 (excluding legal costs and disbursement) for damages against the Municipality.

23. Chipane cleaning and construction CC and another // Dr Js Moroka Local Municipality

The plaintiff has issued a summons for services rendered to the municipality for payment of R104 861,77 being interest compounded from failure to pay retention amount on construction services rendered for the Municipality.

24. Reverance Baphasile Johann Sibiyah//Dr JS Moroka

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The plaintiff has issued a summons for payment of R250 000.00 in respect of a damage claim arising from destruction of property.

25. Fleet Horizon Solutions Pty Ltd// Dr JS Moroka Local Municipality

A claim by the plaintiff for the alleged breach of contract and outstanding amount of R3 058 908.10

26. Lucas Mduduzi Khobongo Mthombeni// Dr JS Moroka Local Municipality

Summons issued against the Municipality by the plaintiff claiming the sum of R6 000 000.00 for damages emanating from serious bodily injuries sustained during strike action instituted by members of the community.

27. Sidas Security// Dr JS Moroka LM

Matter at pleading stage and awaiting date for case management with the Judge for setting a hearing date. The claim amount is R1 960 320.42 with estimated costs of R700 000.00

28. Mahlangu Attorneys// Dr JS Moroka LM

The defendant's former attorneys took action against it for amount due as a result of professional service rendered amounting to R19 677.65. The estimated cost is R25 000.00

29. Khwinana Logistics CC Enterprises

It is alleged that Dr JS Moroka owes Khwinana an amount of R998 000.00 for services rendered for repairing damaged sewer benching and unblocking of the main sewer.

30. T Khubheka v Dr JS Moroka. The applicant applied for a review of the CCMA Commissioner's award.

Contingent liabilities 2022

1. Bopape Elizabeth Maite, OBO Kabelo Bopape/ Dr JS Moroka Local Municipality

The following matter relates to a claim against the municipality, regarding a minor child who was injured as a result of falling off a concrete water pipe and was therefore seriously injured. The Plaintiff is claiming R4 255 000,00 in damages against the Municipality.

2. Sizwe Africa IT Group/ Dr JS Moroka Local Municipality

The following matter relates to a claim against the municipality for the repudiation of an equipment rental agreement for which the municipality reneged on. The Plaintiff is claiming R3 418 270,20 in damages against the Municipality plus interest and legal costs.

3. Elijah Mashinga/ Dr JS Moroka Local Municipality

The following matter relates to the unlawful detention of the plaintiff. The plaintiff is claiming R900 000 against the Municipality.

4. Brian Tebogo/ Dr Js Moroka Local Municipality

The Plaintiff is claiming payment of delictual damages in the sum of R709, 953.32 from the Municipality, together with interest thereon at 10,25 % and costs of suit. Instructions given to defend the action for delictual damages brought by the Plaintiff's attorneys.

5. Black Achievers/ Dr JS Moroka Local Municipality

The following claim against the Municipality relates to a claim by the plaintiff for services rendered for which the municipality is still owing. The amount in damages claimed by the Plaintiff is R87 612,92 against the Municipality.

6. Dr JS Moroka/ Unlawful invasion Portion 2 De Beerpruit 152

This matter relates to the illegal invasion of De Beerspruit 152 by squatters. There is no monetary value attached.

7. Dr JS Moroka Local Municipality/ Unlawful invasion of land Allenmanskraal

This matter relates to the illegal invasion of farm Allenmanskraal by squatters. There is no monetary value attached.

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8. Dr JS Moroka Local Municipality/ Unlawful invasion of land Portion 12 of ERF 162 Allenmansdrift This matter relates to the illegal invasion of farm Portion 12 of ERF 162 Allenmansdrift by squatters.		
9. Dr JS Moroka Local Municipality/ Unlawful invasion of land Vaalbank 163 This matter relates to the illegal invasion of land Vaalbank 163 by squatters. There is no monetary value attached.		
10. Lucus Mafetsa Attorneys/ Dr JS Moroka Local Municipality This matter is awaiting notice of sit down. The Plaintiff is claiming damages of R2 758 253 against the Municipality.		
11. Mozma Trading / Dr JS Moroka Local Municipality The claim is against the Municipality for breach of contract. The Plaintiff is claiming damages of R1 267 194,92 against the Municipality.		
12. Water Sanitation Services South Africa/ Dr JS Moroka Local Municipality The matter relates to a claim by the plaintiff for services rendered for which the Municipality has not settled. The plaintiff is claiming R2 657 086,45 for damages against the Municipality.		
13. Dumisani J Mashiga - this is a claim against the municipality in the amount of R700 000 in respect of wrongful arrest and detention plus interest and legal costs.		
14. Thathazakho Taxi Association - this is a claim against the municipality which dispute relating to two rival taxi association regarding a taxi route with the municipality as one of the respondents and ordered to implement the court order.		
15. Audrey Sindane - Our offices are attending to serve our Bill of cost upon the opposing side, following which, the matter will be set down by the court for taxation. Our offices shall report further in due course. Defend the action for outstanding legal fees, brought by the Plaintiff.		
16. Water Sanitation Services South Africa/ Dr JS Moroka Local Municipality The matter relates to a claim by the plaintiff for services rendered for which the Municipality has not settled. The plaintiff is claiming R1 080 866 for damages against the Municipality.		
17. Chipane cleaning and construction CC and another // Dr Js Moroka Local Municipality claim for payment of R104 861,77 being interest compounded from failure to pay retention amount on construction services rendered for the Municipality.		
18. Get there security services (Pty) Ltd Action proceedings against the Municipality in respect of the sum of R8 363 103,84 and R2 018 018,00 being for claim 1 and 2 respectively for termination of the contract for the plaintiffs Under case number 229/2022		
19. Gubis 85 solutions (pty)Ltd A claim for the sum of R403 148.32 for termination of contract and outstanding amount for service rendered on the monitoring and maintenance of the CCTV cameras.		
20. Malose Frans Monkoe// DR JS Moroka Local Municipality An application to the labour court for unpaid leave days amounting to R639 785.97		
21. T. J. Makgopa // DRJSMLM The Plaintiff's has instituted action against the Municipality and its driver in respect of a motor vehicle collision between a motor vehicle belonging to the Plaintiff, and a motor vehicle driven by an employee of the municipality, the later having acting during the course and scope of his employment with the Municipality at the time.		
22. Mthimunye Mvangel, SAMWU, and the employees listed in annexures Interdict and restraining order		
23. The municipal manager and others/The Executive mayor and others application heard on urgent basis before honorable Mphahlele and reconsidered. The parties were ordered to make a draft order and the matter will be referred for oral evidence for determination of the dispute of fact on the authenticity of the signatures of the undermentioned three councillors. The parties were ordered to appoint signature expert(s) to analyse the signatures of the following councillors: L . W Baloyi, Ngoako and Mtshweni. The matter is sub judicare.		

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24. Dr Js Moroka Municipality// Illegal invaders of portion 8 of the farm Leeuwfontein
Interdictory relief against unlawful invaders and allocation land and demolition order at portion 8 of the farm Leeuwfontein

25. Dr Js Moroka// Reverance Baphasile Johann Sibiya
Rescission application against the order granted under MRCC05/2021

26. Dr Js Moroka Local Municipality/Rammutla Tshireletso and others
Application proceedings for the review and setting aside of the appointments by Mr Kubheka N.T.G inter alia termination of employment contract.

27. Panga protection service (pty) Ltd//Dr Js Moroka Local Municipality
Urgent court application instituted against the respondent for termination of agreement under case number 3293/21.

28. Mr Monareng // Dr Js Moroka Local Municipality
Urgent court application in the labour court against the respondent for termination of salary dispute and declaration of the applicant as an employee as well as salary reinstatement.

29. DR JS Moroka Local Municipality// Danny Klaas Aphane and others
Review application lodged in Labour Court against the arbitration award reinstating the employee.

Unfilled conditions and other contingencies attaching to government grants related to agricultural activity.

Contingent assets

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Contigent Assets 2023

1. Dr JS Moroka Local Municipality/ Geomab Construction.
 The Municipality is claiming over-payment against the defendant. The claim is also against the members of the Close Corporation in their personal capacities. The Municipality is claiming R9 563 700 in damages against defendant.
2. Dr JS Moroka Local Municipality/ The Curve Crystal Sparkle.
 The Municipality is claiming for non-performance against the defendant. The Municipality is claiming R5 996 572.09 against defendant.
3. Dr JS Moroka Local Municipality//PM Mtsweni
 The Municipality issued summons for contractual damages in respect of Bursary agreement and monies erroneously paid to the defendant. The estimated financial implications are R156 365.85
4. Dr JS Moroka Local Municipality//J Mamabolo
 The Municipality issued summons for contractual damages in respect of Bursary agreement and monies erroneously paid to the defendant. The estimated financial implications are R90 047.39
5. Dr JS Moroka Local Municipality//TS Mahlangu
 The Municipality issued summons for contractual damages in respect of Bursary agreement and monies erroneously paid to the defendant. The estimated financial implications are R47 381.00
6. Dr JS Moroka Local Municipality//Lucas Mafetsa Attorneys
 The Municipality brought an application under Middleburg High Court to review the appointment of Lucas Mafetsa Attorney. The estimated financial implications are R355 553.84
7. Dr JS Moroka Local Municipality//Lucas Mafetsa
 The Municipality launched an application to stay proceedings in the North Gauteng High Court. The financial implications are estimated at R350 000.00

Contigent Assets 2022

1. Dr JS Moroka Local Municipality/ Geomab Construction. The Municipality is claiming over-payment against the defendant. The claim is also against the members of the Close Corporation in their personal capacities. The Municipality is claiming R9 563 700 in damages against defendant.
2. J.J. Mamabolo - Our offices have been unsuccessful with settlement negotiations with the debtor herein and are attending to proceed with litigation of the matter.Municipality's claim against the Defendant; R65,047.39, plus interest and legal costsPayment in the sum of R 65, 047.39 in respect of contractual damages in respect of a Learnership Agreement, together with interest and legal costs.
3. P.M. Mtsweni - Our offices have been unsuccessful with settlement negotiations with the debtor herein and are attending to proceed with litigation of the matter.Payment in the sum of R 47, 085.00 in respect of contractual damages in respect of a Learnership Agreement and Payment in the sum of 59, 280.85 in respect of monies erroneously paid by the Municipality to the latter, together with interest and legal costs.Municipality's total claim against the Defendant: R 106, 365.85, plus interest and legal costs.
- 4.T.S. Mahlangu - Our offices have been unsuccessful with settlement negotiations with the debtor herein and are attending to proceed with litigation of the matter.Payment in the sum of R 32, 831. 00 in respect of contractual damages in respect of a Learnership Agreement, together with interest and legal costs.Municipality's claim against the Defendant: R 32, 831. 00, plus interest and legal costs.

5. There are work in progress projects to be donated by Nkangala district municipality on completion the details are as follows

Project No	Project description	Amount
57490	Madubaduba & Moripe gardens water supply	R28 839 818
57505	Magononong to Siyabuswa magistrate court road	R912 608
154175	Ga-Morwe sub-surface drainage system	R 808 474

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40. Unauthorised expenditure

Opening balance as previously reported	96,604,968	91,433,465
Add: Unauthorised expenditure - current	20,008,238	5,171,503
Less: Amount authorised - current	(7,171,823)	-
Closing balance	109,441,383	96,604,968

The over expenditure incurred by municipal departments during the year is attributable to the following categories:

Non-cash	596,650	-
Cash	19,411,588	5,171,503
Less: Approved by council	(7,171,823)	-
	12,836,415	5,171,503

Analysed as follows: non-cash

Depreciation and amortisation	596,650	-
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Analysed as follows: cash

Safeguard and Security	(89,400)	2,023,770
Hygiene	-	2,061,906
Contracted services	32,121,783	60,000
Employee related costs	2,431,764	1,325,975
WIP- Construction of fence around municipal cemeteries west	-	145,331
Consultants and professional services - Financial Management	9,434,033	-
Cleaning services	-	(242,627)
Expenditure- Inventory	(26,049)	(12,037)
Operational expenditure	(24,460,544)	(190,815)
	19,411,587	5,171,503

Unauthorised expenditure: Budget overspending – per municipal department:

Roads transport	-	2,227,858
Planning and Development	790,656	-
Electricity	1,605,847	-
Community and social development	-	2,943,645
Finance and Admin	17,612,090	-
	20,008,593	5,171,503

Amount approved by council

Council wrote off an amount of R 7 171 822,86 from the total unauthorised amount as it was found that the overall municipal budget has an underspending from which the the unauthorised votes can be funded with.

41. Fruitless and wasteful expenditure

Opening balance as previously reported	4,980,112	4,782,027
Add: Fruitless and wasteful expenditure identified - current	79,554	132,465
Add: Fruitless and wasteful expenditure identified - prior period	-	65,620
Closing balance	5,059,666	4,980,112

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Details of fruitless and wasteful expenditure

	Disciplinary steps taken/criminal proceedings		
SARS	Interest and penalties charged on late penalties	27,695	647,081
Eskom	Interest charged on late payment	51,859	932,163
Telkom	Interest charged on late payment	-	21,362
AGSA	Interest charged on late payment	-	8,055
Driving Licence	Interest charged on late payment	-	10,695
Payroll Taxes		-	1,253
Construction of Fresh Produce Market		-	700,000
Asset removal by office of the Sheriff		-	29,160
Water reticulation at Ga-Maria, Lefeso and Lefisoane		-	2,295,368
Catering		-	23,684
Special event tent		-	218,891
VIP toilets		-	92,400
		79,554	4,980,112

42. Financial instruments disclosure

Categories of financial instruments

2023

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	223,777,158	223,777,158
Cash and cash equivalents	7,714,343	7,714,343
	231,491,501	231,491,501

Financial liabilities

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	At amortised cost	Total
Trade and other payables from exchange transactions	73,425,633	73,425,633
Consumer deposits	850,663	850,663
	74,276,296	74,276,296

2022

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	179,662,150	179,662,150
Cash and cash equivalents	3,332,335	3,332,335
	182,994,485	182,994,485

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	57,963,853	57,963,853
Consumer deposits	833,861	833,861
	58,797,714	58,797,714

43. Irregular expenditure

Opening balance as previously reported	1,031,994,922	858,638,113
Add: Irregular expenditure - current	126,494,130	173,356,809
Closing balance	1,158,489,052	1,031,994,922

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Incidents/cases identified/reported in the current year include those listed below:

	Disciplinary steps taken/criminal proceedings	
Composition of the committees not complying with regulation 29 of the MFMA	6,457,304	15,389,336
Municipal rates over 90 days	-	8,903,210
Non-compliance tax status on appointment	6,442,594	51,650,335
Bid was advertised for a period of less than 14 days	25,713,667	16,226,950
Evaluation and adjudication not consistent with the bid document	60,410,182	29,772,484
Bid mandatory requirements not met	7,309,925	37,469,500
Reasons for deviations unjust	19,570,231	13,500,154
Bid procurement process not followed	53,200	444,840
MBD 4 form not attached	28,600	-
Bidder with highest points not appointed	59,750	-
Quotations from suppliers that are not NT's central supplier database	448,678	-
	126,494,131	173,356,809

Cases assessed by the accounting officer

Supply Chain regulation	58,774,023	106,114,825
Municipal Supply Chain Management Policies or By-laws	67,720,107	67,241,984
	126,494,130	173,356,809

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Amount recovered

After the council committee investigations, council adopted a council committee recommendation to recover an amount of 2023: R 0,00 (2022: R 0,00) from the service provider.

Amount written-off

Council adopted the council committee recommendation to write-off an amount of 2023: R 0,00 and (2022: R 0,00) from the total irregular amount as it was found that the municipality received value and the services were delivered in accordance with the contract stipulation.

44. Additional disclosure in terms of Municipal Finance Management Act

SALGA fees

Opening balance	2,570,880	2,642,552
Current year subscription / fee	2,328,603	2,522,944
Amount paid - current year	(2,522,944)	(2,594,616)
	2,376,539	2,570,880

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Water distribution losses		
Total water pumped	51,305,301	49,663,220
Total water consumed	(45,459,236)	(43,368,844)
Normal Distribution loss % 2023;(11%) 2022 (13%)	5,846,065	6,294,376

Kilo litre lost

The water losses were determined by using actual kilolitre pumped and water billed at cost per kilo litre of R3.55 for 2023 and R4.84 for 2022

Refer to note 3 for water losses

Kilo litres	2023	2022
Total kilo litres pumped	14,486,006	10,258,440
Total kilo litres consumed	(12,835,375)	(8,958,273)
	1,650,631	1,300,167

Audit fees

Current year subscription / fee	9,568,454	8,556,030
Amount paid - current year	(9,568,454)	(8,556,030)
	-	-

PAYE UIF and SDL

Current year subscription / fee	32,016,323	29,442,818
Amount paid - current year	(32,016,323)	(29,442,818)
	-	-

Pension and Medical Aid Deductions

Current year subscription / fee	62,019,318	57,874,518
Amount paid - current year	(62,019,318)	(57,874,518)
	-	-

VAT

VAT receivable	152,175,861	144,116,784
VAT payable	(115,667,621)	(105,529,701)
	36,508,240	38,587,083

VAT input receivables are shown in note 5.

All VAT returns have been submitted by the due date throughout the year.

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Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at June 30, 2023:

June 30, 2023	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Clr Dlowu BM	76	-	76
Clr Kekae MD	81	-	81
Clr Kutu F	17	-	17
Clr Legong MS	221	982	1,203
Clr Lekgwathi MA	85	-	85
Clr Mabena FS	670	11,604	12,274
Clr Mabena S	81	-	81
Clr Mabogoane K	81	-	81
Clr Madyibi C	81	-	81
Clr Mahlangu SK	186	-	186
Clr Makola MJ	239	2,197	2,436
Clr Maleka A	81	-	81
Clr Maleka ME	81	-	81
Clr Mashiane CM	100	-	100
Clr Mashishi MS	213	218	431
Clr Mashishi MW	220	669	889
Clr Matlaila BJ	182	-	182
Clr Mgidi	843	12,820	13,663
Clr Mhlanga KP	81	-	81
Clr Mnguni MB	797	11,722	12,519
Clr Mnguni PP	11	-	11
Clr Moabi JM	81	-	81
Clr Mothibi M	81	-	81
Clr Mphela L	155	-	155
Clr Mthimunye NL	694	10,833	11,527
Clr Mtsweni MW	991	15,673	16,664
Clr Ngoatle M	81	-	81
Clr Ngubeni PN	81	-	81
Clr Nkgau JS	73	-	73
Clr Nkoane MR	81	-	81
Clr Nkwana MMT	374	4,360	4,734
Clr Ntuli J	182	-	182
Clr Simango B	208	264	472
Clr Skhosana L	81	-	81
Clr Skosana GB	749	11,353	12,102
	8,339	82,695	91,034

June 30, 2022	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
DA Mashishi	503	2,295	2,798
PF Kutu	378	2,430	2,808
MA Mgidi	1,256	11,043	12,299
MR Lekgoathi	379	1,986	2,365
AX Skhosana	1,131	10,439	11,570
MW Mashishi	397	2,705	3,102
PP Mnguni	372	1,923	2,295
MS Mthimunye	1,058	9,975	11,033
TL Mtsweni	1,454	12,986	14,440
IS Makuwa	1,019	10,882	11,901

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MMT Nkwana	526	3,159
MJ Makola	428	4,521
P Mahlangu	1,208	11,998
K Ditshego	380	2,581
BA Simango	299	434
MS Legong	341	1,324
	11,129	98,628

During the year the following Councillors' had arrear accounts outstanding for more than 90 days.

45. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance. Risk management is carried out by a central treasury department (entity treasury) under policies approved by the accounting officer. Municipality treasury identifies, evaluates and hedges financial risks in close co-operation with the municipality's operating units. The accounting officer provide written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, use of non-derivative financial instruments, and investment of excess liquidity.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At June 30, 2023	Less than 1 year
Payables from exchange transactions	73,425,636
Customer deposits	850,663
At June 30, 2022	Less than 1 year
Payables from exchange transactions	57,963,853
Customer deposits	833,861

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Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2023	2022
Receivables from exchange transactions	223,777,158	179,622,150
Cash and cash equivalents	7,714,343	3,332,335

Market risk

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's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk. Municipality policy is to maintain approximately 60% of its borrowings in fixed rate instruments. During 2023 and 2022, the municipality's borrowings at variable rate were denominated in the Rand and the UK pound.

The municipality analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the municipality calculates the impact on surplus and deficit of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies.

Cash flow interest rate risk

Financial assets 2023

Short-term deposits	602,330
Bank balances	7,112,013
	7,714,343

Financial assets 2022

Short-term deposits	3,498,762
Bank balances	(166,427)
	3,332,335

Interest rate sensitivity analysis on income

Interest rate increase of 1%	77,143	33,323
Interest rate decrease of 1%	(77,143)	(33,323)
	-	-

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46. 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.

The reasons for deviations were documented and reported to the accounting officer who considered them and subsequently approved the deviations from the normal supply chain management regulations.

Incident		
Emergency	763,320	-
Sole supplier	134,837	124,425
Impractical or impossible	1,022,576	12,760,469
	1,920,733	12,884,894

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47. Related parties

<p>Relationships Accounting Officer Other members of key management</p> <p>Councillors</p>	<p>Mathebela MM Klaas DB - Chief Financial Officer FLL Masambuka - Manager Water Services LT Zulu - Manager Admin RS Mathabe- Community Dev Services Manager</p> <p>Ditshego K Dlowu BM Kekae MD Kutu PF Lamola BR Lebelo LK Lekgoathi MR Mabena JS Mabogoane KM Machava SS Mahlangu SK Mahlangu JS Mahlangu PL Mahlangu K Mahlangu P Mahlangu LM Majombosi TR Makuwa IS Maleka AL Maleka ME Manganye SM Manganye J Maphalla JK Mashabela N Mashamaite N Mashiane CM Mashilo JP Mashishi DA Mashishi MW Masumbuka MP Matlaila BJ Matabane MS Maubane ONM Mgidi MA Mhlanga KP Mnguni V Moabi JM Moimana AT Mothibi MF Mphela LK Msiza DL Mtimunye MS Mtsweni TL Ngoatle MN Ngubeni PM Nkgau JS Nkwana MMT Ntuli JM Ntuli PA Rankapole S Rankapole MM Simango BA</p>
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	Skhosana LM	
	Skhosana AX	

Key management information

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Remuneration of management

Management class: Councillors

2023

Name	Basic salary	Travel Allowance	Cellphone Allowance	Pension	Skills Levy	Medical Aid	Total
Executive Mayor	728,148	151,622	42,600	96,168	8,039	-	1,026,578
Speaker	588,112	128,569	42,600	76,935	6,588	-	842,803
Chief Whip	445,712	223,452	42,600	64,898	5,777	-	782,439
MMC Legong MS	405,722	203,420	42,600	59,078	5,855	44,620	761,295
MMC Madyibi C	418,829	190,679	42,600	61,304	5,721	27,552	746,686
MMC Makola MJ	402,922	200,486	42,600	58,918	5,785	45,846	756,556
MMC Mnguni PP	445,591	199,826	42,600	64,898	5,713	-	758,628
MMC Mtsweni S	415,496	177,217	42,600	60,804	5,707	31,386	733,209
Clr Ditshego K	187,021	71,468	42,600	27,384	1,682	-	330,155
Clr Dlowu BM	239,900	94,048	42,600	35,142	2,037	-	413,728
Clr Kekae MD	187,021	71,469	42,600	27,384	1,682	-	330,155
Clr Kutu PF	187,021	71,468	42,600	27,384	1,682	-	330,155
Clr Lamola BR	187,021	71,468	42,600	27,384	1,682	-	330,155
Clr Lebelo LK	189,206	75,040	42,600	27,384	1,699	-	335,929
Clr Lekgoathi	187,021	74,216	42,600	27,384	1,682	-	332,903
Clr Mabena JS	187,021	76,487	42,600	27,384	1,682	-	335,174
Clr Mabogoane KM	187,021	72,324	42,600	27,384	1,688	-	334,017
Clr Machava SS	187,021	71,468	42,600	27,384	1,682	-	330,155
Clr Mahlangu SK	187,021	71,468	42,600	27,384	1,682	-	330,155
Clr Mahlangu JS	189,206	72,197	42,600	27,384	1,699	-	334,085
Clr Mahlangu PL	187,021	71,468	42,600	27,384	1,682	-	330,155
Clr Mahlangu K	189,206	72,197	42,600	27,384	1,699	-	333,085
Clr Mahlangu P	187,021	71,468	42,600	27,384	1,682	-	330,155
Clr Mahlangu LM	187,021	71,468	42,600	27,384	1,682	-	330,155
Clr Majombosi TR	189,206	84,409	42,600	27,384	1,718	-	345,316
Clr Makuwa IS	187,021	71,468	42,600	27,384	1,682	-	330,155
Clr Maleka AL	168,319	71,468	42,600	24,578	1,829	21,508	330,303
Clr Maleka ME	239,900	94,579	42,600	35,142	2,038	-	414,260

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Clr Manganye SM	187,021	71,468	42,600	27,384	1,682	-	330,155
Clr Manganye J	187,021	71,468	42,600	27,384	1,682	-	330,155
Clr Maphalla JK	187,021	71,468	42,600	27,384	1,682	-	330,155
Clr Mashabela N	196,239	75,190	45,281	27,384	1,785	-	345,878
Clr Mashamaite J	188,982	72,395	43,555	27,384	1,709	-	334,025
Clr Mashiane CM	187,021	71,468	42,600	27,384	1,682	-	330,155
Clr Mashilo JP	187,021	71,468	42,600	27,384	1,682	-	330,155
Clr Mashishi D	187,021	71,468	42,600	27,384	1,682	-	330,155
Clr Mashishi MW	278,398	129,033	42,600	37,273	3,356	38,332	528,992
Clr Masumbuka MP	187,021	81,450	42,600	27,384	1,682	-	340,138
Clr Matlaila BJ	187,021	82,414	42,600	27,384	1,700	-	341,119
Clr Maubane ONM	187,021	71,468	42,600	27,384	1,682	-	330,155
Clr Mgidi MA	187,021	71,468	42,600	27,384	1,682	-	330,155
Clr Mhlanga K	187,021	71,468	42,600	27,384	1,682	-	330,155
Clr Mnguni V	187,021	71,468	42,600	27,384	1,682	-	330,155
Clr Moabi JM	187,021	73,664	42,600	27,384	1,682	-	332,350
Clr Moimana AT	242,085	99,301	42,600	35,142	2,066	-	421,194
Clr Mothibi MF	239,900	93,570	42,600	35,142	2,037	-	413,250
Clr Mphela LK	187,021	71,468	42,600	27,384	1,682	-	330,155
Clr Msiza DL	187,021	71,468	42,600	27,384	1,682	-	330,155
Clr Mtimunye MS	187,021	71,468	42,600	27,384	1,682	-	330,155
Clr Mtsweni TL	163,717	75,509	42,600	23,888	1,709	11,167	318,591
Clr Ngoatle MN	189,206	72,197	42,600	27,384	1,699	-	333,085
Clr Ngubeni PM	187,021	82,054	42,600	27,384	1,718	-	340,777
Clr Nkgau JS	187,021	71,468	42,600	27,384	1,682	-	330,155
Clr Nkwana MMT	187,021	72,348	42,600	27,384	1,682	-	331,034
Clr Ntuli JM	187,021	74,520	42,600	27,384	1,689	-	333,214
Clr Ntuli PA	202,288	76,437	42,600	28,680	1,786	-	351,792
Clr Rankapole S	187,021	71,468	42,600	27,384	1,682	-	330,155
Clr Rankapole MM	187,021	71,468	42,600	27,384	1,682	-	330,155
Clr Simango BM	187,021	71,468	42,600	27,384	1,682	-	330,155
Clr Skhosana LM	187,021	71,468	42,600	27,384	1,682	-	330,155
Clr Skhosana AX	239,900	94,048	42,600	35,142	2,037	-	413,728
Clr Aphane S	2,804	935	-	-	22	-	3,760
Clr Baloyi L	2,185	728	-	-	17	-	2,930
Clr Banda M	2,185	728	-	-	17	-	2,930
Clr Komape A	2,804	935	-	-	22	-	3,760
Clr Leballo J	2,185	728	-	-	17	-	2,930

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Clr Lwedaba L	2,185	728	-	-	17	2,930
Clr Legong T	2,185	728	-	-	17	2,930
Clr Lekalakala T	2,185	728	-	-	17	2,930
Clr Madisha R	2,185	728	-	-	17	2,930
Clr Madonsela T	5,073	1,691	-	-	64	6,829
Clr Mahamba B	1,910	637	-	-	15	2,561
Clr Mahlangu D	6,457	2,152	-	-	82	8,691
Clr Mahlangu M	2,185	728	-	-	17	2,930
Clr Maja S	2,185	728	-	-	17	2,930
Clr Makgaloa C	2,185	728	-	-	17	2,930
Clr Makola K	2,185	728	-	-	17	2,930
Clr Malatjie R	235,344	100,515	24,100	33,483	3,344	423,992
Clr Maoka R	2,804	935	-	-	22	3,760
Clr Masango A	2,185	728	-	-	17	2,930
Clr Mashishi M	2,804	935	-	-	22	2,760
Clr Masilela M	118	39	-	-	1	158
Clr Masombuka N	2,185	728	-	-	17	2,930
Clr Matabane M	59,122	22,663	14,344	9,150	536	105,812
Clr Mathabe R	6,903	2,301	-	-	87	9,292
Clr Matji J	2,185	728	-	-	17	2,930
Clr Mdluli D	5,177	1,726	-	-	66	6,969
Clr Mkhondo M	2,185	728	-	-	17	2,930
Clr Mkoneni J	2,185	728	-	-	17	2,930
Clr Moffomme M	2,185	728	-	-	17	2,930
Clr Mojela B	2,185	728	-	-	17	2,930
Clr Makoala V	2,185	728	-	-	17	2,930
Clr Moselane M	2,185	728	-	-	17	2,930
Clr Mphuthi J	2,185	728	-	-	17	2,930
Clr Mthimunye W	2,185	728	-	-	17	2,930
Clr Mthiwethafa N	2,185	728	-	-	17	2,930
Clr Mtsweni M	2,185	728	-	-	17	2,930
Cle Mtsweni D	2,185	728	-	-	17	2,930
Clr Namane A	2,185	728	-	-	17	2,930
Clr Ndlovu A	2,185	728	-	-	17	2,930
Clr Ngoako M	2,185	728	-	-	17	2,930
Clr Ntlailane M	5,177	1,726	-	-	66	6,969
Clr Ntuli M	2,185	728	-	-	17	2,930
Clr Nyatlo T	2,185	728	-	-	17	2,930

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Clr Phaahla S	2,804	935	-	-	22	3,760
Clr Rankapole M	2,185	728	-	-	17	2,930
Clr Ratladi S	2,185	728	-	-	17	2,930
Clr Ratsoma P	2,185	728	-	-	17	2,930
Clr Segalagala J	2,185	728	-	-	17	2,930
Clr Sekanka	5,177	1,726	-	-	66	6,969
Clr Sekwala J	2,185	728	-	-	17	2,930
Clr Shabangu M	5,177	1,726	-	-	66	6,969
Clr Sibanyoni L	6,053	2,018	-	-	77	8,146
Clr Skhosana J	41,975	534	-	-	214	42,723
Clr Skhosana C	2,185	728	-	-	17	2,930
	14,592,310	5,687,808	2,640,680	2,080,661	147,795	25,399,861

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								2023	2022
2022									
Name	Basic salary	Travel Allowance	Cellphone Allowance	Pension	Skills Levy	Car allowance	Mobile Data	Medical Aid	Total
Executive Mayor Mtsweni NS	333,978	-	23,800	49,125	4,173	128,025	2,100	-	541,200
Executive Mayor Mathabe RS	203,460	-	14,541	28,071	2,549	76,629	-	-	326,534
Speaker Nkoane MR	280,965	8,532	26,310	41,521	3,515	107,391	2,322	-	470,556
Speaker Mahlangu DP	154,486	-	14,541	21,294	2,110	61,304	1,283	11,147	266,165
Chief Whip Nkodi JS	263,942	12,981	26,310	39,065	3,334	100,866	2,322	-	448,819
Chief Whip Ntlailane	130,804	-	14,541	17,993	2,054	57,472	1,283	29,327	253,475
MMC Legong MS	222,897	18,331	23,559	57,756	3,211	92,934	2,100	-	420,788
MMC Madyibi C	249,079	10,130	26,310	50,717	3,320	99,575	2,322	-	441,453
MMC Makola MJ	244,507	12,194	26,310	59,027	3,370	99,575	2,322	-	447,299
MMC Mnguni PP	260,731	9,396	26,310	39,065	3,291	99,575	2,322	-	440,689
MMC Mtsweni S	264,923	6,601	26,310	59,269	3,563	102,886	2,322	-	465,874
MMC Mdluli DM	137,397	-	14,541	39,373	2,023	57,472	1,283	-	252,090
MMC Nkoane MR	152,596	-	14,541	21,054	1,951	57,472	1,283	-	248,897
MMC Sekanka ME	152,596	-	14,541	21,054	1,951	57,472	1,283	-	248,897
MMC Shabangu MM	152,596	-	14,541	21,054	1,951	57,472	1,283	-	248,897
MMC Sibanyoni LB	142,314	-	14,541	33,446	2,000	57,472	1,283	-	251,057
Clr Ditshego K	115,536	43,857	26,310	17,767	1,052	-	2,322	-	206,844
Clr Dlowu BM	145,884	55,551	26,310	22,172	1,257	-	2,322	-	253,496
Clr Kekae MD	115,536	43,857	26,310	17,767	1,052	-	2,322	-	206,844
Clr Kutu PF	115,536	43,857	26,310	17,767	1,052	-	2,322	-	206,844
Clr Lamola BR	115,536	43,857	26,310	17,767	1,052	-	2,322	-	206,844
Clr Lebelo LK	115,536	43,857	26,310	17,767	1,052	-	2,322	-	206,844
Clr Lekgoathi MR	115,536	45,090	26,310	17,767	1,052	-	2,322	-	208,076
Clr Mabena JS	115,536	45,264	26,310	17,767	1,052	-	2,322	-	208,247
Clr Mabogoane KM	115,536	43,857	26,310	17,767	1,052	-	2,322	-	206,844
Clr Machava SS	115,536	43,857	26,310	17,767	1,052	-	2,322	-	206,844
Clr Mahamba BE	56,312	22,706	12,710	8,884	509	-	1,122	-	102,242
Clr Mahlangu DP	11,894	4,128	2,510	2,221	103	-	222	-	21,076
Clr Mahlangu SK	115,536	43,857	26,310	17,767	1,052	-	2,322	-	206,844
Clr Mahlangu JS	115,536	43,857	26,310	17,767	1,052	-	2,322	-	206,844
Clr Mahlangu PL	115,536	43,857	26,310	24,628	1,121	-	2,322	-	213,773
Clr Mahlangu K	115,536	45,128	26,310	17,767	1,052	-	2,322	-	208,115

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Clr Mahlangu P	115,536	45,409	26,310	17,767	1,054	-	2,322	-		208,397	
Clr Mahlangu LM	115,536	43,857	26,310	17,767	1,052	-	2,322	-		206,844	
Clr Maja S	58,193	24,250	14,451	16,350	1,283	-	653	-		115,270	
Clr Majombosi TR	115,536	48,050	26,310	17,767	1,064	-	2,322	-		208,827	
Clr Makuwa IS	115,536	43,857	26,310	17,767	1,052	-	2,322	-		206,844	
Clr Maleka AL	107,842	42,857	26,310	25,460	1,113	-	2,322	-		206,904	
Clr Maleka ME	145,884	58,417	26,310	22,172	1,258	-	2,322	-		256,363	
Clr Manganye SM	115,536	43,857	26,310	17,767	1,052	-	2,322	-		206,844	
Clr Manganye J	115,536	43,857	26,310	17,767	1,052	-	2,322	-		206,844	
Clr Maphalla JK	115,536	43,857	26,310	17,767	1,052	-	2,322	-		206,844	
Clr Masango SJ	31,566	11,093	6,695	4,442	274	-	591	-		54,661	
Clr Mashiane CM	52,555	19,607	11,769	8,884	466	-	1,038	-		94,318	
Clr Mashilo JP	115,536	43,857	26,310	17,767	1,052	-	2,322	-		206,844	
Clr Mashishi DA	115,536	43,857	26,310	17,767	1,052	-	2,322	-		206,844	
Clr Mashishi MW	126,448	60,382	26,310	41,246	1,412	-	2,322	-		258,120	
Clr Masumbuka MP	115,536	43,857	26,310	17,767	1,052	-	2,322	-		206,844	
Clr Matlaila BJ	115,536	43,857	26,310	17,767	1,052	-	2,322	-		206,844	
Clr Maubane ONM	115,536	43,857	26,310	17,767	1,052	-	2,322	-		206,844	
Clr Mgidi MA	115,536	43,857	26,310	17,767	1,052	-	2,322	-		206,844	
Clr Mhlanga K	115,536	43,857	26,310	17,767	1,052	-	2,322	-		206,844	
Clr Mnguni V	115,536	43,857	26,310	17,767	1,052	-	2,322	-		206,844	
Clr Moabi JM	115,536	43,857	26,310	17,767	1,052	-	2,322	-		206,844	
Clr Moimana AT	145,884	58,524	26,310	22,172	1,263	-	2,322	-		256,476	
Clr Mothibi MF	145,884	59,575	26,310	22,172	1,257	-	2,322	-		257,521	
Clr Mphella LK	115,536	43,857	26,310	17,767	1,052	-	2,322	-		206,844	
Clr Msiza DL	115,536	43,857	26,310	17,767	1,052	-	2,322	-		206,844	
Clr Mtimunye MS	115,536	43,857	26,310	17,767	1,052	-	2,322	-		206,844	
Clr Mtsweni TL	105,825	45,229	26,310	27,477	1,128	-	2,322	-		208,292	
Clr Ngoatle MN	115,536	43,857	26,310	17,767	1,052	-	2,322	-		206,844	
Clr Ngubeni PM	115,536	43,857	26,310	17,767	1,052	-	2,322	-		206,844	
Clr Nkgau JS	115,536	43,857	26,310	17,767	1,052	-	2,322	-		206,844	
Clr Nkwana MMT	105,961	45,862	26,310	27,342	1,127	-	2,322	-		208,924	
Clr Ntuli JM	115,536	45,238	26,310	17,767	1,055	-	2,322	-		208,225	
Clr Ntuli PM	115,536	45,466	26,310	17,767	1,054	-	2,322	-		208,455	
Clr Rankapole S	115,536	43,857	26,310	17,767	1,052	-	2,322	-		206,840	
Clr Rankapole MM	115,536	43,857	26,310	15,546	1,052	-	2,322	-		204,623	
Clr Sibanyoni LB	11,894	4,128	2,510	2,221	102	-	222	-		21,076	
Clr Simango BA	115,536	43,857	26,310	17,767	1,052	-	2,322	-		206,844	

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Clr Skhosana LM	115,536	43,857	26,310	17,767	1,052	-	2,322	-	206,844
Clr Skhosana AX	145,884	56,821	26,310	22,172	1,257	-	2,322	-	254,767
Clr Malatjie RJ	231,891	112,203	26,310	61,683	3,315	-	2,322	-	437,724
Clr Malete AM	100,730	38,182	22,910	15,546	916	-	2,022	-	180,305
Clr Aphane SP	63,930	31,121	14,541	33,941	898	-	1,283	-	145,715
Clr Baloyi LW	54,420	24,250	14,541	20,897	690	-	1,283	-	116,082
Clr Banda MD	64,388	24,250	14,541	8,884	593	-	1,283	-	113,939
Clr Komape AN	82,631	31,121	14,541	11,401	716	-	1,283	-	141,693
Clr Leballo JM	64,388	24,250	14,541	8,884	593	-	1,283	-	113,939
Clr Lebelo LK	64,388	24,250	14,541	8,884	593	-	1,283	-	113,939
Clr Ledwaba LL	64,388	24,250	14,541	8,884	593	-	1,283	-	113,939
Clr Legong MS	52,107	24,250	14,541	23,686	712	-	1,283	-	116,580
Clr Legong TB	64,388	24,250	14,541	8,884	593	-	1,283	-	113,939
Clr Lekalakala TI	64,388	24,250	14,541	8,884	593	-	1,283	-	113,939
Clr Madisha RS	64,388	24,250	14,541	8,884	593	-	1,283	-	113,939
Clr Madonsela TL	136,575	56,318	14,541	36,245	1,976	-	1,283	-	246,939
Clr Mahlangu JS	64,388	24,250	14,541	8,884	593	-	1,283	-	113,939
Clr Mahlangu K	64,388	24,250	14,541	8,884	593	-	1,283	-	113,939
Clr Mahlangu MW	64,388	24,250	14,541	8,884	593	-	1,283	-	113,939
Clr Majombosi TR	64,388	24,250	14,541	8,884	593	-	1,283	-	113,939
Clr Makgaloa CM	64,388	24,250	14,541	8,884	593	-	1,283	-	113,939
Clr Makola KD	64,388	24,250	14,541	8,884	593	-	1,283	-	113,939
Clr Malatjie RJ	50,542	24,250	14,541	25,573	728	-	1,283	-	116,916
Clr Maoka RN	65,320	31,122	14,541	32,270	885	-	1,283	-	145,421
Clr Masango A	58,193	24,250	14,541	16,350	653	-	1,283	-	115,271
Clr Mashishi MW	71,430	31,121	14,541	24,901	825	-	1,283	-	144,102
Clr Masilela ML	5,942	1,806	1,098	717	52	-	300	-	9,915
Clr Masombuka NZ	64,388	24,250	14,541	8,884	593	-	1,283	-	113,939
Clr Matji JS	46,908	24,250	14,541	29,952	763	-	1,283	-	117,698
Clr Mkhondo MS	64,388	24,250	14,541	8,884	593	-	1,283	-	113,939
Clr Mkoneni JT	64,388	24,250	14,541	8,884	593	-	1,283	-	113,939
Clr Mnguni PP	82,631	31,121	14,541	11,401	716	-	1,283	-	141,693
Clr Moffomme MA	64,388	24,250	14,541	8,884	593	-	1,283	-	113,939
Clr Moimana AT	64,388	24,250	14,541	8,884	593	-	1,283	-	113,939
Clr Mojena BN	64,388	24,250	14,541	8,884	593	-	1,283	-	113,939
Clr Mokoala VD	64,388	24,250	14,541	8,884	593	-	1,283	-	113,939
Clr Moselane MM	64,388	24,250	14,541	8,884	593	-	1,283	-	113,939
Clr Mputhi JM	64,388	24,250	14,541	8,884	593	-	1,283	-	113,939

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Clr Mtimunye WE	64,388	24,250	14,541	8,884	593	-	1,283	-	113,939
Clr Mthiwethafa	64,388	24,250	14,541	8,884	593	-	1,283	-	113,939
Clr Mtsweni DN	64,388	24,250	14,541	8,884	593	-	1,283	-	113,939
Clr Mtsweni MG	64,388	24,250	14,541	8,884	593	-	1,283	-	113,939
Clr Namane AM	64,388	24,250	14,541	8,884	593	-	1,283	-	113,939
Clr Ndlovu AZ	64,388	24,250	14,541	8,884	593	-	1,283	-	113,939
Clr Ngoako MM	52,365	24,250	14,541	23,375	710	-	1,283	-	116,525
Clr Ngoatle MM	64,388	24,250	14,541	8,884	593	-	1,283	-	113,938
Clr Nkgodi JS	82,631	40,511	14,541	11,400	716	-	1,283	-	151,083
Clr Ntuli ML	64,388	24,250	14,541	8,884	593	-	1,283	-	113,939
Clr Nyatlo TM	64,388	24,250	14,541	8,884	593	-	1,283	-	113,939
Clr Phaahla SM	82,631	31,121	14,541	11,401	716	-	1,283	-	141,693
Clr Rankapole MM	64,388	24,250	14,541	8,884	593	-	1,283	-	113,939
Clr Ratladi SJ	64,388	24,250	14,541	8,884	593	-	1,283	-	113,939
Clr Ratsoma PG	64,388	24,250	14,541	8,884	593	-	1,283	-	113,939
Clr Segalagala J	42,722	24,250	14,541	34,073	795	-	1,283	-	117,662
Clr Sekwala JM	51,433	24,250	14,541	24,498	719	-	1,283	-	116,725
Clr Skhosana JC	47,105	17,801	10,671	8,884	415	-	1,200	-	86,076
Clr Skosana CB	64,388	24,250	14,541	8,884	593	-	1,283	-	113,939
	13,197,874	3,954,376	2,490,272	2,376,492	140,066	1,313,592	218,338	40,474	23,731,620

Details of the remuneration of councillors have been disclosed on note "Remuneration of councillors"

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Management class: Key management

2023

Name	Annual Remuneration	Contributions to UIF, Med Aid, Pension Funds	Benefits and other allowances	Other long-term benefits	Total
Municipal Manager - M Mathebela	1,120,761	191,961	12,106	134,635	1,459,463
CFO Klaas DB	667,694	111,026	9,019	221,733	1,009,472
Acting CFO SK Mahlangu	165,221	345	1,658	46,740	213,964
Acting Technical Manager F Mashele	156,472	452	1,565	119,676	278,165
Manager Water FLL Masambuka	28,386	-	-	-	28,386
Acting Manager Admin CT Thobejane	29,806	-	-	-	29,806
Manager Admin LT Zulu	704,065	104,656	8,128	226,497	1,043,346
Acting Community Dev Serv JR Peloo	18,664	-	-	-	18,664
Community Dev Services RS Mathabe	755,420	134,173	8,921	222,586	1,121,100
Acting Manager Admin Segoane TA	72,508	177	-	725	73,410
	3,718,997	542,790	41,397	972,592	5,275,776

2022

Name	Annual Remuneration	Acting Allowance	Contributions to UIF, Med Aid, Pension Funds	Leave Payout	Benefit and Other allowances	Total
Municipal Manager M Mathebela	257,097	-	44,532	-	65,268	366,897
Acting CFO SK Mahlangu	-	149,057	-	-	-	149,057
Acting Technical Manager F Mashele	-	129,018	-	-	25,013	154,031
Community Dev Serv Mgr MF Monkoe	709,555	-	31,019	73,957	-	814,531
Acting Mgr Admin TA Segoane	-	19,506	-	-	-	19,506
Acting Manager Admin CT Thobejane	-	77,614	-	-	-	77,614
Acting Community Dev Serv JR Peloo	-	87,369	-	-	-	87,369
	966,652	462,564	75,551	73,957	90,281	1,669,005

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48. Prior-year adjustments				
Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:				
Statement of financial position				
2021				
2022				
	Note	As previously reported	Correction of error	Restated
Inventories		2,317,778	-	2,317,778
Receivables from non exchange transactions	[6]	46,684,410	(7,379,347)	39,305,063
VAT receivable		38,587,085	-	38,587,085
Receivables from exchange transactions	[7]	187,728,937	(8,106,787)	179,622,150
Cash and cash equivalents		3,332,335	-	3,332,335
Investment property		154,170	-	154,170
Property, plant and equipment	[1]	1,881,652,567	75,673,240	1,957,325,807
Intangible assets		1,012,326	-	1,012,326
Prepayment	[2]	-	250,000	250,000
Payables from exchange transactions	[3]	(89,877,097)	(1,573,475)	(91,450,572)
Consumer deposits		(833,861)	-	(833,861)
Long service bonus liability - current		(1,348,032)	-	(1,348,032)
Provisions		(32,486,957)	-	(32,486,957)
Long service bonus liability - non current		(14,221,231)	-	(14,221,231)
Accumulated surplus		(2,022,702,430)	(58,863,627)	(2,081,566,057)
		-	-	-

Statement of financial performance

2022

	Note	As previously reported	Correction of error	Re-classification	Restated
Service charges		80,563,779	-	-	80,563,779
Rental of facilities		166,257	-	-	166,257
Interest on receivables - trading		45,132,529	-	-	45,132,529
Licenses and permits	[4]	4,900,793	-	4,566,395	9,467,188
Operational revenue	[4]	6,659,207	-	(4,566,395)	2,092,812
Interest received - investment		1,387,519	-	-	1,387,519
Gain on landfill site provision		6,797,872	-	-	6,797,872
Actuarial gains/loses recognised		278,005	-	-	278,005
Property rates	[8]	35,351,611	4,818,036	-	40,169,647
Transfers and subsidies		555,955,265	-	-	555,955,265
Donations		9,538,218	-	-	9,538,218
Traffic fines		854,250	-	-	854,250
Employee related costs		(205,945,378)	-	-	(205,945,378)
Remuneration of councillors		(23,731,620)	-	-	(23,731,620)
Depreciation and amortisation	[5]	(66,224,165)	3,316,647	-	(62,907,518)
Impairment loss		(5,068,950)	52,307	-	(5,016,643)
Finance cost		(4,023,470)	-	-	(4,023,470)
Operating leases		(4,730,889)	-	-	(4,730,889)
Bad debt provision	[7]	(75,804,664)	(26,331,031)	-	(102,135,695)
Contracted services		(162,828,312)	-	-	(162,828,312)
Loss on derecognition of assets		(5,015,878)	(1,836,030)	-	(6,851,908)
General expenditure		(107,053,735)	4,337,221	-	(102,716,514)
Surplus for the year		87,158,244	(15,642,850)	-	71,515,394

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Cash flow statement				
2022				
	Note	As previously reported	Correction of error	Restated
Cash flow from operating activities				
Sale of goods and services		60,962,431	(30,526,307)	30,436,124
Grants		555,955,265	-	555,955,265
Interest income (bank)		-	1,387,519	1,387,519
Other receipts		13,271,693	159,634	13,431,327
		630,189,389	(28,979,154)	601,210,235
Cash flow from investing activities				
Employee costs		(228,769,589)	1,966,703	(226,802,886)
Suppliers		(319,022,002)	28,274,931	(290,747,071)
Finance costs		-	(1,208,541)	(1,208,541)
		(547,791,591)	29,033,093	(518,758,498)
Cash flow from financing activities				
Purchase of property, plant and equipment		(139,023,014)	197,088	(138,825,926)
Prepayments		-	(250,000)	(250,000)
Purchase of other intangible assets		(1,273,052)	(1,027)	(1,274,079)
		(140,296,066)	(53,939)	(140,350,005)
2023				
	Note	As previously reported	Correction of error	Restated
Cash flow from operating activities				
Net cashflows from operating activities		82,397,798	53,939	82,451,737

Errors

The prior year cash flow statement was restated after recalculation of all the input components. The effect of the adjustments is reflected above.

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[1] Property plant and equipment

- a) Misstatements were noted in the prior period relating to inconsistency between the useful life in the Asset Management Policy and Fixed asset register. The municipality addressed the misstatements by aligning the physical assessment of the asset register and the Estimated Useful Life(EUL) provision as per policy. The full population depreciation was recalculated in order to align it to the EUL provisions of the policy as well as the accumulated depreciation.
- b) Capital assets were incorrectly recognised in repairs and maintenance. The adjustment needed to correct this error was R23 070 976
- c) During the current year verifications, we identified air conditioners that were purchased in the prior year but not capitalised to office equipment.
- d) Infrastructure assets were classified to computer equipment and plant and machinery in error.
- e) The depreciation journals for the assets were omitted.
- f) There were assets that were fully depreciated and were in the books at zero values. These assets were reassessed and given a remaining useful life and accumulated depreciation was adjusted to take into consideration the reassessment.
- g) There were some assets that had negative values due to over depreciation and this necessitated the adjustment in depreciation.

[2] Prepayments

The cost of the compactor truck (plant and equipment) that was purchased in the prior year erroneously included the service plan cost. The amount has been recognised as payments made in advance and its reduced as and when the vehicle is serviced.

[3] Payables from exchange transactions

Prior year capital projects were incorrectly classified to expenditure (repairs and maintenance). As a result the retention and VAT on these projects was not recognised. The adjustment processed to correct this error was R1 573 478.

[4] Sundry income

Sundry income was reclassified from operational revenue to licences and permits.

Irregular expenditure

Prior Period Error Note	Final Disclosure amount in AFS	Adjustment	Restated Figure
2021/22	71,928,097	101,428,712	173,356,809

Nature of prior period error	Amount
Unidentified irregular in 2022	101,428,712

The municipality did not report on all irregular expenditure identified in prior years. The correction thereon is to account for the irregular expenditure that was identified through assessment performed and was previously not accounted for.

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Fruitless and wasteful expenditure

Prior period error	2021/22 Balance	Adjustment	2021/22 Restated balance
Fruitless and Wasteful Expenditure	4,866,365	113,748	4,980,113

Nature of prior period error	Amount
Relating to 2021/22	-
SARS penalty not disclosed	48,127
	48,127

Nature of prior period error	Amount
Relating to 2020/21	-
Eskom - interest charged on late payment not disclosed	64,992
Driving licence- interest charged on late payment not disclosed	143
AGSA- interest charged on late payment not disclosed	485
	65,620

The municipality did not report on all fruitless and wasteful expenditure incurred in prior years. The correction thereon is to account for the fruitless and wasteful expenditure that was identified through assessment performed and was previously not accounted for.

Accumulated surplus

Balance as at 01 July 2021	- 1,935,544,189
Retentions [1]	- (1,573,478)
Receivables from non-exchange transactions [2]	- 6,046,124
Property, plant and equipment [3]	- 70,033,828
Restated opening balance	- 2,010,050,663

The net effect on the accumulated surplus is **R74 506 474** as disclosed on the Statement of Changes in Net Assets.

[1] Prior year capital projects were incorrectly classified to expenditure (repairs and maintenance). As a result the retention and VAT on these projects was not recognised. The adjustment processed to correct this error was R1 573 478.

[2] The income relating to property rates was understated due to property values and categories not updated. A reconciliation between the billing information and valuation roll was conducted and corrections were effected. The effect on the opening accumulated surplus for 2022 is R6 046 124.

[3] Property, plant and equipment was restated to correct useful lives and misstatements in Work in Progress. The effect of the misstatements amounted to R70 033 828.

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[5] Depreciation

An alignment of useful lives between the policy and the Fixed asset register and correction of the calculation resulted in a change of R75 673 240 in the depreciation in the prior year

[6] Receivables from non exchange transactions

The income relating to property rates was understated due to property values and categories not updated. A reconciliation between the billing information and valuation roll was conducted and corrections were effected. This resulted in a net adjustment to the Receivables from non exchange of R7 349 348. The impact of the changes to the property rates in 2022 was R4 818 036 as disclosed above

[7] Impairment of Receivables from non exchange transactions

Receivables from non exchange transactions were restated to reflect correct billing based on the current valuation roll. This also resulted in the recalculation of previous years debt provision to the amount of R26 350 292

[8] Commitments

Commitments were restated to incorporate contracts that were omitted from the schedule in the prior year. The corrected misstatement amounts to R 37 402 356.

Description

Balance as previously stated	21,401,287
Correction of error	37,402,356
Restated balance	58,803,643

[9] Receivables from exchange transactions

There was an exercise to align the properties to the valuation roll and this resulted in the need for a review of the impairment calculation in prior years. The net adjustment needed was R8 106 785.02

[10] Financial instruments and risk management

Financial instruments and risk management disclosures were omitted in the prior year. These have been restated in line with GRAP requirements. Refer to notes 42 and 45 respectively.

[11] Water Inventory

Water inventories were not disclosed in the prior year and have been updated. The movements have also been updated to reflect the actual expenditure that was incurred through water distribution. Refer to note 3.

[12] Water distribution losses

In the prior year disclosure, the rate of R7,2 used to calculate the water losses was incorrect. The correct rate was supposed to be R4,84. The use of an incorrect rate resulted in the water losses calculation to be incorrectly misstated by R3 064 191 and this has now been corrected.

	As previously stated	Correction of error	Restated
Total water pumped	73,839,973	(24,176,753)	49,663,220
Total water sold	(64,481,406)	21,112,562	(43,368,844)
	9,358,567	(3,064,191)	6,294,376

49. Segment information

General information

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2023

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Identification of segments

The municipality is organised and reports to management on the basis of seven major functional areas: water, refuse, sewerage, electricity, roads and infrastructure, planning and development and community and social services. The segments were organised around the type of service delivery as the mandate of the municipality. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

Aggregated segments

The municipality operates in Mpumalanga Province. Segments were aggregated on the basis of services delivered as management considered that the economic characteristics of the segments throughout Mpumalanga were sufficiently similar to warrant aggregation.

Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment	Goods and/or services
Water	The council is responsible for the provision of water to the community
Refuse	The council is responsible for the removal of solid waste from the community
Sewerage	The council is responsible for the provision of waste water services to the community
Electricity	Council ensures that the community has adequate street lighting
Roads and Infrastructure engineering	Provision of project management services. Roads construction, maintenance. Mechanical workshop services and building plans and inspection services.
Planning and development	plan and formulate economic, social, infrastructure, environmental, administrative and other development programs
Community and social services	ensuring the provision of an acceptable standard of Social Services, Emergency Services, Environmental and Health Services, Community Safety, and Road Traffic Management as well as Sports, Arts and Cultural Services to the communities.

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Segment surplus or deficit, assets and liabilities

2023

	Water	Refuse	Sewerage	Roads and Infrastructure	Electricity	Planning and Development	Community and Social Services	Unallocated	Total
Revenue									
Service Charges	63,926,752	5,736,849	9,652,075	-	-	-	-	(567)	79,315,109
Operational Revenue	98,898	-	-	-	-	51,540	36,264	684,395	871,097
Rental of facilities and equipment	14,850	899	-	3,558	-	-	173,481	51,636	244,424
Interest received (trading)	-	-	-	-	-	-	-	54,496,201	54,496,201
Licences and permits	-	-	-	-	-	-	1,008,685	9,673,279	10,681,964
Gain on landfill site provision	-	4,078,177	-	-	-	-	-	-	4,078,177
Interest received (investment)	-	-	-	-	-	-	-	5,898,764	5,898,764
Actuarial gains	-	-	-	-	-	-	-	1,522,080	1,522,080
Property rates	-	-	-	-	-	-	-	41,698,387	41,698,387
Government grants & subsidies	-	-	147,530,032	-	-	-	-	467,109,710	614,639,742
Public contributions and donations	-	-	-	-	-	-	-	53,191,370	53,191,370
Fines, Penalties and Forfeits	-	549	-	-	-	-	1,535,450	-	1,535,999
Total segment revenue	64,040,500	9,816,474	157,182,107	3,558	-	51,540	2,753,880	634,325,255	868,173,314
Entity's revenue									868,173,314

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	Water	Refuse	Sewerage	Roads and Infrastructure	Electricity	Planning and Development	Community and Social Services	Unallocated	Total
Expenditure									
Employee related costs	49,934,523	8,280,890	-	27,716,142	3,494,726	26,379,453	40,305,931	69,784,779	225,896,444
Remuneration of councillors	-	-	-	-	-	-	-	25,399,859	25,399,859
Depreciation and amortisation	688,231	-	-	-	-	-	-	100,967,361	101,655,592
Impairment loss	-	-	-	-	-	-	-	5,453,439	5,453,439
Finance costs	-	-	-	-	-	-	-	4,958,762	4,958,762
Operating leases	-	-	-	-	-	-	-	4,630,998	4,630,998
Debt impairment	86,282,866	-	-	-	-	-	-	6,534,822	92,817,688
Contracted services	33,951,149	489,376	4,613,201	9,169,351	17,853,610	221,771	56,852,039	25,778,773	148,929,270
Loss on disposal of assets	-	-	-	-	-	-	-	4,704,130	4,704,130
General expenses	4,669,083	7,137,019	415,580	3,633,700	28,489,510	4,228,861	1,459,579	57,690,085	107,723,417
Total segment expenditure	175,525,852	15,907,285	5,028,781	40,519,193	49,837,846	30,830,085	98,617,549	305,903,008	722,169,599
Total segmental surplus/(deficit)									146,003,715
Assets									
Current Assets	-	-	-	-	-	-	-	2,354,435	2,354,435
Receivables from non-exchange transactions	-	-	-	-	-	-	7,309,023	41,575,683	48,884,706
VAT receivables	-	-	-	8,542,753	9,101,626	793,867	15,560,651	2,509,348	36,508,245
Receivables from exchange transactions	152,546,103	22,993,151	-	-	-	-	93,699	48,144,207	223,777,160
Cash and cash equivalent	-	-	-	-	-	-	-	7,714,346	7,714,346
Investment Property	-	-	-	-	-	-	-	154,170	154,170
Property, plant and equipment	82,232,899	-	-	311,837,536	-	-	4,079,876	1,670,621,329	2,068,771,640
Intangible assets	-	-	-	-	-	-	-	750,574	750,574
Prepayments	-	-	-	-	-	-	-	250,000	250,000
Total segment assets	234,779,002	22,993,151	-	320,380,289	9,101,626	793,867	27,043,249	1,774,074,092	2,389,165,276
Total assets as per Statement of financial Position									2,389,165,276

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	Water	Refuse	Sewerage	Roads and Infrastructure	Electricity	Planning and Development	Community and Social Services	Unallocated	Total
Liabilities									
Payables from exchange transactions	425,180	-	2,653,841	2,873,699	172,002	-	19,012,665	82,124,212	107,261,599
Consumer deposits	-	-	-	-	-	-	-	850,663	850,663
Unspent conditional grants and receipts	-	-	-	-	-	-	-	6,129,968	6,129,968
Provisions	-	-	-	-	-	-	-	31,601,845	31,601,845
Long service bonus liability	-	-	-	-	-	-	-	15,751,429	15,751,429
Total segment liabilities	425,180	-	2,653,841	2,873,699	172,002	-	19,012,665	136,458,117	161,595,504
Total liabilities as per Statement of financial Position									161,595,504

2022

	Water	Refuse	Sewerage	Roads	Electricity	Planning and Development	Community and Services	Unallocated	Total
Revenue									
Service charges	68,226,329	4,566,695	7,770,754	-	-	-	-	-	80,563,778
Operational revenue	113,606	-	-	-	-	39,128	23,650	1,916,427	2,092,811
Rental of facilities and equipment	2,435	224	-	-	-	-	138,246	25,352	166,257
Interest received (trading)	-	-	-	-	-	-	-	45,132,529	45,132,529
Licences and permits	-	-	-	1,280	-	-	15,795	9,450,113	9,467,188
Gain on landfill site provision	-	6,797,872	-	-	-	-	-	-	6,797,872
Interest received (investment)	-	-	-	-	-	-	-	1,387,519	1,387,519
Actuarial gains	-	-	-	-	-	-	-	278,005	278,005
Property rates	-	-	-	-	-	-	-	40,169,647	40,169,647
Government grants & subsidies	-	-	132,482,000	-	-	-	-	423,473,265	555,955,265
Public contributions and donations	-	-	-	-	-	9,538,218	-	-	9,538,218
Fines, penalties and forfeits	-	-	-	-	-	-	854,250	-	854,250
Total segment revenue	68,342,370	11,364,791	140,252,754	1,280	-	9,577,346	1,031,941	521,832,857	752,403,339
Entity's revenue									752,403,339

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Expenditure									
Employee related costs	49,737,179	7,714,107	-	25,369,461	3,747,759	17,319,048	39,389,076	62,668,751	205,945,381
Remuneration of councillors	-	-	-	-	-	-	-	23,731,620	23,731,620
Depreciation and amortisation	-	-	-	-	-	-	-	62,907,518	62,907,518
Impairment loss	-	-	-	-	-	-	-	5,016,643	5,016,643
Finance costs	-	-	-	-	-	-	-	4,023,470	4,023,470
Operating leases	-	-	-	-	-	-	-	4,730,889	4,730,889
Debt impairment	-	-	-	-	-	-	-	102,135,695	102,135,695
Contracted services	25,598,664	4,151	31,694,539	4,187,323	16,538,459	2,019,590	48,935,529	33,850,056	162,828,311
Gain/Loss on disposal of assets	-	-	-	-	-	-	-	6,851,908	6,851,908
General expenses	2,431,705	6,826,933	587,281	3,645,418	24,582,005	-	2,796,740	61,846,433	102,716,515
Total segment expenditure	77,767,548	14,545,191	32,281,820	33,202,202	44,868,223	19,338,638	91,121,345	367,762,983	680,887,950
Total segmental surplus/(deficit)									71,515,389
Assets									
Inventories	-	-	-	-	-	-	-	2,317,777	2,317,777
Receivables from non-exchange transactions	-	-	-	-	-	-	5,804,318	33,500,747	39,305,065
VAT receivable	-	-	-	4,985,473	9,099,173	731,435	14,952,981	8,818,022	38,587,084
Receivables from exchange transactions	154,460,513	17,991,064	-	-	-	-	109,612	7,060,964	179,622,153
Cash and cash equivalents	-	-	-	-	-	-	-	3,332,335	3,332,335
Investment property	-	-	-	-	-	-	-	154,170	154,170
Property, plant and equipment	54,771,274	-	-	295,375,541	-	-	26,766,193	1,580,412,794	1,957,325,802
Intangible assets	-	-	-	-	-	-	-	1,012,326	1,012,326
Prepayments	-	-	-	-	-	-	-	250,000	250,000
Total segment assets	209,231,787	17,991,064	-	300,361,014	9,099,173	731,435	47,633,104	1,636,859,135	2,221,906,712
Total assets as per Statement of financial Position									2,221,906,712

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	Water	Refuse	Sewerage	Roads	Electricity	Planning and Development	Community and Services	Unallocated	Total
Liabilities									
Payables from exchange transactions	1,058,184	-	89,669	517,070	80,053	-	17,762,790	71,942,814	91,450,580
Consumer deposits	-	-	-	-	-	-	-	833,861	833,861
Provisions	-	-	-	-	-	-	-	32,486,956	32,486,956
Long service bonus liability	-	-	-	-	-	-	-	15,569,263	15,569,263
Total segment liabilities	1,058,184	-	89,669	517,070	80,053	-	17,762,790	120,832,894	140,340,660
Total liabilities as per Statement of financial Position									140,340,660

Segment reporting was omitted from reporting in the prior year. It was therefore restated.

Measurement of segment surplus or deficit, assets and liabilities

Basis of accounting for transactions between reportable segments

The accounting policies of the segments are the same as those described in the summary of significant accounting policies.

The measurement of segment costs is determined by the allocations in the general ledger. The general ledger transactions are split by core functions and these core functions are then analysed and grouped together into their relevant segment. Each line item on the statement of financial performance and position is then reported into its relevant segment according to the split.

Information about geographical areas

The municipality's operations are in the Siyabuswa area of the Mpumalanga Province. There is no segment information available by geographical demarcation within the Municipal area.

50. Budget differences

Explanations for differences between budget and actual amounts

a) There was restrictions on services resulting in lesser revenue collection from rendering services

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- b) The revenue generated on this line item is primarily driven from tender application fees, advertisements and sundry income. These did not generate significant income for the Municipality due to their nature. Commission revenue from enatis was reclassified to licence and permit to achieve better presentation.
- c) There was reduction in the once off transactions such as hiring of rental facilities such as community hall. The Municipality did not lose any contract for rental income
- d) This is directly proportional to the increase in debtors as expected.
- e) The positive variance is due to the fact that more trading permits were renewed in the current year than anticipated. Commission revenue from enatis was reclassified to licence and permit to achieve better presentation.
- f) Not budgeted for.
- g) The positive variance was as a result of the general increase in prime interest rate during the year.
- h) The municipality performed various reconciliations to align the billing to the general valuation roll. The reconciliations resulted in improved billing for the period under review.
- i) The variance is aligned to unspent conditional grants.
- j) Donations are ordinarily not budgeted for.
- k) There were more traffic fines issued than anticipated.
- l) The variance is due to the employee benefits processed during the year.
- m) The variance is due to the employee benefits processed during the year.
- n) Most of the assets were impaired in the prior year and currently based on the assessment received from an external party, the impairment has reduced.
- o) The negative variance was as a result of alignment of the Asset management policy and fixed asset register which impacted the depreciation and new additions which were procured in the current year.
- p) These are finance costs from landfill site provision and employee benefit liability. They were not budgeted for.
- q) More consumables were used above the expected consumption.
- r) The negative variance is due to the level of uncollectible customer debt which met the impairment criteria at year-end.
- s) Not budgeted for.
- t) The positive variance was as a result of reduced spending on contracted services in order to cut costs.
- u) The positive variance was as a result of reduced spending on general expenditure in order to cut costs.
- v) Not budgeted for.
- x) The budgeted figure represents the budget available for purchases and the inventory represent the stock items remaining at the end of the year.
- aa) The variance is mainly due to anticipated increase on rates of consumer debtors which did not materialise.
- ab) The Municipality performed VAT reconciliations and realised VAT receivable from SARS.
- ac) The line item was underbudgeted following the reconciliation of the GV and billing data.
- ad) Potential interest on investments and expected collections from an organ of state after advanced negotiations.
- ae) Minor variance, within acceptable norm

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af) The negative variance was as a result of alignment of the Asset management policy and fixed asset register which impacted the depreciation and new additions which were procured in the current year.

ag) The negative variance was as a result of alignment of the Asset management policy and fixed asset register which impacted the depreciation and new additions which were procured in the current year.

ah) Not budgeted for

ai) The negative variance resulted from Increased work in progress projects resulting to more retention withheld, accruals and accrued leave pay

ak) Minor variance, within acceptable norm

al) Not budgeted for

am) The difference is due to the interest charge on on the valuation of the landfill site

an) Not budgeted for

51. Going concern

We draw attention to the fact that at June 30, 2023, the municipality had an accumulated surplus of R 2,227,569,766 and that the municipality's total liabilities exceed its assets by R 2,227,569,766.

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

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

52. Events after the reporting date

Disclose for each material category of non-adjusting events after the reporting date:

- nature of the event.
- estimation of its financial effect or a statement that such an estimation cannot be made.

53. Accounting by principals and agents

Dr JS Moroka is a party to principal-agent arrangement(s).

Details of the arrangement(s) is|are as follows:

The municipality was appointed as an agent to act on behalf of The Mpumalanga Department of Roads and Transport to provide registration, licensing and testing functions in terms of the applicable national and provincial road traffic legislation. The duration of the agreement is from 16 May 2006 until when terminated by the department. In terms of the agreement the Mpumalanga Department of Roads and Transport which is responsible for registration, licensing and testing functions has identified the Dr JS Moroka Municipality as an agent to process these functions for and on behalf of the Department.

Dr JS Moroka Municipality is the agent.

The significant terms and conditions of the arrangement(s) are that the agent shall be responsible for motor vehicle registration and licensing functions, learner licence functions, driver's license fuctions, motor vehicle testing functions, compliance with all NaTIS requirements and be responsible for all equipment provided by the Mpumalanga Department of Roads and Transport in return for a fee that is determined by the MEC by notice in the provincial Gazette for activities rendered. No changes have occurred during the reporting period to these arrangements.

[The relationship exists to make it easier for the department to provide a service to the community through an agent who is closer to the community as well as to better manage the administrative functions that come with the provision of the services. A major risk associated with this arrangement is cash management and the municipality mitigates this risk by having a cash management contract with G4S

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Entity as agent

Resources held on behalf of the principal(s), but recognised in the entity's own financial statements

As at year end, R 1 570 813.14 had been collected through licensing and had not been handed over to the department. This was disclosed in liabilities and is included in cash and cash equivalents amount.

This amount was paid over to the department in the 2024 financial year.

Revenue recognised

The aggregate amount of revenue that the entity recognised as compensation for the transactions carried out on behalf of the principal is R5,366,004 (2022: R4,655,395).

Liabilities and corresponding rights of reimbursement recognised as assets

There are no liabilities incurred on behalf of the principal(s) that have been recognised by the entity

Additional information

Revenue and expenses that relate to transactions with third parties undertaken in terms of the principal-agent arrangement

Category(ies) of revenue received or to be received on behalf of the principal, are:

Categories	Additional details
Licences and Permits	Receipt for services rendered

Amount of revenue received on behalf of the principal during the reporting period

Licences and Permits	32,311,350	27,311,489
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