



ANNUAL REPORT 2024-2025

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CHAPTER 1

MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

The 2024/25 Annual report of the DR JS Moroka Local Municipality, in many ways reflect our service delivery and developmental achievements and challenges, is presented in recognition of our legislative obligation to be an accountable and transparent organization. The report will give our stakeholders and communities an insight into the performance and achievements of the municipality.

The 2024/25 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"**.

The current Annual Report outlines our successes and shortcomings in relation to our political mandate. The Municipality progressed significantly in achieving objectives regarding the five key focus areas applicable to local government. Which can be summarized as follows:

1. Service delivery and infrastructure development
2. Municipal transformation and development
3. Local Economic Development
4. Municipal Financial viability and management
5. Good Governance and Public Participation

This Annual Report outlines in detail the key service delivery achievements in 2024/25 financial year in various deliverables of which the following:

1. Construction of 1km Radijoko Bus and Taxi Route Phase 3 – Completed
2. Construction of 1 km Katjibane Bus and Taxi Route Phase 3 - Completed
3. Construction of Thabana Sewer Reticulation – Completed
4. Construction of Ga-Phaahla Sewer Reticulation – Completed
5. Electrification of 50HH at Digwale - Completed
6. 50% Progress made in the Construction of Makopanong 2.8 km Bus and Taxi Route Phase 2 (Multiyear project) in the end of financial year
7. Construction of Libangeni Sewer Reticulation 95% Progress (practical complete) made in the end of the financial year
8. Replacement of 3.2km Asbestos bulk line from WWTW to Bloedfontein Phase 3 (Multiyear project) 90% Progress made in the end of financial year
9. Replacement of 3.7km Asbestos bulk line from WWTW to Kuilen Phase 2 (Multiyear project) 90% Progress made in the end of financial year

KEY DEVELOPMENTS POLICIES:

As part of our ongoing commitment to improving the quality of life for all residents, the municipality progress would be measured through satisfying its key developmental objectives. Policy formulation in DR JS Moroka will be more collaborative and inclusive and involve all key stakeholders in a transparent manner, reflective of contemporary good practice and for diversification.

These key policy development objectives are continuously used as a basis for service delivery in the municipality:

1. Continuous monitoring of the revenue enhancement strategy.
2. Facilitate and regularly update and conduct indigent register outreach
3. Sustained improvement in audit opinion
4. Provision of bulk water services.
5. Implementation of Bylaws
6. Intensify service delivery through Letsema Program.
7. Intensify community participation and accountability by councilors through monthly community meetings.
8. Continuous rendering of the weekly refuse removal using kerbside method for households.
9. Adherence to the performance management and development system
10. Continue to participate in HIV/AIDS, TB and Cancer programmes

METHOD USED/IMPLEMENTED TO IMPROVE PUBLIC PARTICIPATION AND ACCOUNTABILITY

Public participation is a critical component whereby performance of the municipality is measured in relation to effective local governance, ensuring that policies and projects are responsive to the needs of the community and fostering a collaborative approach to problem-solving. Public participation process allows municipality to gather diverse perspectives and insight from community members which will lead to more informed and effective decision and building trust between municipality and community members.

Furthermore, it helps understand community needs, prioritize the needs and ensures that policies and projects are aligned with public interests. DR JS Moroka has 310 ward committees made of 31 wards. Ward committees together with ward councilors conduct public meetings in their respective wards and submit monthly reports to Speaker's office.

The year under review public meetings were held in different wards. Public participation sessions were conducted through 2024/2025 IDP and Budget process where communities were given an opportunity to raise their needs to be incorporated in the IDP however due to limited resources only prioritized and budgeted needs are incorporated in the IDP for implementation.

In relation to good governance and the enhancement of democracy. The following activities ensure good governance:

- Continued and regular engagement with traditional leadership.
- Continuous community and stakeholder consultation.
- Announcement of meetings and events through loud hailing
- Continuously updating the municipal website relating to public participation
- Notices in print media, social media and billboards
- Engaging in different forums such as Local Economic Development

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

Public participation is a critical component whereby performance of the municipality is measured in relation to effective local governance, ensuring that policies and

- Improve and sustain flow of water in the reticulation systems
- Channel and allocate capital budget to roads, sanitation and bulk water infrastructure projects
- Implement and extend the bulk sewer system to areas without sewer connections.
- Filling key management positions
- Youth empowerment

THE FOLLOWING POLITICAL INTERVENTIONS WERE INITIATED TO IMPROVE THE AUDIT OPINION

- Track and prioritize items that could derail the audit outcomes.
- Implement the approved audit action plan
- Ensuring that recommendations are implemented
- Ensure accountabilities for all expenses incurred
- Established the Audit Steering Committee to deal with issues raised by the Auditor General

STRATEGIC ALIGNMENT TO PROVINCIAL GROWTH AND DEVELOPMENT STRATEGY

Our municipality is committed to aligning our strategic initiatives with the broader provincial growth and development strategy. This alignment ensures that our local efforts contribute to the overall economic and social development goals of the province, fostering a cohesive and integrated approach to rural development.

Strategic alignment was initiated as follows:

“Building Local Economies to create more employment, decent work and sustainable livelihood” by continuous partnership with government and private sector to implement programs.

- The municipality has taken in 30 young people from the three magisterial districts within the municipality for skills training in pothole patching
- 15 young graduates on-work training (internship) in finance, engineering and environmental science
- 50 young people benefited in the new venture creation learnership from the department of public works
- 3 young people benefited from the mayoral bursary scheme to learn in the field of Engineering as a scarce skill
- The municipality has established and launched a youth structure SAYC
- Launching of women in business structure
- The municipality is reviewing the LED strategy

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

- The municipality is reviewing the SDF strategy
- Finalize the MOA with traditional leadership
- Finalize the town planning for Moripe Gardens and other identified

FUTURE ACTIONS

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

- The municipality to put more focus on local economic development to grow the economy and create jobs within the municipality
- Ensuring compliance and signing of SLP with mines
- Support small businesses to grow and participate in mainstream economic activities
- Ring fencing of water services revenue.
- Conduct frequent outreach on payment rate of services
- Continuous development of innovative service delivery methods to eradicate service delivery backlogs.
- Improve customer care focus and increase the general standard of service delivery.

AGREEMENTS / PARTNERSHIPS

The municipality did not enter into any agreements or Public – Private Partnership with external stakeholders during the 2024/25 financial year.

CONCLUSION

I want to extend my heartfelt gratitude to all councilors, municipal personnel, and our stakeholders in particular rate payers for your continued support and engagement. It is our responsibility as politicians to ensure that our municipality does indeed perform to the best of its ability in addressing the backlogs of all services.

The municipality continues to prioritize service delivery to its communities and the implementation of proposed projects.

It is through partnerships that we can address and overcome the challenges facing our municipality, in ensuring sustainable development and improved quality of life for all our residents. We can build a more resilient, inclusive, and prosperous municipality.

Thank you for your trust and partnership. Let us continue to work together to achieve our shared vision for a better future.

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 2024/25 financial year. The report presents us with an opportunity to reflect on our achievements since the last reporting period, and 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 2024/25.

The Integrated Development Plan (IDP), Budgets, Service Delivery and Budget Implementation Plans (SDBIP's), Performance Plans and Agreements of managers reporting directly to the Municipal Manager in terms of section 56 of the Municipal Structures Act 32 of 2000, 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 to and incorporated during the planning period.

In the previous reporting period, we identified several 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 (water and sanitation):
- 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 conferred powers and functions in 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 par

AUTHORIZED /ADJUSTED IN TERMS OF SECTION 84 OF THE MUNICIPAL STRUCTURES ACT.

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

POWERS AND FUNCTIONS ALLOCATED TO NKANGALA DISTRICT MUNICIPALITY

Municipal planning.

Disaster management and firefighting.

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

Dr JS Moroka Local Municipality does not have an entity.

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 – Performance Management Systems 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; Management Induction Course.

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 77% of the municipality's overall revenue. Actual revenue production contributes fairly 15% 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, considering 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 Local Municipality, which are as follows:

- Limited revenue base for the billing process.
- Insufficient supply of water.
- Consumers' reluctance to pay for services.
- Lack of functional water meter

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

Description	2024/2025 (R)	2023/2024 (R)
Service Charges	128,395,168	107,679,027
Other Income	98,279.593	133,893.778
Property Rates	44,088,315	73,856,656
Grants	674,035,506	650 778 235
Total Revenue	944,698,582	966,207,696

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. Flat rate instead of consumption billing being used.

Remedial actions to be implemented in 2024/2025 financial year:

1. Development, analysis and execution of the Revenue Enhancement Strategy
2. Installation of prepaid water meters as a technique to maximize the collection of revenue due to the municipality and conservation of water.
3. Develop and implement an improved and efficient method of monitoring water meters.
4. Increase in tax base by selling stands and making public land accessible to developers.
5. Introduction of Public Private Partnerships contracts that will produce more cash inflows to the municipality and create jobs for locals.
6. Review and implementation of regulations.

In conclusion, for the 2024/25 financial year, the municipality needs to 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 the financial planning of the municipality.

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 has exponentially improved, as the collection rate is above 80%, beyond that, the municipality is still reliant on grants.

The unemployment rate is higher which directly contributes to the municipality's current dire financial situation as community members cannot afford to pay their accounts. It should be noted that the municipality will participate in the debt collection processes to ensure that all customers who could pay for the services must pay, however those who are unwilling to pay for municipal services would face legal action from municipality.

REVENUE AND EXPENDITURE SUMMARY

DESCRIPTION	2024/2025	2023/2024
Revenue	944,698,582	966,207,696
Operating Expenditure	(710,963,275)	(679,305,180)
Surplus/Deficit	233,735,307	286,902,516

REVENUE FROM GRANTS AND SUBSIDIES

GRANT SOURCE	2024/2025	2023/2024
Municipal Infrastructure Grant (MIG)	144,500,000	146 301 968
Finance Management Grant (FMG)	2,400,000	2 450 000
Expanded Public Works Programme (EPWP)	2,155,000	3 824 000
Equitable Share (ES)	520,563,000	491 709 000
LG SETA Grant	459,072	404 701
Integrated Electrification Programme (INEP)	2,182,434	-6 088 566
Total	674,035,506	650 778 235

OPERATING EXPENDITURE BY TYPE

DESCRIPTION	2024/2025	2023/2024
Employee related costs (ERC)	250,692,272	232 298 672
Operational Costs	123,296,692	106,137,586
Contracted Services	222,019,573	227,083,630
Councillors remuneration (CR)	28,488,888	27 292 943
Depreciation and Amortisation	86,465,850	86,492,367
Total	(710,963,275)	(679,305,180)

CAPITAL EXPENDITURE BY VOTE

CAPITAL EXPENDITURE BY TYPE	2024/2025	2023/2024
Water	45,805,954	38 400 043
Sanitation	60,035,347	42 555 305
Roads	32,513,273	57 877 300
Electricity	2,182,434	6 088 098
Total	140, 537,009	144,920,746

The Municipal Infrastructure Grant covered capital expenditure for the fiscal year 2024/25 with the key projects being roads, water and sanitation. There is undoubted evidence that demonstrates a need for DR JS Moroka to invest in water, roads and sanitation infrastructure.

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 continuously before they can negatively impact Municipal service delivery capacity.

ANTI-CORRUPTION AND FRAUD

A fraud and corruption prevention plan and whistle blowing policy has been adopted by the 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. Councilors are excluded from the procurement processes as prescribed by schedule 1 of the MSA of 2000. Fraud hotline establishment procured by Nkangala District Municipality.

SERVICE DELIVERY IMPROVEMENTS

As at **2024/2025** financial year end, the municipality demonstrated an overall performance level of **93%** , representing a modest improvement of **5%** from the previous year's **88%** achievement. This incremental progress can be attributed largely to the stability that has been maintained within the organization, particularly within senior management, which has played a key role in sustaining performance levels.

During the period under review, **113 performance** targets were set and evaluated. Of these, **105 targets** were successfully met, reflecting a strong level of execution and commitment to achieving organizational goals. However, **08 of** the targets were not met, translating into **7%** of the total targets remaining unachieved for the 2024/2025 financial year.

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 major challenge is the non-payment of the bulk account by Sekhukhune District Municipality.

The Municipality is currently in the process of developing operation and maintenance plans for the Weltevreden Water Treatment Works to ensure the plant does not break down which lead to disruption of water supply.

The demand for water within the municipality, Thembisile Hani Local Municipality and Sekhukhune District Municipality is steadily increasing, however the capacity of the water treatment works has not been expanded for the last 10 years, the current capacity of 120 million liters per day is no longer suffice to meet the demand bigger demand which has been experience over the last 10 years.

There is no doubt that Dr JS Moroka Local Municipality is brimming with immense potential and opportunities. By fostering a strong, collaborative relationship between the Council, the administration team, and the public, we are confident that we can overcome challenges, unlock new possibilities, and achieve sustainable growth. Together, we can further improve service delivery standards and create a municipality that is not only responsive to the needs of its residents but also a beacon of innovation and progress.

On behalf of the administration team of Dr JS Moroka Local Municipality, I would like to extend our sincere gratitude to the political leadership provided by the Executive Mayor, Mayoral Committee, and the entire Council. Their guidance and vision have been instrumental in driving the municipality forward. We also wish to express our deep appreciation to all our staff members, from the executive level, all other stakeholders, customers, suppliers to the dedicated general assistants whose unwavering support and commitment are the backbone of the institution's continued progress.

Ms. MM MATHEBELA

MUNICIPAL MANAGER

MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

MUNICIPAL BACKGROUND

The Dr J.S Moroka Local Municipality is 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 kilometers in extent and is surrounded by the following entities.

- City of Johannesburg and Tshwane Metropolitan Council on the SouthWest;
- 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 characterized by high poverty levels in the Nkangala District context. The DRJSMLM was established in 2000 because of an amalgamation of the former Mdutjana Transitional Local Council (TLC), Mathanjana Transitional (TLC) and Mbibane Transitional (TLC). The municipality is a 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 324 855 and 74 581 household. The Municipality is predominantly rural with no much economic activities which result in a 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.

Dr J.S. Moroka Municipality and Thembisile Municipality communities commute to Gauteng Province for employment opportunities. The municipality is one of the six municipalities forming the Nkangala District Municipality 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 serves as an opportunity for community members to invest in the municipal areas, especially at 35000m² fully services Siyabuswa Industrial Park. Other opportunities are Agriculture, Tourism, Manufacturing, Retail, and construction.

DRJSMLM POPULATION GROWTH RATE (SOURCE CENSUS 2022 STATISTICS)

The population within Dr J.S Moroka increased to 324 855 when a comparison is made between 2011 and 2022 states, a growth of 2.6%. CSIR Green Book population projection for 2030 is 227 585 people or 12.2% of Nkangala's population.

Between 2011 and 2022, the number of households in Dr JS Moroka increased slightly from 62 162 in 2011 to 74 581 in 2022. This translates into 1.77% annual household growth rate when comparing 2011 and 2022. CSIR Green Book projection of approximately 58 400 households in 2030 is the opposite trajectory looking at the current trends.

DRJSMLM proportional distribution of population groups (Source Census 22)

Figure shows how the population structure has changed between 2016 and 2022 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 working age.

Dr JS MLM DEMOGRAPHICS

Indicator Population	Values	
	Male (47,4% of total population)	153 912
	Female (52,6% of total population)	170 953
	0-14 children (29,6% of total population)	96 258
	15-34 Youth (32% of total population)	102 449
	35-64 Adults (25% of total population)	96 810
	65+ Elders (9% of total population)	29 338
	Unspecified	1
	TOTAL	324 855




Basic Education Data



Local Area	Municipal	Grade 12 Pass Rate				Admission to B Degree Studies
		2014	2021	2022	2023	2023
Steve Tshwete		85.6 %	82.2 %	86.7 %	89.5 %	47.5 %
Emalahleni		81.9 %	79.6 %	82.8 %	82.0 %	35.2 %
Victor Khanye		74.6 %	52.8 %	72.5 %	78.8 %	34.2 %
Emakhazeni		85.7 %	63.9 %	69.2 %	73.6 %	24.9 %
Dr JS Moroka		73.8 %	66.4 %	70.3 %	71.3 %	26.9 %
Thembisile Hani		77.1 %	71.6 %	67.7 %	69.9 %	27.7 %

Source: DEDET - 2024

The table above indicates Grade 12 pass rate per municipality. In 2023 Steve Tshwete was in first place, followed by Emalahleni and Victor Khanye with pass rates of 89.5%, 82% and 78.8% respectively. Dr JS Moroka Local Municipality remain second last with a pass rate of 71.3 % after Thembisile Hani Local Municipality. This is an indication that a lot of work is still to be done in support and intervention in schools within Dr JS Moroka Local Municipality.

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

Source: Statistics South Africa (Stats SA)

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 in Mpumalanga province. 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		Authorizatio n	Performance Analysis
1	<i>Air Pollution</i>	<i>Yes</i>	<i>Not performed</i>
2	<i>Building Regulation</i>	<i>Yes</i>	<i>Performed</i>
3	<i>Child Care Facilities</i>	<i>Yes</i>	<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>	<i>Yes</i>	<i>Not adequately performed</i>
7	<i>Municipal Airport</i>	<i>Yes</i>	<i>Not performed</i>
8	<i>Municipal Planning</i>	<i>Yes</i>	<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>	<i>Yes</i>	<i>Performed</i>
11	<i>Pontoons and Ferries</i>	<i>Yes</i>	
12	<i>Storm Water</i>	<i>Yes</i>	<i>Performed</i>

13	<i>Trading Regulations</i>	<i>Yes</i>	<i>Performed</i>
14	<i>Water (potable)</i>	<i>Yes</i>	<i>Performed</i>
15	<i>Sanitation</i>	<i>Yes</i>	<i>Performed</i>
16	<i>Beaches and Amusement Facilities</i>	<i>Yes</i>	<i>Performed</i>
17	<i>Billboards and the Display of Advertisement in Public Places</i>	<i>Yes</i>	<i>Performed</i>

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

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

ORGANISATIONAL DEVELOPMENT OVERVIEW

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

The department provides for the development and management of organization 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	2020/21	2021/22	2022/23	2023/2024
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AUDIT OPINION	Disclaimer	Qualified Audit Opinion	Qualified Audit Opinion	Qualified Audit Opinion
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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	Finalize 4 th quarter Report for previous financial year	
4	Submit 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)	
8	Mayor tables the unaudited Draft Annual Report	

9	Municipality submits Draft Annual Report including consolidated annual financial statements and performance report to Auditor General.	August
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	September – November
12	Municipalities receive and start to address the Auditor General’s comments	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	December – March
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial departments	

CHAPTER 2 – GOVERNANCE

COMPONENT A : POLITICAL AND ADMINISTRATIVE GOVERNANCE

The purpose of this 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

POLITICAL GOVERNANCE

Section 2 of the Local Government: Municipal Systems Act 32 of 2000 (Municipal Systems Act), defines a municipality as an organ of state within the local sphere of government exercising legislative and executive authority within an area determined in terms of the Local Government: Municipal Demarcation Act 27 1998, consisting of the political structures; administration and the community of the municipality.

Section 151(2) of the Constitution of the Republic of South Africa, 1996 (Constitution), vests both the executive and legislative authority a municipality in its Municipal Council.

In line with its approved Separation of Powers Model, the Council comprises of the legislative and executive arms presided over by the Speaker and Executive Mayor respectively.

Council has a System of Delegation of Powers in terms of Section 59 of the Municipal Systems Act and section 79 of the Municipal Finance Management Act.

The System of Delegation of Powers was approved by council, delegates some decision-making powers to the Executive Mayor; Speaker; Whip of Council, Executive Mayor and administrative components responsible for decision-making and implementation respective

COUNCIL

The Council of Dr. JS Moroka Local Municipality comprises of 62 seats in terms of the Section 21 Notice of 29 October 2021. There are eleven (11) political parties represented in the Council after the 2021 Local Government Elections which are as follows:

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

The Municipality's Council remained stable throughout the year, successfully held all its meetings during 2023/2024 Financial Year, and passed all the compliance resolutions.

Below is a table that categorizes members of the council both the ward and proportional councilors within their specific political parties as follows:

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	ANC	Ward 16

	Tukiso		
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 Dingaen 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.	Nomava Emerald Nxabane	AIPO	proportional
34.	Lekgoathi Mirriam Raisibe	ANC	Ward 2
35.	Msiza David Lucas	ANC	Ward 1
36.	Mashishi Mokgadi	ANC	proportional

	Welheminah		
37.	Nkoane Mantwa Rosina	ANC	proportional
38.	Mahlangu Jeremiah Siphoh	AIC	proportional
39.	Lebelo Lizzy Kentinah	ANC	proportional
40.	Mthimunye Mnyazwa Sibusiso Sydney	ANC	Ward 4
41.	Maleka Mamelale Elizabeth	ANC	proportional
42.	Majombosi Thandeka Rose	APC	proportional
43.	Mahlangu Piet	AVPP	proportional
44.	Mmilo Lesetja Benjamin	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.	Ledwaba Mpolokeng Mathews	F4SD	proportional
59.	Skhosana Lucas Makafuri	Independent	Independent
60.	Nkgau Jan Sello	MICO	proportional
61.	More Mahomola Rimus	MPP	proportional
62.	Mashabela Nteteleng Joseph	ANC	Ward 10

EXECUTIVE MAYOR

Cllr Mtsweni Nomsa Sanny

Cllr Mtsweni Nomsa Sanny was elected Executive Mayor on the 26th of November 2021. The Executive Mayor has statutory functions and powers as provided for in sections 56, 60 and 80 of the Municipal Structures Act; sections 30, 39 and 62 of the Municipal Systems Act; financial functions and powers as provided for in various sections of the MFMA, and functions and powers as provided for in other pieces of legislation.

The Executive Mayor has also been delegated powers, inter alia:

- To receive reports with recommendations from the committees established for specific matters, consider the matters raised in these reports, and either dispose of them in terms of the Executive Mayor's delegated powers or forward them with a recommendation to the Council for finalization.

- To co-ordinate the operations of Members of the mayoral committee (MMCs.)
- To grant leave of absence to members for meetings of the Mayoral committee.
- All other powers and functions, necessary or incidental, to enable the Executive Mayor to discharge her duties as contemplated in section 56 of the Municipal Structures.
- The responsibility for political supervision of the Administration.

SPEAKER

Cllr. Nkoane Mantwa Rosina

Cllr. Nkoane Mantwa Rosina was elected the Council Speaker on 23 November 2021. The Speaker of a municipal council is assigned the following functions per section 37 of the Municipal Structures (as amended) among others:

- To preside at meetings of the Council.
- To perform the duties and exercise the powers delegated to the speaker.
- To ensure that Council meets at least quarterly.
- To maintain order during council meetings.
- To ensure compliance in the Council and Council committees with the Code of Conduct for Councillors; and
- To ensure that Council meetings are conducted in accordance with the Standing Rules of Order of the Council.
- To ensure that the legislative authority of the municipality functions effectively.
- To be responsible for the effective oversight over the executive authority of the municipality.
- To ensure the effectiveness of the committees of the municipal council established in terms of section 79.

WHIP OF COUNCIL

Cllr Nkgodi Swanyane John

Cllr Nkgodi Swanyane John was elected the whip of council on 23 November 2021. The Whip of Council is a full-time office bearer and has statutory powers assigned to him in terms of section 41B of the Municipal Structures (as amended):

The Whip of Council has been delegated the following powers and functions:

- To create and maintain sound and constructive relations amongst the various political parties in the Council.
- To facilitate consensus between parties in the council.
- To ensure equitable allocation of councillors to Council Committees in conjunction with the Speaker after consultation with the Whips of other political parties in Council.

- To advise and implement an effective strategy for debates, questions, and motions in Council in conjunction with the Speaker in terms of the Council Standing Rules.

COUNCIL COMMITTEES

Council established and delegated functions to various categories of committees in terms of section 79 of the Municipal Structures Act as follows:

Section 79 Committees also known as oversight committees

These Committees were established by council in terms of section 79 of the Local Government: Municipal Structures Act to play oversight function on each of the Municipality's existing administrative departments, namely Community Development Services; Admin, Corporate Services & Human Resources; Water & Infrastructure; Finance & LED and Community Development services. Council appointed chairpersons and allocated members to each committee. The oversight function of the includes inter alia:

- Consideration and oversight of the IDP/Budget and Service Delivery and Budget.
- Implementation Plan (SDBIP) of the relevant department.
- Consideration and oversight of in -year and annual reports of the relevant department.
- Consideration and oversight of any policy or by-law relating to the department.
- Investigating and reporting on issues that are referred to them.

The chairpersons of the section 79 committees were as follows:

Committee	Chairperson	Gender M/F
Public Safety & Transport	Cllr. Dlowu M.B	M
Social Development Services	Cllr. Maleka E	F
Local Geographic Names Change	Cllr. Moimana A.T	M
Rules & Ethics	Cllr. Nkoane M.R	F
Admin & Corporate Services & Human Resources	Cllr. Skosana A.X	M
Municipal Public Accounts Committee	Cllr. Mashishi M.W	F
Finance & LED	Cllr. Ntuli P.A	M
Water & Infrastructure	Cllr. Mothibi M.F	F

THE MAYORAL COMMITTEE

The Mayoral Committee was established in terms of section 60 of the Municipal Structures Act to assist the Executive Mayor, and comprises of the Executive Mayor, Cllr Mtsweni Nomsa Sanny, and five members appointed and allocated responsibilities by the Executive Mayor as follows

Committee	Member of the Mayoral Committee (MMC)	Gender	Full / part time
Water & Infrastructure	Cllr Madyibi Charles	M	Full time
Finance & LED	Cllr Makola Manini Joyce	F	Full time
Admin, Corporate Services & Human Resources	Cllr Legong Sophy	F	Full time
Public Safety & Transport	Cllr Mtsweni Sabina	F	Full time
Social Development Services	Cllr Mnguni Phindile Phumzile	F	Full time

For the financial year under review the Mayoral Committee was scheduled to meet at least once a month (excluding December). The Council standing Rules of Order authorize the Executive Mayor as the Chairperson to convene special meetings of the Mayoral Committee at any time whenever there is any matter, she deems urgent to warrant consideration before the next scheduled meeting.

FULL TIME OFFICE BEARERS

The following office-bearers are designated full time councilors:

- Executive Mayor.
- Speaker.
- Whip of Council.
- Chairperson of Municipal Public Accounts Committee (MPAC).
- All members of the mayoral committee



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

a. **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 legislation applicable to the municipality.
- Managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure:
 - 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 MM MATHEBELA
MUNICIPAL MANAGER**



**MR. ZULU L.T
EXECUTIVE MANAGER:
CORPORATE &
ADMINISTRATION
SERVICES**



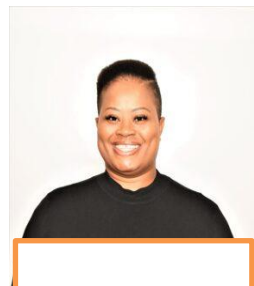
**Mr. MPELA S.J
EXECUTIVE
MANAGER:
TECHNICAL
SERVICES**



**Ms. MATHABE
R.S
EXECUTIVE
MANAGER:
COMMUNITY
DEVELOPMENT
SERVICES**



**Ms. MATJIANE
E.K
EXECUTIVE
MANAGER:
ECONOMIC
DEVELOPMENT &
PLANNING**



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

b. 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 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-ordinating Forum; and
- Technical Premier Co-ordinating Forum

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION 23/24

c. 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	18/09/2024	40	22	494	Feedback are given through ward committee meeting and community meetings Through ward committee and community consultation meetings
	25/09/2024	36	24	272	
	26/09/2024	27	13	416	
	29/09/2024	50	16	689	
	17/10/2024	41	19	455	
	19/10/2024	23	15	442	
IDP OPEN DAY	24/04/2024	48	21	247	Through ward committee and community consultation meetings Through ward committee and community consultation meetings
	26/04/2024	32	19	572	
	29/04/2024	27	15	494	

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

d. IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria	Yes/No
Does the municipality have impact, outcome, input, output indicator?	YES
Does the IDP have priorities, objectives, KPIs, development strategies?	YES
Does the IDP have multi-year targets?	YES
Are the above aligned and can they calculate into a score?	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

e. 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.

RISK	MEASURES TO MITIGATE THE RISK
1. Ineffective governance	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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>
<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. Strengthening 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>
<p>7. Poor telecommunication and IT infrastructure</p>	<p>1. Resuscitation of municipal website and upload of compliance documents on the municipal website (POE: Screen shot)</p>

	<ol style="list-style-type: none"> 2. Reviewal of communications strategy. (POE: council resolution) 3. Reviewal of Information security policy. (POE: Draft information security policy) 4. Regular maintenance of ICT infrastructure. (POE: Monthly Reports) 5. Conducting IT Audit. (POE: Report) 6. Motivate for budget provision for the development of Disaster Recover site. (POE: Annual Budget)
<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) 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</p>	<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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f. ANTI-CORRUPTION AND FRAUD

A fraud and corruption prevention plan and whistle blowing policy has been adopted by the 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. Councilors are excluded from the procurement processes as prescribed by schedule 1 of the MSA of 2000. Fraud hotline establishment and monitored by Nkangala District Municipality.

g. SUPPLY CHAIN MANAGEMENT

Currently, the Supply Chain Management Unit (SCM) comprises of six staff members, and the positions include Demand, Acquisition, Logistic, Disposal, Risk, Performance, Senior Procurement, intern and Divisional 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 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 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 the council.

PUBLIC SATISFACTION ON MUNICIPAL SERVICES

No public satisfaction survey was done in 2024/25.

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 adjustments budgets and all budget-related Documents	Yes
All current budget-related policies	Yes
The previous Annual Report 2023/24	Yes
The Annual Report 2023/24 published	Yes
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act 2023/2024 and resulting scorecards	Yes
All service delivery agreements 2024/25	No
All long-term borrowing contracts 2024/25	No
All supply chain management contracts above a prescribed value (give value) for Year 2024/25	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 2024/25	No
Public-private partnership agreements referred to in section 120 made in Year 2024/25	No
All quarterly reports tabled in the council in terms of section 52 (d) during Year 2024/25	Yes

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
Shared 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
Bid Evaluation Committee	To ensure that SCM policy and regulation together with procurement processes are adhered to
Bid 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 Service	Oversight role
Human Resource	
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

COMPONENTS 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 Neighboring Municipalities (Sekhukhune District Municipality and Thembisile Local Municipality). From 2003, the Department of Water Affairs gave grants to the municipality for refurbishment purposes.

PRESENT WATER DEMAND

A total theoretical demand of 80 MI/d has been assigned to the system; however, we are able to supply 45 MI/d, because of aged water infrastructure, electricity supply problems from Eskom and the municipality still under water restrictions as imposed by department of water and sanitation in 2016. Currently the Mkhombo dam is at 102% of its capacity.

The municipality has experience high amount of water loss in the bulk infrastructure due to aged infrastructure , in solving the problem funding was applied for and received to implement the following projects to reduce the water loss and meet its water conservation and demand management targets.

The following projects are implemented;

- replacement of asbestos bulk pipeline from Kwaphaahla to siyabuswa(Complete)
- Replacement of asbestos bulk pipeline from WTW to kuilen reservoir (Practical complete)
- Replacement of asbertos bulk pipeline from WTW to Bloedfontein reservoir

The existing Bulk water infrastructure only provides supply to approximately 70% of the municipal population, with 24% 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.

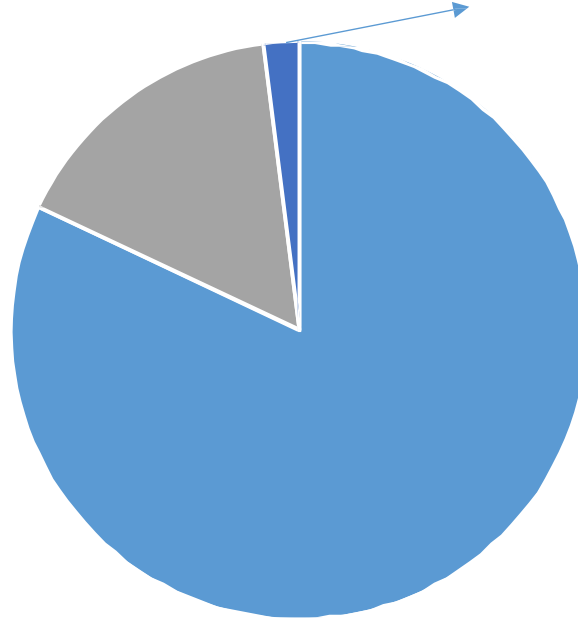
Bulk Supply	Boreholes	other
70%	24%	6%

Water Service Coverage

6%

24 %

70%



▪ **Operational Responsibilities/Output**

The municipal core responsibility is to provide basic services in the form of 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 Operation & Management (O&M) the lack thereof results in:

- Infrastructure deterioration
- Huge water losses
- Unnecessary down-time in our plant and machinery
- Electricity supply breakdown from Eskom
- 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 the 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 several types of facilities, i.e. pit latrines, VIP, CWB and conventional sewer system. Siyabuswa, Kwa-Phaahla and Toitskraal are provided with water borne system flush toilets. Projects are also underway that will include Thabana and Vaalbank into a water borne system. Some areas are experiencing high water tables are then provided with VIP (ventilated improved toilets) The current lack of consistent supply and unreliable availability of water limits the chances of having waterborne system. A large part of the municipality which is highly dependent on ground water source is provided with Ventilated Improved Pit toilets.

The projects implemented under sanitation for 2024/25 financial year are:

- 64.5 % progress made in the construction of sewer reticulation at Thabana as well as;
- 95 % progress made in the construction of Ga-Phaahla sewer reticulation.
- Construction of Vaalbank oxidation ponds including Pump station and reticulation network.

Siyabuswa Sewage Treatment Plant

The Municipality wastewater effluent is discharged into the near Elands River water resource and uses General authorization to discharge into the river. The treatment works currently does not have an authorized water use license, application is still in progress with the department of water and sanitation.

The treatment plant design capacity is 10ML/d and currently we are treating 6.4 ML/d. The plant is an- activated sludge process.

The sewerage system is collecting domestic wastewater 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 channeled into sewage system that increases the inflow capacity. The plant receives wastewater 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 in the municipality, the Siyabuswa wastewater treatment works will need an upgrade to treat all the sewage received.

The refurbishment of the plant was done to improve its performance and operation. Since then, the parameters have improved significantly and comply 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 outcoming cannot be measured.

The municipality is in the process to decommission the oxidation ponds and the newly constructed Vaalbank oxidation ponds will be treating all the sewage received from Vaalbank including the police station.

The installation of meters needs to be considered. The security fence is continuously vandalized, and the palisade will be the solution. No personnel are 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: 2024/25 (Census 2011 & 2022)

Piped water backlog number and share

Local Municipal Area	Number of HH without Access		Share of total HH	
	2011	2022	2011	2022
Dr JS MLM	13 750	19 806	21.1%	26.6%
Emalahleni Mun	6 273	18 714	5.2%	11.2%
Emakhazeni Mun	642	444	4.7%	2.3%
Steve Tshwete Mun	1 194	3 056	1.8%	3.8%
Thembisile Hani Mun	3 459	15 726	4.6%	14.2%
Victor Khanye Mun	882	721	4.3%	2.1%

Number and Share in Toilet Backlog

Local Municipal Area	Number of households without toilets		Share of total households	
	2011	2022	2011	2022
Dr JS MLM Mun	1 215	768	2.0%	1.2%
Emalahleni Mun	2 987	2 186	2.5%	1.5%
Emakhazeni Mun	894	756	6.5%	5.2%
Steve Tshwete Mun	1 381	1 042	2.1%	1.2%
Thembisile Hani Mun	1 963	2 117	2.6%	2.6%
Victor Khanye Mun	465	318	12.6%	5.2%

Number and Share – Flush/Chemical Toilets Backlog

Local Municipal Area	Number of households without flush/chemical toilets		Share of total households	
	2011	2022	2011	2022
Dr JS MLM Mun	52 450	50 738	84.4%	81.4%
Emalahleni Mun	34 160	41 552	2.5%	1.5%
Emakhazeni Mun	2 941	2 573	21.4%	17.6%
Steve Tshwete Mun	9 780	15 713	15.1%	18.1%
Thembisile Hani Mun	68 022	73 411	89.9%	88.7%
Victor Khanye Mun	3 742	3 373	18.2%	13.9%

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 AND STORMWATER

At the end of 2024/2025, the municipality had about 2909.10km of total road network. Out of that 2909.10km, about 421.2km were surfaced (407.4km tarred and 13.8km are block paved) and the remaining 2487.9km were gravel roads.

The 2487.9km includes roads within areas which are proclaimed towns which are yet to be developed. Moreover, most of the gravel roads are within communal lands under the custodian of traditional/tribal authorities and a fraction within private lands.

In the upcoming years the municipality plans to upgrade municipal roads from gravel to surfaced, upgrading existing roads and storm water infrastructure, provision of storm water drainage systems; reseal and maintenance of existing tarred roads and provision of sidewalks where there is high volume of pedestrians

The challenges faced are the following:

- The construction of new roads and storm water systems is unable to keep up with the rapid urbanization in terms of growing of villages on communal lands.
- The road network requires expansion, rehabilitation and improvement of intersections and layer works due to increased volume of traffic.
- There is inadequate funding to address storm water backlog in developed areas and preventative maintenance.
- Increment and unpredictable weather caused by climate change also plays a negative role in infrastructure development and maintenance of strategic roads infrastructure.

Currently the municipality relies on the Rural Roads Asset Management System, 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.

Status of arterial or internal roads:

With roads in all three of the magisterial units to maintain, there are different types of roads found within the villages. Mathanjana unit is mostly 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 condition, they are prone to be badly damaged during rainy seasons. There is a vast need to upgrade 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 in the municipality have services, though some have limited services of stormwater for this activity, periodically conducts investigations and maintenance of infrastructure to better address challenges resulting from lack of stormwater 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.

The project was implemented under 2023/24 from gravel to paved roads amongst others:

- Construction of 1,6 km Makopanong Bus and Taxi route Phase 1 – Completed.
- Construction of 1,3 km Katjibane Bus and Taxi route Phase 2 – Completed.
- Construction of 1,1 km Mmametlhake Bus and Taxi route Phase 2 – Completed.
- Construction of 1,2 km Radijoko Bus and Taxi route Phase 3 – Completed.
- Construction of 1,5 km Matshiding Bus and Taxi route Phase 2 – Completed

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 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 analyzing 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 life better to the households living in our areas of jurisdiction to benefit from electricity.

Dr JS Moroka Municipality has about 64 377 households, with 63 838 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 household owners settling on private lands known that they are expected to incur the full cost for electricity supply and connections to their households. Proclamation of the landowners is another challenge as the Municipality through Eskom cannot electrify areas whose ownership remains unresolved, such as Phake and Libangeni.

▪ **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 274 high-mast lights.**

Priorities:

- To ensure that Eskom as the bulk provider meets the municipality's present and future needs in terms of the electrical capacity
- To ensure access to reliable electricity supply to all residents of Dr. J.S. Moroka Municipality in accordance with National Energy Regulation South Africa (NERSA).
- To ensure Eskom electrification plans: Development plans are informed by the Municipality's IDP and approved by the Municipality.

- To ensure functionality of community lighting to the Community.
- Collect data on electricity backlog
- To perform 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 Department of Electricity and Energy (DEE) allocates 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 continue 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 Municipality's role in this regard is to identify beneficiaries and monitor household allocation 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.

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 means all the municipality's town planning functions still had to be performed through Nkangala District Municipality. This process was gazette because 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 must 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 a 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 municipality townships are called 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 realized:

- Implementation of the Finalized 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 response 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 Kameelrivier 160 JR) area were developed, mainly to restructure the space, revitalize and regenerate the economies to ensure that the urban areas vibrant and transformed into spaces wherein people can live, work and play in an environmentally 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 released to address

the demand for proclaimed land owing to the rapid urbanization taking place.

- The municipality acquired an 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 households 74 581. 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 serve 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
- 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. To achieve this, the emphasis would be on the following:

- Effective law enforcement; and
- Waste education;
- 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 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 recycling 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 weekly. 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 landfill sites, regarding 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 several challenges with respect to delivering an effective and sustainable waste service to all households, including insufficient budget, skilled capacity, lack of appropriate equipment's 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 households, industrial areas, 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 institutions.

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 favorably considered, a subsidy will be granted during that municipal financial year and be subjected for verification annually. For 2023/24 fiscal year the municipality has 4 741 registered indigent which receive 100% subsidies on rates and service charges levied by the municipalities. The table below depicts number of households per area that are currently beneficiaries of the policy:

AREA	TOTAL
BOROLO	55
DIGWALE	123
DIHEKENG	32
EMTHAMBOTHINI	154
GAMARIA	68
GA-PHAAHLA	356
KABETE	68
KAMEELRIVIER	283
KGAPHAMADI	22
LEFISO	124
LEFISWANE	133
MABUSABESALA	16
MABUYENI	50
MADLAYEDWA	177
MADUBADUBA	99
MAKOMETSANE	18
MAKOPANONG	176
MAPANGA	197
MAPHOTLA	258
MASOBE	200
MATSHIDING	8
MBHONGO	58
METSIMADIBA	139
MMAKOLA	99
MMAMETHLAKE	146
MOLAPOAMOGALE	90
MORHONONONG	63
NOKANENG	127
PIERTERKRAAL	107
RAMANTSHO	17
RAMOKGELETSANE	57
SEABE VILLAGE	160
SEHOKO	40
SENOTLELO	104
SIYABUSWA A	89
SIYABUSWA B	100
SIYABUSWA C	67

AREA	TOTAL
SIYABUSWA D	34
SIYABUSWA E	43
TOITSKRAAL	11
TROYA	103
TWO LINE	46
UKUKHANYA VILLAGE	100
VAALBANK A	299
Waterfall-B	2
WATERVAAL	23
Grand Total	4741

TRANSPORT (INCLUDING VEHICLE LICENSING PUBLIC BUS OPERATION)

Dr. JS Moroka Local Municipality Licensing division acts as an agent to the Provincial Department of Community Safety, Security and Liaison for;

- Registration and licensing of motor vehicles.
- Application, testing and issuing of driver's and learners licenses.
- Renewals of driver's licenses and professional driving permits.
- Application, testing and issuing of motor vehicle roadworthiness certificate.

The municipality has three licensing offices namely Siyabuswa licensing with Grade E DLTC, Moretele licensing with Grade E DLTC and Libangeni licensing with Grade A DLTC and VTS.

The e-Natis system is used to administer the licensing function. The system is proven to be effective and quick in that the licensing transactions are computerized which minimizes the prolonged processes that were susceptible to corruption.

The Department has improved the system of writing learners' licence from handwriting to computerizing learners license system and has also introduced the smart enrolment unit which is linked to Home Affairs to verify the identity documents of the applicants.

Moretele licensing office is now graded as Grade E driving license testing centre (DLTC). The centre can renew the driving license, application and issuing of learner's licences and application and issuing of professional driving permits (PrDPs).

The vehicle testing station (VTS) at libangeni licensing office is operational however limited number of applicants visit station to get the service. Aware campaigns will be conducted to popularize the centre.

The appointments for learners and driving licenses in all three municipal licensing offices are done on the daily basis and this has improved the waiting period for securing an appointment and this has attracted applicants from neighbouring municipalities to get the service from our licensing offices.

Challenges that the offices are facing it's the fencing at Libangeni and Siyabuswa whereby intruders gain access to the facility easily and power outage. The Municipality is in the process of having power backups in all three licensing offices in the form of generators or solar systems to avoid service interruptions.

Priorities

- To provide effective and efficient licensing services ensuring that all drivers using the road are competent and that all motor vehicles are fit to be operated on the public road.
- To ensure that all motor vehicles before operating on a public road are registered and licensed accordingly.
- To enhance the municipal revenue collection.

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 solid foundation for long-term stability and growth. Even within this parameter what constitutes success in local economic development and the strategies to accomplish it will look different from place to place. Despite these differences, leadership is consistently identified as critical factor ineffective economic development.

Co-operatives have been regarded as a 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 businesspeople themselves. The 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 an 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 signed the protocol agreement with the Department of Culture, Sports and Recreation regarding Library Service within the Municipality. The libraries are currently run 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 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 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 people disadvantaged by unfair discrimination.
- Celebrate National Library calendar Mandela Month 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 a weekly basis. This exerts pressure on the 2 municipal officials that must ensure that Dr J.S Moroka is serviced. Often officials in this section must perform beyond the call of duty as communities only want their graves 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 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 for.

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. The Department of Education is 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 & Health 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 these children with their school work and other after school programs.

Orphans and Vulnerable Children:

The program that targets 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 2 to 6 years of age are expected to be in Early Childhood Development Centers (ECDs). Children between 7 to 18 years are expected to be in school, with the inclusion of all those children from 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 in 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 needs to encourage the utilization of cooperative for service delivery. Most women are engaging in community programmes like home-based care, farming, tailoring, art, and others other activities through NGOs or unregistered groups. These women are trying to create income in many ways, as the Municipality has extremely limited economic activities. The 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.

Programme for Person with Disabilities

People with disabilities 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.

HIV/Aids and Moral Regeneration

Dr JS Moroka Local Municipality has a Local Aids Council 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 present 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 2023/2024.

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

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

Children underage 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 program and safety place where will utilize 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 park s for children		
12	Marothobolong, Matshiding	Dropping centre, Extension of HC & staffing	2
13	Kwa Dithabaneng	Need for a mini clinic	2

Ward	Location	Identified Project	Priority
	Borolo ,Madlayedwa	Extension clinic building and extension of workinghours	
14	Maphotla	Construction of Disability centre facility andprogrammes	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 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	24hrs, construction of clinic	1
		Awareness campaigns	
		Food security, Art and Awareness culture	

Ward	Location	Identified Project	Priority
		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 Lefiso ,Ditlhokwe ,Ditlhagane	Buildings to be upgraded and provided with facilities	1
	Part of Lefisoane Lefiso ,Ditlhokwe ,Ditlhagane	Building and environmental programmes be extended	2
23	Part of Marapyane	Fencing of vegetable ploughing fields	3

Ward	Location	Identified Project	Priority
		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

Ward	Location	Identified Project	Priority
26	Loding	Support system	1
	Loding	Bead work centre and resuscitation of Loding flee market to be benefit local woman	3
	Loding	Initiation of sign language & Braille school to be linked 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 Mmametlhake	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 ,Rathagane	Social service gym facility	1
	Khutsong	24 hour clinic	1
31	Masobye	awareness campaigns and support for activist youth groups needed	2

Ward	Location	Identified Project	Priority
		learnerships for disabled and internships at municipality , hospitals, clinics and local schools	2
		availability of drugs for chronic ailments, provision of id and birth certificates	2

Thusong Service Centres

In collaboration with the Office of the Premier, the year 1999 saw the municipality launching Thusong Service Centres in Marapyane, to enable the communities' easy access to government services. The following government services are catered for at Marapyane, Thusong Service Centre;

Service Provider	People Serviced on Monthly Basis
➤ Department of Cooperative Government And Traditional 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 the 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 with 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 break 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 intervened 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 of the Disaster management plan;
- Rolling out stake holders and community awareness programs.
- Purchasing 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 and five stadiums. Four stadiums are under upgrading which include rehabilitation of the soccer fields, volleyball 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 complete facilities. Although there are security officers in completed facilities, vandalism occurs 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 continued 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 are provided in the 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 completed Municipal Facilities;
6. Construction and upgrading with the 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:

- Govern by making and administering laws, raising taxes and taking decisions that affect people's rights.
 - It 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 those delegated to him by the council.

Mayoral Committee:

- Its members are elected by the Executive Mayor from the ranks of councilors,
- 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; 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 delivery service. 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 increasing 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 delivery service.
- To collaborate with the Local Economic Development department in order to develop local economic development strategies.
- Visiting all government departments to revive their commitments to repayments and amnesty

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 using all available

Financial Management Policies:

Financial policies provide a sound environment to manage the financial affairs of the municipality.

The following are key budget-related 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 2023/2024 to 2024/2025 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: 4.9% Households 4.9% Government, 4.9% 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 govern human resource management. Employees are told of the policies and Collective Agreements (central and divisional) applicable in 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 areas 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 should 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 councilors.
- Train and develop employees, councilors, 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

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 require further enhancements and urgent revamp. Furthermore, the Municipality also uses other online platforms to ensure that it remains up to date with developments in Local, Provincial and National Governments.

The Information and Communication Technology Division has introduced the ICT helpdesk services for incident management purposes and the SharePoint portal used for intranet and electronic noticeboard.

The Municipal Satellite Offices have been connected through the MPLS & SD-WAN/IPSEC Wide Area Networks Technology with redundancy capabilities to ensure that users have access to ICT Systems based at the Municipal Head Offices eliminating single point of failure. The Municipality also utilizes Security Operation Center (SOC) services in order to monitor any variants of cyber related threats and also the Disaster Recovery Services (DRaaS & DRP Site) to ensure that the ICT services are restored within a reasonable period in the event of a disastrous event .

The Municipality utilizes cloud-based Geographical Information System for geographical location when searching for villages, vacant land / stands within its jurisdiction and for sales purposes. The allocation of MS Office 365 licenses has also ensured that all users are able to access the EDRMS systems in order to store documents on relevant sites created through online SharePoint.

There are a few challenges that the Information and Communication Technology Division is currently facing which it intends to address, and these include amongst

Others, internet coverage disruptions on the SD-WAN/IPSEC network, regular technical errors on the municipal official website and outdated telephone switchboard systems.

OBJECTIVES

- To support and maintain the MPLS & SD-WAN/IPSEC wide area networks to ensure accessibility, reliability, and redundancy across the Municipal ICT Infrastructure.
- To upgrade the existing telephone switchboard systems for all municipal satellite offices through rolling out of new and supported telephone system across.
- To explore other technologies and platforms to ensure limited disruptions on the municipal ICT website.
- 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 successful interaction and reliable communication.

STRATEGIES

- Installing additional technologies and technical measures on the MPLS & SD-WAN/IPSEC wide area networks to ensure that there's limited downtimes on the ICT network.
- Installation of the latest and supported switchboard system for all offices in order to standardize telephone system and reduce the municipal telephone bill.
- Revamping of the Municipal website to ensure limited technical errors on the municipal ICT website.
- Continuous maintenance and support provision to the entire ICT Infrastructure to meet the current and future IT Technological trends growth and needs.

- Conducting regular end-user awareness sessions on cyber security threats and the usage of ICT resources.

3.28. RECORDS MANAGEMENT AND ARCHIVAL UNIT

The unit falls under the auspices of the National Archives and Records Services Act) & the Mpumalanga Provincial Archives Act (No.14 of 1998). The act requires all governmental bodies to establish and put systems in place for proper record management and record keeping systems.

The unit provides for the development and management of organization wide records management programme, which is designed to ensure that record keeping and establishment of a centralized, effective, and efficient registry service 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.
- Implementation of the Electronic Document Management System (EDRMS).
- Continuous upgrading and monitoring of the EDRMS system to avoid obsolescence
- Continuous training on the Records management policies, procedures and utilization of the EDRMS.
- Update and develop record procedure manuals or registers.
- Implementation of Protection of Personal Information Act (POPIA)
- Continuous conversion of manual records into electronic records.
- Policy and records procedure manual record as well register for endorsement provincial archives.

Activities:

- Referencing official documents received by Registry Office, for filling purpose.
- Ensuring compliance with policies and regulations
- Managing risk by controlling access to sensitive information

- Implementation and roll out of the Electronic Document Management System (EDRMS).
- Continuous training, monitoring, and utilization of the EDRMS system to help the municipality
- Indexing and retrieving of records.

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

PROPERTY:

Dr J.S Moroka local municipality is approximately 1 416, 4240 square kilometers in an area composed of 61 villages and only two proclaimed townships namely Siyabuswa and Libangeni. Most villages in the Municipality fall under the authority 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. 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 affected 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 were successful within the jurisdiction of the Municipality till to date. The municipality is busy transferring farm portions registered with the State and Province to the Municipality. Proportions of land purchased by the municipality bordering with other municipalities

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 Framework 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 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 must 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 land and issuing beacon certificates will be done to sort out encroachments

LEGAL:

The Municipality as established through the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998), 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 to the relevant Forum having powers to adjudicate on a matter and institute litigation against individuals or other juristic persons.

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 is duty bound to act within the parameters of the law in the exercise of its powers and performance of functions.

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 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.
- Co-ordinate compliance on Protection of Personal Information and ensure Section 32 reporting to the Information Regulator as contemplated in terms of the Promotion of Access to Information Act, 2000 (Act No. 2 of 2000).

Activities:

- Dealing 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 and implementation.
- Advice on disputes emanating from the contracts procured with Municipality.
- Implementation of Protection of personal Information Act through access to records held by the Municipality.
- Governance And Compliance *inter alia* on risk management and Service delivery deliverables pertinent to legal services

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 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.

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 offices.

Priorities:

- Coordinate the operation of Roads and Storm water maintenance at wards within the Mbibane and Mathanjana regions.
- Coordinate in 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 an 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 the 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. Employer and employee relationships are governed and regulated in terms of the Labour Relations Act. Other Collective Agreements, in addition to the Basic Conditions of Employment ACT, apply to service conditions. Workers' rights as entrenched in 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 recognized unions are to be treated fairly, equally and irrespective of the number of employees they represent in the municipality. It remains the choice of every employee to join any recognized 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 Agreement

Activities

- Co-ordinate all disciplinary processes and procedures for and on behalf of the Municipality;
- Ensure that grievances are resolved within the prescribed time to avoid them turning into a dispute and ensure that no employee shall suffer victimization 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 secretarial support for the Local Labour Forum. Facilitates and co-ordinates the meetings of the of the Local Labour Forum.
- Advise on compliance/non-compliance with the Collective Agreements.

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE

(PERFORMANCE REPORT PART II) :

The municipality is required in terms of the Municipal Systems Act, Act 32 of 2000 and the Municipal Staff Regulations, to determine the staff establishment that reflects its organizational design and that provides the basis for each departments' strategic workforce and human resource planning. The municipal Council approved the reviewed organizational structure at its special meeting held on 26 June 2025.

The municipality's organizational structure is aligned to its IDP and Budget. The structure has also been aligned to the Municipal Staff Regulations. The achievement of the objectives of service delivery to the community is largely dependent on the skills of the municipal employees.

Employees, Councilors and unemployed community members of the municipality are benefiting from a variety of skills development initiatives that are implemented by the municipality through its Workplace Skills Plan (WSP) and other externally funded programmes through SALGA.

The resuscitation of the Mayoral External Bursary Scheme resulted in the successful award of full bursaries to three (3) beneficiaries from within the municipal area of jurisdiction for studies in the Civil and Mechanical Engineering.

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

The municipality’s 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 resources focuses on filling of critical vacancies, skills audit, and capacity building intervention for Councillors and officials, performance recognition and develop employees’ equity plan.

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

Vacancy Rate: Year 2024/25			
Designations	Total Approved Posts	Filled Posts	Vacant Posts
Municipal Manager	1	1	0
Section 56	5	5	0
All other posts	884	489	395
Total	890	495	395
Turn-over Rate			
Details	Total Appointment No.	Terminations (Resignations/Deaths) during the Financial Year No.	
	28	23	

DEPARTMENT	FILLED POSTS	VACANT POSTS	TOTAL POSTS
Senior Management (MM & Sec 56)	6	0	6
Administration & Corporate Services	32	18	50
Office of the Municipal Manager	28	49	77
Community Development Services	140	144	254
Finance	58	23	81
Technical Services	210	173	385
Economic Development & Planning	21	18	39
Total	495	395	890

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

4.2. POLICIES

HR Policies and Plans		
Name of Policy	Completed	Reviewed
	%	%
1. Job evaluation	100	100
2. Recruitment, Selection & Appointment	100	100
3. Remuneration & Benefit	100	100
4. Executive Mayor's Bursary	100	100
5. Training & Development	100	100
6. Danger Allowance	100	100

7. Leave Management	100	100
8. Overtime	100	100
9. Shift – Standby & Emergency	100	100
10. Termination of Employment	100	100
11. Time & attendance	100	100
12.Long Service – Recognition	100	100
13.Private Work & Declaration of Interest	100	100
14.Acting Allowance	100	100
15.Sexual Harassment	100	100
16.Occupational Health & Safety	100	100
17.Employee Assistant Programme	100	100

INJURIES, SICKNESS AND SUSPENSIONS

In the 2024/25 financial year, the municipality had only 1 major injury on duty cases reported, which was in June 2025.

LEAVE

The table below provides reflective figures of all the approved and recorded leave taken for 2024/25 financial year:

Leave Type	Total leave days taken	No of Employees
Sick	965	80
Parental	80	08
Maternity	600	05
Family Responsibility	280	13
Annual Leave	890	413
Study	26	16

The municipality did not pay any performance related rewards or bonuses in the 2023/24 and 2024/25 financial year.

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

See attached as Annual Performance Report for 2024/25

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

4.2 PERFORMANCE REWARDS

The municipality did not pay any performance related rewards or bonuses in the 2023/2024 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. During 2024/25 financial year the Municipality managed to train **158** employees and **43** councilors and **53** Unemployed residents within Dr J.S Moroka Local Municipality.

CHAPTER 5 – FINANCIAL PERFORMANCE

5.1 . INTRODUCTION

This chapter aims to provide an overview of the municipality's financial performance and 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 central to delivering essential services and is becoming increasingly important in improving 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 regularly. 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 fiscal 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 fiscal 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 936 693 024</i>	<i>R 818 200 353</i>
	<i>Approval of the adjustment budget by council</i>	<i>Feb 2025</i>	<i>Feb 2025</i>

<i>To provide a framework for financial accountability</i>	<i>Approved Service Delivery and Budget</i>	<i>June 2024</i>	<i>June 2024</i>
	<i>Implementation Plan (SDBIP)</i> <i>Adoption of Tariff Structure</i>	<i>May 2025</i>	<i>May 2025</i>
<i>To manage and control revenue</i>	<i>Monthly billing</i> <i>Credit control policy enforcement</i>	<i>Monthly</i> <i>2023/24 FY</i>	<i>Monthly</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 2023/2024 FY</i>	<i>AFS submitted to AG</i>	<i>31 August 2025</i>	<i>31 August 2025</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>

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. 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		2025	2024
Service Charges	18	128,395,168	114,679,027
Rental of Facilities	20	644,647	349,903
Interest on Receivables	21	79,950,122	52,911,420
Licence & permits	22	10,017,325	10,239,482
Operational Revenue	19	867,353	3,289,681
Interest Received from investments	24	6,191,239	7,448,764
Gain on Landfill site	22	10,017,325	10,239,482
Actuarial Gains/Losses recognized	16	337,529	88,145
Revenue from Exchange Transactions		229 168 783	199 245 904
Property Rates	24	44,088,315	44,387,120
Transfers & Subsidies	25	674,035,506	650 778 235
Donations	26	777,500	43 257 445
Traffic Fines	27	1,065,584	2 089 701
Revenue from Non-Exchange Transactions		719 966 905	740 512 501
Total Revenue		949 135 688	939 758 405

NOTE:

- The increase in property rates and services charges is because of increase in 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.

EXPENDITURE TOTAL OPERATING EXPENDITURE

Expenditure		2025	2024
Employee related costs	28	-251,850,088	-232 398 672
Remuneration of Councillors	29	-28,488,888	-27 292 943
Depreciation & Amortization	31	-86,465,850	-86,492,367
Impairment loss	30	-1,558,669	-14,062,515
Finance Costs	32	-5,172,180	-5 036 063
Operations Lease	33	-2,300,007	-3 276 002
Bad Debts Written Off		-2,585,715	-2,491,099 R
Debt Impairment/reversal	34	-96,064,606	-103,060,654
Contracted Services	35	-222,019,573	-227,083,630
Loss on disposal of assets and liabilities	9	-152,069	-480,224
General Expenses	36	-110,528,078	-103,083,432
Total Expenditure		-710,963,275	-679,305,180
Surplus for the year		238,172,413	871,827,887

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.

ANNUAL FINANCIAL STATEMENTS – 2023/2024

On August 31, 2024, the annual financial statements for the fiscal year ended June 2024 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 2024/25 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 tough economic times, good tax management is critical to each municipality's financial survival.

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, tough decisions regarding tariff increases and the balance of expenditure against realistically expected revenues must be made.

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

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.

BORROWINGS AND INVESTMENTS

5.6.1 BORROWINGS:

The municipality had no borrowings in the fiscal year 2024/25

5.6.2 INVESTMENTS:

The municipality made investments in the fiscal year 2024/25

PUBLIC PRIVATE PARTNERSHIPS

The municipality did not have any Public Private Partnerships in the fiscal year 2024/25

COMPONENT D: OTHER FINANCIAL MATTERS

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 procurement plans during the 2024/25 fiscal year.

ACQUISITION MANAGEMENT:

Procurement of goods and services:

During the 2024/25 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 procured goods and services for the Municipality upon request from individual departments.

Goods worth R 30 000 but less than R 300 000 are advertised on the municipal website and noticeboard, with a 7-day window between the advertising date and the closing date.

Goods worth R 300 001 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 provided.

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.

GRAP COMPLIANCE

The 2024/25 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.

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>	✓	✓	✓

DEBTORS' ASSESSMENT

The figures below show the comparative incremental pattern of outstanding consumer debtors for the fiscal years 2023/24 and 2024/25. The increase in the receivable balance is attributed to billing assessment and corrections processed.

The total outstanding debt as of 30 June 2025 was R 629 711 860, outstanding debt of R 539 409 596 as of 30 June 2024.

CREDITORS ASSESSMENT

At the end of the fiscal year, the amount of R 58 053 782, remained owed to creditors, compared to R 54 510 823 the previous year.

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 regularly. 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, and 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 most of the city, resulting in severe friction losses, water losses, and no payment of services.

Annexure A – AGSA: Audit Report

Annexure B – Audit Action Plan

Annexure C – Annual Performance Report

Annexure D – Audit Committee Report

Annexure E – Annual Financial Statement

Annexure A – AGSA: Audit Report

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

Report on the audit of the financial statements

Qualified opinion

I have audited the financial statements of Dr JS Moroka Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2025, statement of financial performance, statement of changes in net assets, cash flow statement and the 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.

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 and its financial performance and cash flows for the year then ended in accordance with the 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 2024 (Dora).

Basis for qualified opinion

Receivables from exchange transactions

I was unable to obtain sufficient appropriate audit evidence that receivables from exchange transactions for the current and previous year had been properly accounted for, due to the material differences that were identified between the age analysis, general ledger and the annual financial statements. I was unable to confirm whether all the receivables from exchange transactions were recorded by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to receivables from exchange transactions at R508 million (2023-24: R419 million) in the financial statements.

Receivables from non-exchange transactions

I was unable to obtain sufficient appropriate audit evidence that receivables from non-exchange transactions for the current and previous year had been properly accounted for, due to the material differences that were identified between the age analysis, general ledger and the annual financial statements. I was unable to confirm whether all the receivables from non-exchange transactions were recorded by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to receivables from non-exchange transactions at R122 million (2023-24: R120 million) in the financial statements.

Irregular expenditure

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 previous year, as it was impractical to do so.

In addition, I was unable to obtain sufficient appropriate audit evidence for irregular expenditure due to a lack of adequate supporting evidence in the previous years. Consequently, I was unable to determine whether any adjustments were necessary to irregular expenditure, stated at R1,5 billion (2023-24: R1,4 billion) in note 44 to the financial statements.

Cash flow statement – Sale of goods and services

The municipality did not prepare and disclose cash flow items, in accordance with GRAP 2, cash flow statements. This was due to incorrect values used in the calculation of receipts from the sale of goods and services. Consequently, the sales of goods and services in the cash flow statement is misstated by R 10 million.

Prior period error

The municipality did not appropriately determine the correction of previous period errors in note 49 to the financial statements, as required by GRAP 3, accounting policies, estimates and errors. The correction of errors and restated comparative figures for receivables from exchange and non-exchange transactions, payables from exchange transactions, cash flow statements and irregular expenditure disclosed in note 49 to the financial statements contained material misstatements. I was unable to determine the full extent of the misstatements of the corrections of errors, as it was impracticable to do so.

Context for opinion

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

I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International Code of ethics for Professional Accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Other matter

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

In terms of section 125(2)(e) of the MFMA, the particulars of non-compliance with the MFMA should be disclosed 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.

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.

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

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

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

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

Report on the audit of the annual performance report

In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance 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.

I selected the following development priority presented in the annual performance report for the year ended 30 June 2025 for auditing. I selected a development priority that measure 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: Technical and community development services	XX	To facilitate the social community and infrastructure development services

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.

I performed procedures to test whether:

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

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

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

KPA 5: Basic service delivery: Technical and community development services

Various Indicators

I could not determine the accuracy of various reported achievements, as the indicator was not well defined and I could not verify the methods and processes used to measure the achievements. Consequently, the reported achievements might be more or less than reported and were not reliable for determining if the targets have been achieved.

Key performance indicator	Planned Target	Reported achievement
Percentage of physical work complete on the Replacement of asbestos bulk line from water treatment plant to Bloedfontein reservoir Phase 3 by 30 June 2025	100 % physical work complete on the Replacement of asbestos bulk line from water treatment plant to Bloedfontein reservoir Phase 3 by 30 June 2025	100 % physical work complete on the Replacement of asbestos bulk line from water treatment plant to Bloedfontein reservoir Phase 3 by 30 June 2025
Percentage of physical work complete on the Replacement of asbestos bulk line from water treatment plant to Kuilen phase 2 by 30 June 2025	100 % physical work complete on the Replacement of asbestos bulk line from water treatment plant to Kuilen phase 2 by 30 June 2025	100 % physical work complete on the Replacement of asbestos bulk line from water treatment plant to Kuilen phase 2 by 30 June 2025
Percentage of physical work complete on the construction of Ga-Phaahla sewer outfall, sewer reticulation and precast toilets phase 2 by 30 June 2025	100 % physical work complete on the Construction of Ga-Phaahla sewer outfall, sewer reticulation and precast toilets (Phase 2) by 30 June 2025	100 % physical work complete on the Construction of Ga-Phaahla sewer outfall, sewer reticulation and precast toilets (Phase 2) by 30 June 2025
Percentage of physical work complete on the construction of sewer reticulation at Thabana Phase 2 by 30 June 2025	100% physical work complete on the Construction of Sewer reticulation at Thabana (Phase 2) by 30 June 2025	100% physical work complete on the Construction of Sewer reticulation at Thabana (Phase 2) by 30 June 2025
Percentage of physical work complete on the construction of sewer reticulation at Libangeni Phase 2 by 30 June 2025	100% physical work complete on the Construction of Sewer reticulation at Libangeni (Phase 2) by 30 June 2025	100% physical work complete on the Construction of Sewer reticulation at Libangeni (Phase 2) by 30 June 2025

Number of reports on frequency of waste collection program implemented by 30 June 2025

The indicator measures the number of reports on waste collection, which does not relate to the mandate of the municipality. Consequently, the indicator is not relevant for planning and reporting on performance. The municipality’s mandate is to provide citizens with the waste collection service. Simply reporting on the

number of reports does not provide the citizens with the actual performance of the waste collection service provided.

Number of samples collected for analysis as per SANS241 2015 by 30 June 2025

The indicator measures the number of samples tested, which does not relate to the mandate of the municipality. Consequently, the indicator is not relevant for planning and reporting on performance. The municipality's mandate is to provide citizens with safe, high-quality water. Simply reporting on the number of samples tested does not reassure residents about the actual quality of the water they consume.

Number of monthly reports on the maintenance of Roads in identified Wards by 30 June 2025

The indicator measures the number of reports on roads maintenance, which does not relate to the mandate of the municipality. Consequently, the indicator is not relevant for planning and reporting on performance. The municipality's mandate is to maintain roads for citizens' use. Simply reporting the number of reports prepared does not provide citizens with any indication of the actual maintenance work carried out on the roads.

Number of quarterly reports on the % of households with access to basic services (Water, sanitations, and Electricity) submitted to Council per quarter by 30 June 2025

The indicator measures the number of quarterly reports on access to basic services, which does not relate to the mandate of the municipality. Consequently, the indicator is not relevant for planning and reporting on performance. The municipality's mandate is to provide basic services (water, sanitation and electricity). Simply reporting the number of reports prepared does not provide citizens with any indication of the actual provision of the basic services

Other matters

I draw attention to the matters below.

Achievement of planned targets

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.

The table that follow provide information on the achievement of planned targets and list the key service delivery indicators that were not achieved as reported in the annual performance report. The measures taken to improve performance are included in the annual performance report on pages [xx to xx].

KPA 5: Basic service delivery: Technical and Community development services

<i>Targets achieved: 85%</i> <i>Budget spent: 100%</i>		
Key service delivery indicator not achieved	Planned target	Reported achievement
Number of Integrated Waste Management Plan approved by council by 30 June 2025	1	0
52 Number of pumps at water treatment works and sub- station maintained or repaired by 30 June 2025	52	39
Number of approved design reports for 900 household Electrification in Phake by 30 June 2025	1	0
Number of GBV programmes coordinated/collaborated in by 30 June 2025	4	3
Number of vulnerable groups programmes coordinated by 30 June 2025	4	3

Material misstatements

I identified preventable material misstatements in the annual performance report submitted for auditing.

These material misstatements were in the reported performance information for basic service delivery: technical and community development services. Management did not correct all of the misstatements and I reported material findings in this regard.

Report on compliance with legislation

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

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

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

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

Annual Financial Statements

The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of revenue, non-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.

Consequence Management

Some of the 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.

Some of the 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.

Some of the losses resulting from irregular expenditure were certified by council as irrecoverable without having conducted an investigation to determine the recoverability of the expenditure, in contravention of section 32(2)(b) of the MFMA.

Some of the fruitless and wasteful expenditure were certified by council as irrecoverable without having conducted an investigation to determine the recoverability of the expenditure, in contravention of section 32(2)(b) of the MFMA.

Strategic planning and performance management

The SDBIP for the year under review did not include monthly revenue projections by source of collection and the monthly operational and capital expenditure by vote as required by section 1 of the MFMA.

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

Procurement and contract management

Some of the contracts were awarded to bidders based on points given for legislative requirement that differed from those stipulated in the original invitation for bidding, in contravention of SCM regulations 21(b) and 28(1)(a)(i) and the Preferential Procurement Regulations.

Some of the contracts and quotations were awarded to bidders based on preference points that were not allocated and calculated in accordance with the requirements of section 2(1)(a) of the Preferential Procurement Policy Framework Act and its regulations.

Some of the construction contracts were awarded to contractors that did not qualify for the contract in accordance with section 18(1) of the CIDB Act and CIDB Regulations 17 and 25(7A).

Revenue Management

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

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

Interest was not charged on all accounts in arrears, as required by section 64(2)(g) of the MFMA.

Expenditure Management

Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The full extent of the irregular expenditure could not be quantified as indicated in the basis for qualification paragraph.

Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R 90K as disclosed in note 42 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA.

Reasonable steps were not taken to prevent unauthorised expenditure amounting to R 112 million, as disclosed in note 41 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA.

Reasonable steps were not taken to ensure that money owed by the municipality was always paid within 30 days, as required by section 65(2)(e) of the MFMA.

Other information in the annual report

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

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

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

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

Internal control deficiencies

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

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

Controls over the preparation of regular, accurate and complete financial and performance reports that are supported by reliable information were not adequate, mainly as a result of supporting evidence not complete or properly reconciled.

The accounting officer did not implement sound internal controls for the preparation of the financial statements. The financial statements contain numerous errors that were not detected and corrected prior to the submission of the financial statements for audit.

The review and monitoring controls over compliance with applicable laws and regulations were not adequate.

Management's action plan to address prior year material findings was not adequately and timeously implemented resulting in findings reported in the prior year not being adequately addressed.

Material irregularities

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.

Status of previously reported material irregularities

Pollution of water resource not prevented by the Siyabuswa Wastewater treatment works

The Siyabuswa Wastewater Treatment Works has not operated effectively due to mechanical and operational equipment either malfunctioning or not operational. This has resulted in continued spilling and discharge of raw/untreated sewage into the adjacent environment, including the communal residence and Elands River. The municipality did not take reasonable measures to prevent pollution or degradation of the environment and water resources from occurring, continuing or recurring as required by section 28(1) of the NEMA and section 19(1) of the NWA. The discharge of raw/untreated sewage into the environment is likely to cause substantial harm to the communities exposed to, and dependent on, the contaminated water resource.

The accounting officer was notified of this material irregularity on 18 March 2024 and was invited to make a written submission on the actions taken and that will be taken to address the matter. The accounting officer did not take appropriate action to resolve the material irregularity. I am in the process of making a decision on further actions to be taken.

Loss of revenue due to property rates not billed

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.

The accounting officer was notified of the material irregularity on 26 April 2023. The following actions have been taken to resolve the material irregularity:

- During July 2023, an appointment of the Divisional Manager: Revenue was made to capacitate the revenue unit
- During September 2024, the revenue unit was capacitated through provision of training
- During the 2023-24 and 2024-25 financial year, a reconciliation between the general valuation roll, supplementary roll and valuation roll included in the billing system of the municipality was performed to ensure that all properties are included at correct market values and rate categories
- During the 2022-23, 2023-24 and 2024-25 financial year, a review of tariff structure for property rates was performed to ensure that it includes all rate categories that should be billed and the tariff structure was approved by council
- In the 2024-25 financial year, for the period of period 2018-2024, billing adjustments/ corrections on the billing system to correct the property rates billing and to retrospectively bill the customers at the correct rate was performed and these adjustments were included in note 25 of the annual financial statements for 2024-25.

I assessed the actions taken by the accounting officer over the past financial years and in the current year, and i am satisfied that these actions were appropriate and adequate to address the material irregularity. Accordingly, this material irregularity has been resolved.

Mbombela

30 November 2025



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 priorities and on the municipality's compliance with selected requirements in key legislation.

Financial statements

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

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

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

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

conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause the 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)(a), 71(1)(a)(b), 71(2)(a), 71(2)(b), 71(2)(d), 72(a), 72(b), 72(c)
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, 2005	<p>Regulations: 5, 12(1)(c), 12(3), 13(b), 13(c), 16(a), 17(1)(a), 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), 27(2)(e),</p> <p>Regulations: 28(1)(a)(i), 29(1)(a), 29(1)(b), 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i),</p> <p>Regulations: 38(1)(g)(ii), 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f)</p>
Municipal Systems Act 32 of 2000	Sections: 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 34(a), 34(b), 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2),

	Sections: 54A(1)(a),56(1)(a), 57(2)(a), 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1),96(b)
MSA: Municipal Planning and performance Management Regulations, 2001	Regulations: 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 7(1), 8, 9(1)(a), 10(a), 12(1), 15(1)(a)(i), 15(1)(a)(ii)
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)
MSA: Municipal Staff Regulations	Regulations: 7(1),31
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	Regulations: 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5), 9(1), 10(1), 10(2), Regulations: 11(1), 11(2)
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 2024/2025

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>Trade payables – Payments made in advance Its was noted that the comparative figure for Payables from Exchange Transactions is shown as R181 232 557. However, the closing balance reported in the 2024 AFS for the same item was R158 362 003. This shows a difference of R22 870 554. Note 49 – Prior Year Adjustments explains a correction of error of R15 125 565, which changes the 2024 balance to a restated amount of R143 236 438. However, the difference between the original closing balance (R158 362 003) and the 2025 opening balance (R181 232 557) is R22 870 554 – which is R7 744 989 more than the correction of error disclosed in Note 49.</p>	<p>Incomplete disclosure of prior period adjustments, resulting in non-compliance with GRAP 3.</p>	<p>Management should ensure that all prior year adjustments are fully reconciled and correctly disclosed in the AFS. A formal review process must be in place to verify that comparative figures agree to supporting journals and the trial balance, and that disclosure notes reflect the complete and accurate adjustments in line with GRAP requirements.</p>	<p>Management agrees with the finding, the difference is between the AFS and the workings. Management will like an opportunity to adjust note 49 to align with the workings submitted for audit relating to Advance payment for 2023/24 R R22 870 554. The proposed disclosure is herein attached for the attention for the auditors</p>	<p>Management to ensure schedule supporting the Annual Financial Statement is submitted on prior year adjustments. Management to update prior year note to align with submitted schedule</p>	<p>Noma Nkehli</p>	<p>31/Mar/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>The receivables from exchange transactions in the annual financial statement is materially misstated due to differences from the amounts in the age analysis and debt impairment schedule of R 66 600 245.77 and Trial balance of R205 506 152,50.</p>	<p>Management did not: Prepare regular, accurate and complete financial reports that are supported and evidenced by reliable information; 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 is not able to map the aging report to agree to the TB/ AFS.</p>	<p>Management should engage MunSoft to with the mapping issues between TB/AFS and the age analysis in order to ensure that the TB,GL and the age analysis are aligned to GRAP requirements to enable to system to generate reports without manual intervention. Controls should be put in place to ensure that the differences are remedied so not to cause material misstatements in the financial statements</p>	<p>Management disagrees with the finding on differences of Debtor Ageing and AFS/TB of R205 506 152,50. The amount of AFS/TB does not take into account journals processed for annual financial statement preparation. Management has attached the journal. Management agrees with the finding When management was processing the alignment journal, the debt impairment schedule for 2023/24 was erroneously agreed with 2024/25 debt impairment balances which led to the alignment journal processed to be incorrect as per noted difference above. Management will like an opportunity to correct the error by processing the attached journal.</p>	<p>Management to post alignment journals to correct the misclassification noted during audit. Management will prepared reconciliation schedule between general ledger, Annual financial Statement, Debt impairment schedule and Debtors book</p>	<p>Noma Nkehli</p>	<p>31/Mar/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>Receivables From Non-Exchange Transactions – AFS vs Source document differences</p> <p>The receivables from non- exchange transactions in the annual financial statement is materially misstated due to differences from the amounts in the age analysis and debt impairment schedule of R 49 077 037.61 and Trial balance of R 60 873 706.64.</p>	<p>Management did not: Prepare regular, accurate and complete financial reports that are supported and evidenced by reliable information; 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 is not able to map the aging report to agree to the TB/ AFS.</p>	<p>Management should engage MunSoft to with the mapping issues between TB/AFS and the age analysis in order to ensure that the TB,GL and the age analysis are aligned to GRAP requirements to enable to system to generate reports without manual intervention. Controls should be put in place to ensure that the differences are remedied so not to cause material misstatements in the financial statements.</p>	<p>Management disagrees with the finding on differences of Debtor Ageing and AFS/TB of R 60 873 706.64. The amount of AFS/TB does not take into account journals processed for annual financial statement preparation. Management has attached the journal. Management agrees with the finding .When management was processing the alignment journal, the debt impairment schedule for 2023/24 was erroneously agreed with 2024/25 debt impairment balances which led to the alignment journal processed to be incorrect as per noted difference above Management will like an opportunity to correct the error by processing the attached journal.</p>	<p>Management to post alignment journals to correct the misclassification noted during audit.</p> <p>Management will prepared reconciliation schedule between general ledger, Annual financial Statement , Debt impairment schedule and Debtors book</p>	<p>Noma Nkehli</p>	<p>31/Mar/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>Prior Period Error – Cash Flow Statement Presentation The municipality did not prepare and disclosure cash flow items, in accordance with GRAP 2 Cash Flow Statements. This was due to incorrect values used in calculation of receipts from the sale of goods and services. Consequently, the sales of goods and services in the cash flow statement is misstated by R10 million.</p>	<p>This indicates that there was insufficient review of the financial statements to ensure that all prior period adjustments were accurately captured and fully disclosed in accordance with the Standards of GRAP, particularly GRAP 1 (Presentation of Financial Statements) and GRAP 2 (Cash Flow statement)</p>	<p>Management should: Strengthen the review process for financial statement preparation to ensure that all cash flow items are correctly classified. Provide refresher training to finance staff on cash flow statement requirements and the correct classification of operating, investing, and financing activities.</p>	<p>Management agrees with finding Management has provided as par of annual financial statement adjustments the corrected disclosure of Prior year note cash flow Management notes the internal control deficiencies</p>	<p>The municipality would develop the cash flow template as per the auditor general recommendation as well as in line with GRAP2. Training will be arranged for the officials to prepare the AFS</p>	<p>Dumisani Ntuli</p>	<p>31/Mar/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>Prior year Receivables – AFS vs Source document differences During the audit of the annual financial statements for the current year 2024/25 relating to the prior period adjustment note, we noted the following differences between the age analysis and debt impairment schedules and the AFS</p>	<p>The prior year receivables from non-exchange transactions in the annual financial statement is materially misstated due to differences from the amounts in the age analysis and debt impairment schedule of R 49 480 846, 76.</p>	<p>Management should prepare financial statements on a quarterly basis in order to identify the errors timeously so that there is less pressure during the preparation of the final annual financial statements at year end. Management should strengthen review controls to ensure that the annual financial statements are supported by complete, valid, and accurate records. Management should submit the records that agree to the submitted annual financial statements. Management should monitor action plan on a regular basis to ensure that prior year findings are addressed.</p>	<p>Management agrees with the finding. When management was processing the alignment journal, the debt impairment schedule for 2023/24 was erroneously agreed with 2024/25 debt impairment balances which led to the alignment journal processed to be incorrect Management will like an opportunity to correct the error by processing a journal</p>	<p>Management to process journal correct the debt impairment amount. Management to update debt impairment area in prior year note to align with adjustment performed in prior year</p>	<p>Noma Nkehli</p>	<p>31/Mar/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>Receivables from exchange transactions During the audit of the annual financial statements for the current year 2024/25 relating to the prior period adjustment note, we noted the following differences between the age analysis and debt impairment schedules and the AFS</p> <p>The prior year receivables from exchange transactions in the annual financial statement is materially misstated due to differences from the amounts in the age analysis and debt impairment schedule of R 66 136 700.12.</p>	<p>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.</p> <p>Management did not monitor action plan on a regular basis to ensure that prior year findings are addressed</p>	<p>Management should prepare financial statements on a quarterly basis in order to identify the errors timeously so that there is less pressure during the preparation of the final annual financial statements at year end. Management should strengthen review controls to ensure that the annual financial statements are supported by complete, valid, and accurate records. Management should submit the records that agree to the submitted annual financial statements. Management should monitor action plan on a regular basis to ensure that prior year findings are addressed.</p>	<p>Management agrees with the finding. When management was processing the alignment journal, the debt impairment schedule for 2023/24 was erroneously agreed with 2024/25 debt impairment balances which led to the alignment journal processed to be incorrect as per noted difference Management will like an opportunity to correct the error by processing a journal</p>	<p>Management to process a journal to correct the misstatement Management to update debt impairment disclosure</p>	<p>Noma Nkehli</p>	<p>31/Mar/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>Irregular expenditure -The write-off was approved by council through resolution no. R432.08.2025 ND on 25 August 2025. However, these transactions written-off were not supported by relevant documents to support the amounts recorded and written off. Thus, it is impractical for the auditor to quantify the amount recorded for the prior years and to determine if the adjustments to irregular expenditure were accurate and whether the investigation was performed since the documents are not available.</p>	<p>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.</p> <p>Management failed to Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information</p>	<p>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 items kept in the irregular expenditure register.</p>	<p>Management is not in agreement with the finding.</p> <p>Management as part of addressing its prior year errors on irregular expenditure, went to back to assess irregular expenditure for the financial years 2015/16 and 2016/17 respectively. In the financial year 2023/24 a methodology was developed to detail steps followed by management in identifying irregular expenditure for the two years. The irregular expenditure specified was supported by management's identified expenditure (audited amounts), management reports (both internal and external audit), from which transactions were confirmed through the general ledger and the bank statements.</p>	<p>The record management of the municipality has been centralised, and all records are managed through the unit. Currently the municipality receives, scans and submits the information to records management for storage, retrieval and archiving. This has been put in place to ensure that the issue of lack of supporting information does not recur</p>	<p>Bonisiwe Klaas, April Masilela</p>	<p>31/Mar/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>General expenditure and WIP - INEP expense incorrectly accounted for.</p> <p>Issue 1 During the detailed testing of Completed INEP projects expensed for 2024/25, auditors noted that the Toilet Facilities: Construction of sewer reticulation at Ga-Phaahla-Phase 2 was incorrectly recorded in the Annual financial statements as Completed INEP projects expensed amounting to R7 409 662,42. This was not an electrification project as per the INEP grant. The similar project was also reported under work in progress (Property plant and equipment).Details as per contract payment cover sheet:</p> <p>Issue 2 During the detailed testing of Completed INEP projects</p>	<p>Management did not: Prepare regular, accurate and complete financial reports that are supported and evidenced by reliable information to correctly align the expenditure spent with the relevant reporting frameworks.</p>	<p>Management should regularly (quarterly) engage with the office of the treasury for new developments of accounting standards ensure that the officials within the finance unit are trained and equipped with the new developments. In addition, management must implement review processes to ensure that the annual financial statements are supported by valid, complete and accurate records which incorporates the changes made in the financial reporting frameworks.</p> <p>Management should adjust the financial statements to correct the errors made in the financial statements.</p>	<p>Management agrees to the finding as follows: Issue 1We agree with the finding by the auditors and would request an opportunity to correct the classification of expenses as follows: Dr WIP projects expensed R7 409 662,42 Cr WIP INEP projects expensed R7 409 662,42 Issue 2We agree with the auditors' finding and would request an opportunity to correct as follows:2025Dr WIP account R1 898 175,77Cr WIP INEP projects expensed R1 898 175,57 2024Dr WIP account R598 346</p> <p>Cr WIP INEP projects expensed R598 346</p>	<p>Management reclassified INEP expense from Work in progress to general expenditure</p>	<p>Believe Mosungwa</p>	<p>31/Mar/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>expensed for 2024/25 , auditors noted that the municipality do not have distribution licences therefore the accounting of INEP projects were incorrectly accounted for in terms of GRAP 17 property plant and equipment and incorrectly capitalised in the WIP register instead of recognising the contract revenue and respective contract expenses respectively by reference to the stage of completion of the contract activity at the reporting date in terms of GRAP 11 Construction contracts.Details as per contract payment cover sheet</p>						

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>1. Irregular expenditure Prior periods – Limitation of scope</p> <p>Requirements During the audit of prior period error for Irregular expenditure, the auditors request supporting information on 14 October 2025 for the adjustment to the opening balance for irregular expenditure disclosed in the annual financial statements under RFI 103 requesting for the following information: 1. Payment report for each service provider as at 30 June 2025 2. Payment voucher(s) Purchase order(s) The following information was not submitted for audit and as a result the auditor is unable to verify the accuracy of the prior year adjustments made to irregular expenditure: (i)</p>	<p>Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial reporting.</p>	<p>Management should ensure that adequate supporting documentation is maintained and readily available for all prior year adjustments such as (invoices, supplier statements etc) and provided to auditors to support the amounts recognised as adjustments.</p>	<p>Management is not in agreement with the finding. During assessment of irregular expenditure, assessment conducted to ensure completeness of irregular expenditure includes identifying all valid irregular expenditure that has been identified and raised by both internal auditors and the AGSA through their management report, of which in this case, the above raised were identified in that manner and the reports were submitted to auditors The process thereon is to bring in the expenditure incurred in that particular year through extracting expenditure report of the from the system using the project segment where all expenditure incurred would have been allocated on of that particular project identified as irregular ensuring completeness of our register. GL extraction reports were submitted to auditor</p> <p>In ensuring accuracy</p>	<p>Management will ensure that the centralised records management system is used to avoid recurrence of findings.</p>	<p>April Masilela</p>	<p>31/Jan/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
2017/18 Adjustments			<p>thereon of the irregular expenditure, in absentia of a payment voucher relating to the payments made for confirmation, alternative procedures are performed to through confirmation on the cashbook and bank statement that the transaction occurrence. Where possible invoice from suppliers were used to account for accuracy thereon. Purchase voucher/Purchase orders/Invoices/bank statements were submitted to auditors</p>			

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>Inconsistency Between PPE Note and Change in Estimates Note</p> <p>During the review of the changes in estimates, the auditors noted that the depreciation amount disclosed in the PPE note 9 does not agree with the revised depreciation amount disclosed in the Change in Estimates note 9. The difference noted amounts to R 2 258 805.</p>	<p>Management did not perform adequate reviews of the financial statements to ensure that the disclosure notes reconcile with the general ledger and that the Change in Estimates note reflects the actual figures recorded in the PPE note.</p>	<p>Management should:</p> <ul style="list-style-type: none"> · Management should adjust the annual financial statements to reflect the fair presentation of the impact of changes in estimates and carrying amounts of property, plant and equipment. · Recalculate and align the revised depreciation in the Change in Estimates note with the actual depreciation charged in the PPE note. · Include a clear explanation of the nature of the change in useful lives and the basis for the revision. 	<p>Management agrees with the finding. The misstatement noted is on note 50, management would like to request an opportunity to adjust the error with the final adjustments.</p> <p>Management agrees with the internal control deficiencies.</p>	<p>Management has updated the changes in estimates note.</p>	<p>Believe Mosungwa</p>	<p>31/Jan/2026</p>
<p>Incorrect Disclosure of Change in Estimates</p> <p>During the review of changes in estimates, Impact on depreciation, the auditors noted differences between the amounts disclosed in the change in estimates note 9 and the amounts as per the</p>	<p>Lack of a review and reconciliation process between the calculated figures and the disclosure note.</p> <p>No evidence of independent verification of the Change in Estimates note before inclusion in the AFS.</p>	<p>Management should adjust the annual financial statements to reflect the fair presentation of the impact of changes in estimates and carrying amounts of property, plant and equipment.</p>	<p>Management agrees with the finding on the depreciation and is requesting for an opportuning to make adjustment as per the attached proposed corrections.</p> <p>Management partially agrees with the finding. The change in estimate in the carrying amount is misstated by (640</p>	<p>The change in estimate disclosure was updated in the audited financial statements. However, as per GRAP 3 Changes in accounting estimates are applied prospectively, meaning prior year disclosures remain unchanged and cannot be corrected.</p>	<p>Believe Mosungwa</p>	<p>31/Jan/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>auditor's recalculations. The below table summarises the differences noted:</p> <p>During the review of changes in estimates, Impact on carrying amount, the auditors noted differences between the amounts disclosed in the change in estimates note 9 and the amounts as per the auditor's recalculations. The below table summarises the differences noted:</p>			<p>660,95) not R 25 275 552. Management would like an opportunity to correct the disclosure. Please see the suggested changes in estimates attached.</p>			
<p>AoPO – Limitation of Scope On receipt of the annual financial statements on 31 August 2025, we noted that the listings/report for all performance indicators (all KPAs) were not submitted with the Annual Performance Report as agreed in the engagement letter. It was stated that KPA 5 will be scoped as stated in paragraph 15 of the</p>	<p>Management did not fully understand the terms of the engagement 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 reporting.</p>	<p>Management should ensure that information requested by auditors within two days from issue of this communication. Management is encouraged to seek clarity from the auditors timeously on engagement terms might have not being clear to them in the engagement letter.</p>	<p>Management is in agreement with the finding and requests an opportunity to submit the listings herein included</p>	<p>Management will ensure that information requested by auditors within two days from issue of this communication. Management will seek clarity from the auditors timeously on engagement terms might have not being clear to them in the engagement letter. The finding was however resolved during the audit process</p>	<p>Boiki Malatji</p>	<p>31/Mar/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>engagement letter.</p> <p>It was further stated in the letter for acknowledgment of receipt of AFS issued on the 4 September 2025 that the required information was not submitted.</p>						
<p>Non-adoption of MFMA Circular 127 – Municipal Audit Committee Toolkit During the audit, it was noted that the Municipality has not yet adopted or implemented the MFMA Circular 127 – Municipal Audit Committee Toolkit, which was issued by the National Treasury on 20 December 2023, into the Audit Committee Charter. As a result, the Audit Committee does not utilize the standardized tools, templates, and evaluation mechanisms provided in the toolkit to guide its governance</p>	<p>Lack of Implementation of appropriate risk management activities to ensure that regular risk assessments, including consideration of IT risks and fraud prevention, are conducted and that a risk strategy to address the risks is developed and monitored.</p>	<p>Management should ensure that annual financial statements are submitted timeously for review to internal audit and audit committee to allow timeous detection and correction of errors. Management should ensure that the annual financial statements and disclosure notes are reviewed by at least two officials to confirm the accuracy, completeness and compliance with GRAP 24 before submission of the financial statements for audit.</p>	<p>(i) Acknowledgement of the audit findings (in agreement or not in agreement)</p> <p>We agree with the finding the finding, Dr JS Moroka Local Municipality participates on the shared audit committee since March 2022, Nkangala District Municipality administers the committee by recruiting, appointing, induction and remunerating the committee members.</p>	<p>the adoption of the circular 127 is progress and will be send to Council sitting to be held in January 2026</p>	<p>Sibusiso Morare</p>	<p>31/Mar/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>processes, assess its performance, or coordinate combined assurance activities.</p> <p>Further enquiry was made with the CAE on 29 September 2025 and it was confirmed that no adoption has been made to date.</p>						
<p>Revenue Business process – Incorrect rate charged to customers</p> <p>During the audit of the annual financial statements for the current year 2024/25, we noted that the following customers were billed incorrectly:</p>	<p>Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial reporting.</p>	<p>Management should implement proper internal controls by engaging with the MUNSOFT and set up updated prices of the system for billing purpose. Furthermore, the prices on the billing report should be reviewed.</p>	<p>Management acknowledges the finding, management during Annual Financial Statement preparation process performed assessment of billing for 2024/25 and noted the same issue. The correction was processed on 11 July 2025 of R50,04 in relation to the difference.</p>	<p>Matter cleared during audit Management to review interest charged by system ensure it accurate to ensure matter does not reoccur</p>	<p>Noma Nkehli</p>	<p>31/Mar/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>AoPO - External compliance audit of landfill sites conducted after 30 June 2025</p> <p>During the audit of AoPO - It was noted that the municipality has targeted to conduct the compliance audit of landfill site by 30 June 2025, however, the audit report was signed off on 01 August 2025, which is after the targeted date.</p> <p>Furthermore, the municipality has reported the indicator as "achieved" in the annual performance report despite the audit being completed outside the targeted date.</p>	<p>Management did not reconcile and review the source documents before reporting in the annual performance report.</p>	<p>Management should revise the annual performance report to accurately reflect the indicator as "not achieved," in line with the actual performance results.</p> <p>Management should strengthen and implement effective project management practices to ensure that the service provider delivers all agreed-upon outputs within the planned timeframes and in accordance with contractual obligations.</p> <p>Management should ensure that the information reported in the Annual Performance Report (APR) is independently reviewed by a senior official against the relevant source documents after data capture, to verify accuracy, completeness, and consistency before submission for audit.</p>	<p>Management acknowledge the finding and would like the auditors to note the report submitted as the POE related to financial year 2025/26 not financial year under review. Management would like the auditors to accept the attached documents which relate to the correct financial period</p>	<p>Management will revise the annual performance report to accurately reflect the indicator as "not achieved," in line with the actual performance results. Management will strengthen and implement effective project management practices to ensure that the service provider delivers all agreed-upon outputs within the planned timeframes and in accordance with contractual obligations. Management will ensure that the information reported in the Annual Performance Report (APR) is independently reviewed by a senior official against the relevant source documents after data capture, to verify accuracy, completeness, and consistency before submission for audit.</p>	<p>Boiki Malatji</p>	<p>31/Mar/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>Consequence management - UIFW not investigated During the audit, it was noted that the unauthorised, irregular ,fruitless and wasteful expenditure incurred by the municipality in the 2023/24 financial year was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) – (b) of the MFMA. A similar non-compliance was reported in the prior year.</p> <p>RFI 99 was issued on 14 October 2025 requesting proof of investigation and the information was not submitted.</p>	<p>Management did not review and monitor compliance with section 32(2) (a) - (b) of MFMA.</p>	<p>Management should ensure that instances of UIF W expenditure are properly recorded in a complete and accurate register that is submitted to council to investigate in a timely manner so that the council can determine if any person is liable for the expenditure</p>	<p>Management agrees with the finding that investigation relating to 2023/24 UIF W was not conducted. It's should however be noted that UIF W of the municipality dates back to 2011/12, in 2024/25 there were historical UIF W investigations conducted, write off approved and disclosed in the annual financial statement</p>	<p>The MPAC is currently investigating the UIF W for the 2023/24 financial year</p>	<p>April Masilela</p>	<p>31/Mar/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>Trade payables – Payments made in advance not correctly calculated During the test of details on the payments made in advance, inconsistencies were noted between the advance payment schedule and the related customer statements. Specifically, certain accounts included in the schedule as advance payments showed negative balances, while the customer statements for these accounts reflected positive closing balances, indicating amounts owed by the customers to the municipality.</p> <p>This shows that these amounts were incorrectly classified as payments made in advance (liabilities), when in fact they represent receivables (assets).</p>	<p>Lack of review of financial and performance reports that are supported and evidenced by reliable information</p>	<p>Management should strengthen review controls by ensuring that all balances in the payments made in advance schedule are reconciled to customer statements and correctly classified before inclusion in the financial statements.</p>	<p>Management agrees with the finding When management were reclassifying negative balances on specific account some services from same account were overlooked erroneously Management will like opportunity to adjust, if allowed to provide adjustment schedule.</p>	<p>Matter was immaterial for any further actions</p>	<p>Noma Nkehli</p>	<p>31/Mar/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>Trade payables – Difference between AFS and TB/GL for Payments Made in Advance During the audit of trade payables: payments Made in advance, the following differences were noted between the trial balance/general ledger and the annual financial statements:</p>	<p>Lack of review of financial and performance reports that are supported and evidenced by reliable information</p>	<p>Management should investigate and reconcile the difference of R4 049 347.49 between the amount disclosed in the Annual Financial Statements and the balances per the Trial Balance and General Ledger. Any identified errors or omissions should be corrected, and adjustments should be processed to ensure alignment between the financial records and disclosures.</p> <p>Furthermore, management should strengthen the financial statement preparation and review process by implementing detailed reconciliations and supervisory reviews prior to finalization of the Annual Financial Statements to prevent similar discrepancies in future reporting periods.</p>	<p>Management disagrees with the finding on differences of Advance payment and AFS/TB of R4 049 347.49. The amount of AFS/TB does not take into account journals processed for annual financial statement preparation.</p>	<p>Management to investigate and reconcile the difference between the amount disclosed in the Annual Financial Statements and the balances per the Trial Balance and General Ledger. Any identified errors or omissions to be corrected, and adjustments should be processed to ensure alignment between the financial records and disclosures.</p>	<p>Noma Nkehli</p>	<p>31/Mar/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>The Contingent Liabilities register does not correspond to note 40 of the AFS certain cases recorded in the contingent liabilities register were not included in Note 40 of the Annual Financial Statements</p> <p>Certain case was included in the register, however, it was not reported in the annual financial statements for 2024/25</p>	<p>Management did not prepare regular, accurate, and complete financial and performance reports that are supported and evidenced by reliable information.</p> <p>Management did not adequately review the annual financial statements prior to submission to ensure that the annual financial statements corresponded to the underlying records</p>	<p>Management should ensure that the contingent liabilities register is regularly reviewed and reconciled with the disclosures in the Annual Financial Statements. A formal review and approval process should be implemented prior to finalization of the financial statements to confirm that all relevant contingent liabilities are accurately captured and disclosed in line with the requirements of GRAP 19</p>	<p>Management partially agrees with the audit finding. The cases of Dr JS Moroka vs L Babedi and Dr JS Moroka vs Pheladi Riba are contingent assets and were recorded correctly in the AFS as such. The error noted was to record them under contingent liabilities in the register. Management requests an opportunity to update the register by removing the 2 cases from the contingent liabilities schedule and only leave them on the contingent assets schedule. The case of Dr JS Moroka vs Rammutla Tshireletso and others was correctly recorded in the AFS under contingent assets. Management requests an opportunity to update the register by reclassifying the case from contingent liabilities to contingent assets.</p>	<p>The finding was resolved during the auditing</p>	<p>Mathabo Mphahlele, Dumisani Ntuli</p>	<p>31/Mar/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>Prior Period Error – Correction of Error Amount</p> <p>During the audit of the prior period error relating to the cash flow statement, it was noted that the amount recorded to correct the error could not be validated. We have identified that, due to the unresolved findings raised on the prior-period Financial Performance and Financial Position sections, the amounts used to determine the cashflow statement were not adequately supported. As a result, we were unable to confirm that the restated cash flow amount for the 2024 financial year is accurate, valid, or reflective of the underlying transactions.</p>	<p>Management did not ensure that all related supporting schedules, reconciliations, and cross-references were adequately prepared, reviewed, and aligned with the findings raised on the Financial Performance and Financial Position sections.</p>	<p>Management should also strengthen internal controls by implementing a formalized review checklist for prior period corrections to ensure completeness, accuracy, and compliance with IAS 8 requirements.</p> <p>Management should provide training should be provided to staff involved in financial reporting to improve understanding of error-correction processes and support documentation requirements.</p>	<p>N/A</p>	<p>The municipality will reconcile the service charges and receivables on prior year to resolve prior year errors</p>	<p>Dumisani Ntuli</p>	<p>31/Mar/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>VAT Receivables – Prior Period Error During the audit of the prior period VAT Receivables, there was an adjustment of R2 577 360. The adjustment is made up of corrections that are made to the items in the statement of financial position (Receivables from exchange transactions, Receivables from non-exchange transactions, Property, Plant and Equipment, payables from exchange transactions) and statement of financial performance (Service charges, debt impairment, bad debt written off, general expenses). The limitation that was identified in receivables and Trade Payables has caused a limitation in the testing of VAT Receivables</p>	<p>Management should ensure that they process corrections or reclassification that are correct and can be supported.</p> <p>Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial reporting.</p>	<p>Management should ensure that adequate supporting documentation is maintained and readily available for all prior year adjustments, including detailed schedules, journals, and source documents substantiating the nature and basis of each adjustment. For corrections of errors, management should: Prepare and retain comprehensive reconciliation schedules showing how the adjustment amount was derived. Ensure that all supporting documentation (e.g., invoices, supplier statements, or correspondence) is properly filed and referenced to the journals processed; and</p> <p>Implement a review and approval process for all prior period adjustments to confirm their validity</p>	<p>Management is not in agreement with the finding.</p> <p>Management has provided detailed support of correction relating to the R2 577 360 attached on information submitted on RFI 124. The R2 577 360 relate to correction on service charge correction which relates to 2023/24. Management has re-attached the support relating to vat receivable.</p>	<p>Matter was cleared during audit</p>	<p>Boledi Serepo, Noma Nkehli</p>	<p>31/Mar/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>Material Limitation of scope for R2 577 360 relating to VAT Receivables. Non-compliance with the MFMA with section 62(1) (b) and section 74(1).</p>		<p>and compliance with accounting standards (GRAP).</p>				
<p>Property, Plant and Equipment: 2022/23 Prior Period Opening Balance does not agree to the Fixed Assets Registers. During the audit of 2022/23 Prior Period Error (opening balance); we noted that the opening balance for 2022/23 does not agree to the Fixed Asset Register.</p> <p>Management provided the</p>	<p>Management did not: Prepare regular, accurate and complete financial reports that are supported and evidenced by reliable information. Implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance</p>	<p>Management should put controls in place and ensure implementation with regard to the review of the annual financial statements and its disclosure notes against the supporting schedules to ensure that the amounts as presented and disclosed in the financial statements are supported by accurate and</p>	<p>Management partially agrees with the finding. The accumulated surplus is misstated by R1 014 504,02 not R15 799 359.24. Please see the attached calculation.</p> <p>However, management will revisit the population and the prior year error note and correct the misstatement accordingly.</p>	<p>Management will ensure that the opening balance of Property plant and equipment agrees to the financial statements provided to the auditors.</p>	<p>Dumisani Ntuli, Believe Mosungwa</p>	<p>31/Mar/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>auditors with the breakdown of the adjustment made for 2022/23 financial year of an amount of R 672 486 529. The following breakdown was provided by management and the differences noted between management and Prior Period Error note and the Fixed Asset Registers submitted as supporting schedules for the adjustment:</p> <p>The 2022/23 prior period adjustment is misstated by an amount of R 15 799 359.24.</p>	<p>reporting.</p> <p>Perform adequate review of the prior period error note adjustments against the supporting Fixed Assets Registers to ensure that the registers agree to the amount disclosed in the prior period error note.</p>	<p>complete supporting schedules.</p>				

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>Use of Consultants – Non-compliance</p> <p>During the evaluation of the work performed by the financial services consultant of the municipality, we identified multiple non-compliances and internal control deficiencies.</p> <p>The use of consultants by the municipality was not monitored, assessed and evaluated as per the above-mentioned regulations.</p> <p>Refer to the following exceptions:</p> <ol style="list-style-type: none"> 1. The consultancy reduction plan has not been implemented. 2. Measures to monitor the transfer of skills in the project were not fully implemented. 3. The work of the consultant is not regulated by a contract signed by both the successful bidder and a delegated official 4. The appointments of consultants were not 	<p>Lack of oversight responsibility regarding financial reporting and compliance and related internal controls.</p> <p>The use of consultants appears not to be beneficial to the municipality as the financial statements submitted for audit which the consultants assisted or prepared had material misstatements and errors.</p>	<p>Managements should fast track the implementation of the consultancy reduction plan in order to ensure that the need of consultancy is fully reduced in the next financial year</p> <p>More work needs to be focused on the skills transfers to the already appointed officials</p> <p>Regular supervisions by internal staffs needs to be initiated to ensure that continuity is maintained after the contracts with consultants come to an end.</p>	<p>Management comments are listed below each finding.1. The consultancy reduction plan has not been implemented.</p> <p>Management partially agrees with the finding. The consultancy reduction plan has been implemented in phases.</p> <p>There are currently elements that are done in house, property rates and the correction of the prior year relating to property rates, debt impairment, traffic fines, grants register, bank reconciliation amongst others. Management does acknowledge that the year three-year targets as per the reduction plan2.</p> <p>Measures to monitor the transfer of skills in the project were not implemented.</p> <p>Management does not agree with the finding. The measures for skill transfer were monitored, and the registers were submitted to the auditors.3. The work of the consultant is not regulated by a contract signed by both</p>	<p>Management will review the consultancy reduction plan to ensure that all requirements are included and adhered to,</p>	<p>Bonisiwe Klaas</p>	<p>31/Mar/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>made on an output-specified basis, subject to specific measurable objectives and associated remuneration, especially of AFS preparations.</p> <p>5. Appointment of consultants does not include overall cost ceilings by specifying whether the contract price includes or excludes travel and subsistence disbursements</p> <p>.6. The contract price does not specify all travel and subsistence costs.</p> <p>7. Exacting specifications of the work to be accomplished was not used to monitor contract performance.</p> <p>8. The contract performance measures and the methods whereby it is monitored are insufficient to ensure effective contract management.</p> <p>9. Retention fees and penalty clauses for poor performance</p>			<p>the successful bidder and a delegated official. Management does not agree with the finding, the SLA was entered into. Paragraph 2.1 of the SLA, states that the agreement, the terms of reference issued by the municipality, the proposal submitted by the service provider and appointment letter are part of the contract.4. The appointments of consultants were not made on an output-specified basis, subject to specific measurable objectives and associated remuneration, especially of AFS preparations. Management notes the finding. Management will implement controls in the compilation of the SLA to ensure that the contract is prescriptive on the achievement of actual out and non-achievements.5. Appointment of consultants does not include overall cost ceilings by specifying whether the contract price includes or excludes travel and subsistence</p>			

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>are not included in the contract.</p> <p>10. The contract does not stipulate the terms and conditions for the termination of the contract in the case of non-performance or underperformance</p> <p>.11. Travel and subsistence costs for the appointment of consultants are not in accordance with the national travel policy issued by the National Department of Transport, as updated from time to time. Note. These are similar issues that were raised in previous financial year</p>			<p>disbursements. Management does not agree with the finding. The costs submitted to the AGSA does has a ceiling and the rate per resource is specified and is inclusive of disbursements. Please see RFI submitted to the auditors.6. The contract price does not specify all travel and subsistence costs. Management does not agree with the finding. The rate per resource is specified and is inclusive of disbursements. Please see RFI submitted to the auditors.7. Exacting specifications of the work to be accomplished was not used to monitor contract performance. Management does not agree with the finding. Weekly meetings were held, and management was using that as one of tools for assessment of the progress in line with the Project Implementation Plans (PIPs). The minutes of the Meetings were submitted to the auditors.</p>			

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
			<p>Furthermore, the invoices submitted were accompanied by the reports and time sheets 8. The contract performance measures and the methods whereby it is monitored are insufficient to ensure effective contract management. Management does not agree with the finding. The methods currently used are deemed sufficient by management. 9. Retention fees and penalty clauses for poor performance are not included in the contract. Management notes the finding. Management will implement controls in the compilation of the SLA to ensure that the contract is of retention and penalty clauses.10. The contract does not stipulate the terms and conditions for the termination of the contract in the case of non-performance or underperformance Management does not agree with the finding. The contract does specify the act of</p>			

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
			<p>Breach in Clause 13.1 of the SLA that 'any act or conduct inconsistent with this agreement shall be deemed as breach. On future contract management will ensure that the specific breaches are included in the SLA.11. Travel and subsistence costs for the appointment of consultants are not in accordance with the national travel policy issued by the National Department of Transport, as updated from time to time.</p> <p>Management does not agree to the finding. The travel re-imbursments are claimed per invoice.</p>			

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>SCM policy non-compliance with Municipal SCM regulation During the audit of SCM, we noted that the approved policy does not instruct the accounting officer to invite prospective providers of goods or services to apply for evaluation through a newspaper that commonly circulates locally as required by SCM reg 14(1)(a)(ii)</p> <p>Furthermore, we noted that the supply chain management policy does not stipulate the following in terms of SCM reg 15 –Terms of delegation responsibility for petty cash to an official reporting to the manager - The limit on the number of petty cash transactions or the maximum amount per month for each manager, and does not include conditions - Types of expenditure that are excluded</p>	<p>Management did not ensure compliance with SCM regulations by staying abreast of circulars released from treasury.</p>	<p>Management did should ensure compliance with SCM regulations by staying abreast of circulars released by the relevant treasury. This will include the municipality amending the SCM policy to stipulate all clauses that are required by the SCM regulations. The policy should be tabled to the council for approval. The SCM unit should be trained on the amendments to SCM regulations to ensure that they are aware of amendments and their implications on the SCM policies when amendments are circulated by treasury to ensure that implementation is affected during the 2025/26 financial year while waiting for approval of council.</p>	<p>Management is not in agreement with the finding. As per MFMA circular 81 communications, the municipality utilises CSD. The municipality has been placing reliance on invitations made by provincial treasury to call out prospective suppliers to register on the central database. The circular further states that "During the transitional period of 1 April 2016 to 30 June 2016, Accounting Officers of municipalities and municipal entities are required to encourage their respective local suppliers to register on the CSD". Furthermore, there was a COMAF issued by the auditors in relation to use of suppliers not on CSD, please see attached COMAF. 2. Management acknowledges the finding Management does not procure through petty cash; therefore, the policy does not detail procedures or processes on it. The policy will</p>	<p>Management will ensure compliance with SCM regulations by staying abreast of circulars released by the relevant treasury.</p>	<p>April Masilela</p>	<p>31/Mar/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>from petty cash purchases, where its considered necessary- Requiring monthly reconciliation reports from each manager to the CFO including the total amount of petty cash transactions for the month and receipts and appropriate documents for each.</p> <p>Furthermore, we identified that SCM policy does not stipulate the paragraph required by regulation 17(1)(b), instead the policy states "No quotation may be obtained from any supply who is not registered on the National Treasury's Central Supplier Database.</p>			<p>however be amended to detail the steps in future should petty cash be used.</p> <p>3. Management is not in agreement with the finding.</p> <p>As per MFMA circular 81 communications, the municipality utilises CSD. The municipality has been placing reliance on invitations made by provincial treasury to call out prospective suppliers to register on the central database</p>			

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>Municipality did not disclose particulars of awards made to close family members of persons in the service of the state During the audit of SCM, we noted that Sakhile Masombuka is employed by DR JS Moroka Local Municipality as a General assistant Cleaning, and identified through CAATs that Sakhile Masombuka is married to Jack Masemola. We further identified through the use of CAATs that Jack Masemola is a Director of JASA Construction and Projects and the same company was awarded 2 quotations by Dr JS Moroka Local Municipality Furthermore, using CAATs, we identified that Lawrence Ntshwane, who is employed by Dr JS Moroka Local Municipality as a landfill operator, shares a telephone</p>	<p>Management did not ensure compliance with SCM regulations by staying abreast of circulars released from treasury.</p>	<p>Management should ensure compliance with SCM regulations by staying abreast of circulars released by the relevant treasury. This includes disclosing all awards that are above R2 000 on the notes to the financial statements as required by the regulation. Management should regularly visit the treasury website and enquire with provincial treasury on new developments. Where the implementation is unclear, management should further seek clarity from provincial treasury. The SCM unit should be trained on the amendments to SCM regulations to ensure that they are aware of amendments and their implications on the SCM policies when amendments are circulated by treasury</p>	<p>Management is in acknowledges the finding. Management does not have systems in place to detect any relations with the service providers and solely relies on the declarations by service providers. The appointments made will be disclosed in line with SCM regulations 45 and management requests an opportunity to make the adjustments as per attached proposed adjustment</p>	<p>Management will ensure regular training on the amendments to SCM regulations to ensure that they are aware of amendments and their implications on the SCM policies when amendments are circulated by treasury</p>	<p>April Masilela</p>	<p>31/Mar/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>number with Mafemane Trading—a company that was awarded a quotation by the same municipality. This was confirmed through an inspection of Lawrence Ntshwane’s employee file, where the cell phone number listed on his CV matches the number provided on Invoice No. 0084 issued by Mafemane Trading. Additionally, it was noted that the sole director of Mafemane Trading is Johannes Ntshwane, who appears to be a close family member of Lawrence Ntshwane. As such, the municipality is required to disclose this relationship in accordance with Regulation 45.</p>						

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
Possible false declarations During the audit of SCM, we noted that during the procurement process the following service providers may have falsely declared interest based on the evidence detailed	Management did not ensure compliance with SCM regulations by validating the declarations made by the prospective suppliers and the officials/ councillors of the municipality.	Management should design and implement a detailed declaration register that enables the officials/councillors to declare all their interests and information as and when a conflict of interest arises. This should be stipulated in the policy, and the policy also need to state the consequences for non-disclosure. The bid evaluation committee should make use of this register when evaluating every bid/quotation to determine whether a conflict of interest exist for the prospective bidder who is awarded the bid/quotation.	Please see above comments	Management will ensure compliance with SCM regulations by validating the declarations made by the prospective suppliers and the officials/ councillors of the municipality	April Masilela, Takane Thobejane	31/Mar/2026

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>Allocation of work schedule not followed During the audit of SCM, we noted that the management has a standard operating procedure which states that work must be allocated to either on a quotation basis or allocation of work basis. Per discussion with management we obtained understanding that contract number JSM/WTC/02/07W00-22 for the Appointment of panel for water treatment chemicals was awarded to the following panelists: KQUEWAVE HOLDINGS, IFA LETHU TECHNOLOGIES, HISPONTRADING CC, BRA PHILLY CONSTRUCTION PTY LTD. We further obtained understanding that the panellists set in a meeting on 30 November 2022 with all panellists and SCM</p>	<p>Management did not ensure the procurement process is equitable, fair and transparent as required by the constitution.</p>	<p>Management did should ensure compliance with the constitution by ensuring that procurement meets all the 5 pillars of procurement. This will include the municipality following the agreed upon allocation of work schedule.</p>	<p>Management is not in agreement with the finding Appointment of panel for water treatment chemicals was awarded on the supply when needed. To ensure rotation thereon with the panel, management developed a planned allocation schedule for each year, which serves a guideline to assist the municipality to execute rotation allocation. The schedule is broken down into months for easy of tracking to yearly allocation. Now in instances where a supplier was planned as per the schedule to supply in the month of February but there is no need in that month they are then moved to the next. Further assessed actual allocation thereon in price and item of the project for all suppliers since inception and the allocation reflects to be reasonable and fair</p>	<p>Management will ensure the procurement process is equitable, fair and transparent as required by the constitution.</p>	<p>April Masilela</p>	<p>31/Mar/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>manger and technical services representative. The meeting resolution was that work will be allocated on the allocation of work basis and agree the schedule to allocate work was drafted. We noted that according to the schedule; In October procurement of chemicals should be procured as follows: Flocculent from Ifalethu Technologies, Chlorine Gas from Hispo Technologies and Granular Chlorine from Hispo Trading. However, on inspection of payment voucher EF-018171 we noted that an order was placed with Hispo trading on 17 October 2024 for 40 tons of Flocculent which is not in line with the agreed upon schedule which state that Flocculent should be procured from Ifalethu Technologies</p>						

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>Inventory: Incomplete and inconsistent presentation of Inventories. During the audit of inventories, it was noted that the amount disclosed in the statements of financial position does not agree to the amount disclosed in the notes to the annual financial statements because the balance of material inventory was excluded from the total of inventories disclosed in the face of statement of financial position and this error was applied in the prior year as well.</p>	<p>Management did not have adequate controls in place to ensure the following: Regular reconciliation between the general ledger, financial statements, and supporting schedules for inventory balances. Proper review of the annual financial statements to ensure consistency between the Statement of Financial Position and the notes to the financial statements. Implementation of procedures to identify and capitalise inventory items on hand at year end, rather than expensing them in full during the financial year. Ongoing monitoring to ensure compliance with GRAP 12 and GRAP 3 recognition and measurement requirements.</p>	<p>Management should adjust the annual financial statements to reflect the fair presentation of the inventory both in the notes and in the financial statements to ensure alignment. Management should conduct a year-end stock count for all inventories, including those expensed during the year but still on hand, to ensure accurate recognition and measurement in accordance with GRAP 12 and Management should record a year-end adjustment to recognise inventories on hand by debiting the inventory account and crediting the inventory expensed account with the corresponding value.</p>	<p>Management agrees with the finding. Management requests an opportunity to correct the disclosed amounts for current and prior year by adjusting the Inventory (current assets) as well as inventory consumed (expenses). Management also requests an opportunity to update Note 49 – Prior period error note with the relevant changes made in the prior year. The proposed journal as well as proposed AFS adjustments notes are included with this response to the communication of finding.</p>	<p>Management will ensure that the amount disclosed in the statements of financial position agree to the amount disclosed in the notes to the annual financial statements</p>	<p>Believe Mosungwa</p>	<p>31/Mar/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>PPE – No Barcode on the asset</p> <p>During the audit of the Property, Plant, and Equipment (PPE) account, the audit team conducted a physical verification of municipal assets. It was noted that certain assets recorded in the client’s asset register could not be physically verified at their stated locations due to the absence of barcodes on the selected assets.</p>	<p>The Municipality does not consistently affix barcodes or unique identification tags to its asset or does not perform its own physical inspection to ensure the assets barcodes are still attached to the asset.</p>	<p>Management should:</p> <ul style="list-style-type: none"> Implement a formal asset identification and tagging process for all PPE items. ensure that each asset should be assigned a unique barcode or identification tag upon acquisition, and the tag number should be captured in the fixed asset register. ensure that barcodes should be durable and placed in a visible location. ensure that here should also be established periodic reviews to ensure all assets remain properly tagged and that any missing, damaged tags are promptly replaced. 	<p>Management partially agrees with the finding. Management agrees on the items above did not have barcodes during the auditor’s verification however the assets were verified using the asset locations. Management will update the barcodes on the assets in the next financial year and update the register accordingly.</p> <p>However, management has provided fulcrum reports detailing the assets, including their locations and coordinates. These locations and coordinates correspond directly with those recorded in the Fixed Asset Register (FAR). Since the assets in question are immovable, the matching location data serves as evidence of their existence.</p>	<p>Management will ensure that all the assets are barcoded during asset verification. Where assets barcodes have fallen off management will replace the barcodes and update the fixed asset registers accordingly. The finding was however resolved during the audit process.</p>	<p>Believe Mosungwa</p>	<p>31/Mar/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>The municipality did not inform CIDB board about the appointment of an emerging contractor in a higher grade During the audit of CIDB</p>	<p>Management did not ensure compliance with CIDB regulations by staying abreast of circulars released from relevant bodies</p>	<p>Management did should ensure compliance with CIDB regulations by staying abreast of circulars released by the relevant board. The SCM unit should be trained on the amendments to CIDB regulations to ensure that they are aware of amendments and their implications on the SCM policies when amendments are circulated by the relevant bodies. Management should adjust the irregular expenditure incurred in the annual financial statements</p>	<p>Management is not in agreement with the finding1.1 The contractor is rated 6CE PE not a 6CE, please refer to attached CIDB certificate and interpretation of the certificate attached. During the engagements held with the auditor, it was indicated that the contractor is 6CE PE graded. As per the CIDB regulations and Practice Note 32,the municipality's advertisement detailed that invitation was made to both 6CE PE and 7CE which grants 6CE PE graded contractors to tender to same value range as the 7CE. Refer to Practice Note 32 attached. As per the practice note and guideline, there is no detailing of registered PE contractors needs to inform CIDB, this can apply to a lower graded contractor not a PE graded contractor. During the process of engagement with the auditor, management further consulted CIDB office for enquiry and clarity on the process thereon,</p>	<p>Management will ensure compliance with CIDB regulations by staying abreast of circulars released by the relevant board and continues training of SCM officials in terms of CIDB.</p>	<p>April Masilela</p>	<p>31/Mar/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
			<p>treatment was confirmed as per the detailed above.</p> <p>Auditors are welcome to enquire further on the guidelines to CIDB.</p> <p>Furthermore, management can confirm that financial support was given to the contractor through timeous processing of payments, and there was an assigned project manager and engineer to monitor the performance of the project. This is evident by the performance of the contractor.</p> <p>Management will however improve on the timeous reporting to the CIDB.</p>			

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>PPE- Changed barcode</p> <p>During the audit of the Property, Plant, and Equipment (PPE) account, the audit team performed a physical verification of municipal assets. It was noted that certain assets recorded in the client's asset register could not be matched to the corresponding barcode (asset number) on the physical asset.</p>	<p>The lack of timely updates indicates weaknesses in the asset management and monitoring controls.</p> <p>Management did not adequately update the fixed asset register to accurately reflect the changes made to asset barcodes</p>	<p>Management should ensure that any changes to asset barcodes or identification tags are immediately updated in the fixed asset register.</p> <p>A formal process should be established to document and approve barcode changes, and updates should be performed by personnel responsible for maintaining the register.</p> <p>Periodic reconciliations between the physical assets and the recorded information should be conducted to ensure accuracy and completeness of asset data.</p>	<p>Management partially agrees with the finding. Management agrees on the items above did not have barcodes during the auditor's verification however the assets were verified using the asset locations. Management will update the barcodes on the assets in the next financial year and update the register accordingly.</p> <p>However, management has provided fulcrum reports detailing the assets, including their locations and coordinates. These locations and coordinates correspond directly with those recorded in the Fixed Asset Register (FAR). Since the assets in question are immovable, the matching location data serves as evidence of their existence.</p>	<p>Management will update the barcodes on the assets during the asset verification and update the fixed asset register accordingly.</p>	<p>Believe Mosungwa</p>	<p>31/Mar/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>PPE- Asset Not working as intended by the management</p> <p>During the audit of the Property, Plant, and Equipment (PPE) account, the audit team noted that certain municipal assets are not functioning as intended by management. These assets are recorded in the fixed asset register as fair but are either inoperative, damaged, or not being utilized for their intended purpose.</p>	<p>Management does not have adequate processes to identify and address asset performance issues on a timely basis.</p> <p>Management did not ensure that all the assets with indicators of impairment are assessed for impairment.</p>	<p>Management should implement a formal process for regularly monitoring the performance and condition of assets to ensure they continue to operate as intended.</p> <p>Management should ensure that all the assets with indicators of impairment are assessed for impairment</p>	<p>Management partially agrees with the finding Management agrees with the recommendation</p>	<p>Management will ensure that the conditions of the assets in fixed asset register is updated per the results of asset verification. The assets that are not operating will be impaired or disposed accordingly.</p>	<p>Believe Mosungwa</p>	<p>31/Mar/2026</p>
<p>Irregular expenditure – Accounting policy</p> <p>During the current year audit, management of the municipality disclosed an accounting policy used for the recognition and measurement of the irregular expenditure in line with National Treasury practice note no. 4 of 2008/2009. The principles in the accounting policy were adopted from</p>	<p>Management did not put adequate measures in place to ensure that the financial statements are prepared in accordance with the legislation and accompanying circular(s).</p>	<p>Management should revise the accounting policy for irregular expenditure and consider adopting the principles of Municipal Finance Management Act and MFMA Circular no. 68 in the recognition, measurement, presentation and disclosure in the annual financial statements for irregular expenditure.</p>	<p>Management is in agreement with the finding. An incorrect accounting policy has been noted on the AFS.</p> <p>Management would like to request an opportunity to adjust accordingly as per attached</p>	<p>Management will ensure adequate measures in place to ensure that the financial statements are prepared in accordance with the legislation and accompanying circular(s)</p>	<p>Bonisiwe Klaas, April Masilela</p>	<p>31/Mar/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>the aforementioned practice note, however the use of the practice note to draft an accounting policy for the municipality is not deemed appropriate as it applies to national and provincial departments, trading entities, constitutional institutions and national and provincial public entities governed by the Public Finance Management Act.</p> <p>Our view is that the use of the principles contained in National Treasury practice note no. 4 of 2008/2009 to develop an accounting policy for the irregular expenditure is not appropriate as it is not made for application by municipalities and the municipality must make use of principles in the Municipal Finance Management</p>						

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
Act and MFMA Circular no. 68.						
<p>The municipality did not assess the reasonability of the award made by a contractor During the audit of CIDB, we noted that the award was made to Cmele Okuhle Construction and Projects had a grading of 6CE and marked as a potentially emerging enterprise. We confirmed that as a 6CE grading Cmele Okuhle can tender civil engineering projects to the value of R20 000 000, however, on inspection of the bid documents and appointment letter of Cmele Okuhle Construction for the</p>	<p>Management did not ensure compliance with CIDB regulations by staying abreast of circulars released from all relevant regulators</p>	<p>Management did should ensure compliance with CIDB regulations by staying abreast of circulars released by the relevant board. The SCM unit should be trained on the amendments to CIDB regulations to ensure that they are aware of amendments and their implications on the SCM policies when amendments are circulated by the relevant bodies.</p>	<p>Management is not in agreement with the finding. The contractor is rated 6CE PE not a 6CE, please refer to attached CIDB certificate and interpretation of the certificate attached. During the engagements held with the auditor, it was indicated that the contractor is 6CE PE graded.As per the CIDB regulations and Practice Note 32,the municipality's advertisement detailed that invitation was made to both 6CE PE and 7CE which grants 6CE PE graded contractors to tender to same value range as the 7CE. Refer to Practice Note 32 attached. As per the practice note and guideline, there is no</p>	<p>Management will ensure compliance with CIDB regulations by staying abreast of circulars released by the relevant board and continues training of SCM officials in terms of CIDB</p>	April Masilela	31/Mar/2026

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>Construction of Makopanong bus and taxi route Phase-2 was appointed at the value of R27 210 542.79. We noted that management did not assess the reasonability of the price tendered by Cmele Okuhle Construction and Projects. Cmele Okuhle Construction and projects tendered for the amount of R27 210 542.79, which is 36.05% above R20 000 000 (limit that Cmele Okuhle Construction can charge as they are a grade 6CE contractor). Per our inspection of the practice note 3 of the CIDB regulation paragraph 3.3; a reasonable percentage is 10 - 15%. Thus, the amount charged by Cmele Okuhle for the construction of Makopanong bus and taxi route was not reasonable.</p>			<p>detailing of registered PE contractors needs to inform CIDB, this can apply to a lower graded contractor not a PE graded contractor. During the process of engagement with the auditor, management further consulted CIDB office for enquiry and clarity on the process thereon, treatment was confirmed as per the detailed above Auditors are welcome to enquire further on the guidelines to CIDB.</p>			

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>SDBIP Not Including Required Monthly Financial Projections</p> <p>During the audit of performance, it was noted that the approved published SDBIP does not include monthly revenue to be collected by source and operation and capital expenditure projections, as required by MFMA Section 1 the SDBIP definition.</p>	<p>Management did not review and monitor compliance with applicable laws and regulations in terms of Section 1 of the Municipal Finance Management Act (MFMA)</p>	<p>Management should ensure that the SDBIP is fully compliant with Section 1 of the MFMA act by incorporating complete monthly revenue and expenditure projections prior to approval. Furthermore, management should strengthen review and monitoring controls to ensure compliance with all legislative requirements governing planning, budgeting, and performance management.</p>	<p>Management agrees with the finding. Management will include monthly revenue to be collected by source and operation and capital expenditure projects, as required by MFMA Section 1, SDBIP Definitions for the next reporting year (2025/2026 Financial year).</p>	<p>Management will ensure that the SDBIP is fully compliant with Section 1 of the MFMA act by incorporating complete monthly revenue and expenditure projections prior to approval. Furthermore, management will strengthen review and monitoring controls to ensure compliance with all legislative requirements governing planning, budgeting, and performance management.</p>	Boiki Malatji	31/Mar/2026
<p>Non-compliance with the adopted performance management system During the audit of predetermined objectives, it was noted that the municipality did not comply with the Municipal Planning and Performance Management Regulations. Based on the work performed, several</p>	<p>Management did not review and monitor compliance with applicable laws and regulations in terms of the Municipal planning and performance management reg 7(1).</p>	<p>Management should ensure that the performance management framework is fully implemented and supported by adequate controls over the preparation, review and validation of performance information. This includes conducting regular internal reviews of the SDBIP and APR to confirm alignment, accuracy</p>	<p>Management agrees with the finding. Management will ensure that the performance management framework will be fully implemented in the next reporting cycle to avoid non-compliance</p>	<p>Management will ensure that the performance management framework is fully implemented and supported by adequate controls over the preparation, review and validation of performance information. This includes conducting regular internal reviews of the SDBIP and APR to confirm alignment, accuracy and completeness</p>	Boiki Malatji	31/Mar/2026

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>deficiencies were identified within KPA 5 – Basic Service Delivery, resulting in material findings on the usefulness and reliability of the reported performance indicators. The issues identified include:</p> <p>Material differences between the supporting listings and the Annual Performance Report (APR).</p> <p>Inconsistencies between the final approved SDBIP and the APR.</p> <p>Performance indicators that were not measurable or verifiable.</p> <p>Performance indicators that were not relevant to the municipality's mandate. Errors identified within the APR and between the APR and the final approved SDBIP.</p>		<p>and completeness prior to submission. Furthermore, management should provide training to officials responsible for performance reporting to ensure that indicators are properly defined, relevant to the municipality's mandate, and supported by verifiable evidence.</p>		<p>prior to submission. Furthermore, management will provide training to officials responsible for performance reporting to ensure that indicators are properly defined, relevant to the municipality's mandate, and supported by verifiable evidence.</p>		

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>Non-compliance with the adopted performance management system During the audit of predetermined objectives, it was noted that the municipality did not comply with the Municipal Planning and Performance Management Regulations. Based on the work performed, several deficiencies were identified within KPA 5 – Basic Service Delivery, resulting in material findings on the usefulness and reliability of the reported performance indicators. The issues identified include:</p> <p>Material differences between the supporting listings and the Annual Performance Report (APR). Inconsistencies between the final approved SDBIP and the APR. Performance indicators that were not measurable or</p>	<p>Management did not review and monitor compliance with applicable laws and regulations in terms of the Municipal planning and performance management reg 7(1).</p>	<p>Management should ensure that the performance management framework is fully implemented and supported by adequate controls over the preparation, review and validation of performance information. This includes conducting regular internal reviews of the SDBIP and APR to confirm alignment, accuracy and completeness prior to submission. Furthermore, management should provide training to officials responsible for performance reporting to ensure that indicators are properly defined, relevant to the municipality's mandate, and supported by verifiable evidence.</p>	<p>Management agrees with the finding. Management will ensure that the performance management framework will be fully implemented in the next reporting cycle to avoid non-compliance</p>	<p>Management will ensure that the performance management framework is fully implemented and supported by adequate controls over the preparation, review and validation of performance information. This includes conducting regular internal reviews of the SDBIP and APR to confirm alignment, accuracy and completeness prior to submission. Furthermore, management will provide training to officials responsible for performance reporting to ensure that indicators are properly defined, relevant to the municipality's mandate, and supported by verifiable evidence.</p>	<p>Boiki Malatji</p>	<p>31/Jan/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>verifiable. Performance indicators that were not relevant to the municipality's mandate. Errors identified within the APR and between the APR and the final approved SDBIP.</p>						

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>Fruitless and wasteful expenditure The construction of Sewer Reticulation in Libangeni was selected for audit during 2024/25 audit cycle. The lifecycle audit covered planning, project implementation, project management, and commissioning (where applicable). Table 1 reflects a summary of the project information.</p>	<p>Inadequate project monitoring and supervision by the Employer's Agent and the project manager resulted in payment for work not done. This was because the payment process was not effective to ensure that recommendation of payment was only made by the Employer's Agent and project manager after ensuring that items were completed on site. The payment for work not done could have been avoided had the Employer's Agent and project manager adequately monitored and supervised the project. Over reliance on the Employer's Agent by municipal project manager resulted in approving payments for work not done which caused a financial loss to the municipality. The project manager and assets manager PMU did not ensure that the monthly certificates from contractors</p>	<p>The project manager should: · Claim for the loss incurred from the Employer's Agent / professional indemnity of the Employer's Agent. · Adjust the value of WIP, VAT and receivables to account for the work not done. · Disclose fruitless and wasteful expenditure incurred by the municipality in the annual financial statements. The Accounting Officer should:· Expedite the finalisation, approval and implementation of the SOP. · Investigate the reasons for the project management and Employer's Agent recommending payment for work not done. This should include consequence management where appropriate.</p>	<p>a) Certificate No 18 was an interim certificate and items certified were provisional as GCC 2015 allows one to certify proportionally for partially executed composite items.b) The certificate items listed and quantities on drawing only show the measured work for "Supply, lay, joint, backfill on class B Bedding and test the following pipes as detailed in the project specification" exclude the following measurements i. Supply of pipes which were delivered and secured under a cession payment. (ref annexure 1) ii. Exclude ongoing assistance offered to the contractor to secure plant for drilling, payment of labourers and payment for diesel as requested from time to time) (Ref doc attached)c) It is common knowledge that the contractor was struggling and could not execute project, and the</p>	<p>Management is currently busy with the updating the draft operation procedure manual in order to address all the gaps identified within the project management</p>	<p>Madraai Skosana</p>	<p>31/Mar/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
	<p>accurately reflects the cost of works completed and that invoices for payment of goods reflect the cost of actual work done. No approved SOP in place to direct the process and internal controls necessary to implement infrastructure projects. The project manager did not timely commence with the legal process against the Employer's Agent to claim the payment made for items not on site from their professional indemnity. This was because the As-Built drawings showing the overpayment was dated 5 February 2024 and the letter of intent sent to the Employer's Agent dated 8 April 2025, more than 14 months later.</p>		<p>assistance rendered against recovery/accelerated plans was agreed at various meetings held with Contractor with a provision that the next certificate would then be adjusted on successful completion. The efforts to assist the contractor's cashflow issues emanating from underpricing included the following:</p> <ul style="list-style-type: none"> i. Proportionally certify for all pipes supplied and open excavations undertaken for the respective item ii. Payments to address sub-contractor payments and payments of labour on sited) The contractor subsequently failed to proceed after certificate 18 and Engineer rejected their request for additional cost and further assistance subsequently the contractor abandoned site.) Below is a summary of the quantification of quantities that were not included in the in assessment of work done of laid pipes. 			

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
			<p>This quantity was not shown on as built drawings that was provided to the AG. The apportionment of the supplied pipes was brought into the BOQ as per reduction of materials on site item to assist the contractor and apportion payment in terms of GCC 2015-CLUASE 6.10 and 6.11.</p> <p>g) Therefore, the interim certificate as certified is R1 072 637.20 is above actual progress and not as stated in the finding. (R5 363 186.800-R4 290 548.80)h) At the point of the contractor abandoning site after certificate 18 the following was the project status:</p> <p>i. Retention monies withheld totalled R 2 784 646.55 i) The amount R1 072 637.20 was incurred as an interim amount to assist the contractor address the following:-hire of plant sub-contractor-payment for diesel-payment for labour on site-payment</p>			

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
			<p>for blaster sub-contractor j) In the second phase of the project, the appointed contractor (Jasino general trading) should have had access to the pipes paid in phase 1, however because of the dispute of the first contractor (Oradimpho Trading Enterprise) with community employees and local businesses over outstanding payments the material was withheld and never availed to Jasino general trading. Subsequently Jasino general trading had to continue to supply and lay pipes as part of re-measured work on site.k) Phase 1 contractor abandoned site, and the Municipality would have taken control of site and material however this couldn't happen because on the ongoing dispute which led us to the current court battle.</p> <p>l) Given the foregoing, a final account for the Phase 1 will now be required from the Employers' agent in line with items listed</p>			

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
			<p>above (a communication was sent to the consultant, however a response was not received)</p> <ol style="list-style-type: none"> 1. Management shall pursue the remedy through the contracted parties after legal issues are concluded. There is currently a court case with the Municipality and the contractor. 2. The employer's agent will now be requested to provide the final account for Phase 1 3. The employer will then pursue the remedy in terms of the contract with the Consultant and Contractor for issues related to the phase 1 final account. <p>Management therefore agrees that the adjustment in terms of financial disclosure relate to an amount of R2 076 893.39 made up by the following:</p> <p>R 5 363 186 – amount as calculated by the auditors</p>			

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
			<p>less</p> <p>R2 784 646.55 – retention withheld for the contractor</p> <p>less</p> <p>R501 646.06 – to be withheld from the consultant</p> <p>The WIP and receivables and have been adjusted accordingly see attached journals and proposed disclosures. The fruitless and wasteful expenditure register has also been updated, please see attached updated register. The municipality accounts for VAT on a cash basis and as result VAT is not affected (Management is not in agreement)</p>			

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>Revenue from non-exchange - Property Rates We noted Differences between what the municipality is supposed to bill the customers for property rates and what is being billed:</p>	<p>Management did not ensure review of manual calculations of property rates.</p>	<p>Management should ensure that the property rates calculations are reviewed and reconciled against the system after being manually calculated.</p> <p>Furthermore, management should engage internal audit to perform sample test on property rates before they are submitted for audit.</p>	<p>Management is not agreement with finding regarding the table below</p> <p>The noted management comments per item below highlight the above finding included differences due to auditors not using latest information as per the general valuation roll and it supplementary valuation rolls</p> <p>Management agrees on the findings not included on the response above. The differences were due to the management erroneously provided for categories other than Household the R100 000 exclusion. Management will like auditor to note the factual amount of the exclusion is R1 730 050.91 and the schedule has been attached.</p>	<p>Matter cleared during audit and matter was immaterial for any further actions</p>	<p>Noma Nkehli</p>	<p>31/Mar/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>Revenue from non-exchange – Interest We noted differences between what the municipality is supposed to bill the customers for interest rate on property rates and what is being billed:</p>	<p>Management did not : calculate the amount of interest after the adjustments were done on the billing. 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.</p>	<p>Management should revisit the population for property rates to identify long outstanding balances of more than 30 days and reperform the interest calculations after adjustments were made to the outstanding balances.’ A reconciliation between the old interest charged and the revised interest charged should be performed to determine instances where interest could have been over or under charged and corrections be made on the system and invoices. Furthermore, engage internal audit to perform sample test on the reconciliations performed before submitting for audit in order to enable an independent review of the work done by management.</p>	<p>Management partially agrees with the finding. Management agrees there are differences between disclosed interest from non - exchange to the recalculated interest amount. The differences are due to the misclassification of interest on others exchange activities on interest from non-exchange of the amount R 2 802 457.31. Management will like the opportunity to adjust this misclassification. The differences are also due to, no adjustment of interest upon adjustment of rates debtor balances. Management will like an opportunity to adjust interest. Management has attached schedule which notes the factual difference as R 7 562 405.41 Management is not in agreement with the noted difference on the above sample as auditor in their recalculation have included interest on non - exchange for some of the account bellow and adjustment were not taken into</p>	<p>Matter cleared during audit and matter was immaterial for any further actions</p>	<p>Noma Nkehli</p>	<p>31/Mar/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
			<p>consideration. The factual difference as per sample above is R 5118.74</p> <p>Account number</p> <p>Interest as per AFS support</p> <p>Auditors' Calculated difference</p> <p>Interest on OB</p> <p>Interest on account adjustments</p> <p>Interest on current year billing payments</p> <p>Actual interest</p> <p>Factual difference on noted account</p>			

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>Revenue from exchange – Interest We noted differences between what the municipality is supposed to bill the customers for interest rate on service charges and what is being billed:</p>	<p>Management did not : calculate the amount of interest after the adjustments were done on the billing. : 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.</p>	<p>Management should revisit the population for service charges to identify long outstanding balances of more than 30 days and reperform the interest calculations after adjustments were made to the outstanding balances. A reconciliation between the old interest charged and the revised interest charged should be performed to determine instances where interest could have been over or under charged and corrections be made on the system and invoices.</p> <p>Furthermore, engage internal audit to perform sample test on the reconciliations performed before submitting for audit in order to enable an independent review</p>	<p>Management partially agrees with the finding. Management agrees there are differences between disclosed interest from exchange to the recalculated interest amount. The differences are due to the misclassification of interest on others exchange activities to interest from non-exchange of the amount R 2 802 457.31. Management will like the opportunity to adjust this misclassification.</p>	<p>Matter cleared during audit. Management to ensure interest review at year end performed to ensure accuracy of interest</p>	<p>Noma Nkehli</p>	<p>31/Mar/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
		of the work done by management.				
<p>Indigent application – No proof of income provided During the audit of indigent relief, we noted that the municipality approved an indigent application for Skhosana Johannes (ID no. 4412255573080) on 23 June 2023. However the applicant did not submit the following:1. Listed gross monthly</p>	<p>Management did not ensure compliance with the internal free basic services and indigent support policy</p>	<p>Management should ensure design and implement a standard checklist that indicates all documents that needs to be submitted before approval. Approval should not be made until all documents are submitted as per the checklist.</p>	<p>During the audit of indigent relief, we noted that the municipality approved an indigent application for Skhosana Johannes (ID no. 4412255573080) on 23 June 2023. However the applicant did not submit the following:1. Listed gross monthly income of all adults (over 18), with proof (pay slip, grant proof, etc); if any.2. The applicant’s total household monthly income and expenditure</p>	<p>Management will request proof of income when application documents are submitted.</p>	<p>Noma Nkehli</p>	<p>31/Mar/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>income of all adults (over 18), with proof (pay slip, grant proof, etc); if any.2. The applicant's total household monthly income and expenditure statement (Template to be provided). It is also noted that the municipality does not confirm the stated salary on the application form. Furthermore, the municipality does not have controls to confirm that all occupants in the applicant's household have been included in the application form and thus confirmed that the household income is below the stated R4 000 amount.</p>			<p>statement (Template to be provided). It is also noted that the municipality does not confirm the stated salary on the application form. Furthermore, the municipality does not have controls to confirm that all occupants in the applicant's household have been included in the application form and thus confirmed that the household income is below the stated R4 000 amount.</p>			

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>AoPO: The Performance indicators are not relevant.</p> <p>During the audit of Performance information, it was noted that the reported performance indicators and its related targets are not relevant, The relevance of indicators is to determine whether the 'right things' are measured i.e. the indicator and target must measure an aspect of the mandate to enable the achievement of strategic goals (i.e. key service delivery matters directly affecting the citizen)</p> <p>This indicator and its target do not express a specific level of performance that key performance area (basic service delivery) is aiming to achieve within a given time period.</p>	<p>Management did not adequately review the performance indicators included in the SDBIP to ensure that they are relevant, measurable and aligned to the Municipality's core mandate. As a result, some indicators included in the SDBIP do not effectively measure the achievement of the Municipality's strategic objectives or service delivery outcomes.</p> <p>Management did not implement the action plan from prior year findings to ensure that the APR reflects relevant indicators.</p>	<p>Management should review the SDBIP for 2025/26 during the mid-year assessment to ensure that all performance indicators are aligned to the Municipality's core mandate and strategic objectives. The review process should verify that only indicators that directly relate to service delivery and the Municipality's core functions are included in the SDBIP and subsequently reported in the Annual Performance Report (APR) and Annual Report.</p>	<p>1.The current performance indicator only concentrates on the quantity of samples collected rather than the quality however the water quality results submitted do indicate the water quality, The Department will include the water quality indicator to express progress toward achieving the strategic goal of providing quality water that is safe for human consumption2.The Current performance indicator concentrate on the number of reports quarterly however the reports give an indication on the number of progress or bag logs on services delivery on Water, Sanitation, Waste and Electricity</p>	<p>Management will review the SDBIP for 2025/26 during the mid-year assessment to ensure that all performance indicators are aligned to the Municipality's core mandate and strategic objectives. The review process will verify that only indicators that directly relate to service delivery and the Municipality's core functions will be included in the SDBIP and subsequently reported in the Annual Performance Report (APR) and Annual Report.</p>	<p>Lucas Masombuka, Boiki Malatji</p>	<p>31/Mar/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>Unauthorised expenditure: Incorrect Disclosure in the Notes to the Annual Financial Statements During the audit of the presentation and disclosure note related to unauthorized expenditure, an error was identified in the narrative description. The financial statements state: "In the 2023/24 financial year, council approved an amount of R 12 738 315 from the total unauthorized amount as it was found that the overall municipal budget has an underspending from which the unauthorized votes can be funded with. "However, this disclosure is incorrect. The accurate narrative should reflect that: "In the 2024/25 financial year, council approved/authorized an amount of R 64 351 982 from the</p>	<p>Inadequate time was given to audit committee and internal audit to review of the annual financial statements.</p>	<p>Financial statements need to be provided to the audit committee and internal committee for review timeously to ensure that adequate time is allocated to enable proper review of the Annual financial statements</p> <p>Management should adjust the annual financial statements to reflect the correct narration.</p>	<p>Management is in agreement with the finding, and would like to request an opportunity to adjust the disclosure. The proposed disclosure is attached</p>	<p>The finding addressed during the audit process</p>	<p>Bonisiwe Klaas</p>	<p>31/Mar/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>total unauthorized amount as it was found that the overall municipal budget has an underspending from which the unauthorized votes can be funded with. "This misstatement misrepresents the timing and amount of the council's approval related to unauthorized expenditure.</p>						
<p>Cash and Cash Equivalents - Incorrect comparative amount disclosed During the audit of Cash and Cash equivalents; Note 7, it was identified that the comparative amount disclosed under the cashbook balances as of 30 June 2023 is misstated. We noted that the amount disclosed under account, ABSA Bank-40-5285-3972 Cheque Account (Primary account) as of 30 June</p>	<p>Inadequate time was given to audit committee and internal audit to review of the annual financial statements</p> <p>Sufficient review and monitoring of controls were not implemented to support accurate financial reporting as the human error was not detected through the municipalities review process.</p>	<p>Management should adjust the financial statements; note 7, to correct the identified error.</p> <p>Management should ensure that sufficient reviews of the annual financial statements take place prior to submitting for audit.</p> <p>Financial statements need to be provided to the audit committee and internal committee for review timeously to ensure that adequate time is</p>	<p>Management agrees with the finding, and requests an opportunity to update the disclosed amount from 60 333 to 602 333 as per disclosure note for prior years. The proposed disclosure was attached</p>	<p>The finding was resolve during the audit</p>	<p>Dumisani Ntuli</p>	<p>31/Mar/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>2023 does not agree to the amount audited in prior financial years. Upon discussion with management, it was noted that the amount was incorrectly captured in the current year disclosure.</p>		<p>allocated to enable proper review of the Annual financial statements</p>				
<p>Related parties – Incorrect note reference</p> <p>During the audit of Related Parties (Note 48), it was identified that an incorrect reference was made in relation to the amounts disclosed for the remuneration of councillors. The note stated that "Details of the remuneration of councillors have been disclosed on note 29 "Remuneration of councillors"" is incorrect as the correct reference</p>	<p>Sufficient review and monitoring of controls were not implemented to support accurate financial reporting. Inadequate time was given to audit committee and internal audit to review of the annual financial statements.</p> <p>Management used the prior year's template without updating the references.</p>	<p>Management should adjust the disclosure note (48), to correct the error identified. Management should ensure that sufficient reviews of the annual financial statements take place prior to submitting for audit.</p> <p>Financial statements need to be provided to the audit committee and internal committee for review timeously to ensure that adequate time is allocated to enable proper</p>	<p>Management agrees with the finding and request an opportunity to adjust the note reference on the AFS from 'Details of the remuneration of councillors have been disclosed on note 29 "Remuneration of councillors"' to 'Details of the remuneration of councillors have been disclosed on note 30 "Remuneration of councillors"'</p>	<p>The finding was resolve during the audit</p>	<p>Dumisani Ntuli</p>	<p>31/Mar/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
should be Note 30.		review of the Annual financial statements				
Receivables from exchange transactions – Presentation and disclosure During the audit of presentation and disclosure for Receivables from exchange transactions, there were differences noted between the debt impairment schedule and the debt impairment disclosed under maturity analysis disclosed in note no.06	Financial management The above is an indication of insufficient reviews of the financial statements to ensure that all amounts are accurately captured in accordance with the underlying supporting schedules	Management should thoroughly review the annual financial statements to ensure that amounts disclosed in the notes to the annual financial statements are accurate and based on the schedules submitted for audit. Management should adjust the disclosure to reflect the amounts the are contained in the supporting schedules i.e. debt impairment schedule.	Management agrees with the finding Management would like the opportunity to correct debt impairment disclosed under maturity analysis disclosed in note no.06 for Receivables from exchange transactions to reflect as per debt impairment schedule amount.	Management to update disclosure under maturity analysis disclosed in note no.06 for Receivables from exchange transactions to reflect as per debt impairment schedule amount during Annual Financial Statement preparation 2025/26	Noma Nkehli	31/Jan/2026

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>Receivables from non-exchange transactions – Presentation and disclosure During the audit of presentation and disclosure for Receivables from non-exchange transactions, there were differences noted between the debt impairment schedule and the debt impairment disclosed under maturity analysis disclosed in note no.04 for Receivables from non-exchange transactions:(i) Maturity analysis Note no.4</p>	<p>Financial management</p> <p>The above is an indication of insufficient reviews of the financial statements to ensure that all amounts are accurately captured in accordance with the underlying supporting schedules and approved policies by council.</p>	<p>Management should thoroughly review the annual financial statements to ensure that amounts disclosed in the notes to the annual financial statements are accurate and based on the schedules submitted for audit and in line with approved policies.</p> <p>Management should adjust the disclosure to reflect the amounts the are contained in the supporting schedules i.e. age analysis/traffic debtor report, and debt impairment schedule. Furthermore, ensure that narrations are in line with applicable policies and procedures.</p>	<p>Management agrees with the finding</p> <p>Management would like the opportunity to correct debt impairment disclosed under maturity analysis disclosed in note no.4 for Receivables from non exchange transactions to reflect as per debt impairment schedule amount</p>	<p>Management to update disclosure under maturity analysis disclosed in note no.06 for Receivables from non exchange transactions to reflect as per debt impairment schedule amount during Annual Financial Statement preparation 2025/26</p>	<p>Noma Nkehli</p>	<p>31/Mar/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>Receivables from exchange transactions – Disclosure incomplete During the audit of presentation and disclosure for Receivables from exchange transactions, it was noted that the disclosure has an omission or deviation from the GRAP standard due to the fact that, the disclosure of receivables from exchange transactions does not include the reconciliation of changes in the impairment of receivables from exchange transactions in line with GRAP 104.111.</p>	<p>Financial and performance management</p> <p>This indicates that there was insufficient review of the financial statements to ensure that disclosures in the AFS are in accordance with the Standards of GRAP i.e. GRAP 104</p>	<p>Management should consider utilising the GRAP disclosure checklist provided by Treasury to ensure that disclosures are complete and in line with applicable GRAP standards.</p> <p>Management should adjust the disclosure for statutory receivables and ensure that it is in line with the applicable standard.</p>	<p>Management agrees with finding.</p> <p>Management will like an opportunity to adjust the disclosure and reflect the reconciliation as required.</p>	<p>Management to update the disclosure of receivables from exchange transactions does not include the reconciliation of changes in the impairment of receivables from exchange transactions in line with GRAP 104.111. during Annual Financial Statement preparation 2025/26</p>	<p>Noma Nkehli</p>	<p>31/Jan/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>Statutory receivables – Disclosure incomplete During the audit of presentation and disclosure for Statutory receivables, it was noted that the disclosure has omissions or deviations from the GRAP standard as highlighted below: (i) Interest rate charged The disclosure for statutory receivables includes information regarding the basis of interest or other charges levied/charged. However, it does not include the rate charged/used in line with GRAP 108.34 (c). (ii) Discount rate to future cashflows The disclosure for statutory receivables does not include the description of the discount rate applied to estimated future cash flows and how it was determined in line with rate charged/used in line with GRAP 108.34 (e). (iii) Impairment losses The disclosure for statutory</p>	<p>This indicates that there was insufficient review of the financial statements to ensure that disclosures in the AFS are in accordance with the Standards of GRAP i.e GRAP 108</p>	<p>Management should consider utilising the GRAP disclosure checklist provided by Treasury to ensure that disclosures are complete and in line with applicable GRAP standards.</p> <p>Management should adjust the disclosure for statutory receivables and ensure that it is in line with the applicable standard.</p>	<p>Management agrees with finding.</p> <p>Management will like an opportunity to adjust the disclosure and reflect the reconciliation as required.</p>	<p>Management to utilising the GRAP disclosure checklist provided by Treasury to ensure that disclosures are complete and in line with applicable GRAP standards for annual financial statement 2025/26.</p>	<p>Noma Nkehli</p>	<p>31/Jan/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>receivables does not include the reconciliation of changes in the impairment of receivables from exchange transactions in line with GRAP 108.37. Furthermore, the entity has not disclosed the main events and circumstances that led to the recognition of impairment in line with GRAP 108.38 (iv) Analysis of impaired statutory receivables The disclosure for statutory receivables includes an analysis of statutory receivables (Rates) that are past due at the reporting date and which have been impaired. However, does not include an analysis of traffic fine debtors that are past due and which have been impaired.</p> <p>Furthermore, the disclosure does not include factors the entity considered in assessing impairment losses</p>						

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>Incorrect Presentation of VAT on the Annual Financial Statement</p> <p>The municipality is on a cash basis in terms of SARS and therefore needs to comply with FACT SHEET #11 - CLASSIFICATION OF VAT. During the audit of the VAT, it was noted that the AFS for the year ended 30 June 2025 reflect a single line item of VAT Receivable of R8 944 352 under current assets. The municipality did not separately disclose VAT input accrual and VAT output accrual balances as required by FACT SHEET #11. Instead, the balances were netted off and presented as one consolidated figure in the statement of financial position and the notes to the financial statement.</p> <p>Similar issue is also noted in the prior year comparative</p>	<p>Management did not reconcile the VAT general ledger balance to the SARS VAT statement before year-end closure, leading to the inclusion of inaccurate accruals in the financial statements.</p>	<p>Management should adjust the AFS to ensure that VAT input accrual, VAT output accrual, and VAT payable/receivable are presented separately in the statement of financial position, with supporting notes disclosing the nature and reconciliation of each component in line with GRAP requirement for both current and previous financial year.</p> <p>Management should review and amend the municipality's accounting policy on Value Added Tax (VAT) to ensure alignment with both the requirements of GRAP and the VAT Act.</p>	<p>Management is in not in agreement with the finding, the municipality is not yet required to report using FACT SHEET #11 as it is not yet approved by ASB. The fact sheet is herein attached for the auditor's attention. Currently the municipality recognises either a VAT receivable or a VAT payable on Statement of Financial Position depending on net of the VAT movements within the year under review.</p>	<p>the finding was resolve during the audit</p>	<p>Dumisani Ntuli</p>	<p>31/Mar/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
amount of R25 171 858						
<p>Overstatement of VAT Receivable Balance During the audit of Value Added Tax (VAT), it was noted that the VAT receivable balance disclosed in the Annual Financial Statements does not reconcile with the VAT balance reflected in the VAT statements submitted to the South African Revenue Service (SARS). The amount reported in the Annual Financial Statements represents the total VAT receivable based on accounting records, whereas the</p>	<p>Management did not have formal control procedure to review the presentation and disclosure of VAT, in the Annual Financial Statements. Management did not disclose a detailed reconciliation between the VAT input, VAT output, and VAT control accounts prior to the preparation of the financial statements.</p>	<p>Management should perform monthly reconciliations between the VAT general ledger and VAT statements from SARS to ensure accurate reporting. Management should adjust the annual financial statements to ensure that the VAT receivable/Payable in the financial statements reflect the correct amount due as per SARS records at year-end for both current and prior financial years.</p>	<p>Management agrees with the finding and request an opportunity to adjust the disclosure of the cash portion as well as the accrual portion of the VAT receivable for both the year under review and prior year. The proposed disclosure and the workings are herein. VAT is always settled on a net basis, hence the municipality's disclosure in Note 5.</p>	<p>Management will ensure that monthly reconciliations between the VAT general ledger and VAT statements from SARS are performed to ensure accurate reporting. The finding was resolved during the adjustment audit process</p>	<p>Boledi Serepo, Dumisani Ntuli</p>	<p>31/Mar/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>amount reflected in the VAT returns represents the refundable VAT amount as per submissions made to SARS. Find below the details of the findings:</p>						
<p>Incorrect Disclosure and Presentation of VAT in Note 5 1. During the audit of Value Added Tax (VAT), Note 5 – VAT Receivable cash portion reflects a balance in the note which does not agree to the SARS VAT statement which indicates that the actual VAT receivable at year-end amounts.</p> <p>2. The municipality has netted off VAT input and VAT output accruals and disclosed only the resulting balance under VAT receivable accrual portion on the note. This treatment does not align with the disclosure</p>	<p>Management does not have a formal control procedure in place to review and verify the accuracy and completeness of VAT disclosures in the Annual Financial Statements prior to submission. Management did not perform reconciliation between the VAT input, VAT output, and VAT control accounts to the SARS VAT201 statement at year-end. CFO and officials responsible for the preparation and review of the AFS did not implement adequate oversight controls to ensure that VAT balances are accurately classified, separately</p>	<p>Management should reconcile the VAT control account with the SARS VAT statement at year-end to ensure the accurate reflection of VAT balances. Management should correct the note 5 to separately disclose:</p> <p>VAT Input Accrual VAT Output Accrual Net VAT Receivable/Payable</p> <p>Management should ensure future AFS reflect VAT disclosures in accordance with GRAP 1 and GRAP 108, to enhance transparency and compliance.</p>	<p>1. Management agrees with the finding and request an opportunity to adjust the disclosure of the cash portion as well as the accrual portion of the VAT receivable for both the year under review and prior year. The proposed disclosure and the workings are herein.</p> <p>2. Management disagrees with the finding, as the municipality is not yet required to report using FACT SHEET #11 as it is not yet approved by ASB. Currently the municipality recognises either a VAT receivable or a VAT payable on Statement of Financial Position depending on net of the VAT movements within the year under review.</p>	<p>The finding was resolve during audit</p>	<p>Dumisani Ntuli</p>	<p>31/Mar/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>requirements of GRAP and FACT Sheet #11, as no breakdown of the VAT components (input, output, and accruals) is provided within Note 5.</p> <p>3. Similar issue is also noted in the prior year comparative amount of R1 635 856.</p>	<p>disclosed, and supported by verifiable documentation.</p>	<p>Management should review and amend the municipality's accounting policy on Value Added Tax (VAT) to ensure alignment with both the requirements of GRAP and the VAT Act.</p>	<p>VAT is always settled on a net basis, hence the municipality's disclosure in Note 5.</p>			

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>AoPO - Inconsistencies between the SDBIP and APR Indicators, targets , and achievements Upon inspection of the revised SDBIP for 2024/2025 and the Annual Performance Report (APR) for 2024/2025, inconsistencies were identified</p>	<p>Management did not review timeously submit the APR to audit committee and internal audit for review</p> <p>Vacancy of the Divisional Manager: PMS</p>	<p>Management should ensure that the annual performance report is timeously submitted to internal audit and audit committee for review to ensure that errors are identified and corrected timeously. Management should fast track the appointment of divisional manager: PMS to ensure that there is senior personnel to review the APR before being submitted to audit committee and internal audit for further review . Performance information officers or coordinators should receive training on performance management and reporting to enable them to properly and accurately document and align the SDBIP with the APR. Management should adjust the annual performance report to correct the errors and inconsistencies identified. This should be applied not only to KPA 5 but to</p>	<p>Management agrees to the finding. Management request an opportunity adjust the actual achievement/POE submitted and reflects on the APR to reflect "100 % physical work complete on the Construction of Ga- Phaahla sewer outfall, sewer reticulation and precast toilets (Phase 2} by 30 June 2025"</p> <p>Management acknowledges that it was a typing error in the APR.</p>	<p>Management will ensure that the annual performance report is timeously submitted to internal audit and audit committee for review to ensure that errors are identified and corrected timeously. Management will fast track the appointment of divisional manager: PMS to ensure that there is senior personnel to review the APR before being submitted to audit committee and internal audit for further review. Performance information officers or coordinators will receive training on performance management and reporting to enable them to properly and accurately document and align the SDBIP with the APR. Management will adjust the annual performance report to correct the errors and inconsistencies identified. This should be applied not only to KPA 5 but to all other KPA's where similar errors and</p>	<p>Boiki Malatji</p>	<p>31/Mar/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
		all other KPA's where similar errors and inconsistencies are present.		inconsistencies are present.		
<p>AoPo - The Integrated Waste Management Plan not approved in the current year</p> <p>During the audit of AOPO it was noted that the municipal council did not develop and approve an Integrated Waste Management Plan (IWMP) by 30 June 2025 as required National Environmental</p>	<p>Management did not review and monitor compliance with applicable laws and regulations in terms of the Section 11 of the National Environmental Management: Waste Act, 2008, and also Municipal Systems Act, 2000 section 34</p>	<p>The municipality should ensure that the Integrated Waste Management Plan (IWMP) is submitted to Council for approval before the end of the next financial year and subsequently forwarded to the Member of the Executive Council (MEC) in accordance with Section 11(4)(b) of the Waste Act. In addition, a compliance</p>	<p>Management is in agreement with the finding and will implement the recommendations</p>	<p>The municipality will ensure that the Integrated Waste Management Plan (IWMP) is submitted to Council for approval before the end of the next financial year and subsequently forwarded to the Member of the Executive Council (MEC) in accordance with Section 11(4)(b) of the Waste Act. In addition, a compliance monitoring schedule should be established</p>	<p>Boiki Malatji</p>	<p>31/Mar/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>Management: Waste Act and Municipal Systems Act in the current year.</p>		<p>monitoring schedule should be established to track the development, submission, and review timelines of all statutory plans to ensure timely adherence to legislative requirement</p>		<p>to track the development, submission, and review timelines of all statutory plans to ensure timely adherence to legislative requirement</p>		

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>AoPO - Errors in the APR During the audit of AoPO, the following errors were noted as stated in the table below:</p> <p>This indicator was planned for in the initial SDBIP. In the revised SDBIP, the indicator was said to have been moved to LED. We traced the indicator to LED programme and noted that it was not reported in both the revised SDBIP and the APR. Reason for non-inclusion of the indicator under LED in both documents is unknown.</p>	<p>Management did not review timeously submit the APR to audit committee and internal audit for review</p>	<p>Management should ensure that the annual performance report is timeously submitted to internal audit and audit committee for review to ensure that errors are identified and corrected timeously. Management should fast track the appointment of divisional manager: PMS to ensure that there is senior personnel to review the APR before being submitted to audit committee and internal audit for further review Performance information officers or coordinators should receive training on performance management and reporting to enable them to properly and accurately document and align the SDBIP with the APR.</p> <p>Management should adjust the annual performance report to correct the errors and inconsistencies</p>	<p>Management agrees with the finding. We acknowledge that an error was made on the APR, and request that the actual achievement be adjusted to 30 June 2025.</p>	<p>Management will ensure that the annual performance report is timeously submitted to internal audit and audit committee for review to ensure that errors are identified and corrected timeously. Management will fast track the appointment of divisional manager: PMS to ensure that there is senior personnel to review the APR before being submitted to audit committee and internal audit for further review Performance information officers or coordinators should receive training on performance management and reporting to enable them to properly and accurately document and align the SDBIP with the APR. Management will adjust the annual performance report to correct the errors and inconsistencies identified. This should be applied not only to KPA 5 but to all other KPA's where similar errors and</p>	<p>Boiki Malatji</p>	<p>31/Mar/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
		<p>identified. This should be applied not only to KPA 5 but to all other KPA's where similar errors and inconsistencies are present.</p>		<p>inconsistencies are present.</p>		

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>AoPO: The Performance indicators are not relevant. During the audit of Performance information, it was noted that the reported performance indicators and its related targets are not relevant, The relevance of indicators is to determine whether the 'right things' are measured i.e. the indicator and target must measure an aspect of the mandate to enable the achievement of strategic goals (i.e. key service delivery matters directly affecting the citizen)</p> <p>This indicator and its target do not express a specific level of performance that key performance area (basic service delivery) is aiming to achieve within a given time period.</p>	<p>Management did not adequately review the performance indicators included in the SDBIP to ensure that they are relevant, measurable, and aligned to the Municipality's core mandate. As a result, some indicators included in the SDBIP do not effectively measure the achievement of the Municipality's strategic objectives or service delivery outcomes.</p> <p>Management did not implement the action plan from prior year findings to ensure that the APR reflects relevant indicators</p>	<p>Management should review the SDBIP for 2025/26 during the mid-year assessment to ensure that all performance indicators are aligned to the Municipality's core mandate and strategic objectives. The review process should verify that only indicators that directly relate to service delivery and the Municipality's core functions are included in the SDBIP and subsequently reported in the Annual Performance Report (APR) and Annual Report.</p>	<p>Management is in agreement with the finding and will implement the recommendations</p>	<p>Management will review the SDBIP for 2025/26 during the mid-year assessment to ensure that all performance indicators are aligned to the Municipality's core mandate and strategic objectives. The review process will verify that only indicators that directly relate to service delivery and the Municipality's core functions are included in the SDBIP and subsequently reported in the Annual Performance Report (APR) and Annual Report.</p>	<p>Boiki Malatji</p>	<p>31/Mar/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>Preparation of financial statements</p> <p>During the audit of the annual financial statements for the year ending 30 June 2025, we identified material misstatements in the annual financial statements submitted for audit. Based on the results of financial statements, material misstatements were identified, some of which were corrected, and others were not corrected.</p>	<p>There is a lack of oversight over financial reporting over the preparation of annual financial statements.</p> <p>Late submission of annual financial statement for review to internal audit and audit committee</p>	<p>Management should ensure that annual financial statements are submitted timeously for review to internal audit and audit committee to allow timeous detection and correction of errors.</p>	<p>Management notes the finding. In preparing for the financial year 2025/26 management will ensure that the interim financial statements are prepared and submitted to IA and PT for review</p>	<p>In preparing for the financial year 2025/26 management will ensure that the interim financial statements are prepared and submitted to IA and PT for review</p>	<p>Bonisiwe Klaas</p>	<p>31/Jan/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>Performance indicators are not measurable and verifiable - AoPO During the audit of performance information, it was noted that the following reported performance indicators and their related targets are not verifiable and measurable. Management did not set a clear method of verification in relation to the indicators; it is not clear how they arrived at the actual performance reported per the Annual Performance</p>	<p>Management failed to implement recommendations made by the AGSA in the prior year to address the internal control deficiency as this is a repeat finding.</p> <p>Limited understanding of the National Treasury's Framework for managing programme performance information (FMPPI)</p>	<p>Management should consider arranging training sessions for AoPO division within the municipality, the training should be more focused on SMART criteria or what is required for indicators to meet the SMART criteria. This will assist management in addressing the issues at hand and avoid findings during the next financial year. It is recommended that management clearly define and document the planned milestones for each project in the SDBIP. This will ensure that project progress can be effectively monitored, measured, and reported on at any stage of implementation.</p>	<p>Management does not agree with the finding. It is a multiyear project which commenced on the 23rd September 2024, with the completion date 23rd September 2025. The duration of the project was 12 months.</p> <p>Stages of the project: - Consultant was allocated for the project for design, procurement and supervision on the 06/05/2024 - Contractor was appointed on the 04/09/2024 - Site was handed over on the 23/09/2024 (See attached signed handover meeting minutes) - Contractor submitted letter of acceptance within 7 days - Contractor submitted contractual documents within 14 days as per the General Condition of Contract, which includes 10% guarantee insurance of work, safety file, programme of works and cashflow projections</p> <p>-Commencement of the construction -Actual project work and/or construction was commenced with phases</p>	<p>Management will consider arranging training sessions for AoPO division within the municipality, the training should be more focused on SMART criteria or what is required for indicators to meet the SMART criteria. This will assist management in addressing the issues at hand and avoid findings during the next financial year. management will ensure that they clearly define and document the planned milestones for each project in the SDBIP as this will ensure that project progress are effectively monitored, measured, and reported on at any stage of implementation.</p>	<p>Boiki Malatji</p>	<p>31/Mar/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
			<p>(see the attached report)</p> <p>-Since the project was a multi-year project, it overlaps from one financial year to another. Which is 2025/2026 financial year. (See the attached 30 June report which includes the schedule performance, financial progress, record of payments and the time schedule progress).</p> <p>-The project was still under construction by end of June 2025 with 93 %</p>			
<p>1. Expenditure - payments were not made within 30 days of receiving the relevant invoice or statement</p> <p>During the detailed testing of expenditure, it was noted that the following invoices or statements were not paid with 30 days of receiving the relevant invoice</p>	<p>Financial and performance management</p> <p>Management did not ensure proper reviews and monitoring compliance with applicable laws and regulations and ensure invoices are paid with 30 days as required by section 62.(5) (e) of the MFMA</p>	<p>Management should implement an invoice register to keep track of all invoices as and when they are received to ensure that a trail is kept to enable prioritisation of payments that are nearing 30 days</p>	<p>Management notes the internal control deficiencies highlighted</p> <p>Management is in agreement with the finding. A register for the receiving and tracking of invoices will be monitored.</p>	<p>Management will ensure that invoices are paid within 30 days. Management has developed a checklist to track receiving and processing of invoices to ensure payment within 30 days</p>	<p>Boledi Serepo</p>	<p>31/Mar/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>or statement as required by MFMA 65(2)(e)</p>						
<p>Indigent: Indigent register contains individuals who does not qualify as indigent. During the audit the CAATs revealed the exceptions.</p>	<p>Financial and performance management</p> <p>The indigent register was not reviewed to ensure that valid, complete and accurate information is included</p>	<p>Management should regularly review and update the indigent register in detail to ensure only eligible households are included in the indigents register</p>	<p>Management notes the finding. Currently management does not have system for verification and relies on the information and declarations provided by the applicants, and confirmation by the indigent verification committee. A follow up will be done on the highlighted beneficiaries and exceptions will be addressed accordingly.</p>	<p>Management to follow up with the highlighted beneficiaries and exceptions will be addressed whether status of indigent will be revoked</p>	<p>Noma Nkehli</p>	<p>31/Jan/2026</p>
<p>Related parties - Casting errors in note 48</p> <p>During the audit of Related Parties (Note 48), we identified that the note was not accurately cast. A cross-cast of the disclosure revealed the following variances:</p>	<p>Inadequate time was given to audit committee and internal audit to review the annual financial statements.</p>	<p>Management should adjust the disclosure note (48), to correct the error identified.</p> <p>Financial statements need to be provided to the audit committee and internal committee for review timeously to ensure that</p>	<p>Management agrees with the finding and requests an opportunity to adjust the disclosure note on related parties.</p>		<p>Bonisiwe Klaas</p>	<p>31/Jan/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
		adequate time is allocated to enable proper review of the Annual financial statements				
Differences between the Listings/Reports and annual performance report During the audit of performance information for the year ended 30 June 2025, differences were identified between the performance information reported achievements in the Annual Performance Report (APR) and the supporting listings/reports provided for audit purposes. The details are summarized below:	Management did not review and reconcile the annual performance report with the listings/portfolio of evidence.	Management should ensure that performance information reported in the APR is accurately supported by credible and verifiable evidence. A review and reconciliation process between operational listings, verification sheets, and the APR should be conducted before submission for audit purposes. Additionally, management should strengthen controls over the preparation, review, and approval of performance reports to ensure accuracy, completeness, and compliance with legislative requirements.	<p>Management does not agree with the finding. The 1.4 kilometers was completed for the first financial year as expected. The total scope of the project is 2.8 kilometers, project is a multi-year project, it overlaps from one financial year to another. The remaining 1.4 kilometres is currently under progress. See the attached POE.</p> <p>Number of approved design reports for 900 household Electrification in Phake by 30 June 2025</p> <p>Management does not agree with the finding. The APR target was for Number of approved design reports for 900 household electrification in Phake by 30 June 2025.</p>	Management will ensure that performance information reported in the APR is accurately supported by credible and verifiable evidence. A review and reconciliation process between operational listings, verification sheets, and the APR will be conducted before submission for audit purposes. Additionally, management will strengthen controls over the preparation, review, and approval of performance reports to ensure accuracy, completeness, and compliance with legislative requirements. Management will adjust the annual performance report to	Boiki Malatji	31/Mar/2026

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
		<p>Management should adjust the annual performance report to align the reported achievement with the portfolio of evidence</p>		<p>align the reported achievement with the portfolio of evidence</p>		

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>The construction of Sewer Reticulation in Libangeni was selected for audit during 2024/25 audit cycle. The lifecycle audit covered planning, project implementation, project management, and commissioning. The project is delayed by approximately 39 months from the date of the initial planned completion date of 22 June 2022 to date of site visit 08 October 2025. The initial contractor's construction period was supposed to be 10 months however the contractor failed to complete the project within the agreed contractual period. The pumpstation resulted in higher cost even though the provisional amount was provided. Any further adjustment of contractor's rates will require a new contract. There was</p>	<p>Inadequate project monitoring and supervision of the initial contractor by the Employer's Agent and the project manager led to insufficient and timely action being taken to resolve disputes that occurred and/or act against the contractor. This led to delays, subsequent suspension of works and reappointment of the replacement contractor.</p>	<p>The consultants and the project manager should ensure that all projects implemented by the municipality are effectively monitored and disputes are resolved timely to ensure timely completion of projects thereby providing services to the relevant community. The accounting officer should implement consequence management processes against the poor performing consultants and project manager to ensure adherence to the MFMA.</p>	<p>The phase 2 project has reached practical completion as per certificate issued with the snack list in accordance with clause 5.14 of GCC 3rd edition 2015. As part of function of the employer agent as per the clause 3.2 of GCC 3rd edition 2015 the phase 1 contractor was engaged on separate meetings to address delays and cashflow issues on several occasions but still was unable to comply with the clause of GCC 10.1 of 3RD edition 2015 to meet the completion dates till the suspended works. The extension of time was processed and revised program agreed but contractor failed to provide extension of the performance guarantee as required to finalise approval as per email issued by the Employer's agent on 9 June 2022</p>	<p>Management is currently busy with the updating the standard operation procedure manual in order to address all the gabs identified with the project management</p>	<p>Madraai Skosana</p>	<p>31/Mar/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>no evidence of application and approval of extension of time by the initial contractor since the commencement of the project. The municipality issued a warning letter to the contractor on the 19 April 2023 for failure to proceed with the works as agreed, their performance guarantee having lapsed and not conducting the works .</p>						

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>The evaluation criteria used in the evaluation and adjudication reports are not in accordance with the original bid documents for specific goals to be used. During the audit of SCM, Short-term insurance and risk management services for a period of 3 years tender. We have identified that the specific goals the bidder was evaluated on is not the same bid as in the tender document Specific Goals as per the Tender document.</p>	<p>Management did not ensure compliance with the SCM regulation</p>	<p>Management must evaluate the bidders based on the criteria mentioned in the tender document</p> <p>Management should adjust the irregular expenditure incurred in the annual financial statements</p>	<p>Management is not in agreement with the finding. As per PPR 2022 par 4.4 states, subject to section 2(1)(f) of the Act, the contract must be awarded to the tenderer scoring the highest points. Criteria for breaking deadlock in scoring 8.(1) If two or more tenderers score an equal total number of points, the contract must be awarded to the tenderer that scored the highest points for specific goals. (2) If two or more tenderers score equal total points in all respects, the award must be decided by the drawing of lots. An objective of specific goal is to be a deciding factor if two or more suppliers have gone to price point evaluation. In this instance only one supplier made through evaluation price, from which the allocation thereon will result to the supplier still being the highest as there is no two or more. Furthermore, bid evaluation committee uses a report template which is amended as per each evaluation project they are evaluating.</p>	<p>Management will ensure that evaluation of bids is in line with the criteria mentioned in the tender document without any deviations</p>	<p>April Masilela</p>	<p>31/Jan/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
			<p>Finalisation of the project into documentation is conducted by the bid administration officer of which in this instance an error was made when typing, otherwise when recalculated as per the specific goal you come back to the same conclusion. No enquiry or engagement was made by the auditor in understanding what assessment was actually used thereon. The municipality verifies BBB-EE status on CSD. Which will then determine the points allocated thereon. Furthermore BBB-EE is not a disqualification factor.</p> <p>If auditor's reperformance conclusion is different which has not been indicated above, based on the CSD report, results to zero, the point may not be awarded and then compared to the other shortlisted bidders through to specific goal testing in this instance only one supplier was awarded and will therefore still score the highest point</p>			

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>The evaluation criteria used in the evaluation report is not re-performable -</p> <p>1. During the audit of SCM, PPR we inspected payment voucher EF-018109 and noted that there was no evaluation report attached to the payment voucher, therefore we not confirm that the evaluation criteria used to assess the bidders</p> <p>. 2. The criteria used in evaluating bidders is not stated – paragraph 7 of the evaluation reports states that points were awarded for BBBEE and empowerment (not specific to the empowerment goal was being evaluated).We therefore could not confirm that the specific goals evaluated are in accordance with the specifications for the specific procurement. The following awards were affected by this limitation</p>	<p>Management did not ensure that sufficient audit trail for work done by the evaluation committees/members is kept for audit purposes.</p>	<p>Management should ensure that sufficient audit trail is kept for the evaluation done quotation/competitive bids to allow auditor to confirm the assessments done by the committees</p>	<p>1. Management is in agreement with the finding The Document was not scanned properly, document rescanned with evaluation report attached with response</p> <p>2. Management is not in agreement with the finding The report was documented to summarise the empowerment assessed even though not detailing which once, of which it would have been explained through engagement and collaboration with the auditor when enquired. Furthermore, when reperforming as per the stated empowerment detailing the points separately in separate columns, the results are as per the same conclusion. Re-evaluation thereon can be performed with the supporting documents being available</p> <p>. 3. Management is in agreement with the finding</p> <p>The Document was not scanned properly, document rescanned with request memo attached with response</p>	<p>Management will ensure that sufficient audit trail is kept for the evaluation done quotation/competitive bids to allow auditor to confirm the assessments done by the committees</p>	<p>April Masilela</p>	<p>31/Jan/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>Disagreement misstatement – Statement of Changes in Net Assets Misstated During the audit of the statement of changes in net assets, we casted the statement and noted casting differences. Summary of the casting differences:</p>	<p>Management finalized the preparation of the Statement of Changes in Net Assets while correction and adjustment journals were still being processed for various sections, resulting in the omission of updated restated amounts in the final statement. This was due to timing differences between processing the final journals, updating the prior period error note, and revising the related working papers and statements.</p> <p>Inadequate time was given to audit committee and internal audit to review the annual financial statements.</p>	<p>Management should adjust the statement of changes in net assets to correct the identified misstatement by ensuring that each input has support and that there are no casting errors. Establish a coordinated review and approval process with a defined cut-off point for processing all correcting and adjustment journals, ensuring that all related working papers and notes are accurately updated prior to the finalization of the financial statements.</p>	<p>Management agrees to the finding and request an opportunity to adjust the disclosure once all the adjustments that the auditor will allow to be done have been made.</p>	<p>The finding was resolved during the adjustment audit process</p>	<p>Bonisiwe Klaas</p>	<p>31/Mar/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>The specification documents/Request for quotation documents do not stipulate how the 10/20 points of BBBEE will be allocated to each BBBEE level contributor</p> <p>During the audit of SCM, PPR, we noted that when management specify the specific goals to be used when evaluating bids/quotes they don't specify how the 10/20 points of BBBEE will be allocated each BBBEE level contributor, as a result we were unable to determine how many points should be allocated to a level 1 contributor vs a level 8 contributor.</p>	<p>Management did not ensure compliance with the PPPFA by specifying the goals to be awarded to each level of BBBEE</p>	<p>Management should ensure compliance with the PPPFA by specifying the goals to be awarded to each level of BBBEE</p>	<p>Management is not in agreement with the finding.</p> <p>The invitation details the specific goals and its allocated points for which a point may be awarded, including BBB-EE as per S2(1)(e) of the PPPFA. Assessment of the BBB-EE is done as per the PPPFA although allocation of points is as per the proportion of the maximum points on specific goal allocated. Furthermore, within the invitation it is indicated that allocation is in accordance with PPR which may be assessed further. Management will however consider the recommendation of the auditors, to further breakdown the allocation for easy assessment and allocation.</p>	<p>Finding resolved during audit process</p>	<p>April Masilela</p>	<p>31/Jan/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>BBBEE points were incorrectly awarded to prospective suppliers who don't have valid BBBEE certificates During the audit of SCM, PPR, we noted that management incorrectly awarded 10 points for BBBEE level contributors to prospective suppliers. We inspected the CSD report that was relied on by management in awarding the points and noted that the certificate had expired or there was no registration by the supplier. The following suppliers were affected by this non-compliance:</p>	<p>Management did not ensure compliance with the PPPFA and SCM regulations</p>	<p>Management must evaluate the bidders based on the criteria mentioned in the tender document</p>	<p>Management is in agreement with the finding</p> <p>As per the CSD reports retrieved from the SCM unit which they were utilising for evaluation when awarding for all the bidders we reperformed thereon and recalculated points indicate and came back to the same conclusion as to the awarded bidder. Management did not ensure that the PPR formula is calculated correctly and that the inputs data used for the calculation is accurate and verified correctly before allocation of points.</p> <p>Management must conduct training in relation to demonstrate the calculation and requirements as per the PP-R 2022</p>	<p>Finding resolved during audit process</p>	<p>April Masilela</p>	<p>31/Jan/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>Disagreement misstatement – Statement of Changes in Net Assets Misstated</p> <p>During the audit of the statement of changes in net assets, we further corroborated the inputs to the statement with supporting documentation and determined that the inputs do not agree with the supporting documentation. We utilised the amounts as per the prior year audited financial statements together with information provided in the current year financial statements. Summary of the differences:</p>	<p>Management finalized the preparation of the Statement of Changes in Net Assets while correction and adjustment journals were still being processed for various sections, resulting in the omission of updated restated amounts in the final statement. This was due to timing differences between processing the final journals, updating the prior period error note, and revising the related working papers and statements.</p> <p>Inadequate time was given to audit committee and internal audit to review the annual financial statements.</p>	<p>Management should adjust the statement of changes in net assets to correct the identified misstatement by ensuring that each input has support and that there are no casting errors. Establish a coordinated review and approval process with a defined cut-off point for processing all correcting and adjustment journals, ensuring that all related working papers and notes are accurately updated prior to the finalization of the financial statements.</p> <p>Financial statements need to be provided to the audit committee and internal auditors for review timeously.</p>	<p>Management agrees to the finding and request an opportunity to adjust the disclosure once all the adjustments that the auditor will allow to be done have been made.</p>	<p>The finding addressed during the audit process, management has put controls in place to prevent recurrence</p>	<p>Bonisiwe Klaas</p>	<p>31/Mar/2026</p>
<p>The final decision on which quotation to accept was not made by an appropriately delegated official or committee.</p>	<p>Financial and performance management</p> <p>Ineffective management oversight of the implementation of</p>	<p>Management should ensure that the relevant schedules submitted for audit agrees to the AFS and that proper reviews of the annual financial statements</p>	<p>Management is in agreement with the finding</p> <p>This resulted from an oversight of ensuring where the manager would have approved first in the system before the senior procurement</p>	<p>Finding resolved during audit process</p>	<p>April Masilela</p>	<p>31/Jan/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
	the policy and regulations.	is performed to ensure that the supporting schedules agree with the financial statements	officer of which he cannot authorise and approve, which will then leave the authoriser to approve. But the Manager would have authorised it initially.			
<p>Prior period error - Incorrect presentation</p> <p>Auditors noted that the following misstatements relating to the prior year adjustment:</p> <p>Differences between the restated amount in note 49 (Prior Period Adjustments) and restated amount in the face of the financial statements: Statement of Financial Position</p>	<p>This indicates that there was insufficient review of the financial statements to ensure that all prior period adjustments were accurately captured and fully disclosed in accordance with the Standards of GRAP, particularly GRAP 1 (Presentation of Financial Statements) and GRAP 3 (Accounting Policies, Changes in Accounting Estimates and Errors)</p>	<p>Management should ensure that all prior year adjustments are fully reconciled and correctly disclosed in the AFS. A formal review process must be in place to verify that comparative figures agree to supporting journals and the trial balance, and that disclosure notes reflect the complete and accurate adjustments in line with GRAP requirements.</p>	<p>Management agrees with the findings and requests an opportunity to adjust. However, as other adjustments to the AFS are being made, management request to provide the auditor with adjustments as they were supposed to be when the AFS were submitted and we will continue to update the Note as other allowable adjustments are presented.</p>	<p>The audit was resolve during the audit</p>	<p>Dumisani Ntuli</p>	<p>31/Mar/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>Duplicates identified in Irregular expenditure opening balance adjustment</p> <p>During the audit of prior period error for Irregular expenditure, it was noted that supplier was duplicated in the adjustment to the opening balance for irregular expenditure.</p>	<p>Sufficient review and monitoring of controls were not implemented to support accurate financial reporting.</p> <p>The irregular expenditure register does not have unique identifiers except for supplier name and payment number which are not sufficient for management to detect if there are duplicates in the population.</p>	<p>Management should thoroughly review the registers that supports the amounts the annual financial statements to ensure accuracy of amounts disclosed</p> <p>Management should consider augmenting the register by including unique identifiers such as contract numbers or tender number in order to avoid having duplicates where the same contract could have multiple non-compliances identified by different assurance providers.</p>	<p>Management is agreement with the finding,</p>	<p>Finding resolved during audit process</p>	<p>April Masilela</p>	<p>31/Jan/2026</p>
<p>Depreciation incorrectly calculated</p> <p>During the audit of Depreciation, the depreciation amount per asset was recalculated using the DR JS Moroka Local Municipality Methodology approach, and the following differences were noted between the recorded and recalculated depreciation:</p>	<p>Management did not adequately review the process of calculation depreciation to ensure consistency of the useful life used to calculate depreciation.</p> <p>Management did not consistently apply the approved depreciation method and did not update the assets useful lives or condition assessments in accordance with the approved</p>	<p>Management should ensure consistent application of the approved depreciation method and remaining useful life (RUL) assessment across all asset categories.</p> <p>Asset condition assessments and useful lives should be reviewed and updated regularly to reflect the current state of assets, in line with the approved methodology</p>	<p>Management agrees with the finding. Management will revisit the entire asset population and correct the misstatement accordingly.</p>	<p>Management will revisit the whole population and consistently apply the approved depreciation method and update the assets useful lives or condition assessments in accordance with the approved methodology.</p>	<p>Believe Mosungwa</p>	<p>31/Mar/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
	methodology. This resulted in inaccurate depreciation charges being recorded in the financial statements	and GRAP 17 requirements. The Fixed Asset Register should be updated promptly with any changes to ensure accurate depreciation calculations and compliance with section 63(2)(a) of the MFMA.				

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>Prior Period Error – Impairment Differences</p> <p>Requirements During the audit, it was identified that prior period impairment calculations contained inaccuracies due to differences in the depreciation calculation applied to certain assets. Incorrect depreciation rates and/or methods impacted the carrying amounts used in impairment testing, resulting in misstated impairment losses in the prior period financial statements. Prior period error – Impairment 2023/2024</p>	<p>Management did not implement adequate controls to ensure depreciation calculations were accurate and consistently applied. There was no effective review process to validate depreciation rates, methods, and useful lives, nor to confirm that updated carrying amounts were correctly reflected in impairment testing. Furthermore, documentation and approval of key assumptions were insufficient, and system-based checks to detect inconsistencies between depreciation and impairment inputs were lacking.</p>	<p>Management should:</p> <ul style="list-style-type: none"> · Implement a formal review process to verify depreciation calculations, including rates, methods, and useful lives, before impairment testing. · Ensure that updated carrying amounts from depreciation schedules are accurately reflected in impairment models through automated system checks or reconciliations. · Require proper documentation and management approval of key assumptions used in both depreciation and impairment calculations. 	<p>Management partially agrees with the finding. The 2024 impairment in the sample is misstated by R R347 429,75 not 1 537 396,24. Please see the attached calculation. However, Management will revisit the entire asset population and correct the misstatement accordingly.</p>	<p>Management will revisit the entire asset population and correct the impairment based on the correct auditors calculation</p>	<p>Believe Mosungwa</p>	<p>31/Jan/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>Infrastructure additions: accuracy issues 1. During the audit of Infrastructure, and buildings additions, It was noted that the addition of asset number EF018127 was recognised at an incorrect amount R 77 942,00 while the purchase price of the asset amounted to R 51 390.</p> <p>2. During the audit of Infrastructure and Buildings additions for the 2023/24 financial year, it was noted that asset number EF018707 was erroneously recognised as an addition in the 2023/24 period. However, documentation confirms that the actual purchase date of the asset was 04 March 2025, which falls within the 2024/25 financial year. Furthermore, the asset was incorrectly classified under Infrastructure in the financial records. A review</p>	<p>Management did not perform adequate reviews of the additions in the fixed asset register to ensure that the additions are recognised at a correct amount. Management did not perform adequate reviews of the additions to ensure that all the assets are added to the fixed asset register at the correct period.</p> <p>Management did not ensure that the fixed asset register is adequately reviewed to ensure that assets are correctly classified in the FAR.</p>	<p>Management should update the fixed asset register to reflect the correct acquisition date, ensuring depreciation is recalculated based on the appropriate remaining useful life. Management should reclassify all the assets misclassified from Infrastructure to Community Asset in line with its nature and description</p> <p>Management should review and strengthen asset recognition and classification controls to ensure alignment with supporting documentation and compliance with accounting standards.</p>	<p>Management agrees with the finding. Management will revisit the entire asset population and correct the misstatement accordingly.</p>	<p>Management will update the fixed asset register to reflect the correct acquisition date, ensuring depreciation is recalculated based on the appropriate remaining useful life and will reclassify the assets from infrastructure to community assets and ensure that the useful life applied to the assets is according to the asset classification.</p>	<p>Believe Mosungwa</p>	<p>31/Mar/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>of the fixed asset register reveals that the asset is described as a Community Asset, indicating a misclassification in the asset category.</p>						
<p>Prior Period Error: Differences noted on depreciation calculations.</p> <p>Requirement</p> <p>During the audit of prior period adjustment for depreciation, the depreciation amount per asset was recalculated using the DR JS Moroka Local Municipality Methodology approach, and the following differences were noted between</p>	<p>Management did not adequately review the process of calculation depreciation to ensure consistency of the useful life used to calculate depreciation.</p> <p>Management did not consistently apply the approved depreciation method and did not update the assets useful lives or condition assessments in accordance with the</p>	<p>Management should ensure consistent application of the approved depreciation method and remaining useful life (RUL) assessment across all asset categories. Asset condition assessments and useful lives should be reviewed and updated regularly to reflect the current state of assets, in line with the approved methodology and GRAP 17</p>	<p>Management partially agrees with the finding. The 2024 depreciation in the sample is misstated by R129 682,82 not -R534 080,14 and the 2023 depreciation in the sample is misstated by -R246 634,01 not -R1 235 719,75 Please see the attached calculation.</p> <p>However, Management will revisit the entire asset population and correct the misstatement accordingly.</p>	<p>Management will revisit the asset population and ensure consistent application of the approved depreciation method and remaining useful life (RUL) assessment across all asset categories</p>	<p>Believe Mosungwa</p>	<p>31/Jan/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
the recorded and recalculated depreciation	approved methodology. This resulted in inaccurate depreciation charges being recorded in the financial statements	requirements. The Fixed Asset Register should be updated promptly with any changes to ensure accurate depreciation calculations and compliance with section 63(2)(a) of the MFMA.				
<p>Prior Period Error: Differences noted between the Fixed Asset Register and the Adjustment amount in the Annual Financial Statement</p> <p>Requirement During the audit of prior period adjustment for depreciation and Loss on derecognition, we noted that the Adjustment amount for depreciation for 2023/24 and loss on derecognition for 2022/23 as per the prior period error</p>	Management did not adequately review the final depreciation adjustment as per the Prior Period Error note to the corrected 2023/24 and 2022/23 Fixed Assets Registers to ensure that the amounts disclosed in the annual financial statements are accurately supported.	Management should ensure that they afford enough time to adequately review the financial statements against the supporting schedules to ensure that all amounts presented and disclosed in the financial statements are supported by accurate and complete supporting schedules.	Management agrees with the finding. Management will revisit the population and the prior year error note and correct accordingly.	Management will revisit the population and ensure that the adjustment for depreciation and Loss on derecognition disclosed in the prior year error note is correct and agrees to the fixed asset register.	Believe Mosungwa	31/Jan/2026

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>note does not agree to the Fixed Asset Register submitted for audit. The following differences were noted: Depreciation 2023/24</p>						
<p>Prior Period Error: Assets disposed off not supported by Council Approval. During the audit of Property, Plant and Equipment prior period errors (loss on derecognition), we noted that the following assets were disposed of without Council approval as required by the Municipal Asset Management Policy.</p>	<p>Management did not ensure that assets disposals are first approved by council before they are disposed of.</p>	<p>Management should ensure that assets that are recommended for disposal are written off only with the final approval of Council as outlined in section 16.9 of the Asset Management Policy.</p>	<p>Management agrees with the findings. Management will ensure that council approval is obtained prior to disposal of assets going forward.</p>	<p>Management will ensure that assets disposals are first approved by council before they are disposed off. Management will obtain a council approval for the assets that have been previously disposed of as well and update the fixed asset register accordingly.</p>	<p>Believe Mosungwa</p>	<p>31/Jan/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>Disagreement misstatement – Debt impairment misstated During the audit of debt impairment, we recalculated the 2024/25 debt impairment amount and noted a difference between the recalculated amount and the amount presented on the statement of financial performance. We performed the recalculation in accordance with the municipalities approved methodology/policy. Summary of the differences:</p>	<p>Management did not calculate the impairment loss on each individual debtor balance by determining the difference between the carrying amount of the receivable and the present value of expected future cash flows as at the reporting date.</p> <p>Management did not perform an assessment of how debtors falling into a particular risk category would pay a specific percentage (e.g., 10% for individuals, 70% for commercial entities, 90% for government) through considering actual historical collection rates and other observable factors.</p>	<p>Management should adjust the financial statements to correct the identified misstatements. Management should ensure that they calculate the impairment loss on each individual debtor balance by determining the difference between the carrying amount of the receivable and the present value of expected future cash flows as at the reporting date and not consider matters after then (subsequent or July payments)</p> <p>Management should validate expected payment percentages using historical collection data per category, adjust assumptions based on current observable data (e.g., payment trends, economic indicators), and further perform a sensitivity analysis to assess the impact of</p>	<p>The differences noted above are due to July payment received each year take not account, going forward management will no longer take them into account to ensure alignment with auditors.</p>	<p>Matter was immaterial for any further actions</p> <p>Management to adjust GRAP 104 calculation and exclude July payment for 2025/26</p>	<p>Noma Nkehli</p>	<p>31/Mar/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
		alternative recovery scenarios.				

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>Disagreement misstatement – Debt impairment misstated During the audit of prior period error debt impairment adjustments, we recalculated the 2023/24 debt impairment amount and noted a difference between the recalculated amount and the amount presented on the face of the statement of financial performance. We performed the recalculation in accordance with the municipalities approved methodology/policy. Summary of the differences:</p>	<p>·Management did not calculate the impairment loss on each individual debtor balance by determining the difference between the carrying amount of the receivable and the present value of expected future cash flows as at the reporting date.</p> <p>Management did not perform an assessment of how debtors falling into a particular risk category would pay a specific percentage (e.g., 10% for individuals, 70% for commercial entities, 90% for government) through considering actual historical collection rates and other observable factors.</p>	<p>Management should adjust the financial statements to correct the identified misstatements. Management should ensure that they calculate the impairment loss on each individual debtor balance by determining the difference between the carrying amount of the receivable and the present value of expected future cash flows as at the reporting date and not consider matters after then (subsequent or July payments)</p> <p>Management should validate expected payment percentages using historical collection data per category, adjust assumptions based on current observable data (e.g., payment trends, economic indicators), and further perform a sensitivity analysis to assess the impact of alternative recovery scenarios.</p>	<p>The differences noted above are due to July payment received each year take not account, going forward management will no longer take them into account to ensure alignment with auditors.</p>	<p>Matter was immaterial for any further actions Management to adjust GRAP 104 calculation and exclude July payment for 2025/26</p>	<p>Noma Nkehli</p>	<p>31/Mar/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>Variance in Impairment Calculation During the audit when reperforming the impairment calculation, discrepancies were identified between the auditor's recalculated figures and the amounts recorded by management. This indicates that the original impairment assessment may not have been accurately calculated or adequately reviewed, suggesting potential weaknesses in the application of accounting standards and internal controls over financial reporting.</p>	<p>Management did not implement adequate review and validation procedures over impairment calculations. Although the assumptions and methodology applied appear to comply with the relevant standards, the inputs used are incorrect, specifically the Remaining Useful Life and Carrying Amount applied in the calculation differ from those recorded in the Fixed Asset Register. This inconsistency indicates insufficient reconciliation between source data and impairment testing, increasing the risk of material misstatements.</p>	<p>Management should: Perform a formal reconciliation between the Fixed Asset Register (FAR) and impairment calculation inputs (e.g., Remaining Useful Life and Carrying Amount). Strengthen review controls to ensure all inputs used in impairment testing are accurate and consistent with source records. · Document the review process and maintain evidence of validation for assumptions, methodology, and data accuracy. · Implement periodic training for financial management staff on impairment calculation requirements and internal control best practices.</p>	<p>Management partially agrees with the finding. The impairment and carrying amount in the population is misstated by plant, machinery and transport sample is misstated by R -261 832,49 not R 1 227 162. Please see the attached calculation.</p> <p>Management would like to request an opportunity to correct the impairment.</p>	<p>Management will perform a formal reconciliation between the Fixed Asset Register (FAR) and impairment calculation inputs will be reviewed. Management will revisit the entire population and ensure that the impairment calculation is corrected.</p>	<p>Believe Mosungwa</p>	<p>31/Jan/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>Differences between the Face of the Annual Financial Statements and the Note to the Annual Financial Statements The Employee Cost Amount reflected on the face of the AFS of R250 723 966 does not agree to the Amount on Note 29 – Employee Related Cost reflected as R251 857 305.</p>	<p>This indicates that there was insufficient review of the Financial Statements to ensure that the Amounts as per the on the Face of the Annual Financial Statements agree with the Amounts as per the Note in accordance with the Standards of GRAP, particularly GRAP 1 (Presentation of Financial Statements)</p>	<p>Management should strengthen review controls from the Salary's Department Finance Department, Internal Auditors and the Audit Committee and provide proof for each reviewer in order to ensure the Accuracy of the Annual Financial Statements. Management should rectify the difference of R1 133 339 noted.</p> <p>In addition, management should implement review processes from the Salary's Department, Finance Department, Internal Auditors and the Audit Committee to ensure the Accuracy of the Annual Financial Statements.</p>	<p>Management agrees to the findings and requests an opportunity to adjust the AFS as per attached proposed disclosure</p>	<p>The finding was resolve during the audit</p>	<p>Dumisani Ntuli, Boledi Serepo</p>	<p>31/Mar/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>Fruitless and wasteful expenditure -</p> <p>During our audit of the 2025 Annual Financial Statements, we noted that the segment reporting information is misstated and not disclosed accurately. The following attachment shows the differences noted:</p>	<p>Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information</p>	<p>Management should perform a comprehensive review and reconciliation between the caseware TB and the amounts disclosed in the Annual Financial Statements prior to finalisation. Furthermore, management should strengthen internal controls over the recording, review, and disclosure of segment reporting to ensure that all amounts are accurately reflected and adequately supported</p> <p>Regular reviews and oversight by senior officials should be implemented to ensure ongoing compliance with the Standards of GRAP and applicable legislative requirements.</p>	<p>Management agrees with the finding. Management requests an opportunity to correct the disclosed segment reporting information and asks that this correction be done after all adjustments in all sections are completed as these adjustments will affect the segment information.</p>	<p>Addressed during the audit process, management has put controls in place to prevent recurrence.</p>	<p>Bonisiwe Klaas</p>	<p>31/Jan/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>Difference between the Schedule and the Annual Financial Statements During audit, differences were noted between amounts as per the General Ledger/Trial Balance and amounts as per the Annual Financial Statements submitted for Audit. The Table below breaks down the difference between amounts as per the General Ledger/Trial Balance and amounts as per the Annual Financial Statement.</p>	<p>This indicates that there was insufficient review of the financial statements to ensure that the Amounts as per the General Ledger/Trial Balance were accurately captured and fully disclosed in accordance with the Standards of GRAP, particularly GRAP 1 (Presentation of Financial Statements)</p>	<p>Management should strengthen review controls from the Salary's Department Finance Department, Internal Auditors and the Audit Committee and provide proof for each reviewer in order to ensure that the Annual Financial Statements are Accurate. Management should rectify the difference of R1 133 339 noted. In addition, management must implement review processes from the Salary's Department, Finance Department, Internal Auditors and the Audit Committee to ensure that the Annual Financial Statements are supported by valid, complete and accurate records.</p>	<p>Management agrees to the findings and requests an opportunity to adjust the AFS as per attached proposed disclosure</p>	<p>The finding was resolve during the audit</p>	<p>Dumisani Ntuli, Boledi Serepo</p>	<p>31/Mar/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>The deviations noted were not justifiable deviations. During the audit of deviations, we identified deviations that were approved by the accounting officer with reasons stated as continuity of legal services provided by the service provider that was appointed at the beginning of the case. We noted that officials were aware that the appointment of the service provider to continue with the legal service will result in irregular expenditure, however, the municipality approved the appointment of the service provider and recorded it as a deviation to be reported as irregular expenditure. Furthermore we noted that the municipality has an active panel of service providers for legal services who could have been</p>	<p>Management did not ensure that they avoid incurring irregular expenditure and only approve deviations for reasons that are permissible by the supply chain management regulations and policies.</p>	<p>Management should ensure that they avoid incurring irregular expenditure and only approve deviations for reasons that are permissible by the supply chain management regulations and policies.</p> <p>Management should enforce project management tracker to enable identification of services that are coming to and end to start procurement processes in advance before the contracts end.</p>	<p>It was impractical for management to avoid such transaction as they were previous multiyear cases that were still active which were awarded to supply when they were identified as irregular in the previous years. Amount has been accounted for in irregular register</p>	<p>Finding resolved during audit process</p>	<p>April Masilela</p>	<p>31/Jan/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>appointed to continue with the cases that set before court. The municipality is also aware of the end date of the contract and could have started the procurement processes in advance , therefore, reason for deviation is as a result of lack of proper planning. Even though disclosed as irregular, this does not put away the fact that the municipality has deviated without justified reasons. The following service providers were appointed for the above reasons;</p> <p>Failure of the municipality to have established a panel of legal service providers is due to improper planning of the municipality. This is because the municipality has a number of legal matters are ongoing. The</p>						

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>municipality should have always had a panel of legal service providers in place to avoid having to follow procurement process when legal matters arise.</p>						

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>Duplicate Medical Aid Contributions</p> <p>During the audit, it was noted that the Local Municipality would make double contributions for employee's who had switched Medical Aid Scheme's in the month they switched.</p> <p>the above table, the Local Municipality contributed the following amounts in the month of January 2025 to two Medical Aid Schemes for, P404926 – Buang Tshetlha:- Samwumed: R4 457,40- Munimed: R4 654,20 The R9 308,40 February payment reflected for Munimed Medical Aid Scheme includes a Backpay for January which equates to R4 654.20 = (R9 308,40/2). The duplicate payments are as a result of a Deficiency in Internal Controls in the Salary's Department,</p>	<p>Management did not adequately review and reconcile the Medical Aid Scheme's Billing Statement.</p>	<p>Management in the Salary's Department should ensure to review and reconcile the Medical Aid Billing Statement timeously to identify duplicate contributions.</p> <p>In addition, management must implement review processes in the Salary's Department to avoid duplicate payments.</p>	<p>Management agrees with the findings and requests an opportunity to adjust. Management has gone through the whole population of staff who switched medical aid in the year under review and have concluded that the error is limited to those that the Auditor has sampled. Samwumed repaid the municipality in May2025 for the duplicate done for Sina Raseroka (proof is attached) and the only adjustment to be made is for the duplicate payment for Buang Tshetlha Management request to raise staff debtors to recover the funds paid out.</p>	<p>Management will ensure that Salary and HR Department should ensure to review and reconcile the Medical Aid Billing Statement timeously to identify duplicate contributions</p>	<p>Boledi Serepo</p>	<p>31/Mar/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>particularly, Internal Review Controls. Furthermore, the duplicate payments for contributions made to Medical Aid Schemes resulted in Fruitless and Wasteful Expenditure as the Local Municipality could have avoided the duplicate Payments.</p>						

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>Non-compliance with Supply Chain Management Requirements – Award to Non-qualifying Bidder 1.Contract: JSM/R01/24-25W22 Construction of Radijoko bus and Taxi Route Phase 3. During the audit testing of the aforementioned contract the auditors identified that one of the minimum qualifying requirements for the bidders to be considered for the tender was that the bidder needed to attend a compulsory site briefing. It was established that on page 48 of the winning bidder’s (Nombi auto electrician enterprise) tender file that the “Certificate of Bidders Attendance” is empty, thus indicating that the winning bidder did not attend the compulsory site briefing. Therefore, the winning bidder</p>	<p>Management did not in all instances exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls as there was insufficient review of the evaluation and adjudication processes before approval of the award.</p>	<p>The bid evaluation and adjudication committees should strictly adhere to the minimum qualifying criteria and evaluation procedures established in the bid documentation and SCM policy.</p> <p>Management should ensure that the verification of bidders’ compliance with the minimum qualifying criteria is subjected to adequate review and validation prior to the award of any tender.</p>	<p>.Contract: JSM/R01/24-25W22 Construction of Radijoko bus and Taxi Route Phase 3. Management is not in agreement with the finding, For assessment of attendance of a compulsory briefing management considers an attendance register that is signed on the day of the briefing. And as per the compulsory briefing register attached, which is also attached in the evaluation file submitted to auditors, the tenderer has attended, refer to attendance register 3/10 row 20 where Nombi Auto Electrical has signed as proof of attendance. No tenderer was assessed for compulsory briefing attendance based on completion of “Certification of Bidder Attendance” but only based on the attendance register signed. 2.JSM-TRP/Survey-01/W00/2024/27 Appointment of panel of land surveyors. Consulting: 3 years term</p>	<p>Management will ensure that evaluation and adjudication committees should strictly adhere to the minimum qualifying criteria and evaluation procedures established in the bid documentation and SCM policy</p>	<p>April Masilela</p>	<p>31/Jan/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>was supposed to be disqualified as a result of not meeting the minimum qualifying requirement.2.JSM-TRP/Survey-01/W00/2024/27 Appointment of panel of land surveyors. Consulting: 3 years term</p> <p>During the audit testing of the aforementioned contract the auditors identified that one of the minimum qualifying requirements for the bidders to be considered for the tender was that the bidder needed to have a Professional indemnity Insurance policy which covers at least R300 000 per claim. However, the winning bidder (MM Geomatics) submitted their insurance policy from Lombard Insurance Company Limited (Administered by GENLIB CC) and this policy did not specify the amount which the insurance</p>			<p>Management is in agreement with the finding and would like an opportunity to adjust its disclosure will the adjusted AFS.</p>			

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>covers. Therefore, there is no evidence that the winning bidder indeed satisfied the minimum qualifying requirement of an insurance cover covering at least R300 000 per claim. Therefore, management should have disqualified the bidder instead of awarding them with the tender.</p>						

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>Fruitless and Wasteful Expenditure not Identified During the audit, duplicate contributions for Medical Aid Scheme's towards the employees of the Local Municipality were identified, particularly for employees who had switched Medical Aid Schemes. As per the Finding Communicated above, the following duplicate payments were made as contributions towards employees Medical Aid Schemes:</p> <p>P410317: Sina Raseroka - Samwumed: R2 919,00</p> <p>P404926: Buang Tshetlha - Samwumed: R4 457,40</p> <p>However, the duplicate payments made as contributions towards employees Medical Aid Schemes were not identified and included as part of Fruitless and Wasteful Expenditure.</p>	<p>Management did not adequately identify and include the Fruitless and Wasteful Expenditure in the Register. Furthermore, this indicates that there was insufficient review of the financial statements to ensure that all Fruitless and Wasteful Expenditure was accurately captured and fully disclosed in accordance with the Standards of GRAP, particularly GRAP 1 (Presentation of Financial Statements).</p>	<p>Management in the Finance Department should ensure to identify and update their Fruitless and Wasteful Expenditure to ensure Accuracy and Completeness.</p> <p>Management in the Finance Department should ensure to identify and update their Fruitless and Wasteful Expenditure to ensure Accuracy and Completeness.</p> <p>Management must ensure to recoup the amounts expanded for Medical Aid Scheme contributions from the respective and responsible individuals as per MFMA 32 recommendation.</p> <p>Management must ensure to recoup the amounts expanded for Medical Aid Scheme contributions from the respective and responsible individuals as per MFMA 32 recommendation.</p>	<p>Management agrees with the findings and requests an opportunity to update the Fruitless and wasteful disclosure note with the staff debtor of Buang Tshetlha since the one for Sina Raseroka was recovered during the year under review. The updated fruitless and wasteful expenditure note will be submitted after all adjustments have been effected.</p>	<p>staff debtor for Buang Tshetlha has been created to recover the fruitless and wasteful expenditure incurred</p>	<p>Boledi Serepo, Takane Thobejane</p>	<p>31/Mar/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>Differences in the calculations of cash flow statements During the audit of the cash flow statement, we noted differences between the recalculated cash flows from operating activities and the cash flows from operating activities as per the cash flow statement. Please refer to the tables below for details:1. Cash flow from operating activities: Table 1: Cash flows from operating activities: Receipts</p>	<p>There is a lack of oversight over financial reporting over the preparation of annual financial statements. Management used the amounts as at 30 June 2025 before the amount were adjusted.</p> <p>Late submission of annual financial statement for review to internal audit and audit committee</p>	<p>Management should review the cash flow statement and ensure that the amounts used are after the adjustments have been made to the financial statements. Management should ensure that annual financial statements are submitted timeously for review to internal audit and audit committee to allow timeous detection and correction of errors.</p> <p>Management should adjust the cash flow statement with the latest figures after all adjustments has been made effected to the annual financial statements</p>	<p>Management agrees with the findings and requests an opportunity to adjust once all the allowable adjustments have been made on the AFS. Management will review the cash flow statement and ensure that the amounts used are after the adjustments have been made to the financial statements as well as to ensure that annual financial statements are submitted timeously for review to internal audit and audit committee to allow timeous detection and correction of errors</p>	<p>The finding was resolve during the audit</p>	<p>Dumisani Ntuli</p>	<p>31/Jan/2026</p>
<p>PPE: Infrastructure - Differences in carrying balance</p> <p>During the audit of PPE: Infrastructure carrying balances as of 30 June 2025, depreciation was recalculated using the Dr JS Moroka Local Municipality's</p>	<p>Management did not adequately review the process of calculation depreciation to ensure consistency of the useful life used to calculate depreciation.</p> <p>Management did not</p>	<p>Management should review the depreciation calculations to ensure that the carrying amounts of assets are accurately determined in accordance with the asset management policy and depreciation</p>	<p>Management partially agrees with the finding. The depreciation and carrying amount in the infrastructure sample is misstated by R14732,37 not R354 797,92. Please see the attached calculation. However, Management will revisit the entire</p>	<p>Management will revisit the population and consistently apply the depreciation method and Remaining Useful Life (RUL) assessment in the calculation of the depreciation. Management will recalculate the depreciation and</p>	<p>Believe Mosungwa</p>	<p>31/Mar/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
approved methodology. Based on this recalculation, the following differences on carrying balance were identified as of 30 June 2025.	consistently apply the depreciation method and Remaining Useful Life (RUL) assessment in the calculation of the depreciation charge.	methodology and appropriately disclosed in the annual financial statements.	asset population and correct the misstatement accordingly.	carrying amounts of the assets and review the asset register.\		
PPE: Plant and Machinery, and Transport assets - Differences in carrying balance During the audit of PPE: Plant and Machinery, and transport assets carrying balances as of 30 June 2025, depreciation was recalculated, using the Dr JS Moroka Local Municipality's approved methodology. Based on this recalculation, the following differences on carrying balance were identified as of 30 June 2025.Plant and Machinery	Management did not adequately review the process of calculation depreciation to ensure consistency of the useful life used to calculate depreciation. Management did not consistently apply the depreciation method and Remaining Useful Life (RUL) assessment in the calculation of the depreciation charge.	Management should review the depreciation calculations to ensure that the carrying amounts of assets are accurately determined in accordance with the asset management policy and depreciation methodology and appropriately disclosed in the annual financial statements.	Management partially agrees with the finding. The depreciation and carrying amount in the plant, machinery and transport sample is misstated by R 631 543,56 not R1031810,04 . Please see the attached calculations However,Management will revisit the entire asset population and correct the misstatement accordingly.	Management will revisit the population and review the depreciation calculations to ensure that the carrying amounts of assets are accurately determined in accordance with the asset management policy and depreciation methodology and appropriately disclosed in the annual financial statements.	Believe Mosungwa	31/Mar/2026

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>PPE: Furniture fixtures, office equipment and IT equipment - Differences in carrying balance During the audit of PPE: Furniture fixtures, office equipment and IT equipment carrying balances as of 30 June 2025, depreciation was recalculated using the Dr JS Moroka Local Municipality's approved methodology. Based on this recalculation, the following differences on carrying balance were identified as of 30 June 2025.3. Furniture and fixtures</p>	<p>Management did not adequately review the process of calculation depreciation to ensure consistency of the useful life used to calculate depreciation.</p> <p>Management did not consistently apply the depreciation method and Remaining Useful Life (RUL) assessment in the calculation of the depreciation charge.</p>	<p>Management should review the depreciation calculations to ensure that the carrying amounts of assets are accurately determined in accordance with the asset management policy and depreciation methodology and appropriately disclosed in the annual financial statements.</p>	<p>Management partially agrees with the finding. The depreciation and carrying amount in the furniture and IT sample is misstated by R 53181,36 not R70 686,74. Please see the attached calculation. However, Management will revisit the entire asset population and correct the misstatement accordingly.</p>	<p>Management will revisit the population and consistently apply the approved depreciation methodology to ensure that the depreciation and carrying amounts of assets are accurately determined in accordance with the asset management policy and depreciation methodology and appropriately disclosed in the annual financial statements.</p>	<p>Believe Mosungwa</p>	<p>31/Mar/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>Disagreement misstatement – Contingent liability amounts do not reflect the current best estimate</p> <p>During the audit of contingent liabilities, it was noted that the amounts disclosed by the municipality as contingencies in Note 40 of the Annual Financial Statements for the year under review were identical to those disclosed in the prior year, with no adjustments made to reflect the current best estimates at the reporting date. Furthermore, it was observed that the amounts disclosed as contingent liabilities were based on figures from court summonses and attorney reports, with no evidence indicating that these amounts represent the best estimates of the expenditure required to settle the present obligations</p>	<p>Management rolled forward the prior year's estimated expenditure without ensuring that the amounts reflect the current best estimate at the reporting date.</p>	<p>Management should reassess all contingent liabilities at year-end to ensure that the amounts disclosed reflect the current best estimates on the reporting date. Updated information from legal representatives should be obtained to support the reasonableness of the disclosed amounts.</p>	<p>Management disagree with finding based on the following reasons;1. The estimates of outcome and financial effect are determined by the judgement of the management of the entity, supplemented by experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting date. 2. The Entity would recognise a provision because an outflow of economic benefits is now probable based on the conclusion and decision by the court.3. Interest which can be relevant for the purposes of adjustments will only run post judgement against the Municipality and the obligation will only be deemed to be due and payable for adjustments to be made which fact is not applicable under the circumstances.4. Uncertainties surrounding</p>	<p>The finding was resolve during the audit</p>	<p>Mathabo Mphahlele</p>	<p>31/Mar/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
as at the reporting date.			<p>the amount to be recognised as a provision are dealt with by various means according to the circumstances as set out below;5. The matters relate to the court process involving the same parties, cause of action, Forum, quantum and judgement has not been pronounced.6. Adjustments would only be possible and estimated by weighting all possible outcomes by their associated probabilities and to this end no reliable estimate can be made as the matter is still pending before court.7. The amount of the obligation cannot be measured with sufficient reliability other than through experts confirmation of financial implication as an estimate based on the claimed amount in the cause of action and as pleaded</p> <p>8. The balances on the disclosures made are deemed to be best estimates corroborated by the</p>			

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
			<p>legal experts falling within the standards on generally recognised practices on Contingencies as estimates. What constitute an estimate to be the best should be corroborated by the legal experts within the context of GRAP 19 backed by pleadings as verifiable, sufficient and conclusive evidence of the legal process pending before court .</p>			

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>Disagreement misstatement – Contingent Assets amounts do not reflect the current best estimate During the audit of contingent liabilities, it was noted that the amounts disclosed by the municipality as contingencies in Note 40 of the Annual Financial Statements for the year under review were identical to those disclosed in the prior year, with no adjustments made to reflect the current best estimates at the reporting date for contingent assets.</p>	<p>Management rolled forward the prior year’s estimated expenditure without ensuring that the amounts reflect the current best estimate at the reporting date.</p>	<p>Management should reassess all contingent liabilities at year-end to ensure that the amounts disclosed reflect the current best estimates on the reporting date. Updated information from legal representatives should be obtained to support the reasonableness of the disclosed amounts.</p>	<p>Management disagree with finding based on the following reasons;</p> <ol style="list-style-type: none"> 1. The estimates of outcome and financial effect are determined by the judgement of the management of the entity, supplemented by experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting date. 2. The Entity would recognise a provision because an outflow of economic benefits is now probable based on the conclusion and decision by the court. 3. Interest which can be relevant for the purposes of adjustments will only run post judgement against the Municipality and the obligation will only be deemed to be due and payable for adjustments to be made which fact is not applicable under the circumstances. 	<p>The finding was resolve during the audit</p>	<p>Mathabo Mphahlele</p>	<p>31/Mar/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
			<p>4. Uncertainties surrounding the amount to be recognised as a provision are dealt with by various means according to the circumstances as set out below;</p> <p>5. The matters relates to the court process involving the same parties, cause of action, Forum, quantum and judgement has not been pronounced.</p> <p>6. Adjustments would only be possible and estimated by weighting all possible outcomes by their associated probabilities and to this end no reliable estimate can be made as the matter is still pending before court.</p> <p>7. The amount of the obligation cannot be measured with sufficient reliability other than through experts confirmation of financial implication as an estimate based on the claimed amount in the</p>			

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
			<p>cause of action and as pleaded.</p> <p>8. The balances on the disclosures made are deemed to be best estimates corroborated by the legal experts falling within the standards on generally recognised practices on Contingencies as estimates. What constitute an estimate to be the best should be corroborated by the legal experts within the context of GRAP 19 backed by pleadings as verifiable, sufficient and conclusive evidence of the legal process pending before court .</p>			

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>The municipality did not perform the calculation of the price allocation on preference points</p> <p>During the audit of SCM (PPF), we have noted that the municipality did not consider the mentioned regulation (Preferential Procurement reg. 4(1)) when evaluating or awarding for panels</p>	<p>Management did not ensure compliance with the Preferential Procurement Regulations</p>	<p>Management must apply all the regulations when evaluating tenders or panels, including PPR 2022, on the points allocation, whether on the allocation of awards to the suppliers within the panel, to ensure that all the procedures are satisfied</p> <p>Management should adjust the irregular expenditure incurred in the annual financial statements</p>	<p>Management is not in agreement with the finding. The municipality considered Preferential Procurement reg. 4(1)</p> <p>The following formula must be used to calculate the points out of 80 for price in respect of an invitation for a tender with a Rand value equal to or below R50 million from specification committee up to bid evaluation committee.</p>	<p>Management will ensure compliance with the Preferential Procurement Regulations</p>	<p>April Masilela</p>	<p>31/Jan/2026</p>
<p>Property, Plant and Equipment – New Infrastructure assets not allocated barcodes</p> <p>During the audit of Property, Plant and Equipment, we noted that the following immovable tangible capital assets do not have specific unique identification number, such as barcodes ,cadastral information and GPS coordinates recorded in the Municipal Fixed Asset Register. Payment numbers</p>	<p>Management did not ensure that new assets are tagged with a unique number as per the Asset Management Policy.</p>	<p>Management should implement the controls of tagging the new assets with unique barcodes as and when assets are received by the municipality and recorded in the fixed asset register.</p>	<p>Management agrees with the audit finding. Management will implement the controls of tagging the new assets with unique barcodes as and when assets are received by the municipality and recorded in the fixed asset register</p>	<p>Management will implement the controls of tagging the new assets with unique barcodes as and when assets are received by the municipality and recorded in the fixed asset register</p>	<p>Believe Mosungwa</p>	<p>31/Jan/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
were used as asset numbers.						
<p>Prior Period Error – Cash Flow Statement Presentation During the audit of the prior period error relating to the cash flow statement, it was noted that certain cash flow items were incorrectly classified between operating, investing, and financing activities. Refer to the detail below:</p> <p>Employee costs and supplier payments, which are operating cash flows, were incorrectly classified under investing activities.</p> <p>Purchases of property, plant and equipment (PPE), which are investing cash flows, were</p>	<p>This indicates that there was insufficient review of the financial statements to ensure that all prior period adjustments were accurately captured and fully disclosed in accordance with the Standards of GRAP, particularly GRAP 1 (Presentation of Financial Statements) and GRAP 2 (Cash Flow statement)</p>	<p>Management should:</p> <p>Reclassify employee costs and supplier payments to operating activities, and reclassify purchases of PPE to investing activities, in line with IAS 7 / GRAP 2.</p> <p>Strengthen the review process for financial statement preparation to ensure that all cash flow items are correctly classified.</p> <p>Provide refresher training to finance staff on cash flow statement requirements and the correct classification of operating, investing, and financing activities.</p>	<p>Management agrees with finding</p> <p>Management has provided as par of annual financial statement adjustments the corrected disclosure of Prior year note cash flow</p>	<p>The finding was resolved during the audit</p>	<p>Dumisani Ntuli</p>	<p>31/Mar/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>incorrectly classified under financing activities. These classification errors were reflected in both the originally reported and restated balances.</p>						
<p>Deviations noted were not approved by the accounting officer During the audit of deviations, we noted that procurements disclosed as deviations in note 47 of the annual financial statement</p>	<p>Management did not ensure compliance with the Supply Chain Management Regulations by ensuring the accounting officer approves the deviations</p>	<p>Management should ensure compliance with the Supply Chain Management Regulations by ensuring the accounting officer approves the deviations. Management should</p>	<p>Management is not in agreement with the finding. Approved payment memo by the accounting officer detailing the reasons for deviation has been attached. Associations training deviations are filed separately by</p>	<p>Management should ensure compliance with the Supply Chain Management Regulations by ensuring the accounting officer approves the deviations.</p>	<p>April Masilela</p>	<p>31/Mar/2026</p>

Finding	Root Cause	Recommendation	Management Response	Action Plan	Responsible Person	Due Date Imp
<p>of the municipality for the year ended 30 June 2025 did not have a memorandum of deviation stating the reasons for the deviation and the approval by the accounting officer to deviate from the official procurement processes in procuring these services.</p>		<p>adjust the irregular expenditure incurred in the annual financial statements to include deviations that were not approved by the accounting officer</p>	<p>their end users after approval by the municipality to have a track record of all training that they have attended.</p>			

ABBREVIATIONS

Abbreviation	Description
SDBIP	Service Delivery and Budget Implementation Plan - Ensures service delivery and alignment with budget.
MFMA	Municipal Finance Management Act - Regulates financial management in municipalities (Act No: 56 of 2003).
MSA	Municipal Systems Act - Mandates performance management and reporting for municipalities (Act No: 32 of 2000).
IDP	Integrated Development Plan - A five-year strategic plan guiding municipal planning and decision-making.
KPA	Key Performance Area - Strategic areas for assessing performance, particularly in service delivery.
KPI	Key Performance Indicator - Specific measures used to evaluate the success of achieving targets in key performance areas.
LED	Local Economic Development - Initiatives aimed at promoting economic growth and job creation within a municipality.
PMS	Performance Management System - Monitors and evaluates the performance of municipalities.
AGSA	Auditor General of South Africa - Audits and reports on financial management of government bodies.
Opex	Operational Expenditure - Day-to-day operational expenses incurred by the municipality.
FBS	Free Basic Services - Services provided at no cost to indigent households, such as water and electricity.
MIG	Municipal Infrastructure Grant - National grant for improving municipal infrastructure and service delivery.
EPWP	Expanded Public Works Programme - Government initiative providing income and employment through labor-intensive projects.

1. FOREWORD

This Annual Performance Report is meant to report on the performance of Dr JS Moroka Local Municipality against the Service Delivery and Budget Implementation Plan (SDBIP) for 2024/2025 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 2024/2025 financial year (FY). One of the main aims of this Annual Performance Report is to make it possible for the relevant stakeholder groups to evaluate progress made by the municipality towards achieving its strategic objectives. This report serves as a key element of reporting on 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-

- a) The performance of the municipality and of each external service provider during that financial year;

- b) a comparison of the performance 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 of 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 2024/2025 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 2024/2025 financial year ending 30 June 2025. 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 and corrective measures to be implemented to fix 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 2024/2025 Financial year reflected an overall average of **95%**, representing an improvement from the performance average of **88%** achieved in the Annual Performance Report of 2023/2024 financial year.

Improvement in departments need 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 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 organize 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 objectives 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 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	16	16	0	100%

Detailed Report Attached

5. LOCAL ECONOMIC DEVELOPMENT

5.1. Objectives

This is one of the most important KPA's that the National Government intended 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 playing 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 appreciation on 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 5 planned targets and all 5 targets were achieved.

KPA	TO DEVELOP AND CREATE CONDUCTIVE ENVIRONMENT FOR ECONOMIC GROWTH			
	TOTAL KPIs	TOTAL ACHIEVED	TOTAL NOT ACHIEVED	% ACHIEVEMENT
KPA 3: Local Economic Development	05	05	0	100 %

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 27 planned targets and 26 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	27	26	01	96 %

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 financial viability conducive to infrastructure investment and service delivery. The financial performance of municipalities is based on the 2024/2025 financial statements. An attempt is made to ensure that the data tabled in this report is for the status as at end June 2025. For the financial year under Review: **Municipal Financial Viability and Management** had 24 planned targets and only 2 of those targets were not achieved.

KPA	TO IMPROVE OVERALL FINANCIAL MANAGEMENT IN MUNICIPALITY 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	22	02	91 %

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 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 center stage in South Africa, due to highly publicized events related to widespread protests within various communities. This has put even greater pressure on municipalities to deliver on their mandates and to ensure effective delivery service. 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 (2024-2025):

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	15	10	05	67%
	SUSTAINABLE DELIVERY OF IMPROVED SERVICES FOR ALL HOUSEHOLDS WITHIN DR JS MOROKA MUNICIPALITY			
KPA 5: Service Delivery and Infrastructure Development	19	17	02	89 %
	TO PROMOTE INTEGRATED HUMAN SETTLEMENTS			
KPA 6: Spatial Analysis and Rationale	07	07	0	100%

Detailed Report Attached

9. OVERALL ANNUAL MUNICIPAL PERFORMANCE

The 2024/2025 Annual Performance Report serves as a vital tool for the Executive Mayor, Councilors, Municipal Manager, Senior managers, and the community to track the implementation of the budget, evaluate the performance of officials, and ensure that strategic objectives are met. Below is the 2024/2025 Annual Performance Summary for Dr JS Moroka Local Municipality, categorized by Key Performance Area:

KPA	TOTAL KPIs	TOTAL ACHIEVED	TOTAL NOT ACHIEVED	% ACHIEVEMENT 2024/25 FY	% ACHIEVEMENT 2023/243 F
KPA 1: Institutional Development and Municipal Transformation	16	16	0	100% 	94 %
KPA 2: Good Governance and Public Participation	27	26	01	96 % 	92 %
KPA 3: Local Economic Development	05	05	0	100 % 	83 %
KPA 4: Municipal Financial Viability and Management	24	22	02	91 % 	92 %
KPA 5: Service Delivery: Community Development Service	15	10	05	67% 	94 %
KPA 5: Service Delivery and Infrastructure Development	19	17	2	89% 	68 %
KPA 6: Spatial Analysis and Rationale	07	07	0	100 % 	88 %
OVERALL PERFORMANCE	113	105	08	93%	88%

As at 2024/2025 financial year end, the municipality demonstrated an overall performance level of **93%**, representing a modest improvement of **5%** from the previous year's **88%** achievement. This incremental progress can be attributed largely to the stability that has been maintained within the organization, particularly within senior management, which has played a key role in sustaining performance levels.

During the period under review, **113** performance targets were set and evaluated. Of these, **105** targets were successfully met, reflecting a strong level of execution and commitment to achieving organizational goals. However, **08** of the targets were not met, translating into **7%** of the total targets remaining unachieved for the 2024/2025 financial year.

For a more comprehensive understanding of the performance results, including the specifics of the targets achieved and targets not achieved, as well as further analysis of contributing factors, please refer to the detailed report attached below.

10. CONCLUSION

The primary aim of this Annual Performance Report is to provide the relevant stakeholder groups of Dr JS Moroka Local Municipality with a comprehensive assessment of the municipality's progress in meeting its strategic objectives. By presenting this report, we seek to enable a transparent evaluation of how well the municipality has advanced in its service delivery and key performance areas (KPA), in alignment with both the Integrated Development Plan (IDP) and the municipal budget.

To ensure the accuracy of the information presented, all directorates were tasked with submitting the necessary performance evidence to substantiate their claims. Despite this thorough process, we acknowledge that there may still be some gaps; however, it is expected that this report accurately reflects the current reality on the ground and fulfils its intended purpose.

Additionally, it is crucial to emphasize the significant positive impact that has been made by addressing vacancies in critical positions, particularly at the Senior Management level. These appointments have strengthened the municipality's capacity to deliver on its mandates, and we anticipate that this will further enhance performance moving forward. The filling of these key roles marks a pivotal step in driving the municipality towards improved service delivery and overall success.

11. DETAILED PERFORMANCE REPORT PER KPA

KPA 1: MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

NO	KEY FOCUS AREA	PROJECT	PREDETERMINED OBJECTIVES	KEY PERFORMANCE INDICATOR	BASELINE	BUDGET ALLOCATION	2024-2025 ANNUAL TARGETS	ACTUAL ANNUAL PERFORMANCE 2023-2024	ACTUAL ANNUAL PERFORMANCE 2024-2025	VARIANCE REASONS	CORRECTIVE MEASURE	EVIDENCE
1.	HRM	Executive Mayor's Bursary Scheme Implementation Plan	Capacitating employees with necessary skills. Recruit, select and retain competitive employees.	Number of Executive Mayor's Bursary activities implemented by 30 June 2025	New	Opex	9 Executive Mayor's Bursary activities implemented by 30 June 2025	9 Executive Mayor's Bursary activities Achieved	9 Executive Mayor's Bursary activities implemented by 30 June 2025 Achieved	None	None	Council resolution n, Advert & distribution list,
2.	HRM	Human Resources Management and Development Strategy	Capacitating employees with necessary skills. Recruit, select and retain competitive employees.	Approved HRM&D Strategy by 30 June 2025	New	Opex	Approved HRM&D Strategy by 30 June 2025.	Not Achieved	HR Strategy developed and approved by 30 June 2025. Achieved	None	None	Approved HRM& D Strategy
3.	HRM	HRM&D Plan Implementation	Capacitating employees with necessary skills. Recruit, select and retain competitive employees.	Number of HRM&D Plan activities implemented by 30 June 2025	19 HRM&D Plan activities implemented	Opex	19 HRM&D Plan activities implemented by 30 June 2025	19 HRM&D Plan activities implemented by 30 June 2025 Achieved	19 HRM&D Plan activities implemented by 30 June 2025 Achieved	None	None	Approved implementation reports.

4.	HRM	Municipal Organogram	Capacitating employees with necessary skills. Recruit, select and retain competitive employees.	Number of reviewed organograms aligned with the IDP by 30 June 2025	2023/2024 approved organogram	Opex	1 organogram reviewed and approved by 30 June 2025	1 organogram reviewed and approved by 30 June 2024 Achieved	1 organogram reviewed and approved by 30 June 2025 Achieved	None	None	Organogram and Council resolution approving the organogram
5.	HRM	OHS Programme	Capacitating employees with necessary skills. Recruit, select and retain competitive employees.	Number of OHS Programme activities implemented by 30 June 2025	16 OHS Programme activities implemented by 30 June 2024	Opex	16 OHS Programme activities implemented by 30 June 2025	16 OHS Programme activities implemented by 30 June 2024 Achieved	16 OHS Programme activities implemented by 30 June 2025 Achieved	None	None	Approved implementation reports.
6.	HRM	Training and Development	Capacitating employees with necessary skills. Recruit, select and retain competitive employees.	Number of Training & Development Plan activities and initiatives implemented by 30 June 2025	5 Training & Development Plan activities implemented by 30 June 2024	Opex	5 Training & Development Plan activities implemented by 30 June 2025	5 Training & Development Plan activities implemented by 30 June 2024 Achieved	5 Training & Development Plan activities implemented by 30 June 2025 Achieved	None	None	Approved Training and Development implementation Report
7.	Labour Relations	Disciplinary proceedings	To ensure sound labour relations within the Municipality	4 Quarterly reports on disciplinary-on-disciplinary proceedings initiated in relations to reported matters by June 2025	4 Quarterly reports on disciplinary-on-disciplinary proceedings initiated in relation to reported matters by June 2024	Opex	4 Quarterly reports on disciplinary proceedings initiated in relations to reported matters by June 2025	4 Quarterly reports on disciplinary-on-disciplinary proceedings initiated in relations to reported matters by June 2024 Achieved	4 Quarterly reports on disciplinary-on-disciplinary proceedings initiated in relations to reported matters by June 2025 Achieved	None	None	Report on the disciplinary proceedings of the reported matters.
8.	Labour Relations	Local Labour Forum (Meetings with organised Labour)	To ensure sound labour relations within the Municipality	Number of Local Labour Forum meetings held by June 2025	4 LLF meetings held by June 2024	Opex	4 of Local Labour Forum meetings held by June 2025	4 of Local Labour Forum meetings held by June 2024 Achieved	5 Local Labour Forum meetings held by June 2025 Achieved	None	None	Agenda, Minutes and attendance registers

NO	KEY FOCUS AREA	PROJECT	PREDETERMINE D OBJECTIVES	KEY PERFORMANCE INDICATOR	BASELINE	BUDGET ALLOCATIO N	2024-2025 ANNUAL TARGETS	ACTUAL ANNUAL PERFORMAN CE 2023-2024	ACTUAL ANNUAL PERFORMANC E 2024-2025	VARIANC E REASON S	CORREC TIVE MEASUR E	EVIDENCE
9.	Secretariat	Development of Schedule of meetings	Proper coordination of meetings and Council support	Approved schedule of meetings by June 2025	2023/2024 Approved schedule of meetings	Opex	1 Approved schedule of meetings for 2024/25	1 Approved schedule of meetings for 2023/24 Achieved	1 Approved schedule of meetings for 2024/25 Achieved	None	None	Approved schedule of meetings for 2024/25 & Council resolutions
10.	Secretariat	Management and coordination of meetings	Proper coordination of meetings and Council support	Number of Council Sittings scheduled and held by 30 June 2025	12 Council sittings	Opex	4 Council sittings scheduled and held by June 2025	12 Council sittings scheduled and held by June 2024 Achieved	10 Council sittings scheduled and held by June 2025 Achieved	None	None	Agenda, Minutes and attendance registers
11.	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 reviewal of the municipal by-laws by 30 June 2025	4 reports	Opex	4 Reports compiled by 30 June 2025	4 Reports compiled by 30 June 2024 Achieved	4 Reports compiled by 30 June 2025 Achieved	None	None	Quarterly reports on the reviewed by- laws.
12.	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 30 June 2025	4 Reports	Opex	4 Litigation registers by 30 June 2025	4 Litigation registers by 30 June 2024 Achieved	4 Litigation registers by 30 June 2025 Achieved	None	None	Quarterly litigation registers

NO	KEY FOCUS AREA	PROJECT	PREDETERMINE D OBJECTIVES	KEY PERFORMANCE INDICATOR	BASELINE	BUDGET ALLOCATION	2024-2025 ANNUAL TARGETS	ACTUAL ANNUAL PERFORMANCE 2023-2024	ACTUAL ANNUAL PERFORMANCE 2024-2025	VARIANCE REASONS	CORRECTIVE MEASURE	EVIDENCE
13.	Legal Services	Service Level Agreements	To handle and advise on all legal matters for and against the Municipality, review of by-laws	Number quarterly reports on the status of municipal service level agreements by 30 June 2025	4 reports on SLA developed for 2023/24	Opex	4 Service Level Agreement Reports compiled by 30 June 2025.	4 Service Level Agreement Reports compiled by 30 June 2024. Achieved	4 Service Level Agreement Reports compiled by 30 June 2025. Achieved	None	None	Quarterly reports on the status of Municipal Service Level Agreements
14.	Communication	Communication Strategy	To coordinate and facilitate information dissemination, communication and manage the municipal identity competitive employees.	One (1) Number of Communications strategies reviewed by 30 June 2025.	New	Opex	One (1) Number of Communications strategies reviewed by 30 June 2025.	New	One (1) Number of Communications strategies reviewed by 30 June 2025. Achieved	None	None	Communication strategy and council resolution

NO	KEY FOCUS AREA	PROJECT	PREDETERMINED OBJECTIVES	KEY PERFORMANCE INDICATOR	BASELINE	BUDGET ALLOCATION	2024-2025 ANNUAL TARGETS	ACTUAL ANNUAL PERFORMANCE 2023-2024	ACTUAL ANNUAL PERFORMANCE 2024-2025	VARIANCE REASONS	CORRECTIVE MEASURE	EVIDENCE
15.	Records Management	Records Management	Managing and safeguarding the records of the municipality	Number of quarterly reports on the implementation of the Electronic Document Management System submitted to the Municipal Manager by 30 June 2025	4	Opex	4 quarterly reports on the implementation of the Electronic Document Management System submitted to the Municipal Manager by 30 June 2025	4 quarterly reports on the implementation of the Electronic Document Management System submitted to the Municipal Manager by 30 June 2024 Achieved	4 quarterly reports on the implementation of the Electronic Document Management System submitted to the Municipal Manager by 30 June 2025 Achieved	None	None	Report on the implementation of the Electronic Document Management System.

16.	Records Management	Records Management	Managing and safeguarding the records of the municipality	Number of quarterly reports in terms of the correspondence received submitted to the MM by 30 June 2025	4	Opex	4 quarterly reports in terms of the correspondence received submitted to the MM by 30 June 2025	4 quarterly reports in terms of the correspondence received submitted to the MM by 30 June 2024 Achieved	4 quarterly reports in terms of the correspondence received submitted to the MM by 30 June 2025 Achieved	None	None	Report in terms of correspondence received and submitted to the MM by June 2024.
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KPA 2: LOCAL ECONOMIC DEVELOPMENT

NO	KEY FOCUS AREA	PROJECT	PREDETERMINED OBJECTIVES	KEY PERFORMANCE INDICATOR	BASELINE	BUDGET ALLOCATION	2024-2025 ANNUAL TARGETS	ACTUAL ANNUAL PERFORMANCE 2023-2024	ACTUAL ANNUAL PERFORMANCE 2024-2025	VARIANCE REASONS	CORRECTIVE MEASURE	EVIDENCE
17.	Local Economic Development (LED)	Entrepreneur Skills Development and Job Creation of patching potholes program	To provide capacity building program and skill development	Number of job opportunities and skill developed through pothole patching program by June 2025	New	Opex	Thirty (30) job opportunities and skill developed through pothole patching program by June 2025	New	Thirty (30) job opportunities and skill developed through pothole patching program by June 2025 Achieved	None	None	Council Resolution Appointment letters

18.	Local Economic Development (LED)	Job Creation	Creation of sustainable jobs and SMMEs Development for the local communities	Number of job opportunities facilitated through Capital Projects, EPWP and private sector by 30 June 2025	150 Job opportunities facilitated through Social Labour Plans and Capital Projects by 30 June 2024	MIG and External	100 job opportunities facilitated through Capital Projects, EPWP and Private sector by 30 June 2025	150 Job opportunities facilitated through Social Labour Plans and Capital Projects by 30 June 2024 Achieved	100 job opportunities facilitated through Capital Projects, EPWP and Private sector by 30 June 2025 Achieved	None	None	List of projects implemented on letterheads, with a number of people temporary employed per project.
19.	Local Economic Development (LED)	LED Strategy Review	To create an environment that promote development of local Economy and facilitate job creation	Number of LED Strategy Reviewed and approved by 30 June 2025	New	Opex	(1) LED Strategy Reviewed and approved by 30 June 2025	New	(1) LED Strategy Reviewed and approved by 30 June 2025 Achieved	None	None	Final LED Strategy & Council Resolution
20.	Local Economic Development (LED)	Tourism Support through the updating of municipal website on tourism products	To promote tourism and position Dr JS MLM as preferred destination	Number of the tourism destination database updated on municipal website by 30 June 2025	New	Opex	(1) tourism destination database updated on municipal website by 30 June 2025	New	(1) tourism destination database updated on municipal website by 30 June 2025 Achieved	None	None	Print out of Tourism database and pictures uploaded on a Municipal website Inspection register
21.	Local Economic Development (LED)	LED Forum	Promote stakeholder engagements to stimulate the local economy	Number of LED forums meeting conducted by 30 June 2025	4 LED forum meetings conducted by 30 June 2024	Opex	4 LED forum meetings conducted by 30 June 2025	3 LED forum meetings conducted by 30 June 2024 Not Achieved	4 LED forum meetings conducted by 30 June 2025 Achieved			Attendance Register & Minutes of the Meetings and agenda

KPA 3: GOOD GOVERNANCE & PUBLIC PARTICIPATION

NO	KEY FOCUS AREA	PROJECT	PREDETERMINED OBJECTIVES	KEY PERFORMANCE INDICATOR	BASELINE	BUDGET ALLOCATION	2024-2025 ANNUAL TARGETS	ACTUAL ANNUAL PERFORMANCE 2023-2024	ACTUAL ANNUAL PERFORMANCE ⁴ 2024-2025	VARIANCE REASONS	CORRECTIVE MEASURE	EVIDENCE
22.	Good Governance and Public Participation	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 30 June 2025	2023/2024 Signed Performance Agreements of Senior Managers	Opex	Performance Agreements of Senior Managers signed by 30 June 2025	Performance Agreements of Senior Managers signed by 30 June 2024 Achieved	Performance Agreements of Senior Managers signed by 30 June 2025 Achieved	None	None	Signed Performance Agreements & Proof of submission
23.	Good Governance and Public Participation	Annual Performance Report	To enhance institutional performance culture and to maximise accountability and transparency amongst employees	Compilation of the Annual Performance Report 2024/2025 by 30 June 2024	2023/2024 Annual Performance Report	Opex	Annual Performance Report compiled and Submitted to AG by 31 August 2024	Annual Performance Report compiled and Submitted to AG by 31 August 2023 Achieved	Annual Performance Report compiled and Submitted to AG by 31 August 2024 Achieved	None	None	Proof of Submission to the Provincial AG
24.	Good Governance and Public Participation	Annual Report	To enhance institutional performance culture and to maximise accountability and transparency amongst employees	Compilation of the Annual Report for 2024/2025 by 30 June 2025	2023/2024 Annual Report	Opex	Annual Report compiled and approved by 30 June 2025	Annual Report compiled and approved by 30 June 2024 Achieved	Annual Report compiled and approved by 30 June 2025 Achieved	None	None	Council resolution Approving the Annual Report
25.	Good Governance and Public Participation	SDBIP 2024/2025	To enhance institutional performance culture and to maximise accountability and transparency amongst employees	Number of Final 2024/2025 SDBIP developed and approved by the Executive Mayor by 30 June 2025	2023/2024 SDBIP	Opex	1 Final SDBIP developed and approved by the Mayor within 28 days after the approval of the Budget by 30 June 2025	1 Final SDBIP developed and approved by the Mayor within 28 days after the approval of the Budget by 30 June 2024	1 Final SDBIP developed and approved by the Mayor within 28 days after the approval of the Budget by 30 June 2025 Achieved	None	None	Approved SDBIP by the Mayor

NO	KEY FOCUS AREA	PROJECT	PREDETERMINED OBJECTIVES	KEY PERFORMANCE INDICATOR	BASELINE	BUDGET ALLOCATION	2024-2025 ANNUAL TARGETS	ACTUAL ANNUAL PERFORMANCE 2023-2024	ACTUAL ANNUAL PERFORMANCE ⁴² 2024-2025	VARIANCE REASONS	CORRECTIVE MEASURE	EVIDENCE
								Achieved				
26.	Good Governance and Public Participation	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 30 June 2025	4 quarterly reports submitted to council	Opex	4 SDBIP Quarterly Performance Reports submitted to council by 30 June 2025	4 SDBIP Quarterly Performance Reports submitted to council by 30 June 2024 Achieved	4 SDBIP Quarterly Performance Reports submitted to council by 30 June 2025 Achieved	None	None	SDBIP Quarterly Performance Reports & Council Resolution
27.	Good Governance and Public Participation	Stakeholder management	Improve stakeholder confidence in the municipality	Number of stakeholder engagements held by 30 th June 2025	New	Opex	4 stakeholder engagements meetings by 30 June 2025	New	4 stakeholder engagements meetings by 30 June 2025 Achieved	None	None	Invitation, Agenda and minutes attendance registers
28.	Good Governance and Public Participation	Stakeholder management	Improve stakeholders confidence in the municipality	Number of stakeholder engagements held by 30 th June 2025	4 stakeholder engagements meetings by 30 June 2024	Opex	4 stakeholder engagements meetings by 30 June 2025	4 stakeholder engagements meetings by 30 June 2024 Achieved	4 stakeholder engagements meetings by 30 June 2025 Achieved	None	None	Invitation, Agenda and minutes attendance registers
29.	Good Governance and Public Participation	IDP Process Plan	To Ensure development and adoption of the IDP process plan as per legislated timeframes	Development of the IDP Process Plan for 2024/2025 by 30 June 2025	Developed 2023/2024 IDP Process Plan by 30 June 2024	Opex	Development of the IDP Process Plan for 2024/2025 by 30 June 2025	Developed 2023/2024 IDP Process Plan by 30 June 2024 Achieved	Developed 2024/2025 IDP Process Plan by 30 June 2025 Achieved	None	None	IDP Process Plan & Council Resolution

NO	KEY FOCUS AREA	PROJECT	PREDETERMINED OBJECTIVES	KEY PERFORMANCE INDICATOR	BASELINE	BUDGET ALLOCATION	2024-2025 ANNUAL TARGETS	ACTUAL ANNUAL PERFORMANCE 2023-2024	ACTUAL ANNUAL PERFORMANCE 2024-2025	VARIANCE REASONS	CORRECTIVE MEASURE	EVIDENCE
30.	Good Governance and Public Participation	IDP Review	To Ensure development and adoption of the IDP process plan as per legislated timeframes	Number of Reviews of the 2022-27 IDP by 30 June 2025	2023/2025 IDP	Opex	1 reviewed and approved IDP for 2022-2027 by 30 June 2025	1 reviewed and approved IDP for 2022-2027 by 30 June 2024 Achieved	1 reviewed and approved IDP for 2022-2027 by 30 June 2025 Achieved	None	None	Council resolution noting and approving the IDP
31.	Good Governance and Public Participation	Strategic Planning / Lekgotla	To promote participatory culture and good governance through a sound application of performance management system, risk management services, communication and public participation services and the internal audit services	Number of Strategic Planning/Lekgotla sessions by 31 March 2025	1 of Strategic Planning/Lekgotla sessions held in February 2024	Opex	1 of Strategic Planning/Lekgotla sessions by 31 March 2025	Number of Strategic Planning/Lekgotla sessions by February 2024 Achieved	Number of Strategic Planning/Lekgotla sessions by 31 March 2025 Achieved	None	None	Invitations, Programmes and Strategic Planning/Lekgotla report & council resolution
32.	Good Governance and Public Participation	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 2025	State of the Municipal Address held by 30 June 2024	Opex	One (1) State of Municipal Address held by 30 June 2025	State of the Municipal Address held by 30 June 2024 Achieved	One (1) State of Municipal Address held by 30 June 2025 Achieved	None	None	Report – Inclusive of Invitations, Agenda and Photos
33.	Good Governance and Public Participation	IT Steering Committee	Improving communication within the workplace infrastructure	Number of IT Steering Committee meetings by 30 June 2025	4 IT Steering Committee Meetings Held by 30 June 2024	Opex	4 IT Steering Committee Meetings Held by 30 June 2025	4 IT Steering Committee Meetings Held by 30 June 2024 Achieved	4 IT Steering Committee Meetings Held by 30 June 2025 Achieved	None	None	Attendance Register Minutes and Agendas

NO	KEY FOCUS AREA	PROJECT	PREDETERMINE D OBJECTIVES	KEY PERFORMANCE INDICATOR	BASELINE	BUDGET ALLOCATION	2024-2025 ANNUAL TARGETS	ACTUAL ANNUAL PERFORMANCE 2023-2024	ACTUAL ANNUAL PERFORMANCE420 24-2025	VARIANCE REASONS	CORRECTIVE MEASURE	EVIDENCE
34.	Good Governance and Public Participation	Procurement Of Computers and Other ICT Equipment	Improving communication within the workplace infrastructure	Number of reports on the Procurement of Computers and Other ICT equipment submitted to MM by 30 June 2025	2023/2024 Procurement Report	Opex	2 Reports on the Procurement of Computers and Other ICT equipment by 30 June 2025	2 Reports on the Procurement of Computers and Other ICT Equipment by 30 June 2024 Achieved	2 Reports on the Procurement of Computers and Other ICT equipment by 30 June 2025 Achieved	None	None	Reports Approved by MM
35.	Good Governance and Public Participation	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 30 June 2025	4 Quarterly Reports on the Maintenance and Support Provision of the Municipal LAN, WAN, SD Network Infrastructure by 30 June 2024	Opex	Number of Quarterly Reports on the Maintenance and Support Provision of the Municipal LAN, WAN, SD Network Infrastructure by 30 June 2025	4 Quarterly Reports on the Maintenance and Support Provision of the Municipal LAN, WAN, SD Network Infrastructure by 30 June 2024 Achieved	Number of Quarterly Reports on the Maintenance and Support Provision of the Municipal LAN, WAN, SD Network Infrastructure by 30 June 2025 Achieved	None	None	Quarterly Reports on the Maintenance and Support Provision of the Municipal LAN, WAN, SD Network Infrastructure approved by the MM
36.	Good Governance and Public Participation	Repairs and Maintenance of ICT equipment	Improving communication within the workplace infrastructure	Number of quarterly Reports on the Repairs and Maintenance of ICT equipment by 30 June 2025	2023/2024 Quarterly Reports	Opex	Number of quarterly Reports on the Repairs and Maintenance of ICT equipment by 30 June 2025	Number of quarterly Reports on the Repairs and Maintenance of ICT equipment by 30 June 2024 Achieved	Number of quarterly Reports on the Repairs and Maintenance of ICT equipment by 30 June 2025 Achieved	None	None	Quarterly Reports on the Repairs and Maintenance of ICT Equipment Approved by the MM

NO	KEY FOCUS AREA	PROJECT	PREDETERMINED OBJECTIVES	KEY PERFORMANCE INDICATOR	BASELINE	BUDGET ALLOCATION	2024-2025 ANNUAL TARGETS	ACTUAL ANNUAL PERFORMANCE 2023-2024	ACTUAL ANNUAL PERFORMANCE 2024-2025	VARIANCE REASONS	CORRECTIVE MEASURE	EVIDENCE
37	Good Governance and Public Participation	AGSA Action Plan	To improve the adequacy and effectiveness of governance processes, risk management & internal control	% of Auditor General (AGSA) recommendations followed up by 30 June 2025	100 % of Auditor General (AGSA) recommendations followed up by 30 June 2024	Opex	100% of Auditor General (AGSA) recommendations followed by 30 June 2025	100% of Auditor General (AGSA) Achieved	100% of Auditor General (AGSA) Achieved	None	None	AGSA Action Plan
38	Good Governance and Public Participation	Internal Audit recommendations	To improve the adequacy and effectiveness of governance processes, risk management & internal control	% Internal Audit recommendations followed up by 30 June 2025	100% Internal Audit recommendations followed up by 30 June 2024	Opex	100% Internal Audit recommendations followed up by 30 June 2025	100% Internal Audit recommendations followed up by 30 June 2024 Achieved	100% Internal Audit recommendations followed up by 30 June 2025 Achieved	None	None	Internal Audit Action Plan
39	Good Governance and Public Participation	Audit Committee Meeting	To improve adequacy and effectiveness of governance processes, risk management & internal control	Number of Audit Committee Meetings held per quarter (including Performance Meetings) by 30 June 2025	8 audit committee meetings held ending 30 June 2024.	Opex	4 audit committee meetings to be held 30 June 2025	8 audit committee meetings held ending 30 June 2024. Achieved	4 audit committee meetings to be held 30 June 2025 Achieved	None	None	Agenda, Minutes & Attendance Registers invitations
40	Good Governance and Public Participation	Audit Committee Reports	To improve adequacy and effectiveness of governance processes, risk management & internal control	Number of quarterly Audit Committee reports submitted to Council per quarter by 30 June 2025	4 quarterly Audit Committee reports submitted to Council by 30 June 2024	Opex	4 quarterly Audit Committee reports submitted to Council by 30 June 2025	4 quarterly Audit Committee reports submitted to Council by 30 June 2024 Achieved	4 quarterly Audit Committee reports submitted to Council by 30 June 2025 Achieved	None	None	Quarterly Audit Committee reports and council Resolution
41	Good Governance and Public Participation	Strategic Risk Monitoring	To coordinate, monitor, maintain and improve effective and efficient functioning of Risk Management systems in order to better risk management capability maturity level	% of achievement in monitoring and verifying the implementation of Strategic Risk mitigation controls/plans by 30 June 2025	60% achievement in monitoring and verifying the implementation of Strategic Risk mitigation controls/plan by 30 June 2024	Opex	60% achievement in monitoring and verifying the implementation of Strategic Risk mitigation controls/plan by 30 June 2025	68% achievement in monitoring and verifying the implementation of Strategic Risk mitigation controls/plan by 30 June 2024 Achieved	68% achievement in monitoring and verifying the implementation of Strategic Risk mitigation controls/plan by 30 June 2025 Achieved	None	None	Risk Management Assurance Reports, verifying the strategic risk monitoring reports

NO	KEY FOCUS AREA	PROJECT	PREDETERMINED OBJECTIVES	KEY PERFORMANCE INDICATOR	BASELINE	BUDGET ALLOCATION	2024-2025 ANNUAL TARGETS	ACTUAL ANNUAL PERFORMANCE 2023-2024	ACTUAL ANNUAL PERFORMANCE 2024-2025	VARIANCE REASONS	CORRECTIVE MEASURE	EVIDENCE
42	Good Governance and Public Participation	Risk Management Implementation 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	% of achievement in execution of the Risk Management Implementation Plan by 30 June 2025	100 % Internal Audit recommendations followed up by 30 June 2024	Opex	100 % Internal Audit recommendations followed up by 30 June 2025	100 % Internal Audit recommendations followed up by 30 June 2024 Achieved	100 % Internal Audit recommendations followed up by 30 June 2025 Achieved	None	None	Risk Management Assurance Report
43	Good Governance and Public Participation	Ward Operation Plan	To organize, mobilize and empower community to participate in decision making that the municipality should take in terms of service delivery	Number of Ward Operation Plans Reviewed by 30 June 2025	31 Ward Operation Plans Reviewed by 30 June 2024	Opex	31 Ward Operation Plans Reviewed by 30 June 2025	31 Ward Operation Plans Reviewed by 30 June 2024 Achieved	31 Ward Operation Plans Reviewed by 30 June 2025 Achieved	None	None	Reviewed Operational Plans
44	Good Governance and Public Participation	Ward committee Performance	To organize, mobilize and empower community to participate in decision making that the municipality should take in terms of service delivery	Number of By-annual report generated and submitted to council on the performance of ward committee by 30 June 2025	2 By-annual report generated and submitted to council on the performance of ward committee by 30 June 2024	Opex	2 By-annual report generated and submitted to council on the performance of ward committee by 30 June 2025	2 By-annual report generated and submitted to council on the performance of ward committee by 30 June 2024 Achieved	2 By-annual report generated and submitted to council on the performance of ward committee by 30 June 2025 Achieved	None	None	Ward Committee Performance Report & Council Resolution
45	Good Governance and Public Participation	Community Outreaches	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 30 June 2025	2 community outreach meetings held by 30 June 2024	Opex	2 community outreach meetings held by 30 June 2025	2 community outreach meetings held by 30 June 2024 Achieved	2 community outreach meetings held by 30 June 2025 Achieved	None	None	Reports and attendance registers

NO	KEY FOCUS AREA	PROJECT	PREDETERMINED OBJECTIVES	KEY PERFORMANCE INDICATOR	BASELINE	BUDGET ALLOCATION	2024-2025 ANNUAL TARGETS	ACTUAL ANNUAL PERFORMANCE 2023-2024	ACTUAL ANNUAL PERFORMANCE 2024-2025	VARIANCE REASONS	CORRECTIVE MEASURE	EVIDENCE
46	Good Governance and 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 30 June 2025	2024 Summit	Opex	Number of summits held by 30 June 2025	One (1) summit held by 30 June 2024 Achieved	One (1) summit held by 30 June 2025 Achieved	None	None	Reports and attendance registers
47	Good Governance and Public Participation	Community Satisfaction Survey	To organize, mobilize and empower community to participate in decision making that the municipality should take in terms of service delivery	Number of Community Satisfaction Survey conducted by 30 June 2025	New	Opex	Number of Community Satisfaction Survey conducted by 30 June 2025	New	Number of Community Satisfaction Survey conducted by 30 June 2025 Not Achieved	Lack of capacity to conduct Survey	District to conduct the survey on behalf of the Municipality in 2025/2025 FY	Report on Community Satisfaction Survey
48	Good Governance and Public Participation	Unit Offices Service Delivery Reports	Facilitate access to basic services to all communities.	Number of Service delivery reports generated (Mbibane and Mathanjana) Unit Offices) by 30 June 2025	8 Service delivery reports compiled by 30 June 2024	Opex	8 Service delivery reports compiled by 30 June 2025	8 Service delivery reports compiled by 30 June 2024 Achieved	8 Service delivery reports compiled by 30 June 2025 Achieved	None	None	Signed Service delivery reports.

KPA 4: MUNICIPAL FINANCIAL MANAGEMENT AND VIABILITY

NO	KEY FOCUS AREA	PROJECT	PREDETERMINED OBJECTIVES	KEY PERFORMANCE INDICATOR	BASELINE	BUDGET ALLOCATION	2024-2025 ANNUAL TARGETS	ACTUAL ANNUAL PERFORMANCE 2023-2024	ACTUAL ANNUAL PERFORMANCE 20234-2025	VARIANCE REASONS	CORRECTIVE MEASURE	Evidence
49	Municipal Financial Management and Viability	Budget Process Plan	Ensure accurate and reliable financial planning & management	Budget Process Schedule approved by 31 August 2025	2023/2024 Approved Budget Process Schedule	Opex	Budget Process Schedule approved by 31 August 2024	24/25 Budget Process Schedule approved by 31 August 2025 Achieved	Budget Process Schedule approved by 31 August 2025 Achieved	None	None	Budget Process Schedule approved & Council Resolution
50	Municipal Financial Management and Viability	Budget Management	Ensure accurate and reliable financial planning & management	2025/2026 Budget approved 30 June 2025	2023/2024 approved Annual budget	Opex	2025/2026 Budget approved 31 May 2025	2025/2026 Budget approved by 31 May 2025 Achieved	2025/2026 Budget approved by 31 May 2025 Achieved	None	None	Council Resolution for Draft and Final Annual Budget
51	Municipal Financial Management and Viability	Budget and reporting regulations.	Ensure accurate and reliable financial planning & management	Number of in-year reports submitted to the Executive Mayor and National Treasury by June 2025 (Sec 71, 52 and 72) by 30 June 2025	17 Reports Executive Mayor and National Treasury by June 2025	Opex	17 in-year reports submitted to the Executive Mayor and National Treasury by 30 June 2025	17 in-year reports submitted to the Executive Mayor and National Treasury by 30 June 2025 Achieved	17 in-year reports submitted to the Executive Mayor and National Treasury by 30 June 2025 Achieved	None	None	proof of submission. Acknowledgment of receipt Council resolutions
52	Municipal Financial Management and Viability	Revenue management	Compile supplementary valuation roll according to Municipal property rates act	Number of Supplementary valuation rolls compiled by 30 June 2025	One Supplementary valuation roll a year for 2023/24	Opex	One (1) Supplementary valuation roll compiled by 30 June 2025	One (1) Supplementary valuation roll compiled by 30 June 2024 Achieved	One (1) Supplementary valuation roll compiled by 30 June 2025 Achieved	None	None	Supplementary valuation roll

NO	KEY FOCUS AREA	PROJECT	PREDETERMINED OBJECTIVES	KEY PERFORMANCE INDICATOR	BASELINE	BUDGET ALLOCATION	2024-2025 ANNUAL TARGETS	ACTUAL ANNUAL PERFORMANCE 2023-2024	ACTUAL ANNUAL PERFORMANCE 2023-2024	2024-2025 VARIANCE REASONS	CORRECTIVE MEASURE	Evidence
53	Municipal Financial Management and Viability	Compilation and submission of the Annual Financial Statements	Ensure submission of the Annual Financial Statements	Submission of the Annual Financial Statements by the 31 st of August 2024	2022/23 Financial Statements submitted by the 31 st of August 2023	9 300 000	Annual Financial Statements submitted by the 31 st of August 2024	Annual Financial Statements submitted by the 31 st of August 2023 Achieved	Annual Financial Statements submitted by the 31 st of August 2024 Achieved	None	None	Acknowledgement of receipt from the AGSA
54	Municipal Financial Management and Viability	Improve the audit opinion	Sound financial management	Unqualified Audit Opinion	Qualified Audit Opinion	Opex	One (1) Qualified Audit Opinion	One (1) Qualified Audit Opinion Achieved	One (1) Qualified Audit Opinion Achieved	None	None	AGSA Opinion
54	Municipal Financial Management and Viability	Payments of creditors within 30 days	Ensure payments of creditors within 30 days	Number of monthly creditors age analysis submitted by 30 June 2025	11 months creditors age analysis	Opex	12 monthly creditors age analysis submitted by 30 June 2025	12 monthly creditors age analysis submitted by 30 June 2024 Achieved	12 monthly creditors age analysis submitted by 30 June 2025 Achieved	None	None	Monthly Age Analysis
55	Municipal Financial Management and Viability	Revenue Management	To collect revenue due to the municipality.	Number of monthly debtors collection reports submitted by 30 June 2025.	12 Reports	Opex	12 monthly debtors collection reports submitted by 30 June 2025.	12 monthly debtors collection reports submitted by 30 June 2024 Achieved	12 monthly debtors collection reports submitted by 30 June 2025 Achieved	None	None	Proof of submission of Monthly debtors collection reports

NO	KEY FOCUS AREA	PROJECT	PREDETERMINED OBJECTIVES	KEY PERFORMANCE INDICATOR	BASELINE	BUDGET ALLOCATION	2024-2025 ANNUAL TARGETS	ACTUAL ANNUAL PERFORMANCE 2023-2024	ACTUAL ANNUAL PERFORMANCE 2024-2025	VARIANCE REASONS	CORRECTIVE MEASURE	Evidence
56	Municipal Financial Management and Viability	Implementation of the 5 key points as per approved SCM Policy	Ensure implementation of the 5 key points as per approved SCM Policy	Number of quarterly reports on the implementation of the Five (5) key points by 30 June 2025	New	Opex	Four (4) quarterly reports on the implementation of the Five (5) key points by 30 June 2025	Four (4) quarterly reports on the implementation of the Five (5) key points by 30 June 2024 Achieved	Four (4) quarterly reports on the implementation of the Five (5) key points by 30 June 2025 Achieved	None	None	Proof of submission of reports
57	Municipal Financial Management and Viability	UIF&W Reduction Strategy (25%)	Reduction of UIF&W Reduction of reliance on consultants	% Reduction of UIF&W by 30 June 2025	New	Operational	25% Reduction of UIF&W by 30 June 2025	25% Reduction of UIF&W by 30 June 2024 Not Achieved	50% Percentage reduction of the scope of work allocated to consultants by 30 June 2025 Achieved	None	None	UIF&W Report
58	Municipal Financial Management and Viability	Develop and implement a Consultancy Reduction Plan (Cost Containment)	Reduction of reliance on consultants	% Percentage reduction of the scope of work allocated to consultants by 30 June 2024	25% Percentage reduction of the scope of work allocated to consultants by 30 June 2024	Operational	20% Percentage reduction of the scope of work allocated to consultants by 30 June 2025	25% Percentage reduction of the scope of work allocated to consultants by 30 June 2024 Achieved	20 % reduction of the scope of work allocated to Consultants (Preparation and Review of line items of the AFS) by 30 June 2025 Achieved	None	None	Approved allocation for appointed consultants
59	Municipal Financial Management and Viability	Implementation of Post Audit Action Plan	Ensure implementation of Post Audit Action Plan	% implementation of Post Audit Action Plan by 30 June 2024	60% implementation of Post Audit Action Plan	Operational	90 % implementation of Post Audit Action Plan by 30 June 2025	60% implementation of Post Audit Action Plan Not Achieved	90 % implementation of Post Audit Action Plan by June 2025 Achieved	None	None	Progress on the implementation of the post audit action plan

NO	KEY FOCUS AREA	PROJECT	PREDETERMINED OBJECTIVES	KEY PERFORMANCE INDICATOR	BASELINE	BUDGET ALLOCATION	2024-2025 ANNUAL TARGETS	ACTUAL ANNUAL PERFORMANCE 2023-2024	ACTUAL ANNUAL PERFORMANCE ⁴ 2024-2025	VARIANCE REASONS	CORRECTIVE MEASURE	EVIDENCE
60	Municipal Financial Management and Viability	Rates and Taxes setting	To collect revenue due to the municipality	Tariff structure 30 June 2025	Non cost reflective tariffs.	Opex	Public Notice and Public Participation by 30 June 2025	Public Notice and Public Participation by 30 June 2024 Achieved	Public Notice and Public Participation on tariff structure by 30 June 2025 Achieved	None	None	Advertisement Public Notices and Public Participation .
61	Municipal Financial Management and Viability	Gazetting property rate By-law by 30 June 2025	To collect revenue due to the municipality	Gazetting property rate By-law by 30 June 2025	Non cost reflective tariffs.	Opex	Gazetting property rate By-laws by 30 June 2025	Gazetting property rate By-law by 30 June 2024 Not Achieved	Gazetting property rate By-law by 30 June 2025 Not Achieved	Delays in the gazetting of Tariff structure. At the time of reporting the process was not yet finalised.	In-progress ;request was submitted for Gazetting. It is estimated that it will be completed before end of June 2026	Gazette d Bylaws (Notice)
62	Municipal Financial Management and Viability	Revenue management enhancement strategy	To collect revenue due to the municipality	Number of quarterly reports on the Implementation of credit control and debt collection policies by 30 June 2025	Approved and implementation of revenue enhancement strategy	Opex	4 quarterly reports on the Implementation of credit control and debt collection policies by 30 June 2025	4 quarterly reports on the Implementation of credit control and debt collection policies by 30 June 2024 Achieved	4 quarterly reports on the Implementation of credit control and debt collection policies by 30 June 2025 Achieved	None	None	quarterly implementation reports

NO	KEY FOCUS AREA	PROJECT	PREDETERMINED OBJECTIVES	KEY PERFORMANCE INDICATOR	BASELINE	BUDGET ALLOCATION	2024-2025 ANNUAL TARGETS	ACTUAL ANNUAL PERFORMANCE 2023-2024	ACTUAL ANNUAL PERFORMANCE 2024-2502	VARIANCE REASONS	CORRECTIVE MEASURE	Evidence
63	Municipal Financial Management and Viability	Asset Register	Ensure a GRAP compliant asset register and Reliable & accurate reporting & accounting	Number of monthly Asset reconciliation reports submitted to MM by 30 June 2025	2023/2024 GRAP Compliant Asset Register	Opex	12 monthly assets reconciliation reports by 30 June 2025	12 monthly assets reconciliation reports by 30 June 2024 Achieved	12 monthly assets reconciliation reports by 30 June 2025 Achieved	None	None	Assets reconciliation reports
64	Municipal Financial Management and Viability	Asset Register	Ensure a GRAP compliant asset register and Reliable & accurate reporting & accounting	Number of asset verification report submitted to MM by 30 June 2025	2023/2024 GRAP Compliant Asset Register	Opex	2 asset verification report submitted to the Municipal Manager by 30 June 2025	2 asset verification report submitted to the Municipal Manager by 30 June 2024 Achieved	2 asset verification report submitted to the Municipal Manager by 30 June 2025 Not Achieved	The asset verification couldn't be concluded within the financial year	Asset verification to be started at the beginning of the financial year, so that it can be concluded within the financial year.	Annual asset verification report and proof of submission to MM
65	Municipal Financial Management and Viability	Inventory/Stock count	Ensure a GRAP compliant asset register and Reliable & accurate reporting & accounting	Number of quarterly reports on Inventory/stock count by 30 June 2025	2023/2024 quarterly reports on Inventory /stock count	Opex	4 stock counts reports by 30 June 2025	4 stock counts reports by 30 June 2024 Achieved	4 stock counts reports by 30 June 2025 Achieved	None	None	Quarterly Inventory / Stock count Reports
66	Municipal Financial Management and Viability	Institutional Procurement Plan	Ensure full compliance to SCM policy, regulations and relevant legislation.	Development of the Institution Procurement Plan by 30 June 2025	New	Opex	1 Institution Procurement plan developed by 30 June 2025	New	1 Institution Procurement plan developed by 30 June 2025 Achieved	None	None	Plan Approved by the MM

NO	KEY FOCUS AREA	PROJECT	PREDETERMINED OBJECTIVES	KEY PERFORMANCE INDICATOR	BASELINE	BUDGET ALLOCATION	2024-2025 ANNUAL TARGETS	ACTUAL ANNUAL PERFORMANCE 2023-2024	ACTUAL ANNUAL PERFORMANCE 2024-2025	VARIANCE REASONS	CORRECTIVE MEASURE	Evidence
67	Municipal Financial Management and Viability	Tender Register	Ensure full compliance to SCM policy, regulations and relevant legislation.	Establishment and monitoring of the tender register for above R200 000 tenders by 30 June 2025	4 Quarterly reports on tender register for above R200 000 tenders by 30 June 2024	Opex	4 Quarterly reports on tender register for above R200 000 tenders by 30 June 2025	4 Quarterly reports on tender register for above R200 000 tenders by 30 June 2024 Achieved	4 Quarterly reports on tender register for above R200 000 tenders by 30 June 2025 Achieved	None	None	Quarterly Reports and council resolutions
68	Municipal Financial Management and Viability	Compliance to SCM regulations	Ensure full compliance to SCM policy, regulations and relevant legislation.	Number of Compliance In-year reports submitted to Council by 30 June 2025	2023/2024 Compliance Reports	Opex	8 Compliance In-year reports submitted to Council by 30 June 2025	8 Compliance In-year reports submitted to Council by 30 June 2024 Achieved	8 Compliance In-year reports submitted to Council by 30 June 2025 Achieved	None	None	Council Resolutions. Deviation reports.
69	Municipal Financial Management and Viability	Creditors Reconciliation	Ensure the prompt payment of creditors	Number of Monthly Creditors Reconciliation prepared and signed off by CFO by 30 June 2025	12 Monthly Creditors Reconciliation prepared and signed off by CFO by 30 June 2024	Opex	12 Monthly Creditors Reconciliation prepared by 30 June 2025	12 Monthly Creditors Reconciliation prepared by 30 June 2024 Achieved	12 Monthly Creditors Reconciliation prepared by 30 June 2025 Achieved	None	None	Creditors Reconciliation Reports
70	Municipal Financial Management and Viability	Section 66 Reports	Ensure the prompt payment of creditors	Number of section 66 Reports prepared and submitted to Council by 30 June 2025	12 Sec 66 Reports prepared and submitted to Council by 30 June 2024	Opex	12 Section 66 Reports submitted by 30 June 2025	12 Section 66 Reports submitted by 30 June 2024 Achieved	12 Section 66 Reports submitted by 30 June 2025 Achieved	None	None	Sec 66 reports
71	Municipal Financial Management and Viability	Investment Register	Ensure the prompt payment of creditors	Number of investment registers prepared and signed off by CFO by 30 June 2025	12 monthly investment registers prepared and submitted by 30 June 2024	Opex	12 monthly investment registers prepared and submitted by 30 June 2025	12 monthly investment registers prepared and submitted by 30 June 2024 Achieved	12 monthly investment registers prepared and submitted by 30 June 2025 Achieved	None	None	Investment registers

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KPA 5: BASIC SERVICE DELIVERY: COMMUNITY DEVELOPMENT SERVICES

NO	KEY FOCUS AREA	PROJECT	PREDETERMINE D OBJECTIVES	KEY PERFORMANCE INDICATOR	BASELINE	BUDGET ALLOCA TION	2024-2025 ANNUAL TARGETS	ACTUAL ANNUAL PERFORMANCE 2023-2024	ACTUAL ANNUAL PERFORMANCE 2024-2025	VARIANCE REASONS	CORRECTIVE MEASURE	EVIDENCE
72	Basic Service Delivery: Community Development Services	Road Safety Promotion	To ensure public safety in all the roads within the municipal jurisdiction and provision of security to all facilities	Number of road safety campaigns conducted by 30 June 2025	3 road safety campaigns conducted by 30 June 2024	Opex	1 road safety campaign conducted by 30 June 2025	3 road safety campaigns conducted by 30 June 2024 Achieved	3 road safety campaigns conducted by 30 June 2025 Achieved	None	None	Invitations, Photos and attendance register
73	Basic Service Delivery: Community Development Services		To ensure public safety in all the roads within the municipal jurisdiction and provision of security to all facilities	Number of reports on notices issued in contravention of the National Road Traffic Act and Municipal By-Laws by 30 June 2025	12 reports on notices issued in contravention of the National Road Traffic Act and Municipal By-Laws by 30 June 2024	Opex	12 reports on notices issued in contravention of the National Road Traffic Act and Municipal By-Laws by 30 June 2025	12 reports on notices issued in contravention of the National Road Traffic Act and Municipal By-Laws by 30 June 2024 Achieved	12 reports on notices issued in contravention of the National Road Traffic Act and Municipal By-Laws by 30 June 2025 Achieved	None	None	Monthly Repots
74	Basic Service Delivery: Community Development Services	Operations of Municipal Registering Authorities	To ensure, manage and control the services of registering authority and DLTC	Number of monthly reports on the operations of the Municipal registering authorities with revenue collected from all transactions by June 2025	12 monthly report on the operations of the Municipal registering authorities With revenue collected from all transactions by 30 June 2024	Opex	12 monthly report on the operations of the Municipal registering authorities with revenue collected from all transactions by 30 June 2025	12 Monthly report on the operations of the Municipal registering authorities With revenue collected from all transactions by 30 June 2024 Achieved	12 Monthly report on the operations of the Municipal registering authorities With revenue collected from all transactions by 30 June 2025 Achieved	None	None	Monthly report with Council resolution

NO	KEY FOCUS AREA	PROJECT	PREDETERMINE OBJECTIVES	KEY PERFORMANCE INDICATOR	BASELINE	BUDGET ALLOCATION	2024-2025 ANNUAL TARGETS	ACTUAL ANNUAL PERFORMANCE 2023-2024	ACTUAL ANNUAL PERFORMANCE 2024-2025	VARIANCE REASONS	CORRECTIVE MEASURE	Evidence
75	Basic Service Delivery: Community Development Services	Life skills Workshops	To develop and empower youth socially, economically and with career opportunities	Number of life skills workshops held by 30 June 2025	8 life skills Workshops held by 30 June 2024	Opex	8 life skills Workshops held by 30 June 2025	8 life skills Workshops held by 30 June 2024 Achieved	8 life skills Workshops held by 30 June 2025 Achieved	None	None	Report, Photos & attendance register
76	Basic Service Delivery: Community Development Services	Career Expo	To develop and empower youth socially, economically and with career opportunities	Number of career expos held by 30 June 2025	1 Career expo held by 30 June 2024	Opex	1 career expo held by 30 June 2025	1 Career expo held by 30 June 2024	1 Career expo held by 30 June 2025 Achieved	None	None	Report, Photos & attendance register
77	Basic Service Delivery: Community Development Services	Youth In – Entrepreneurs Summit	To develop and empower youth socially, economically and with career opportunities	Number of Youth Summit held by 30 June 2025	New	Opex	1 Youth p Summit held by 30 June 2025	1 Youth In – Entrepreneurs hip Summit held by 30 June 2024 Achieved	1 Youth Summit held by 30 June 2025 Achieved	None	None	Report, Photos & attendance register
78	Basic Service Delivery: Community Development Services	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 30 June 2025	1	Opex	One HIV/Aids, cancer and TB awareness campaign conducted by 30 June 2025	One HIV/Aids, cancer and TB awareness campaign conducted by 30 June 2024 Achieved	One HIV/Aids, cancer and TB awareness campaign conducted by 30 June 2025 Achieved	None	None	Photos, Invitation and attendance register
79	Basic Service Delivery: Community Development Services	GBV Programme	Lobby, educate and support on the issues related to Socio economic challenges for elderly, women, children & persons with disability	Number of GBV programmes coordinated/collaborated in by 30 June 2025	New	Opex	4 Number of GBV programmes coordinated/collaborated in by 30 June 2025	New	03 Number of GBV programmes coordinated/collaborated in by 30 June 2025 Not Achieved	Rescheduled due to merging of the structure at the instruction of the Office of the Premier	Municipal Proper planning for 2025/2026 GBV Programmes is made	Report, Photos & attendance register
80	Basic Service Delivery: Community Development Services	Vulnerable Groups Programme	Lobby, educate and support on the issues related to Socio economic challenges for elderly, women, children & persons with	Number of vulnerable groups programmes coordinated by 30 June 2025	New	Opex	4 vulnerable groups programmes coordinated by 30 June 2025	6 vulnerable groups programmes coordinated by 30 June 2024	03 vulnerable groups programmes coordinated by 30 June 2025	Rescheduled due to unavailability of the venue	Proper planning for 2025/2026 FY	Report, Photos & attendance register

			disability					Achieved New	Not Achieved			
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NO	KEY FOCUS AREA	PROJECT	PREDETERMINED OBJECTIVES	KEY PERFORMANCE INDICATOR	BASELINE	BUDGET ALLOCATION	2024-2025 ANNUAL TARGETS	ACTUAL ANNUAL PERFORMANCE 2023-2024	ACTUAL ANNUAL PERFORMANCE 2024-2025	VARIANCE REASONS	CORRECTIVE MEASURE	EVIDENCE
81	Basic Service Delivery: Community Development Services	Disaster Management	To Mitigate & effective response to disaster	Number of quarterly disaster management reports generated by 30 June 2025	4 quarterly disaster management reports generated by 30 June 2024	Opex	4 quarterly disaster management reports generated by 30 June 2025	4 quarterly disaster management reports generated by 30 June 2024 Achieved	4 quarterly disaster management reports generated by 30 June 2025 Achieved	None	None	Quarterly Disaster management reports
82	Basic Service Delivery: Community Development Services	Disaster Management	To Mitigate & effective response to disaster	Number of Disaster Awareness Campaign conducted by 30 June 2025	12 Disaster Awareness Campaign conducted by 30 June 2024	Opex	1 Disaster Awareness Campaign conducted by 30 June 2025	12 Disaster Awareness Campaign conducted by 30 June 2024	1 Disaster Awareness Campaign conducted by 30 June 2025 Achieved	None	None	Report, Photos & attendance register
83	Basic Service Delivery: Community Development Services	Waste Collection	To promote clean, safe & healthy environment	Number of reports on the frequency of waste collection program implemented by 30 June 2025	12 reports on waste collection program implemented by 30 June 2024	Opex	12 reports on the frequency of waste collection program implemented by 30 June 2025	12 reports on waste collection program implemented by 30 June 2024 Achieved	12 reports on the frequency of waste collection program implemented by 30 June 2025 Achieved	None	None	Monthly signed waste collection reports
84	Basic Service Delivery: Community Development Services	Integrated Waste Management Plan (IWMP)	To promote clean, safe & healthy environment	Number of Integrated Waste Management Plan approved by council by 30 June 2025	1 Integrated Waste Management Plan approved by council by 30 June 2024	Opex	1 Integrated Waste Management Plan approved by council by 30 June 2025	1 Integrated Waste Management Plan approved by council by 30 June 2024 Achieved	0 Integrated waste management plan approved by council by 30 June 2025 Not Achieved	It had been delayed due DFFE need to moderate and assist in updating and verify the plan.	The plan to be submitted well in advance	Council resolution and approved Integrated Waste Management Plan

85	Basic Service Delivery: Community Development Services	Conduct external compliance audit on landfill sites	To promote clean, safe & healthy environment	Number of external compliance audits of landfill sites conducted by 30 June 2025	1	Opex	1 external compliance audit of landfill sites conducted by 30 June 2025	1 external compliance audit of landfill sites not conducted by 30 June 2024 Not Achieved	1 external compliance audit of landfill sites conducted by 30 June 2025 Achieved	None	None	Final Report on External compliance audit on landfill sites
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NO	KEY FOCUS AREA	PROJECT	PREDETERMINED OBJECTIVES	KEY PERFORMANCE INDICATOR	BASELINE	BUDGET ALLOCATION	2024-2025 ANNUAL TARGETS	ACTUAL ANNUAL PERFORMANCE 2023-2024	ACTUAL ANNUAL PERFORMANCE 2024-2025	VARIANCE REASONS	CORRECTIVE MEASURE	EVIDENCE
86	Basic Service Delivery: Community Development Services	EPWP	To promote clean, safe & healthy environment	Number of EPWP system reporting performed within first 10 days of each month by 30 June 2025	New	EPWP	12 EPWP system reporting performed within first 10 days of each month by 30 June 2025	New	12 EPWP system reporting performed within first 10 days of each month by 30 June 2025 Achieved	None	None	Quarterly Reports submitted to the Department of Public Works

KPA 5: BASIC SERVICE DELIVERY: TECHNICAL SERVICES

NO	KEY FOCUS AREA	PROJECT	PREDETERMINED OBJECTIVES	KEY PERFORMANCE INDICATOR	BASELINE	BUDGET ALLOCATION	2024-2025 ANNUAL TARGETS	ACTUAL ANNUAL PERFORMANCE 2023-2024	ACTUAL ANNUAL PERFORMANCE 2024-2025	VARIANCE REASONS	CORRECTIVE MEASURE	EVIDENCE
87	Basic Service Delivery: Technical Services	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 2025	600	Opex	600 samples collected for analysis as per SANS241 2015 by 30 June 2025	644 samples collected for analysis as per SANS241 2015 by 30 June 2024 Achieved	692 samples collected for analysis as per SANS241 2015 by 30 June 2025 Achieved	None	None	Quarterly water samples reports (providing Number of water samples taken)
88	Basic Service Delivery: Technical Services	Provision of Water for the community	Ensure access to sustainable water supply services to all communities	Number of quarterly reports on the % of households with access to basic services (Water, sanitation, and Electricity) Submitted to council per quarter by 30 June 2025	4 quarterly reports on the % of households with access to basic services (Water, sanitation, and Electricity) Signed by MM per quarter by 30 June 2024	Opex	4 quarterly reports on the % of households with access to basic services (Water, sanitation, and Electricity) Submitted to Council MM per quarter by 30 June 2025	4 quarterly reports on the % of households with access to basic services (Water, sanitation, and Electricity) Submitted to council per quarter by 30 June 2024 Achieved	4 quarterly reports on the % of households with access to basic services (Water, sanitation, and Electricity) Submitted to Council per quarter by 30 June 2025 Achieved	None	None	Quarterly reports

NO	KEY FOCUS AREA	PROJECT	PREDETERMINED OBJECTIVES	KEY PERFORMANCE INDICATOR	BASELINE	BUDGET ALLOCATION	2024-2025 ANNUAL TARGETS	ACTUAL ANNUAL PERFORMANCE 2023-2024	ACTUAL ANNUAL PERFORMANCE 2024-2025	VARIANCE REASONS	CORRECTIVE MEASURE	EVIDENCE
89	Basic Service Delivery: Technical Services	Fleet Performance	Ensure cost effective services for the supply of fleet requirements to various municipal departments	Number of reports on Fleet Management and Fleet performance generated by 30 June 2025	4 reports on Fleet Management and Fleet performance generated by 30 June 2024	Opex	4 reports on Fleet Management and Fleet performance generated by 30 June 2025	4 reports on Fleet Management and Fleet performance generated by 30 June 2024 Achieved	4 reports on Fleet Management and Fleet performance generated by 30 June 2025 Achieved	None	None	Approved Fleet Management Reports
90	Basic Service Delivery: Technical Services	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 2025	52 pumps at water treatment works and sub-station maintained or repaired by 30 June 2024	Opex	52 pumps at water treatment works and sub-station maintained or repaired by 30 June 2025	52 pumps at water treatment works and sub-station maintained or repaired by 30 June 2024 Achieved	39 pumps at water treatment works and sub-station maintained or repaired by 30 June 2025 Not Achieved	Budget Constraints	Request for more budget allocation for maintenance of pumps at water treatment works. And appointment of artisans to repair and maintain pumps	Monthly Inspection reports with Job Cards
91	Basic Service Delivery: Technical Services	Preventative maintenance of wastewater treatment works and sub-stations	To ensure that municipal sewer infrastructure is in good working condition	Number of pumps including panels of wastewater treatment works maintained by 30 June 2025	24 pumps including panels of wastewater treatment works maintained by end of 30 June 2024	Opex	24 pumps including panels of wastewater treatment works maintained by end of 30 June 2025	24 pumps including panels of wastewater treatment works maintained by end of 30 June 2024 Achieved	31 pumps including panels of wastewater treatment works maintained by end of 30 June 2025 Achieved	None	None	Monthly Inspection reports with Job Cards
92	Basic Service Delivery: Technical Services	Inspection of High-mast lights	Repair municipal electric infrastructure and cohesively co-ordinate with Eskom in electrifying Dr JS MLM households.	Percentage of requests for repairs of high mast lights attended (as and when) by 30 June 2025	70% of requests for repairs of high mast lights attended (as and when) by 30 June 2025	Opex	80% of requests for repairs of high mast lights attended (as and when) by 30 June 2025	70% requests for repairs of high mast lights attended to (as and when) by 30 June 2024 Achieved	86% of requests for repairs of high mast lights attended to (as and when) by 30 June 2025 Achieved	None	None	Monthly Repairs Reports on Job Cards

NO	KEY FOCUS AREA	PROJECT	PREDETERMINED OBJECTIVES	KEY PERFORMANCE INDICATOR	BASELINE	BUDGET ALLOCATION	2024-2025 ANNUAL TARGETS	ACTUAL ANNUAL PERFORMANCE 2023-2024	ACTUAL ANNUAL PERFORMANCE 2024-2025	VARIANCE REASONS	CORRECTIVE MEASURE	EVIDENCE
93	Basic Service Delivery: Technical Services	Electrification of households	Repair municipal electric infrastructure and cohesively co-ordinate with Eskom in electrifying Dr JS MLM households.	Number of approved design reports for 450 household Electrification in Thabana/Ramokgeletsane by 30 June 2025	200 households connected (Electrification) in Phake Ratlhagana by 30 June 2024	616 910	1 approved design reports for 450 household Electrification in Thabana / Ramokgeletsane by 30 June 2025	200 household connected (Electrification) in Phake Ratlhagana by 30 June 2024	1 approved design reports for 450 household Electrification in Thabana / Ramokgeletsane by 30 June 2025 Achieved	None	None	Approved Design Report
94	Basic Service Delivery: Technical Services	Electrification of households	Repair municipal electric infrastructure and cohesively co-ordinate with Eskom in electrifying Dr JS MLM households.	Number of approved design reports for 900 household Electrification in Phake by 30 June 2025	New	774 090	1 approved design reports for 900 household Electrification in Phake by 30 June 2025	New	0 approved design reports for 900 household Electrification in Phake by 30 June 2025 Not Achieved	Applications for funding was made for the outstanding household for the next financial year.	Application for funding was made for the outstanding household for the next financial year.	Approved Design Report
95	Basic Service Delivery: Technical Services	Electrification of households	Repair municipal electric infrastructure and cohesively co-ordinate with Eskom in electrifying Dr JS MLM households.	Number of applications for household electrification made to DMRE by 30 June 2025	New	Opex	One (1) applications for household electrification made to DMRE by 30 June 2025	New	One (1) applications for household electrification made to DMRE by 30 June 2025 Achieved	None	None	Applications report made to the DMRE

NO	KEY FOCUS AREA	PROJECT	PREDETERMINE D OBJECTIVES	KEY PERFORMANCE INDICATOR	BASELINE	BUDGET ALLOCATION	2024-2025 ANNUAL TARGETS	ACTUAL ANNUAL PERFORMANCE 2023-2024	ACTUAL ANNUAL PERFORMANCE 2024-2025	VARIANCE REASONS	CORRECTIVE MEASURE	EVIDENCE
96	Basic Service Delivery: Technical Services	Replacement of asbestos bulk line from water treatment plant to Bloedfontein reservoir	Ensure access to potable and sustainable water supply services to all communities.	Percentage of physical work complete on the Replacement of asbestos bulk line from water treatment plant to Bloedfontein reservoir by 30 June 2025	100 % physical work completed on the Replacement of asbestos bulk line from water treatment plant to Bloedfontein reservoir by 30 June 2024	25 000 000	100 % physical work complete on the Replacement of asbestos bulk line from water treatment plant to Bloedfontein reservoir Phase 3 by 30 June 2025	100 % physical work completed on the Replacement of asbestos bulk line from water treatment plant to Bloedfontein reservoir by 30 June 2024	100 % physical work complete on the Replacement of asbestos bulk line from water treatment plant to Bloedfontein reservoir Phase 3 by 30 June 2025 Achieved	None	None	Appointment letter, Progress reports, Practical Completion Certificate and Completion Certificate
97	Basic Service Delivery: Technical Services	Replacement of asbestos bulk line from water treatment plant to Kuilen phase 2	Ensure access to potable and sustainable water supply services to all communities.	Percentage of physical work complete on the Replacement of asbestos bulk line from water treatment plant to Kuilen phase 2 by 30 June 2025	New	21 748 513	100 % physical work complete on the Replacement of asbestos bulk line from water treatment plant to Kuilen phase 2 by 30 June 2025	New	100 % physical work complete on the Replacement of asbestos bulk line from water treatment plant to Kuilen phase 2 by 30 June 2025 Achieved	None	None	Appointment letter, Progress reports, Practical Completion Certificate and Completion Certificate
98	Basic Service Delivery: Technical Services	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 30 June 2025	12 monthly reports on the maintenance of Roads in identified Wards by 30 June 2024	Opex	12 monthly reports on the maintenance of Roads in identified Wards by 30 June 2025	12 monthly reports on the maintenance of Roads in identified Wards by 30 June 2024	12 monthly reports on the maintenance of Roads in identified Wards by 30 June 2025 Achieved	None	None	Monthly maintenance reports actual number of Kilometers maintained per ward, and Potholes Repaired, Approved by the Council
99	Basic Service Delivery: Technical Services	Construction of Katjibane Bus and Taxi Route Phase 3	Ensure safe, reliable and accessible roads within the Municipality. Ensure effective & efficient storm water control	Number of kilometres of Katjibane Bus and Taxi route constructed (Phase 3) by 30 June 2025	1.6 kilometres of Makopanong Bus and Taxi route constructed by 30 June 2024	11 000 000	1 kilometre of Katjibane Bus and Taxi route constructed (Phase 3) by 30 June 2025	1.6 ilometres of Katjibane Bus and Taxi route constructed by 30 June 2024	1.6 kilometres of Katjibane Bus and Taxi route constructed (Phase 3) by 30 June 2025 Achieved	None	None	Appointment letter, Progress reports, Practical Completion Certificate and Completion Certificate

NO	KEY FOCUS AREA	PROJECT	PREDETERMINE D OBJECTIVES	KEY PERFORMANCE INDICATOR	BASELINE	BUDGET ALLOCATION	2024-2025 ANNUAL TARGETS	ACTUAL ANNUAL PERFORMANCE 2023-2024	ACTUAL ANNUAL PERFORMANCE 2024-2025	VARIANCE REASONS	CORRECTIVE MEASURE	EVIDENCE
100	Basic Service Delivery: Technical Services	Construction of Radijoko Bus and Taxi route Phase 3	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 (Phase 3) by 30 June 2025	1 kilometre of Radijoko Bus and Taxi route constructed by 30 June 2024	11 000 000	1 kilometre of Radijoko Bus and Taxi route constructed (Phase 3) by 30 June 2025	1 kilometre of Katjibane Bus and Taxi route constructed by 30 June 2024 Achieved	1 kilometre of Radijoko Bus and Taxi route constructed (Phase 3) by 30 June 2025 Achieved	None	None	Appointment letter, Progress reports, Practical Completion Certificate and Completion Certificate
101	Basic Service Delivery: Technical Services	Construction of Makopanong Bus and Taxi route Phase 2	Ensure safe, reliable and accessible roads within the Municipality. Ensure effective & efficient storm water control	Number of kilometres of Makopanong Bus and Taxi route constructed (Phase 2) by 30 June 2025	1,1 kilometers of Mmamethake Bus and Taxi route constructed by 30 June 2024	11 000 000	1 kilometre of Makopanong Bus and Taxi route constructed (Phase2) by 30 June 2025	1,1 kilometers of Mmamethake Bus and Taxi route constructed by 30 June 2024 Achieved	1.2 kilometres of Makopanong Bus and Taxi route constructed (Phase2) by 30 June 2025 Achieved	None	None	Appointment letter, Progress reports, Practical Completion Certificate and Completion Certificate
102	Basic Service Delivery: Technical Services	Construction of Ga-Phaahla sewer outfall, sewer reticulation and precast toilets (Phase 2)	Ensure access to basic sanitation services to all communities.	Percentage of physical work complete on the Construction of Ga-Phaahla sewer outfall, sewer reticulation and precast toilets (Phase 2) by 30 June 2025	Construction of Ga-Phaahla sewer outfall, sewer reticulation and precast toilets (phase 2) by 30 June2024	20 508 208	100 % physical work complete on the Construction of Ga-Phaahla sewer outfall, sewer reticulation and precast toilets (Phase 2) by 30 June 2025	Construction of Ga-Phaahla sewer outfall, sewer reticulation and precast toilets (phase 2) by June 2024 Achieved	100 % physical work complete on the Construction of Ga-Phaahla sewer outfall, sewer reticulation and precast toilets (Phase 2) by 30 June 2025 Achieved	None	None	Appointment letter, Progress reports, Practical Completion Certificate and Completion Certificate

NO	KEY FOCUS AREA	PROJECT	PREDETERMINED OBJECTIVES	KEY PERFORMANCE INDICATOR	BASELINE	BUDGET ALLOCATION	2024-2025 ANNUAL TARGETS	ACTUAL ANNUAL PERFORMANCE 2023-2024	ACTUAL ANNUAL PERFORMANCE 2024-2025	VARIANCE REASONS	CORRECTIVE MEASURE	EVIDENCE
103	Basic Service Delivery: Technical Services	Construction of Sewer reticulation at Thabana (Phase 2)	Ensure access to basic sanitation services to all communities.	Percentage of physical work complete on the Construction of Sewer reticulation at Thabana (Phase 2) by 30 June 2025	100 % physical work completed on the Construction of Ga-Phaahla sewer outfall, sewer reticulation and precast toilets by 30 June 2024	20 098 709	100% physical work complete on the Construction of Sewer reticulation at Thabana (Phase 2) by 30 June 2025	95 % physical work complete on the Construction of Ga-Phaahla sewer outfall, sewer reticulation and precast toilets by 30 June 2024 Not achieved	100% physical work complete on the Construction of Sewer reticulation at Thabana (Phase 2) by 30 June 2025 Achieved	None	None	Appointment letter, Progress reports, Practical Completion Certificate and Completion Certificate
104	Basic Service Delivery: Technical Services	Construction of Sewer reticulation at Libangeni (Phase 2)	Ensure access to basic sanitation services to all communities.	Percentage of physical work complete on the Construction of Sewer reticulation at Libangeni (Phase 2) by 30 June 2025	100% physical work complete on the Construction of Sewer reticulation at Thabana by 30 June 2024	17 669 120	100% physical work complete on the Construction of Sewer reticulation at Libangeni (Phase 2) by 30 June 2025	100% physical work complete on the Construction of Sewer reticulation at Thabana by 30 June 2024	100% physical work complete on the Construction of Sewer reticulation at Libangeni (Phase 2) by 30 June 2025 Achieved	None	None	Appointment letter, 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	2024-2025 ANNUAL TARGETS	ACTUAL ANNUAL PERFORMANCE 2023-2024	ACTUAL ANNUAL PERFORMANCE 2024-2025	VARIANCE REASONS	CORRECTIVE MEASURE	EVIDENCE
105	Spatial Rationale	Application for Land Development	To ensure that all citizens of the municipality who reside in Established Townships have title deeds to their properties	Number of reports of the applications for land development assessed and responded to by 30 June 2025	New	Opex	4 of reports of the applications for land development assessed and responded to by 30 June 2025	New	4 of reports of the applications for land development assessed and responded to by 30 June 2025 Achieved	None	None	Reports approved by MM
106	Spatial Rationale	Land Invasion Policy Review	To ensure that the policy adheres to SPLUMA and SDF regulations	Number of Council adopted Land Invasion Policy reviewed by 30 June 2025	1 Council adopted Land invasion Policy reviewed by 30 June 2024	Opex	1 Council adopted Land invasion Policy reviewed by 30 June 2025	1 Council adopted Land invasion Policy reviewed by 30 June 2024 Achieved	1 Council adopted Land invasion Policy reviewed by 30 June 2025 Achieved	None	None	Council adopted Land invasion Policy reviewed
107	Spatial Rationale	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 30 June 2025	New	Opex	100% of New Building Plans of less than 500 square meters received and assessed within 28 days of receipt of Plans by 30 June 2025	New	100% of New Building Plans of less than 500 square meters received and assessed within 28 days of receipt of Plans by 30 June 2025 Achieved	None	None	Building Plan Submission Register

NO	KEY FOCUS AREA	PROJECT	PREDETERMINED OBJECTIVES	KEY PERFORMANCE INDICATOR	BASELINE	BUDGET ALLOCATION	2024-2025 ANNUAL TARGETS	ACTUAL ANNUAL PERFORMANCE 2023-2024	ACTUAL ANNUAL PERFORMANCE 2024-2025	VARIANCE REASONS	CORRECTIVE MEASURE	EVIDENCE
108	Spatial Rationale	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 30 June 2025	100% of New Building Plans of less than 500 square meters received and assessed within 28 days of receipt of Plans by 30 June 2024	Opex	100% of New Building Plans of less than 500 square meters received and assessed within 28 days of receipt of Plans by 30 June 2024	100% of New Building Plans of less than 500 square meters received and assessed within 28 days of receipt of Plans by 30 June 2024 Achieved	100% of New Building Plans of more than 500 square meters received and assessed within 28 days of receipt of Plans by 30 June 2025 Achieved	None	None	Building Plan Submission Register
109	Spatial Rationale	Formalizations of Townships in Waterfall A, Waterfall B, Waterfall C, Allenmandrift A, Allenmandrift B, Allenmandrift C, Allenmandrift D	To provide formalized Townships that are proclaimed.	Number of Township Formalised by June 30 June 2025	3 Formalised Townships (Kameelrivier D, Portion 7 of the farm Kameelrivier 160 JR and portion 29 and 31 of Valschfontein 33 JS) by 30 June 2024	Opex	3 Formalised Townships (Kameelrivier D, Portion 7 of the farm Kameelrivier 160 JR and portion 29 and 31 of Valschfontein 33 JS) by 30 June 2025	3 Formalised Townships (Kameelrivier D, Portion 7 of the farm Kameelrivier 160 JR and portion 29 and 31 of Valschfontein 33 JS) by 30 June 2024	3 Formalised Townships (Kameelrivier D, Portion 7 of the farm Kameelrivier 160 JR and portion 29 and 31 of Valschfontein 33 JS) by 30 June 2025 Achieved	None	None	conditions of establishment and 3 approved layouts

NO	KEY FOCUS AREA	PROJECT	PREDETERMINED OBJECTIVES	KEY PERFORMANCE INDICATOR	BASELINE	BUDGET ALLOCATION	2023-2024 ANNUAL TARGETS	ACTUAL ANNUAL PERFORMANCE 2022-2023	ACTUAL ANNUAL PERFORMANCE 2023-2024	VARIANCE REASONS	CORRECTIVE MEASURE	EVIDENCE
110	Spatial Rationale	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 30 June 2025	1 workshop conducted with Traditional Councils on land invasion and tenure by 30 June 2024 Achieved	Opex	1 workshop conducted with Traditional Councils on land invasion and tenure by 30 June 2025	1 workshop conducted with Traditional Councils on land invasion and tenure by 30 June 2024 Achieved	1 workshop conducted with Traditional Councils on land invasion and tenure by 30 June 2025 Achieved	None	None	Memorandum of understanding between DRJSMML and Tribal Leaders and proof of attendance
111	Spatial Rationale	Township Establishment	To promote spatial development	Number of progress reports on implementation of GIS Project submitted to council by 30 June 2025	2 progress reports on implementation of GIS Project submitted to council by 30 June 2024	Opex	2 progress reports on implementation of GIS Project submitted to council by 30 June 2025	2 progress reports on implementation of GIS Project submitted to council by 30 June 2024	2 progress reports on implementation of GIS Project submitted to council by 30 June 2025 Achieved	None	None	Progress report and council resolution

Annexure D – Audit Committee Report



ANNUAL SHARED AUDIT COMMITTEE REPORT

30th JUNE 2025

PURPOSE

1. The purpose of this report is to present the annual report of the Shared Audit Committee to the Council Dr. JS Moroka Local Municipality for the period ending 30th June 2025 in line with section 121 of Local Government: Municipal Finance Management Act (MFMA), (Act No.56 of 2003).

BACKGROUND

2. Dr JS Moroka Local Municipality had a fully functional shared audit committee for the period under review established in terms of section 166 of the Municipal Finance Management Act (MFMA), (Act No.56 of 2003).
3. The Shared Audit Committee has adopted its written terms of reference for 2024/25.

STATUTORY REQUIREMENTS

4. Section 166 of the MFMA requires that each municipality must have an Audit Committee.
5. The Shared Audit Committee is an independent advisory body that advises council, political office bearers, accounting officer, and staff of the municipality on the following:
 - 5.1 Internal financial control and internal audits.
 - 5.2 Risk management.
 - 5.3 Accounting policies;
 - 5.4 The adequacy, reliability, and accuracy of financial reporting and information.
 - 5.5 Performance Management and Evaluation
 - 5.6 Effective governance.
 - 5.7 Compliance with the MFMA, the Annual Division of Revenue Act (DoRA) and any other applicable legislation.
 - 5.8 Any other issues referred to by the municipality;
 - 5.9 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.
 - 5.10 Respond to Council on any matter raised by the Auditor-General (AGSA); and
 - 5.11 Carry out such investigations into financial affairs of the municipality as may be prescribed from time to time.

COMPOSITION OF THE COMMITTEE AND ATTENDANCE OF MEETINGS




6. The Shared Audit Committee had five (5) appointed members who served on the Committee for the 2024/25 period under review.

7. 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
Adv. Letsepe Thubakgale	Chairperson	4	6	2	12
Ms. Patience Ntuli	Member	4	6	0	10
Mr. Lesetja Monama	Member	4	6	0	10
Mr. Mpaku Mathabathe	Member	4	5	0	09
Mr. April Ntuli	Member	3	5	0	08

RESOLUTION OF THE SHARED AUDIT COMMITTEE

The Shared Audit and performance committee had the following meetings in the financial year under review:

Date	07 Aug 2024	27 th Aug 2024	30 th Aug 2024	01 st Oct 2024	24 th Oct 2024	26 th Nov 2024	30 th Nov 2024	27 th Jan 2025	21 ST Apr 2025	21 ST MAY 2025	Total in Number
Implemented 	27	24	7	19	10	8	4	12	10	12	133
Not Implemented 	0	0	0	0	0	0	0	0	0	0	0
In Progress 	0	0	0	0	14	0	5	02	0	0	21
TOTALS	27	24	7	19	24	8	9	14	10	12	154

10 meetings were held in the 12 months ended 30th June 2025.

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

- (i) The Accounting Officer

- (ii) The Chief Financial Officer
- (iii) The Section 56 Managers/Departmental Heads
- (iv) The Auditor-General of South Africa
- (v) Mpumalanga Provincial Treasury
- (vi) Internal Audit (also tasked with Secretariat function)

SHARED AUDIT COMMITTEE

8. Section 166 of MFMA requires the municipality to have a shared audit committee for the year under review.
9. Shared Audit Committee:
 - 9.1 Received and reviewed the Annual financial statements for 2024/25.
 - 9.2 Received and reviewed the Annual Performance Report for 2024/25.
 - 9.3 Received and reviewed the Integrated Development plan for 2024/25.
 - 9.4 Received and considered reports from the internal auditors.
 - 9.5 Reviewed and Approved the Internal Audit Charter, Audit Methodology for 2024/25.
 - 9.6 Reviewed and recommended Audit Committee Charter for approval by Council for 2024/25.
 - 9.7 Reviewed and approved the 1-year Operational Internal Audit Plan for 2024/25.
 - 9.8 Reviewed and approved the 3-year rolling Internal Audit Plan for 2024/25 to 2026/27.
10. 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:
 - 10.1 Slow response by management in availing information for audit purposes both for AGSA and Internal Audit Unit and addressing audit findings respectively.
 - 10.2 This hampers the effectiveness of the Internal Audit Unit and the Shared Audit Committee (SAC).
11. 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 coverage.
12. The Shared Audit Committee recommended that the Municipal Manager address any delays that may arise which may prevent the submission of information.
13. 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.

INTERNAL AUDIT

14. The Shared Audit Committee monitored the progress of the internal audit was reviewed.
15. The quarterly report is a monitoring tool that will assist the Audit Committee, Executive Mayor, MAYCO, Councilors, Municipal Manager, Senior Managers, Management.
 - 15.1 30 reports were planned for the year of 2024/25.
 - 15.2 28 projects were implemented during 2024/25 in line with the operational plan.
 - 15.3 3 project was a direct assistant to AGSA for the 2024/25.
 - 15.4 31 projects were completed for the year under review.
16. The shared audit committee has reviewed the annual budget for 2024/25 to 2026/27 Medium Term Reporting and Expenditure framework with all the budgets.
17. Dr JS Moroka Local Municipality's internal audit function is performed by in-house staff, the main focus areas were compliance with applicable laws, regulations, policies, and procedures, which resulted in both assurances and consulting work. During the year under review, the internal audit activity was able to effectively execute 28 (93%) of the initially adopted risk-based audit plan.
18. 3 projects were executed for as a direct assistant to Auditor General for the 2024/25 which were not initially planned in line with the approved audit plan
19. A total of 31 projects were executed for the 2024/25 and presented to the shared audit committee. In addition, process flowcharts for all identified audit areas have been documented, highlighting the key controls and / or control gaps for process owners / line managers to consider and implement.
20. Follow-up reviews were conducted relating to previously reported matters during the previous financial year.

ANNUAL BUDGET 2024/25 to 2026/27 MTREF

21. The shared audit committee has reviewed the annual budget for 2024/25 to 2026/27 Medium Term Reporting and Expenditure framework.

ANNUAL REPORT for 2024/25

22. The shared audit committee has reviewed and recommended that annual report from 2024/25 be approved by Council.

INTERNAL CONTROLS

23. 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 2025.

24. 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.

25. The Shared Audit Committee:

31.1 Monitored the identification and correction of weaknesses and breakdowns of systems and internal controls.

31.2 Monitored the adequacy and reliability of management information and the efficiency of management information systems.

31.3 Reviewed quarterly results and statements and reporting for proper and complete disclosure of timely, reliable and consistent information.

31.4 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.

31.5 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.

31.6 Reviewed and monitored all key financial performance indicators to ensure that they are appropriate and that decision-making capabilities are maintained at high levels.

31.7 Reported on the effectiveness of the Municipal internal reporting controls.

REPORTED FRAUDULANT ACTIVITIES

26. The Provincial Department of Cooperative Governance and Traditional Affairs invoked a forensic investigation in terms of section 106(1)(b) of Local Government: Municipal System Act 32 of 2000 during October 2020.
27. Council has received and implemented the remedial action plan to address the recommendations.
28. Management reported a fraudulent case that occurred in the Licencing Department, and the Shared Audit Committee have been monitoring this matter continuously throughout the year of 2025/26.
29. There were notable improvements on the matter as reported by Management regarding the matter to the Provincial Department of Safety, Security and Liaison.
30. The municipality is waiting for the final investigation report that was conducted by the Provincial Department of Safety, Security and Liaison on the matter, which remains not concluded at the end of the 2024/25.
31. Biometric access control for all officials was implemented on eNatis system to prevent unauthorized access.

RISK MANAGEMENT

32. Risk assessment updates were performed during the 2023/25 financial year, and all relevant risks were populated into an updated Risk Register for the municipality. This Risk Assessment Plan forms the basis of the 2024/25 financial year's Risk-Based Audit Plan.
33. New updates to the Dr JS Moroka Local Municipality's risk profile were captured during 2024/25 in consultation with the Risk management, antifraud, and anti-corruption committee (RMAFACC) report.
34. This will ensure that adequate audit coverage is obtained from Internal Audit in consultation with the AGSA and management for the 2024/25 by the committee responsible for the Risk management, antifraud, and anti-corruption committee (RMAFACC) report.

PERFORMANCE MANAGEMENT

35. The performance management system was qualified during the external audit period for 2024/25.

36. The municipality would have to strengthen the controls on the collection, storing and retrieval of the portfolio of evidence implement the remedial action as recommended by auditors.
37. The municipality is encouraged to ensure that the set targets for key indicators are achieved.
38. Performance management reporting was qualified caused by the vacancies in that unit, however the vacancy was since been filled during December 2025, this would ensure that paragraphs are reduced.

COMBINED ASSURANCE MODEL

39. All the subcommittees of Council were encouraged to convene the meetings as per the approved Council schedule.
40. Communication, particularly through consistent reporting, is essential to ensure compliance to regulations, especially the DORA and overall governance structures.
41. The subcommittees of Council worked together to improve the revenue collection mechanisms to improve the overall cash flow situation in the municipality especially indigent registration process.

IRREGULAR EXPENDITURE

42. R1 320 199 353 worth of irregular expenditure was written off on the annual financial statements during 2024/25 audit process.
43. The municipality has R248 788 912 left in the books of the municipality for 2024/25.
44. The municipality is encouraged to assess and treat the R248 788 912 fruitless and wasteful expenditure in terms of section 32 Local Government: Municipal Finance Management Act 56 of 2003
45. The municipality would have to implement further controls that would prevent re-occurrences caused by non-compliance to applicable laws and regulations.

UNAUTHORIZED EXPENDITURE

46. The Council has authorised unauthorised expenditure of R64 351 928 relating to 2024/25
47. R48 022 687 for 2024/25 and R129 516 178 opening balance were approved by Council for write off.
48. Council approved the management assessment that the overall budget was underspending from which the unauthorized votes could be funded within the applicable years from 2014/15 to 2023/24.

FRUITLESS & WASTEFUL EXPENDITURE

49. The Council has approved a write off amounting to R4 216 157.57 relating to Fruitless and wasteful expenditure

50. The municipality is encouraged to assess and treat the R3 894 167 fruitless and wasteful expenditure in terms of section 32 Local Government: Municipal Finance Management Act 56 of 2003

AUDIT OF THE ANNUAL FINANCIAL STATEMENTS FOR 2024/25

51. The municipality was qualified from 2021/22 until 2024/25; however, the municipality has seen a significant reduction on the number of the paragraphs moving from 12 paragraphs for 2021/22 to 5 paragraphs for 2024/25.

52. The table below shows the paragraphs that were qualified over the 4-year cycle period.

No.	DESCRIPTION	2025	2024	2023	2022
	Number of audit findings raised per year	5	8	7	12
1	Property plant and equipment	-	✓	✓	✓
2	Irregular expenditure	✓	✓	✓	✓
3	Prior period error note	✓	✓	✓	✓
4	Cash flow statement	✓	-	-	✓
5	Receivable from exchange transaction	✓	✓	✓	-
6	Receivable from non-exchange transaction	✓	✓	✓	-
7	Service charges	-	✓	-	-
8	Payment received in advance	-	✓	-	-
9	Property rates	-	✓	✓	✓
10	Net cash flows from operating activities	-	-	-	✓
11	Net cash from investing activities	-	-	-	✓
12	Segment reporting	-	-	-	✓
13	Risk Management	-	-	-	✓
14	Total expenditure	-	-	-	✓
15	Unauthorized expenditure	-		✓	✓
16	Financial instruments	-	-	-	✓

53. It is with great pleasure to report that property plant and equipment has not been qualified from our audit report for 2024/25, this represents a significant improvement.

54. R1 320 199 353 worth of irregular expenditure was written off during 2024/25 audit process, the municipality has R248 788 912 left in the books to deal with for 2025/26.

55. Receivables from exchange & non-exchange transactions are both still on the audit report which require attention from the municipality and prior period error note remained in the audit report for 2024/25.

MATERIAL IRREGULARITIES

56. The fourth material irregularity relates to Revenue Management on Property rates that were billed but were supposed to be billed. The Auditor General assessed the responses and implementation of material irregularity. The irregularity was resolved during the 2024/25 external audit process.
57. The fifth material irregularity issued by Auditor General on the 18th March 2024, relates to pollution of water resources not being prevented at Siyabuswa wastewater treatment plant, The municipality not complying with section 28(1) of the National Environmental Management Act 107 of 1998 (NEMA) and section 19(1) of the National Water Act 36 of 1998 (NWA). The irregularity remains not resolved.
58. All other reported irregularities were resolved in the prior years.

CONSEQUENCE MANAGEMENT

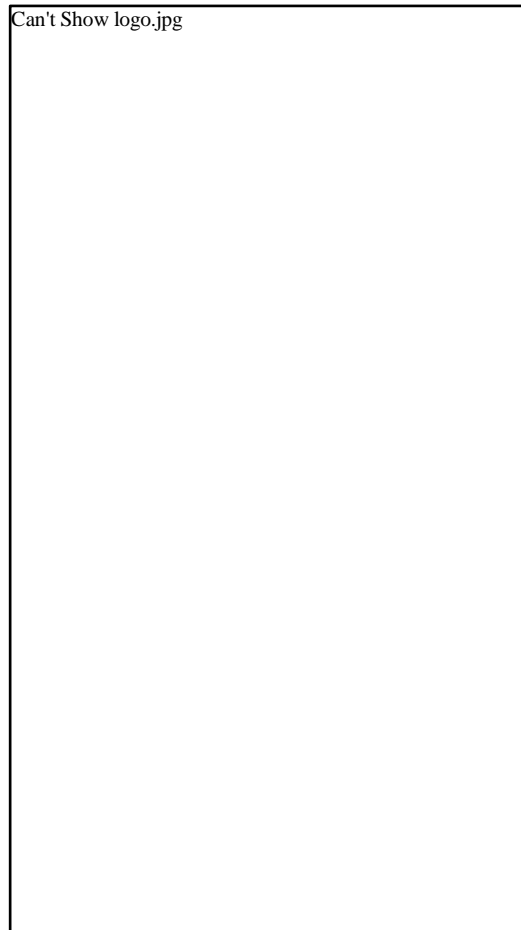
59. The instances of non-compliance were referred to the Financial Misconduct Disciplinary Board for further investigation.
60. The Financial Management Disciplinary Board will assess the instances of non-compliance to determine whether there was financial loss suffered by the municipality or not.
61. Council through its sitting that was held on the 22nd November 2025, the Council referred 3 cases to the Financial Management Disciplinary Board for further investigations.
1. Libangeni Sewer project Phase 01
 2. Fresh produce market project
 3. Main Events (travelling agents)
62. The above contracts would form part of the investigations to be conducted in the 2025/26 financial year.

CONCLUSION

63. The 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.
64. The 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 in strengthening Corporate Governance within the municipality.

Advocate Letsepe Thubakgale
Chairperson: Shared Audit Committee

Annexure E – Annual Financial Statements



Dr JS Moroka Local Municipality
(Registration number MP316)
Annual Financial Statements
for the year ended 30 June 2025

General Information

Legal form of entity	Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act 117 of 1998) read with section 155(1) of the Constitution of South Africa (Act 108 of 1996)
Nature of business and principal activities	The provision of services (water, sanitation and refuse) to communities in a sustainable manner, to promote social and economic development; and to promote a safe and healthy environment.
Mayoral committee	
Executive Mayor	1. Mtsweni NS
Speaker	2. Nkoane MR
Chief Whip	3. Nkgodi JS
MMC Social Development	4. Mnguni PP
MMC Public Safety, Roads & Transport	5. Mtsweni S
MMC Planning & Infrastructure	6. Madyibi C
MMC Finance & LED	7. Makola MJ
MMC Admin & Corporate Services	8. Legong MS
Councillors	9. Ditshego K
	10. Dlowu BM
	11. Kekae MD
	12. Kutu PF (Resigned 3 June 2025)
	13. Lamola BR
	14. Lebelo LK
	15. Lekgoathi MR
	16. Mabena JS
	17. Mabogoane KM
	18. Machava SS
	19. Mahlangu SK
	20. Mahlangu JS
	21. Mahlangu PL
	22. Mahlangu K
	23. Mahlangu P
	24. Mahlangu LM
	25. Majombosi TR
	26. Makuwa IS
	27. Maleka AL
	28. Maleka ME
	29. Manganye SM
	30. Manganye J
	31. Maphalla JK
	32. Mashabela N
	33. Mashamaite J
	34. Mashiane CM (Resigned 1 March 2025)
	35. Mashilo JP
	36. Mashishi DA
	37. Mashishi MW
	38. Masumbuka MP
	39. Matlaila BJ
	40. Matabane MS
	41. Maubane ONM
	42. Mgidi MA

General Information

43. Mhlanga KP
44. Mnguni V
45. Moabi JM
46. Moimana AT
47. Mothibi MF
48. Mphela LK
49. Msiza DL
50. Mtimunye MS
51. Mtsweni TL
52. Ngoatle MM
53. Ngubeni PM
54. Nkgau JS
55. Nkwana MMT
56. Ntuli JM
57. Ntuli PA
58. Rankapole S
59. Rankapole MM
60. Simango BA
61. Skhosana LM
62. Skhosana AX
63. Nxabane N (Appointed 1 March 2025)
64. More M (Appointed 3 June 2025)
Dr JS Moroka has a total of 62 councillors

Grading of local authority

Accounting Officer

Grade 3

Mathebela MM

Executive Management

.

Chief Finance Officer (CFO)

Administration and Corporate Services

Planning & Economic Development

Community Development Services

Technical Services

Klaas DB

Zulu LT

Matjiane EK

Mathabe RS

Mpela SJ

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

Dr JS Moroka Local Municipality

(Registration number MP316)

Annual Financial Statements for the year ended
30 June 2025

General Information

Audit Committee Members

Adv. Thubakgale LJ (Chairperson)

Mr. Mathabathe MG

Mr. Monama L

Mr. Ntuli A

Ms. Ntuli P

Legislation governing the municipality's operations

Constitution of the Republic of South Africa (Act 108 of 1998)

Local Government: Municipal Finance Management Act (Act 56 of 2003)

Local Government: Municipal Systems Act (Act 32 of 2000)

Local Government: Municipal Structures Act (Act 117 of 1998)

Municipal Property Rates Act (Act 6 of 2004)

Division of Revenue Act (Act 1 of 2007)

Section 79 Committee

Dr JS Moroka Local Municipality
(Registration number MP316)
Annual Financial Statements for the year ended
30 June 2025

Index

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

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Accounting Officer's Responsibilities and Approval	5
Audit Committee Report	6
Accounting Officer's Report	7 - 8
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Statement of Financial Performance	10
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Cash Flow Statement	12
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Abbreviations used:

DORA	Division of Revenue Act
GRAP	Generally Recognised Accounting Practice
LGSETA	Local Government Services Sector Education and Training Authority
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MMC	Member of Mayoral Committee
MPAC	Municipal Public Accounts Committee
MPRA	Municipal Property Rates Act
MSIG	Municipal System Improvement Grant
mSCOA	Municipal standard Chart of Accounts
SALGA	South African Local Government Association
COGTA	Cooperative Governance and Traditional Affairs
SCM	Supply Chain Management
MSA	Municipal Structures Act
MSA	Municipal Systems Act

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Local Government: Municipal Finance Management Act (Act no.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 2024 to 30 June 2025 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 accounting officer would like to bring to your attention the following material matters to your attention:

I certify that the salaries, allowances and benefits of councillors as disclosed in note 47 to these annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Office Bearers Act, Act 20 of 1998 and the Minister of Provincial and Local Government's determination in accordance with the Act.

The external auditors, being the Auditor General of South Africa, are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been not examined by the municipality's external auditors.

The annual financial statements set out in terms of Section 126(1) of the Municipal Finance Management Act (Act 56 of 2003), set out on pages X to XX, which have been prepared on the going concern basis, were approved by the accounting officer on 30 June 2025 and were signed on its behalf by:

Accounting Officer
MM Mathebela

Audit Committee Report

We are pleased to present our report for the financial year ended 30 June 2025.

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
Adv. Thubakgale LJ	12
Mr. Mathabathe MG	9
Mr. Monama L	10
Mr. Ntuli A (Appointed 1 July 2024)	8
Ms. Ntuli P	10

Audit committee responsibility

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

The shared audit committee also reports that it has adopted appropriate formal terms of reference as its shared audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein and in line with Local Government MFMA section 166.

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 Report on Corporate Governance requirements, Internal Audit provides the shared 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 shared 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 shared 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 changes in accounting policies and practices (delete if not applicable);
- reviewed significant adjustments resulting from the draft AFS for 2024/25

Internal audit

The shared 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.

Chairperson of the Audit Committee

Date: _____

Accounting Officer's Report

The accounting officer submits her report for the year ended 30 June 2025.

1. Review of activities

Main business and operations

The municipality is engaged in local government activities, which include planning and promotion of integrated development plan and supplying of the services to the community which are water, sanitation, refuse and environmental health services.

Net surplus of the municipality was R 149,960,397 (2024: surplus R 139,338,609),

2. Going concern

We draw attention to the fact that at 30 June 2025, the municipality had an accumulated surplus of R2 064 655 907 and that the municipality's total assets exceed its liabilities by R2 064 655 907

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. All impairments were measured and judged in line with past performances.

Although the municipality has the following adverse indicators, 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.

Indicators:

- Creditors days exceed 30 days
- Current liabilities (excluding unspent conditional grants) exceeds 10% of next year's budgeted resources
- Debtors days - consumer debtors exceed 30 days
- Debtors days - other receivables exceed 30 days
- Debtors impairment provision exceeds 10% of accounts receivable
- Liquidity ratio (cash ratio)
- Cash and cash equivalents position is negative
- Cash coverage is less than 1 month
- Repairs and maintenance expenditure level is less than 8%

3. Subsequent events

The accounting officer is aware of matters that arose since the end of the financial year, that may need to be adjusted for or disclosed in the Financial Statements. The adjusting events relate to write off of Unauthorised expenditure, Irregular expenditure, Fruitless and wasteful expenditure.

4. Accounting Officers' interest in contracts

The accounting officer has no interest in contracts awarded, either direct or indirect.

5. Accounting policies

Accounting Officer's Report

The annual financial statements prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations of such Statements issued by the Accounting Practices Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2012) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

6. 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

Accounting Officer's Report

7. Corporate governance

General

The accounting officer is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the accounting officer supports the highest standards of corporate governance and the ongoing development of best practice.

The municipality confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King Report IV on Corporate Governance for South Africa of September 2009. The accounting officer discuss the responsibilities of management in this respect, at Council meetings and monitor the municipality's compliance with the code on a quarterly basis.

The salient features of the municipality's adoption of the Code is outlined below:

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. Non-compliance with applicable legislation

In terms of section 65 (2)(e) of the Municipal Finance Act (No. 56 of 2003), all money owing by the municipality be paid within 30 days of receiving the relevant invoice or statement. Due to cash flow constraints, the municipality, could not settle all money owing within the prescribed period.

In terms of section 126 (1)(a) of the Municipal Finance Act (No. 56 of 2003), the accounting officer of a municipality must prepare the annual financial statements within 2 months after the end of the financial year.

The annual financial statements set out on page 9, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2025 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
30 June 2025

Statement of Financial Position as at 30 June 2025

Figures in Rand	Note(s)	2025	2024 Restated*
Assets			
Current Assets			
Inventories	3	7,427,082	4,654,263
Receivables from non-exchange transactions	4	121,918,677	120,402,372
VAT receivable	5	8,588,065	25,171,858
Prepayments	11	-	243,729
Receivables from exchange transactions	6	507,793,183	419,007,224
Cash and cash equivalents	7	273,996	1,561,235
		646,001,003	571,040,681
Non-Current Assets			
Investment property	8	154,170	154,170
Property, plant and equipment	9	1,651,229,279	1,606,156,417
Intangible assets	10	393,307	488,822
Heritage assets	12	197,000	197,000
		1,651,973,756	1,606,996,409
Total Assets		2,297,974,759	2,178,037,090
Liabilities			
Current Liabilities			
Payables from exchange transactions	13	173,841,244	181,232,564
Consumer deposits	14	883,400	867,876
Unspent conditional grants and receipts	16	-	791,433
Long service bonus liability	17	2,265,134	755,474
		176,989,778	183,647,347
Non-Current Liabilities			
Provisions	15	41,068,463	34,444,491
Long service bonus liability	17	15,260,611	14,987,029
		56,329,074	49,431,520
Total Liabilities		233,318,852	233,078,867
Net Assets		2,064,655,907	1,944,958,223
Accumulated surplus		2,064,655,907	1,944,958,223
Total Net Assets		2,064,655,907	1,944,958,223

* See Note 49

Dr JS Moroka Local Municipality
(Registration number MP316)
Annual Financial Statements for the year ended
30 June 2025

Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	18	128,395,168	114,245,155
Rendering of services	19	867,353	3,289,681
Rental of facilities and equipment	20	644,647	349,903
Interest received (trading)	21	79,950,122	52,911,420
Licences and permits	22	10,017,325	10,239,482
Interest received - investment	24	6,191,239	7,448,764
Total revenue from exchange transactions		226,065,854	188,484,405
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	25	44,088,315	44,387,119
Interest - Property rates	21	13,846,028	14,307,382
Transfer revenue			
Government grants & subsidies	26	674,035,506	650,778,235
Public contributions and donations	27	777,500	43,257,445
Fines, Penalties and Forfeits	28	1,065,584	2,089,701
Total revenue from non-exchange transactions		733,812,933	754,819,882
Total revenue		959,878,787	943,304,287
Expenditure			
Employee related costs	29	(251,850,888)	(232,298,672)
Remuneration of councillors	30	(28,488,888)	(27,292,943)
Impairment loss	31	(1,558,669)	(14,062,515)
Depreciation and amortisation	32	(86,465,850)	(86,492,367)
Finance costs	33	(5,172,180)	(5,036,063)
Operating leases	34	(2,300,007)	(3,276,002)
Debt Impairment/reversal	35	(96,064,606)	(103,060,654)
Bad debts written off		(2,585,715)	(2,491,077)
Loss on derecognition of property, plant and equipment	9	(152,069)	(480,224)
Contracted services	36	(222,019,573)	(227,083,630)
General Expenses	37	(110,528,074)	(103,083,432)
Total expenditure		(807,186,519)	(804,657,579)
Operating surplus		152,692,268	138,646,708
Gain(loss) on landfill site provision	23	(3,069,400)	603,756
Actuarial gains/losses	17	337,529	88,145
		(2,731,871)	691,901
Surplus for the year		149,960,397	139,338,609

* See Note 49

Dr JS Moroka Local Municipality
(Registration number MP316)
Annual Financial Statements for the year ended
30 June 2025

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	2,349,185,886	2,349,185,886
Adjustments		
Prior year adjustments	(543,566,272)	(543,566,272)
Balance at 01 July 2023 as restated*	1,805,619,614	1,805,619,614
Changes in net assets		
Surplus for the year	139,338,609	139,338,609
Total changes	139,338,609	139,338,609
Opening balance as previously reported	2,578,623,494	2,578,623,494
Adjustments		
Prior year adjustments 49	(663,927,984)	(663,927,984)
Restated* Balance at 01 July 2024 as restated*	1,914,695,510	1,914,695,510
Changes in net assets		
Surplus for the year	149,960,397	149,960,397
Total changes	149,960,397	149,960,397
Balance at 30 June 2025	2,064,655,907	2,064,655,907

Note(s)

* See Note 49

Dr JS Moroka Local Municipality
(Registration number MP316)
Annual Financial Statements for the year ended
30 June 2025

Cash Flow Statement

Figures in Rand	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		54,207,677	41,534,476
Grants		673,244,073	645,439,701
Interest income		6,191,240	7,448,764
Other receipts		13,674,411	11,022,238
		747,317,401	705,445,179
Payments			
Employee costs		(277,978,788)	(256,604,840)
Suppliers		(333,179,727)	(292,861,856)
Finance costs		-	-
		(611,158,515)	(549,466,696)
Net cash flows from operating activities	38	136,158,886	155,978,483
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(137,446,122)	(162,131,590)
Cash flows from financing activities			
Net increase/(decrease) in cash and cash equivalents		(1,287,236)	(6,153,107)
Cash and cash equivalents at the beginning of the year		1,561,235	7,714,343
Cash and cash equivalents at the end of the year	7	273,999	1,561,236

The accounting policies on pages 17 to 47 and the notes on pages 48 to 114 form an integral part of the annual financial statements.

* See Note 49

Dr JS Moroka Local Municipality

(Registration number MP316)

Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved	Adjusted	Final Budget	Actual amounts basis	Differenc budget and	Referen
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	116,134,000	(1,959,000)	114,175,000	128,395,168	14,220,168	(a)
Rendering of services	762,000	(185,000)	577,000	867,353	290,353	(b)
Rental of facilities and equipment	371,000	385,000	756,000	644,647	(111,353)	(c)
Interest received (trading)	67,363,000	(67,348,000)	15,000	79,950,122	79,935,122	(d)
Licences and permits	7,960,000	60,000	8,020,000	10,017,325	1,997,325	(e)
Operational Revenue	13,970,000	(6,530,000)	7,440,000	-	(7,440,000)	(f)
Interest received - investment	7,419,000	(767,000)	6,652,000	6,191,239	(460,761)	(g)
Total revenue from exchange transactions	213,979,000	(76,344,000)	137,635,000	226,065,854	88,430,854	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	66,024,000	(709,000)	65,315,000	44,088,315	(21,226,685)	(h)
Property - Interest	-	75,154,000	75,154,000	13,846,028	(61,307,972)	(i)
Transfer revenue						
Government grants & subsidies	663,398,000	2,000,000	665,398,000	674,035,506	8,637,506	(j)
Public contributions and donations	-	-	-	777,500	777,500	(k)
Fines, Penalties and Forfeits	332,000	(100,000)	232,000	1,065,584	833,584	(l)
Total revenue from non-exchange transactions	729,754,000	76,345,000	806,099,000	733,812,933	(72,286,067)	
Total revenue	943,733,000	1,000	943,734,000	959,878,787	16,144,787	
Expenditure						
Personnel	(280,153,000)	-	(280,153,000)	(251,850,888)	28,302,112	(m)
Remuneration of councillors	(29,635,000)	(2,180,000)	(31,815,000)	(28,488,888)	3,326,112	(n)
Impairment loss	-	-	-	(1,558,669)	(1,558,669)	
Depreciation and amortisation	(64,325,000)	-	(64,325,000)	(86,465,850)	(22,140,850)	(o)
Finance costs	(1,000,000)	-	(1,000,000)	(5,172,180)	(4,172,180)	(p)
Operating leases	-	-	-	(2,300,007)	(2,300,007)	(q)
Debt Impairment	(120,298,000)	-	(120,298,000)	(96,064,606)	24,233,394	(r)
Bad debts written off	-	-	-	(2,585,715)	(2,585,715)	
Loss on disposal of Property, plant and equipment	-	-	-	(152,069)	(152,069)	
Contracted Services	(195,192,000)	1,118,000	(194,074,000)	(222,019,573)	(27,945,573)	(s)
General Expenses including inventory consumed	(112,887,000)	409,000	(112,478,000)	(110,528,074)	1,949,926	(t)
Total expenditure	(803,490,000)	(653,000)	(804,143,000)	(807,186,519)	(3,043,519)	
Operating surplus	140,243,000	(652,000)	139,591,000	152,692,268	13,101,268	
Gain on landfill site provision	-	-	-	(3,069,400)	(3,069,400)	(u)
Actuarial gains/losses	-	-	-	337,529	337,529	(v)
	-	-	-	(2,731,871)	(2,731,871)	

Dr JS Moroka Local Municipality

(Registration number MP316)

Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis						
	Approv ed	Adjustme	Final Budget	Actual amounts basi	Differenc budget and	Referen
Figures in						
Surplus before taxation	140,243,000	(652,000)	139,591,000	149,960,397	10,369,397	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	140,243,000	(652,000)	139,591,000	149,960,397	10,369,397	

Dr JS Moroka Local Municipality

(Registration number MP316)

Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved	Adjusted	Final Budget	Actual amounts basis	Differences budget and	Reference
Statement of Financial Position						
Assets						
Current Assets						
Inventories	13,051,000	20,000	13,071,000	7,427,082	(5,643,918)	(w)
Receivables from non-exchange transactions	103,315,000	(76,489,000)	26,826,000	121,918,677	95,092,677	(x)
VAT receivable	41,831,000	-	41,831,000	8,588,065	(33,242,935)	(y)
Receivables from exchange transactions (Consumer debtors)	362,576,000	71,539,000	434,115,000	507,793,183	73,678,183	(z)
Current portion of non current receivables	15,000	-	15,000	-	(15,000)	(aa)
Cash and cash equivalents	108,289,000	-	108,289,000	273,996	(108,015,004)	(ab)
	629,077,000	(4,930,000)	624,147,000	646,001,003	21,854,003	
Non-Current Assets						
Investment property	154,000	-	154,000	154,170	170	(ac)
Property, plant and equipment	2,278,695,000	2,000,000	2,280,695,000	1,651,229,279	(629,465,721)	(ad)
Intangible assets	751,000	-	751,000	393,307	(357,693)	(ae)
Heritage assets	-	-	-	197,000	197,000	(af)
Prepayments	3,071,000	-	3,071,000	-	(3,071,000)	(ag)
	2,282,671,000	2,000,000	2,284,671,000	1,651,973,756	(632,697,244)	
Total Assets	2,911,748,000	(2,930,000)	2,908,818,000	2,297,974,759	(610,843,241)	
Liabilities						
Current Liabilities						
Payables from exchange transactions	204,580,000	(2,277,000)	202,303,000	173,841,244	(28,461,756)	(ah)
Consumer deposits	888,000	-	888,000	883,400	(4,600)	(ai)
Long service bonus liability	2,140,000	-	2,140,000	2,265,134	125,134	
	207,608,000	(2,277,000)	205,331,000	176,989,778	(28,341,222)	
Non-Current Liabilities						
Provisions	29,461,000	-	29,461,000	41,068,463	11,607,463	(aj)
Long service bonus liability	-	-	-	15,260,611	15,260,611	(ak)
	29,461,000	-	29,461,000	56,329,074	26,868,074	
Total Liabilities	237,069,000	(2,277,000)	234,792,000	233,318,852	(1,473,148)	
Net Assets	2,674,679,000	(653,000)	2,674,026,000	2,064,655,907	(609,370,093)	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	2,674,679,000	(653,000)	2,674,026,000	2,064,655,901	(609,370,099)	(al)

Dr JS Moroka Local Municipality

(Registration number MP316)

Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approv ed	Adjustme	Final Budget	Actual amounts basi	Differenc budget and	Referen
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The adjustments made to the approved budget were after the mid year assessment of actual performance was conducted. The reasons for the adjustments are mentioned in the 2024/2025 Mid Year Performance Report. Recommendations were made to council based on this report and a Mid Year Resolution was reached by council to adopt these adjustments as tabled before a Council sitting at its Ordinary Meeting held on 30 January 2025.

Accounting Policies

Figures in Rand	Note(s)	2025	2024
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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 Local Government: Municipal Finance Management Act (Act no.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.

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.

Accounting Policies

Impairment testing

An asset is impaired when the carrying amount of the asset exceeds its recoverable service amount. If there is an indicator of impairment present, the municipality is required to make a formal estimate of recoverable service amount. 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. The recoverable service amount is determined based on the higher of value in use and fair values less costs to sell.

Value in use of cash-generating assets

Estimating the value in use of an asset involves estimating the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal; and applying the appropriate discount rate to those future cash flows. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. These calculations require the use of estimates and assumptions. It is reasonably possible that the interest rate assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of assets.

Expected future cash flows used to determine the value in use of assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors together with economic factors such as exchange rates, inflation and interest.

Value in use of non-cash-generating assets

In determining the value in use of assets, the remaining service potential of the asset is determined. The present value of the remaining service potential of the asset is determined by using the depreciated replacement cost approach, restoration cost approach or the service unit's approach. The most appropriate approach selected to determine the remaining service potential is dependent on the availability of data and the nature of the impairment.

Provisions

Provisions were raised and management determined an estimate based on the information available. Estimated expenditure to be incurred to settle the liability is recognised as a provision. Where the effect of time value of money is material the liability is discounted. Additional disclosure of these estimates of provisions are included in note 15 - Provisions.

Contingent provisions

Contingencies recognised in the current year required estimates and judgments from legal experts based on the nature of the cases before the courts, refer to note 40.

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.

Post-retirement benefits

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

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Effective interest rate

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

Accounting Policies

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.

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.

Accounting Policies

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.

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:

Accounting Policies

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	5-80
Community	Straight-line	5-60

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

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

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

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

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

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

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

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

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 9).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 9).

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.

Accounting Policies

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.

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.

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.

Accounting Policies

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	3-5

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.

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.

The municipality separately discloses expenditure to repair and maintain heritage assets 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).

Recognition

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

Accounting Policies

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.

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

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

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.

Accounting Policies

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

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

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

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

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

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.

Accounting Policies

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.

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 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:

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

Accounting Policies

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 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.

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).

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:

Accounting Policies

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

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.

Accounting Policies

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.

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

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.

Accounting Policies

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 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

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

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

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

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

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

1.15 Impairment of cash-generating assets

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

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

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

Accounting Policies

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.

Accounting Policies

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.

1.16 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.

Accounting Policies

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.

Accounting Policies

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.

1.17 Employee benefits

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

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

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

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

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

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

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

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

Accounting Policies

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.

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.

Accounting Policies

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.

Accounting Policies

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.

Accounting Policies

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.

1.18 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 (deficit).

Accounting Policies

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.

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 1.15 and 1.16.

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.

1.19 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.

1.20 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.

Accounting Policies

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.

Interest revenue

Revenue arising from the use by others of entity assets yielding interest is recognised when:

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

Interest is recognised 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.

1.21 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.

Accounting Policies

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

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

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

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

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

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

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

Recognition

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

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

Measurement

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

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.

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.

Accounting Policies

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.

Fines

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

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

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

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.

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.

1.22 Investment income

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

1.23 Accounting by principals and agents

Identification

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

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

Accounting Policies

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

Identifying whether an entity is a principal or an agent

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

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

Binding arrangement

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

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

Assessing which entity benefits from the transactions with third parties

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

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

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

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

Recognition

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

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

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

1.24 Comparative figures

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

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are also reclassified and restated, unless such comparative reclassification and/or restatement is not required by a Standard of GRAP. The nature and reason for such reclassifications and restatements are also disclosed.

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly.

Accounting Policies

1.25 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).

1.26 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).

1.27 Irregular expenditure

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

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).

National Treasury circular 68 guides procedures and recognition of UIF&W.

Irregular expenditure that was incurred and identified during the current financial and which was condoned/found to not be recoverable 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.

Where irregular expenditure was incurred in the previous financial year and is only condoned/found to not be recoverable in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned/found to not be recoverable.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned/found to not be recoverable by the Council must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as not recoverable 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/found to not be recoverable 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.

1.28 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.

Accounting Policies

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 50 for the analysis of the mentioned segments

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.

1.29 Trade and other payables

Trade and other payables excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

They are recognised when the municipality becomes a party to the contractual provisions of a transaction, and are measured, at initial recognition, at amount payable.

1.30 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.

Accounting Policies

The approved budget covers the fiscal period from 01/07/2024 to 30/06/2025.

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.

The materiality threshold - management's materiality positions, which accepts minor variances below 10%, is in line with the general guidance that materiality is determined by the nature and context of the items.

1.31 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.

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.

1.32 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.

1.33 General expenses

General expenses consist of the municipality's operational and administrative expenses.

General expenses are recognized in the financial statements when it is probable that an outflow of economic resources will occur and that the amount can be reliably measured. Risks and rewards would also be considered to have passed to the municipality upon delivery of goods and services.

Accounting Policies

Expenses are measured at the amount paid or payable, exclusive of any recoverable taxes.

1.34 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

Notes to the Annual Financial Statements

Figures in Rand

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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 01 July 2025 or later periods:

GRAP 1 (amended): Presentation of Financial Statements (Going Concern)

The Board undertook a project in 2021 to consider the guidance and disclosure requirements on going concern in the relevant Standards of GRAP. As an outcome of this project, the Board agreed to include additional guidance and disclosures on going concern in this Standard. Consequential amendments are also made to the Standard of GRAP on Events After the Reporting Date.

Applicability of going concern in the public sector

An entity prepares its financial statements on a going concern basis unless there is an intention to liquidate the entity, to cease operating, or if there is no realistic alternative but to do so. A liquidation or cessation of an entity's operations will result in the termination of all its functions.

In South Africa, specific legislative requirements need to be followed before a decision is taken to liquidate a public sector entity, to cease or scale back its operations, to transfer some or all of its functions to another entity, or to merge one or more entities. The "intention" to liquidate an entity, to cease or scale back its operations, to transfer some or all of its functions to another entity, or to merge one or more entities needs to be established. This intention can be reflected in a number of ways and may encompass legislation passed in Parliament or a provincial legislature, cabinet decision, ministerial order, a decision made by a municipal council, board, council or equivalent, a regulation or a notice, or other official means.

The liquidation or cessation of a public sector entity's operations is rare, and only in the case of dissolution without any continuation of the entity's operations will the going concern basis cease to apply. When all, or some of the functions of an entity are transferred to another entity, or when a decision is taken to merge one or more entities, the application of the going concern basis remains appropriate. This is because the entity's functions will continue to be provided in a modified form, even though they are executed by another entity.

The Board agreed to include explanatory guidance in this Standard on the application of the going concern assumption by public sector entities.

Where some of an entity's functions are transferred in a transfer of functions, and the remaining functions are discontinued, there are two separate transactions. The Board concluded that management should assess these transactions separately based on the functions transferred, those to be discontinued (if any), and those that may be retained and continued (if any), to determine if preparing the entity's financial statements on a going concern basis remains appropriate.

Disclosure on going concern

The Board's project highlighted a need for specific disclosures on going concern, material uncertainties relating to going concern, and actions taken by management to mitigate these uncertainties. Consideration was also given to the practices, guidance and requirements in other countries and/or from other standard-setting bodies on these matters.

To address the diversity in the information disclosed on going concern, the Board agreed to expand the disclosure requirements in this Standard to ensure that consistent disclosures are provided.

The effective date of these revisions have not yet been set.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 103 (amended): Heritage Assets

Notes to the Annual Financial Statements

Background

The Accounting Standards Board (the Board) completed its post-implementation review of the Standard of GRAP on Heritage Assets (GRAP 103) (hereafter referred to as “the review”) in 2020. Based on the feedback received as part of the review, the Board agreed to reconsider certain principles in GRAP 103.

The objective of the project was to revise and clarify principles in GRAP 103 following feedback received from the review and actions agreed by the Board.

Key amendments to GRAP 103

The Board agreed that the definition of a heritage asset in GRAP 103 should be reconsidered to better align it with the legislative explanation of a heritage resource in the National Heritage Resources Act, 1999, and the classification by the South African Heritage Resources Agency.

The proposed definition focuses on assets that have “cultural significance” and defines a heritage asset as “an asset that has cultural significance, and is held indefinitely for the benefit of present and future generations”. “Cultural significance” has also been defined and described in GRAP 103 based on legislation.

The characteristics displayed by heritage assets, and the range of assets that could be heritage assets, have also been aligned with legislation.

The amendments further relate to the Classification of dual purpose heritage assets, Determining a reliable value for a heritage asset, Protective rights imposed on heritage assets, Re-assessing if a reliable value becomes available subsequently, Aggregation of individually insignificant heritage assets, Impairment of heritage assets, Mandatory disclosures of heritage assets borrowed or on loan.

The effective date of these revisions have not yet been set.

The effective date of the standard is for years beginning on or after .

The municipality expects to adopt the standard for the first time in the 1999/2000 annual financial statements.

It is unlikely that the standard 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
- Disclosures

The effective date of the revisions is not yet set by the Minister of Finance.

The impact of this standard is currently being assessed.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
3. Inventories		
Consumable stores	7,427,082	4,654,263
Inventories recognised as an expense during the year	14,990,027	11,684,061
Water for distribution		
Opening balance	86,792	149,106
Water Pumped	38,351,678	39,933,611
Authorised consumption	(35,247,709)	(35,453,130)
Water losses	(3,103,969)	(4,480,481)
Overs and unders	8,666	(62,314)
Closing balance	95,458	86,792
Material Inventory		
Opening Balance	983,250	377,000
Purchases	6,963,400	10,691,200
Consumed	(6,245,440)	(10,084,950)
	1,701,210	983,250
4. Receivables from non-exchange transactions		
Traffic fines		
Fines	10,657,470	11,721,446
Fines: Impairment	(9,800,285)	(8,905,403)
	857,185	2,816,043
Property rates		
Consumer debtors - Rates	224,842,417	192,334,232
Consumer debtors - Rates: Impairment	(103,780,925)	(74,747,903)
	121,061,492	117,586,329
Fines	10,657,470	11,721,446
Allowance for impairment	(9,800,285)	(8,905,403)
Consumer debtors - Rates	224,842,417	192,334,232
Allowance for impairment	(103,780,925)	(74,747,903)
	121,918,677	120,402,372
Statutory receivables included in receivables from non-exchange transactions above are as follows:		
Rates	172,091,054	118,554,600
Fines	-	1,662,814
	172,091,054	120,217,414
Total receivables from non-exchange transactions	121,918,677	120,402,372
	-	-

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
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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 impaired

As of 30 June 2025, Statutory receivables amounted to R- (2024: R-). The total amounts impaired were R1 (2023:R83 477 429).

The amount of the provision was R- as of 30 June 2025 (2024: R107,689,321).

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.

Receivables from non-exchange transactions

Rates (Ageing)

Current (0-30 days)	4,456,872	10,383,934
31-60 days	3,462,659	2,717,318
61-90 days	3,298,524	2,682,543
90-120 days	3,226,602	2,632,890
Above 120 days	205,734,119	169,253,904
	(170,275,375)	(91,270,796)
	49,903,401	96,399,793

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Receivables from non-exchange transactions past due but not impaired		
5. VAT receivable		
VAT	8,588,065	25,171,858
VAT Receivable is attributable to:		
a) VAT Receivable - Cash portion : VAT returns submitted to SARS awaiting payment by SARS as year end		
b) VAT Receivable - Accrual portion : VAT related transactions arising from debtor and creditor transaction not actually paid or received as at year end		
VAT receivable - Cash Portion	2025 2,146,899	2024 1,635,856
VAT Receivable - Accrual Portion	2025 6,441,166	2024 23,536,002
6. Receivables from exchange transactions		
Gross balances: Receivables from exchange transactions at amortised cost		
Water	709,346,948	374,967,168
Sewerage	64,217,179	32,712,414
Refuse	58,380,862	26,550,564
Interest and Other	66,503,622	309,295,802
	898,448,611	743,525,948
Less: Allowance for impairment		
Water	(272,905,892)	(142,848,431)
Sewerage	(45,916,472)	(23,144,134)
Refuse	(45,582,128)	(20,857,807)
Interest and Other	(26,250,936)	(137,668,352)
	(390,655,428)	(324,518,724)
Net balance		
Water	436,441,056	232,118,737
Sewerage	18,300,707	9,568,280
Refuse	12,798,734	5,692,757
Interest and Other	40,252,686	171,627,450
	507,793,183	419,007,224
Water		
Current (0 -30 days)	7,517,318	99,764
31 - 60 days	10,153,187	9,120,982
61 - 90 days	16,247,258	9,261,098
90-120 days	9,704,341	11,954,265
Above 120 days	665,724,841	344,531,056
Allowance for impairment	(389,277,667)	(259,220,206)
	320,069,278	115,746,959

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	202	202
Sewerage		
Current (0 -30 days)	2,337,443	23,859
31 - 60 days	1,269,544	1,394,462
61 - 90 days	1,221,620	808,818
90-120 days	1,176,723	801,414
Above 120 days	58,211,848	29,683,859
Allowance for impairment	(40,374,289)	(6,375,818)
	23,842,889	26,336,594
Refuse		
Current (0 -30 days)	782,674	1,041,945
31 - 60 days	822,111	1,251,844
61 - 90 days	811,872	434,467
Above 90 days	804,776	433,358
Above 120 days	54,695,884	23,388,947
Allowance for impairment	(21,352,527)	(17,461,469)
	36,564,790	9,089,092
Other (specify)		
Current (0 -30 days)	4,012,494	361,273
31 - 60 days	1,040,990	7,943,302
61 - 90 days	1,022,255	7,639,095
90 - 120 days	1,007,897	7,867,815
Above 120 days	44,233,367	285,484,315
Allowance for impairment	(189,669,474)	(87,786,922)
	(138,352,471)	221,508,878

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	214,640	1,288,228
Short-term deposits	59,356	273,007
	273,996	1,561,235

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2025	30 June 2024	30 June 2023	30 June 2025	30 June 2024	30 June 2023
ABSA Bank -40-6952-9871	1,026	1,425	908	1,026	1,425	908
ABSA Bank- 40-5285-3972	210,938	1,288,225	602,333	214,644	1,288,225	602,333
Cheque Account(Primary account)						
ABSA Bank -40-9074-1909	805	164,100	7,098,596	805	164,100	7,098,596
Call Deposits						
FNB - 63 01406573	-	-	12,509	-	-	12,509
ABSA Bank - 93-8039-9198 - Call Deposits	856	53,483	-	856	53,483	-
Standard Bank - 03-856-864-0-060- Call Deposits	56,670	53,998	-	56,670	53,998	-
Total	270,295	1,561,231	7,714,346	274,001	1,561,231	7,714,346

The bank processed unauthorised debit orders on our Main account for R3,700. The corrections to reverse the transactions were effected after 30 June 2025.

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8. Investment property

	2025			2024		
	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 - 2025

	Opening balance	Total
Investment property	154,170	154,170

Reconciliation of investment property - 2024

	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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Details of valuation

The investment property relates the Valschfontein 33 JS Portion 29 and Potion 31 farms and is measured at cost.

The investment property was not pledged as security as of 30 June 2025.

There were no repairs and maintainance pertaining to the property during the 2024 and 2025 financial year.

Amounts recognised in surplus and deficit for the year.

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9. Property, plant and equipment

	2025			2024		
	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	101,399,189	(61,353,439)	40,045,750	101,530,905	(58,033,091)	43,497,814
Plant and machinery	47,195,603	(29,646,655)	17,548,948	46,688,891	(25,280,437)	21,408,454
Furniture and fixtures	14,914,828	(8,762,448)	6,152,380	14,162,627	(7,241,093)	6,921,534
Transport Assets	36,289,973	(28,790,229)	7,499,744	36,289,973	(26,832,164)	9,457,809
Office equipment	3,271,076	(1,683,963)	1,587,113	2,888,177	(1,394,653)	1,493,524
IT equipment	25,164,071	(16,905,403)	8,258,668	20,122,181	(15,900,728)	4,221,453
Infrastructure	2,547,946,398	1,169,053,716)	1,378,892,682	2,422,215,008	1,100,329,946)	1,321,885,062
Community	232,478,557	(128,630,232)	103,848,325	232,598,503	(122,723,405)	109,875,098
Total	3,096,055,364	(1,444,826,085)	1,651,229,279	2,963,891,934	(1,357,735,517)	1,606,156,417

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Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Loss on derecognition	WIP Additions	Transfers	Depreciation	Impairment loss	Total
Land	87,395,669							87,395,669
Buildings	43,497,814	8,000	(24,339)	-	-	(3,341,914)	(93,811)	40,045,750
Plant and machinery	21,408,454	800,338	(64,545)	-	-	(4,595,299)	-	17,548,948
Furniture and fixtures	6,921,534	753,587	(44)	-	-	(1,522,697)	-	6,152,380
Transport Assets	9,457,809	-	-	-	-	(1,958,065)	-	7,499,744
Office equipment	1,493,524	491,000	(29,956)	-	-	(367,455)	-	1,587,113
IT equipment	4,221,453	5,268,881	(11,473)	-	-	(1,220,193)	-	8,258,668
Infrastructure	1,321,885,062	9,765,333	(21,438)	123,476,461	(7,409,663)	(68,777,751)	(25,322)	1,378,892,682
Community	109,875,098	-	(273)	-	-	(4,586,964)	(1,439,536)	103,848,325
	1,606,156,417	17,087,139	(152,068)	123,476,461	(7,409,663)	(86,370,338)	(1,558,669)	1,651,229,279

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Notes to the Annual Financial Statements

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Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Loss on derecognition of assets	Donations received	Work in Progress	Transfers	Depreciation	Impairment loss	Total
Land	87,395,669	-	-	-	-	-	-	-	87,395,669
Buildings	48,463,731	-	(14,495)	-	-	-	(3,675,344)	(1,276,078)	43,497,814
Plant and machinery	22,066,013	1,749,495	(56,459)	2,989,000	-	-	(5,339,595)	-	21,408,454
Furniture and fixtures	6,651,399	1,951,760	(16,322)	-	-	-	(1,665,303)	-	6,921,534
Transport Assets	12,680,722	-	(95,261)	-	-	-	(3,127,652)	-	9,457,809
Office equipment	1,850,172	124,649	(10,027)	-	-	-	(471,270)	-	1,493,524
IT equipment	5,236,937	1,776,223	(181,867)	-	-	-	(2,609,840)	-	4,221,453
Infrastructure	1,210,048,000	30,158,885	(68,521)	36,980,087	120,559,021	(6,055,103)	(64,384,423)	(5,352,884)	1,321,885,062
Community	122,062,920	240,190	(37,271)	-	-	-	(4,957,187)	(7,433,554)	109,875,098
	1,516,455,563	36,001,202	(480,223)	39,969,087	120,559,021	(6,055,103)	(86,230,614)	(14,062,516)	1,606,156,417

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

Reconciliation of Work-in-Progress 2025

	Included within Infrastructure	Included within Community	Total
Opening balance	70,241,269	38,292,996	108,534,265
Additions/capital expenditure	123,476,462	-	123,476,462
Transferred to completed items	(72,499,823)	-	(72,499,823)
Projects expensed	(7,409,663)	-	(7,409,663)
Impairment	-	(1,177,400)	(1,177,400)
	113,808,245	37,115,596	150,923,841

Notes to the Annual Financial Statements

Figures in Rand	2025	2024	
Reconciliation of Work-in-Progress 2024			
	Included within Infrastructure	Included within Community	Total
Opening balance	120,633,287	39,657,332	160,290,619
Additions/capital expenditure	120,559,021	-	120,559,021
Project expensed	(6,055,102)	-	(6,055,102)
Transferred to completed items	(167,805,605)	-	(167,805,605)
Impairment	-	(1,364,335)	(1,364,335)
Donations	2,909,667	-	2,909,667
	70,241,268	38,292,997	108,534,265

Work in progress age analysis	In Progress	Delayed	Halted	Total
>1 Year	62,232,688	-	4,807,556	67,040,245
>3 Years	-	46,768,000	-	46,768,000
>5 Years	-	-	37,115,596	37,115,596
	62,232,688	46,768,000	41,923,152	150,923,841

The Fresh Produce Project was initiated in 2008, with the first payment disbursed in 2009. However, the project faced immediate challenges, including community protests over the original site, which compelled the municipality to relocate the initiative during the 2012/2013 financial year. Since its inception, progress has been consistently hindered by community unrest. In the 2013/2014 financial year, delays were exacerbated by the main contractor's cashflow issues, resulting in a lack of materials on site. Additionally, unpaid subcontractors halted their work, further stalling development. Due to the initial contractor's slow progress and reluctance to meet deadlines, a replacement contractor was appointed, causing additional delays. Although the revised completion date was set for 2015, ongoing protests prevented the project's finalization. A new target was established for the end of the 2016/2017 financial year, but further setbacks were incurred. Since then, the project has remained inactive and is subject to annual impairment assessments.

The construction of the sewer reticulation system for the Libangeni project commenced in 2021. However, the initial contractor was unable to complete the work as planned, necessitating the appointment of a new contractor to finalize the project in 2024. Progress was further hindered by delays in the supply of pumps as they had to be manufactured. Although the project remains active and the contractor is currently on site, it is anticipated that it will be completed early in the year 2025/26.

These projects were donated by the district. The projects consist of designs only and were not implemented by the district. The municipality does not have funding to complete the project and therefore the projects are halted.

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

Buildings	2,958,526	459,870
Infrastructure	51,412,100	58,910,538
IT Equipment	3,063,211	-
Transport Assets	(876,235)	10,243,529
Plant and Machinery	(539,591)	77,600
Furniture	129,185	-
	56,147,196	69,691,537

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024	
Change in Estimate			
Property, Plant and Equipment			
The useful lives of certain items of Property Plant and Equipment was revised. The effect of this change has impacted the depreciation charges for the current and future periods.			
Effect of change in current and future periods			
Impact on Depreciation	Depreciation using old useful lives	Depreciation using revised useful lives	Change
Buildings	3,383,496	3,341,915	41,582
Infrastructure	67,085,885	68,777,750	(1,691,865)
Community assets	4,634,531	4,586,964	47,567
Furniture and fittings	1,986,692	1,522,696	463,996
Office Equipment	472,691	367,455	105,236
Transport Assets	2,755,856	1,958,065	797,792
Plant and Machinery	6,106,812	4,595,299	1,511,513
IT Equipment	1,568,190	1,220,196	347,993
	87,994,153	86,370,340	1,623,814
Impact on Carrying Amount	Carrying amount based on Old useful lives	Carrying amount based on revised useful lives	Change
Buildings	40,087,333	40,045,751	41,582
Infrastructure	1,377,200,817	1,378,892,682	(1,691,865)
Community Assets	103,895,891	103,848,325	47,567
Furniture and fittings	6,616,369	6,152,373	463,996
Office Equipment	1,692,353	1,587,117	105,236
Transport Assets	8,297,537	7,499,745	797,792
Plant and Machinery	19,060,463	17,548,950	1,511,513
IT Equipment	8,606,658	8,258,664	347,993
	1,565,457,421	1,563,833,607	1,623,814
Effect of depreciation on future periods		Effect of changes in depreciation for future periods	Total
Buildings		41,582	41,582
Infrastructure		(1,691,865)	(1,691,865)
Community Assets		47,567	47,567
Furniture and fittings		463,996	463,996
Office Equipment		105,236	105,236
Transport Assets		797,792	797,792
Plant and Machinery		1,511,513	1,511,513
IT Equipment		347,993	347,993
		1,623,814	1,623,814

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

	2025			2024		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Intangible assets	1,273,052	(879,745)	393,307	1,273,052	(784,230)	488,822

Reconciliation of intangible assets - 2025

	Opening balance	Amortisation	Total
Intangible assets	488,822	(95,515)	393,307

Reconciliation of intangible assets - 2024

	Opening balance	Amortisation	Total
Opening balance	-	-	-
Intangible assets	750,574	(261,752)	488,822

11. Prepayments

The municipality acquired a compactor truck and included in the cost of the asset was a service plan for R250 000. The maintenance plan has been concluded.

Heading

Compactor Truck Service Plan	2025	2024
	-	243,729

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12. Heritage assets

	2025			2024		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Stamp collections, military insignia, medals, coin	197,000	-	197,000	197,000	-	197,000

Reconciliation of heritage assets 2025

	Opening balance	Total
Stamp collections, military insignia, medals, coin	197,000	197,000

Reconciliation of heritage assets 2024

	Opening balance	Total
Stamp collections, military insignia, medals, coin	197,000	197,000

13. Payables from exchange transactions

Trade payables	55,228,638	54,510,830
Payments received in advanced	35,366,237	49,160,414
Retentions	34,673,406	36,549,791
Accrued leave pay	24,618,174	20,709,727
Accrued bonus	5,588,431	5,179,373
Payroll accruals	6,641,561	9,101,233
Accruals	4,207,537	1,404,290
ENatis	7,517,260	4,616,906
	173,841,244	181,232,564

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024
Trade and other payables measured at amortised cost		
Trade and other payables payables	173,841,244	181,232,564
Payments received in advance	(35,366,237)	(49,160,414)
Accrued leave pay	(24,618,174)	(20,709,727)
Accrued bonus	(5,588,431)	(5,179,373)
Payroll accruals	(6,641,561)	(9,101,233)
Trade and other payables measured at amortised cost	101,626,841	97,081,817
14. Consumer deposits		
Water	385,753	380,788
Refuse	284,119	284,119
Housing rental	213,528	202,969
	883,400	867,876

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
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15. Provisions

Reconciliation of provisions - 2025

	Opening Balance	Utilised during the year	Change in discount factor	Total
Siyabuswa Landfill	24,158,474	2,259,860	2,457,013	28,875,347
Libangeni Landfill	10,286,019	809,540	1,097,559	12,193,118
	34,444,493	3,069,400	3,554,572	41,068,465

Reconciliation of provisions - 2024

	Opening Balance	Utilised during the year	Change in discount factor	Total
Siyabuswa landfill	21,737,914	100,777	2,319,783	24,158,474
Libangeni landfill	9,863,933	(704,533)	1,126,619	10,286,019
	31,601,847	(603,756)	3,446,402	34,444,493

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 27 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 2,8878%.

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 was used.

For the landfills the rate associated with a maximum period of 10 years is used.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
16. Unspent conditional grants and receipts		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
BankSeta	-	-
Expanded Public Works Program	-	-
LG Seta Grant	-	-
Financial Management Grant	-	-
Municipal Infrastructure Grant	-	(1)
Integrated National Electrification Grant	-	791,434
	-	791,433
Movement during the year		
Balance at the beginning of the year	791,433	6,129,967
Additions during the year	145,891,000	147,052,000
Income recognition during the year	(146,682,433)	(152,390,534)
	-	791,433

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 26 for reconciliation of grants from National/Government.

These amounts are invested in a ring-fenced investment until utilised.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
17. Long service bonus liability		
	2025	2024
Opening balance	15,742,503	15,751,429
Service cost	1,258,637	1,291,279
Interest cost	1,617,608	1,589,661
Acturial gains	(337,529)	(88,145)
Benefits paid	(755,474)	(2,801,721)
	17,525,745	15,742,503
Long service broken down		
	2025	2024
Current portion	2,265,134	755,474
Non current portion	15,260,611	14,987,029
	17,525,745	15,742,503

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 2024, the duration of liabilities was 6.22 years. At this duration the discount rate determined by using the Bond Exchange Zero Coupon Yield Curve as at 30 June 2025 is 9.39% per annum, and the yield on inflation-linked bonds of a similar term was about 4.99% per annum. This implies an underlying expectation of inflation of 3.71% per annum $([1 + 9.39\% - 0.50\%] / [1 + 4.99\%] - 1)$. The 0.5% deduction has been added as a risk premium to reflect the uncertainty inherent in the projection

We have assumed that salary inflation would exceed general inflation by 1.00% per annum, i.e. 4.71% 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 4.47% per annum $([1 + 9.39\%] / [1 + 4.71\%] - 1)$.

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 Acturial Society of South Africa (ASSA) guidelines, in particular the Advisory Practise Note 207 version 2.0 effective September 2017 as issued by ASSA and is consistent with the requirements of GRAP 25.

2025	1% decrease	30 June 2025	1% increase
	R's	valuation basis R's	R's
Employer's accrued liability	16,528,106	17,525,745	18,619,192
Employer's current service cost	1,232,681	1,319,934	1,416,646
Employer's interest cost	1,445,142	1,538,519	1,640,889
	19,205,929	20,384,198	21,676,727

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
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As per the table above, a 1% increase in the salary increase rate results in a 6.24% increase in the accrued liability whilst a 1% decrease in the salary increase rate will result in a 5.69% decrease in the accrued liability.

Discount Rate

The effect of a 1% increase and decrease in the discount rate is as follows:

2025	1% decrease R's	30 June 2025 valuation basis R's	1% decrease R's
Employer's accrued liability	18,580,387	17,525,745	16,577,260
Employer's current service cost	1,413,195	1,319,934	1,236,957
Employer's interest cost	1,462,803	1,538,519	1,604,214
	21,456,385	20,384,198	19,418,431

As per the table above, a 1% increase in the discount rate results in a 5.41% decrease in the accrued liability whilst a 1% decrease in the discount rate results in a 6.02% increase in the accrued liability.

2024	1% decrease R's	Valuation Basis R's	1% increase R's
Employer's accrued liability	14,769,863	15,742,503	16,810,790
Employer's current service cost	1,169,669	1,258,637	1,357,507
Employer's interest cost	1,515,208	1,617,608	1,730,078
	17,454,740	18,618,748	19,898,375

As per the table above, a 1% increase in the salary increase rate results in a 6.79% increase in the accrued liability whilst a 1% decrease in the salary increase rate will result in a 6.18% decrease in the accrued benefit

Discount Rate

The effect of a 1% increase and decrease in the discount rate is as follows:

2024	1 % decrease R's	30 June 2024 Valuation basis R's	1 % increase R's
Employer's accrued liability	16,774,134	15,742,503	14,816,508
Employer's current service cost	1,354,095	1,258,637	1,173,912
Employer's service cost	1,562,164	1,617,608	1,664,615
	19,690,393	18,618,748	17,655,035

As per the table above, a 1% increase in the discount rate results in a 5.88% decrease in the accrued liability whilst a 1% decrease in the discount rate results in a 6.55% increase in the accrued liability.

18. Service charges

Sale of water	108,670,551	95,607,486
Solid waste	7,402,846	7,243,124
Sewerage and sanitation charges	12,321,771	11,394,545
	128,395,168	114,245,155

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Figures in Rand	2025	2024
19. Rendering of services		
Application for tenders	27,921	58,617
Administration fees	181,690	94,806
Advertising	97,176	108,191
Sundry income	338,809	2,911,712
Sale of water	221,757	116,355
	867,353	3,289,681
20. Rental of facilities and equipment		
Facilities and equipment		
Municipal buildings	644,647	349,903
21. Interest received		
Interest received (trading)	79,950,122	52,911,420
Interest - Property rates	13,846,028	14,307,382
	93,796,150	67,218,802
The balance is made up of interest received charged on receivables for property rates and other services.		
22. Licences and permits		
Trading	9,090,485	9,205,565
Road and Transport	926,840	1,033,917
	10,017,325	10,239,482
23. Gain on landfill site provision		
Gain/(loss) on landfill site provision	(3,069,400)	603,756
24. Investment revenue		
Interest revenue		
Bank	6,191,239	7,448,764

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
25. Property rates		
Rates received		
Agricultural	7,208,261	6,892,873
Business	6,386,685	6,114,080
Government	541,289	517,980
Multi Use Properties	2,770,494	2,657,413
Public Service Infrastructure	17,467,932	16,890,924
Residential	26,561,422	25,438,205
Vacant land	461,464	440,488
Less: exemption	(16,928,108)	(14,564,843)
	44,469,439	44,387,120
Valuation Roll		
Residential	3,123,747,738	3,123,747,738
Business	311,889,000	311,889,000
Government	37,930,000	37,930,000
Public Service Infrastructure	1,157,714,200	1,157,714,200
Agricultural	363,101,850	363,101,850
Multi Use properties	292,300,152	292,300,152
Vacant Land	16,842,600	16,482,600
Property rates 3	295,000	295,000
Property rates 4	10,698,000	10,698,000
	5,314,518,540	5,314,158,540

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. A supplementary valuation roll has been issued and extends the validity of the General valuation roll by 2 years from 1 July 2023.

The basic rates of R0.0200 agriculture commercial, R0.0090 on the value of agricultural residential, R0.0200 on the value of commercial business land and buildings, R0.0150 consent use, R0.0200 government institutions, R0.0090 on the value of state land and buildings, R0.0021 farming, R0.0294 vacant land empty sites, 0.0294 non permitted use, R0.0094 multi purpose business and residential and R0.0090 on the value of residential land and buildings are applied to determine assessment rates. These rates were agreed to the approved tariff policy..

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
26. Government grants & subsidies		
Operating grants		
Equitable share	520,563,000	491,709,000
LG SETA Grant	459,072	404,701
EPWP Grant	2,155,000	3,824,000
Financial Management Grant	2,400,000	2,450,000
BankSETA	1,776,000	-
	527,353,072	498,387,701
Capital grants		
Municipal infrastructure Grant	144,500,000	146,301,968
INEP Grant	2,182,434	6,088,566
	146,682,434	152,390,534
	674,035,506	650,778,235

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.

LG Seta Grant

Current-year receipts	459,072	404,701
Conditions met - transferred to revenue	(459,072)	(404,701)
	-	-

The grant is aimed at addressing the skills development priorities in the local government sector. Conditions of the grant were met, and no funds have been withheld

EPWP Grant

Current-year receipts	2,155,000	3,824,000
Conditions met - transferred to revenue	(2,155,000)	(3,824,000)
	-	-

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.

Financial Management Grant

Current-year receipts	2,400,000	2,450,000
Conditions met - transferred to revenue	(2,400,000)	(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

Municipal Infrastructure Grant

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Balance unspent at beginning of year	-	6,129,969
Current-year receipts	144,500,000	140,172,000
Conditions met - transferred to revenue	(144,500,000)	(146,301,969)
	-	-

The grant aims to eradicate municipal infrastructure backlogs in poor communities to ensure the provision of basic services such as water, sanitation, roads and community lighting. In the current year conditions of the grant were met and no funds have been withheld.

Integrated National Electrification Programme

Balance unspent at beginning of year	791,434	-
Current-year receipts	1,391,000	6,880,000
Conditions met - transferred to revenue	(2,182,434)	(6,088,566)
	-	791,434

The purpose of the grant is for planning, project management and funding the bulk infrastructure grid and non grid new connections for households that can afford to pay on their own to receive access to electricity

BankSETA

Current-year receipts	1,776,000	-
Conditions met - transferred to revenue	(1,776,000)	-
	-	-

BankSeta approved a grant to Dr JS Moroka Local Municipality through the Entrepreneurship Funding Window to support skills development initiatives. The funding is designated for the training and development of 30 learners..

27. Public contributions and donations

Nkangala District Municipality	777,500	43,257,445
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Nkangala District Municipality donated the following assets and operational items to the municipality in 2025.

Donations of an operational nature that were donated amounted to R777 500. These were expenditures that Nkangala District Municipality incurred on behalf of the municipality during 2025. This is a Land Surveying Project Portion Farm Valschfontein

Nkangala District Municipality donated the following assets and operational items to the municipality in 2024.

Capital assets that were donated to the municipality were the following:

Infrastructure assets	:	Madubaduba & Moripe Gardens Water Supply	R34,070,419.39
		Mogononong to Siyabuswa Magistrate Court Road	R 912,608.73
		Ga-Morwe to Mtambathini Vehicle Bridge	R 1,105,164.12
		Thabana and Ramokgeletsane Subsurface Drainage	R 891,893.15
Movable assets	:	Honey Sucker Truck	R 2,989,000.00

Donations of an operational nature that were donated amounted to R3,288,358.20. These were expenditures that Nkangala District Municipality incurred on behalf of the municipality during 2024. This includes the Formalisation of a Township Establishment Dr JS Moroka, Opening Township Register: Dr JS Moroka and the Land Surveying Dr JS Moroka.

28. Fines, Penalties and Forfeits

Municipal Traffic Fines	1,065,584	2,089,701
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Figures in Rand	2025	2024
29. Employee related costs		
Basic	161,415,862	152,591,600
Bonus	11,699,044	9,348,237
Medical aid - company contributions	16,173,051	15,124,681
UIF	1,072,608	1,054,426
SDL	2,010,112	1,916,166
Leave pay provision charge	3,908,448	(3,714,718)
Pension fund contribution	30,102,757	29,489,313
Travel, motor car, accommodation, subsistence and other allowances	9,276,839	9,680,516
Overtime payments	5,022,461	7,633,155
Acting allowances	5,313,380	2,566,394
Housing benefits and allowances	1,190,302	742,082
Group life contributions	11,862	23,372
Bargaining Council	72,106	68,213
Cellphone allowance	1,120,789	1,124,153
Standby allowance	3,461,270	4,651,081
	251,850,891	232,298,671
30. Remuneration of councillors		
Executive Major	1,226,792	1,331,500
Mayoral Committee Members	4,223,964	3,972,014
Speaker	990,934	1,075,173
Councillors	21,150,955	20,033,305
Chief Whip	896,243	880,951
	28,488,888	27,292,943
In-kind benefits		
The Executive Mayor, Speaker, the Chairperson of MPAC 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 and the Speaker have use of a Council owned vehicle, a bodyguard 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.		
31. Impairment loss		
Impairments		
Property, plant and equipment	1,558,669	14,062,515
32. Depreciation and amortisation		
Property, plant and equipment	86,370,335	86,230,615
Intangible assets	95,515	261,752
	86,465,850	86,492,367
33. Finance costs		
Other interest paid	5,172,180	5,036,063

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Figures in Rand	2025	2024
Included in the interest paid is the interest on the landfill site provision, interest on late payments and interest on long service bonus liability.		
34. Lease rentals on operating lease		
Plant and equipment		
Contractual amounts	2,300,007	3,276,002
35. Debt impairment/reversal		
Debt impairment	96,064,606	103,060,654
36. Contracted services		
Contractors		
Repairs and Maintenance	56,703,761	70,681,069
Security	88,341,698	74,120,558
Specialist Services	60,148,725	62,058,918
Other contractors	16,825,389	20,223,085
	222,019,573	227,083,630
37. General expenses	110,528,074	103,083,432
Advertising and Bursaries	794,617	511,313
Auditors remuneration	11,328,865	10,576,794
Bank Charges	756,000	516,151
Cleaning	6,863,950	7,831,433
Consumables	1,173,284	7,719,925
Inventory consumed	13,288,826	10,727,860
Electricity	39,840,142	36,778,583
Indigent Relief	2,258,268	5,538,003
Completed INEP Projects expensed	1,898,176	5,294,405
WIP projects expensed	7,409,663	-
Insurance	-	28,080
Medical expenses	-	1,291,279
Other expenses	15,376,179	8,830,225
Postage and courier	-	179,945
SMME Support and Learnerships	2,512,163	826,084
Subscriptions and membership fees	2,956,371	2,493,994
Telephone and fax	82,080	-
Transport and freight	171,750	56,500
Travel - local	450	24,858
Ward Committee support	3,817,290	3,858,000

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Figures in Rand	2025	2024
38. Cash generated from operations		
Surplus	149,960,397	139,338,609
Adjustments for:		
Depreciation and amortisation	86,465,850	86,492,367
Gain on sale of assets and liabilities	152,069	480,224
Surplus on distribution of non-cash assets to owners	-	-
Movement in employee benefit liability	165,634	(1,598,587)
Finance costs	5,172,180	5,036,063
Impairment of assets	1,558,669	14,062,515
Debt impairment	96,064,606	103,060,654
Bad debts written off	2,585,715	2,491,077
Movements in provisions - Landfill site	3,069,400	(603,756)
Non-cash donations and other in-kind benefits	-	(39,969,087)
Changes in working capital:		
Inventories	(2,772,819)	(2,299,827)
Consumer debtors	(213,406,804)	(101,058,805)
Other receivables from non-exchange transactions	(1,516,308)	(82,961,411)
Prepayments	243,729	6,271
Payables from exchange transactions	(7,391,316)	27,487,112
VAT	16,583,793	11,336,385
Unspent conditional grants and receipts	(791,433)	(5,338,534)
Consumer deposits	15,524	17,213
	136,158,886	155,978,483

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
39. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment - Infrastructure	59,042,565	30,252,835
Total capital commitments		
Already contracted for but not provided for	59,042,565	30,252,835
Authorised operational expenditure		
Total commitments		
Total commitments		
Authorised capital expenditure	59,042,565	30,252,835
<p>This committed expenditure relates to Property,Plant and equipment (Infrastructure) and will be financed by retained surpluses, existing cash resources, funds internally generated.</p>		
Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	1,816,079	-
- in second to fifth year inclusive	2,242,950	-
	4,059,029	-

DR JS Moroka Municipality entered in a 36 months operating Lease agreement with Konika Minolta to lease printing and photo copying machines. The contract commenced on the 01/09/2024 for 37 machines. The fixed lease monthly rent is R109 942.82 inclusive of VAT for the period 01/09/2024 to 30/11/2024 and thereafter a fixed monthly amount of R155 339.89 inclusive of VAT.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
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40. Contingencies

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
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Contingent liabilities 2025

1. Elijah B Mashinga/ Dr JS Moroka Local Municipality

The Plaintiff is claiming damages from the Municipality for unlawful arrest and detention. The plaintiff is claiming R900 000 plus interest and legal costs against the Municipality.

2. Dumisani J Mashiga/ Dr JS Local Municipality

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.

3. Sizwe Africa IT Group/ Dr JS Moroka Local Municipality

The Plaintiff has instituted action against the Municipality claiming that the Municipality repudiated the Rental Agreement concluded which agreement relates to the rental of equipment. Damages in the sum of R3 418 270.20, plus interest and legal costs are being sought.

4. Khwinana Logistics CC Enterprise (Pty) Ltd/Dr JS Moroka Local Municipality

Dolamo Attorneys received summons from DR JS Moroka and entered the intention to defend. Matter has been set down for having in our special plea, awaiting for a date. The value of the claim is R998 000,00.

5. Rev BL Sibiya//Dr JS Moroka Local Municipality

Default judgement was obtained against the Municipality in the amount of R250 000,00 in the form of damages. The judgement was successfully rescinded, and the matter is currently proceeding to trial.

6. Oradimpho Trading/Dr JS Moroka Local Municipality

The application brought by Oradimpho Trading being the urgent application to interdict the Municipality from further implementing phase two of the Libangeni Sewer. Currently dealing with Part B of the application wherein our opponents have applied to the Court to declare the tender advert for phase 2, Null and Void and to review and set aside the decision that was made by the Municipality to advertise Phase 2 of construction of Libangeni. The value of the claim is R2 700 000.00.

7. Lucas Mduduzi Mthombeni//Dr JS Moroka Local Municipality

Claim against the Municipality for damages because of a strike that occurred in the premises of the Municipality. The value of the claim is R6 000 000.00.

8. Zodwana Holding (Pty) Ltd//Dr JS Moroka Local Municipality

Claim against the Municipality for unlawful demolition. The value of the claim is R7 600 000.00

9. Mozma Trading//Dr JS Moroka Local Municipality

A claim against the Municipality for breach of conduct. The value of the claim is R1 267 194,92.

10. Chief Maphothoma//Dr JS Moroka Local Municipality and 3 others

Claim against the Municipality for damages of premises due to sewer in his property. The value of the claim is R56 000 000

11. Monareng//Dr JS Moroka Local Municipal (Constitutional Court)

An ex-employee resigned from a post with the Municipality. The employee then sought to retract the letter of resignation. The request was denied by the then administrator and the employee approached the labour Court and sought an order for reinstatement claiming he had lawfully retracted his resignation letter. The application was opposed by the Municipality. The Municipality has appealed the order of the LAC to the Constitutional Court. Estimated legal costs is R800 000.00.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
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12. Pangela Protection Services//Dr JS Moroka Local Municipality

An urgent application instituted by the applicant, a security contract intending to interdict the termination of services agreement. The urgent application was successfully opposed and matter struck from the urgent roll. The trial is on normal roll and we await court date. Matter is at pre-trial phase. Estimated legal costs is R5 000 000.00.

13. Get There Security Services//Dr JS Moroka Local Municipality

An action was instituted by the plaintiff. A security contractor. The contractor alleges that its contract terminated due to non-compliance with SCM processes of the Municipality was irregularly terminated. The trial is on normal roll and we await court date. Matter is at pre-trial phase. Estimated legal costs is R10 381 121.84

14. T. Kubheka//Dr JS Moroka Local Municipality

A claim at the CCMA by an ex-employee seeking compensation and reinstatement of alleged unfair dismissal. The employee has applied for a review of the commissioner's award at the Labour court under section 145 of the LRA.

15. Sidas Security Services (Pty) Ltd//Dr JS Moroka Local Municipality

Summons issued against the Municipality by the plaintiff claiming the sum of R1 960 320.42 for the outstanding amount in relation to service rendered.

16. Phathagke Billy Tladi//Dr JS Moroka Local Municipality

Plaintiff alleges that he drove into a pothole in Semothase road at Mamethlake which resulted in the loss of control of vehicle and colliding into a fence and claim the sum of R49 582.62 for motor vehicle damages suffered.

17. Gubis85 Solutions (Pty) Ltd //Dr JS Moroka Local Municipality

A claim for specific performance arising out of a contract concluded between Gubis85 Solutions (Pty) Ltd and the entity on 28 November 2018 for provision of security services at the entity's various premises. The plaintiff alleges that the entity is in breach of the terms of the said contract in that the entity failed to pay the Plaintiff's. The claim is for R403 148.32.

Contingent liabilities 2024

1. 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.

2. 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.

3. Dumisani J Mashiga/ Dr JS Local Municipality

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.

4. 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 R5 000 000.

5. Mr Monareng // Dr JS Moroka Local Municipality

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
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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.

6. Get There Security Services (Pty) Ltd/ / Dr JS Moroka Local Municipality

The matter relates to a claim of a contract terminated because the process did not follow the law and SCM policies of the Municipality. The value of the claim amounts to R10 381 121.84..

7. Gubis85 Solutions (Pty)Ltd/ Dr JS Moroka Local Municipality

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.

8. Thathazakho Taxi Association / Dr JS Moroka Local Municipality

This is a claim against the municipality which dispute relates to two rival taxi associations regarding a taxi route with the municipality as one of the respondents and ordered to implement the court order.

9. 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.

10. Lucas 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. Reverance Baphasile Johann Sibiya//Dr JS Moroka Local Municipality

The plaintiff has issued a summons for payment of R250 000.00 in respect of a damage claim arising from destruction of property.

12. 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.

13. 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.

14. Sidas Security// Dr JS Moroka Local Municipality

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

15. Khwinana Logistics CC Enterprises // Dr JS Moroka Local Municipality.

It is alleged that Dr JS Moroka Local Municipality owes Khwinana an amount of R998 000.00 for services rendered for repairing damaged sewer, benching and unblocking of the main sewer.

16. T Khubheka v Dr JS Moroka Local Municipality.

The applicant applied for a review of the CCMA Commissioner's Award.

17. Phathakge Billy Tladi // Dr JS Moroka Local Municipality

Plaintiff alleges that he drove into a pothole in Semotlhase road at Mamethlhake which resulted in the loss of control of vehicle and colliding into a fence and claim the sum of R49 582,62 for motor vehicle damages suffered.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
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18. Oradimpho Trading Enterprise // Dr JS Moroka Local Municipality

Review application to set aside the decision of the municipality to advertise the project of Construction of Libangeni Sewer Reticulation Phase 2.

19. Zodwana Pty Ltd // Dr JS Moroka Local Municipality

The plaintiff claims damages for an amount of R7 600 000.00 for the alleged demolition of stand no 25/174 for the operation of pap and grill business.

Contingent assets

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
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Contigent Assets 2025

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//N.T.G Kubheka
 Instructions issued to SS Masondo Attorneys to recoup outstanding legal costs on various matters, in favour of the Municipality. The estimated value is R90 000.00.

4. Dr JS Moroka Local Municipality//Ndhlovu A J Inc
 The plaintiff withdrew its action in the sum of R 412, 635.00 against the Municipality, agreeing to pay the latter's party and party costs tax bill of costs. Previous attorneys mandate was terminated, and Dolamo Attorneys furnished with new instructions to defend the plaintiff's claim. An attorney of record made an application to the court for allocation date for the purpose of taxation. The estimated costs is R21 270.00.

5. 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.

6. Dr JS Moroka Local Municipality /Mr L Babedi
 The Municipality is pursuing an action against Mr L.E Babedi for damages the Municipality suffered as a result of maladministration, corruption, and wasteful and fruitless expenditure which were incurred as a result of Mr Babedi as the employee of the Municipality. The municipality is claiming 1 894 130.44 from the defendant.

7. Dr JS Moroka Local Municipality/Pheladi Riba
 The Municipality intent pursuing an action against Ms Pheladi Riba to recover damages the Municipality suffered as a result of the award of a Bursary awarded to Ms Riba which has been vitiated by noncompliance with paragraph 8.2 of the Municipality's external bursary policy. The municipality is claiming R318 319.84

8. Dr JS Moroka Local Municipality//Unlawful occupiers
 Municipality instituted application to evict the unlawful occupiers of Farm 34JS Watervaal on land that belongs to the municipality. Matter still ongoing.

9. There is a work in progress project to be donated by Nkangala district municipality on completion the details of which are as follows:

Project No	Project description	Amount
185487	King Mabhoko and Gogo Esther Mahlangu Road	11 929 923

10. There is a project funded by the Department of Water and Sanitation to be donated by Nkangala district municipality on completion the details of which are as follows:

Project No	Project description	Amount
173320	Western Highveld(Rust De Winter) Bulk Water Supply	18 325 011

Contigent Assets 2024

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

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
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defendant.

3. 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. There are no legal implications attached.

4. Dr JS Moroka Local Municipality//N.T.G Kubheka

Instructions issued to SS Masondo Attorneys to recoup outstanding legal costs on various matters, in favour of the Municipality. The estimated value is R90 000.00.

5. Dr JS Moroka Local Municipality//Ndhlovu A J Inc

The plaintiff withdrew its action in the sum of R 412, 635.00 against the Municipality, agreeing to pay the latter’s party and party costs tax bill of costs. Previous attorneys mandate was terminated, and Dolamo Attorneys furnished with new instructions to defend the plaintiff’s claim. An attorney of record made an application to the court for allocation date for the purpose of taxation. The estimated costs is R21 270.00.

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 Geelbeksvley 684

This matter relates to the illegal invasion of farm Geelbeksvley by squatters. There is no monetary value attached.

8. 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.

9. 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.

10. 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.

11. 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.

12. Dr JS Moroka Local Municipality/Mthimunye Mvhangeli, SAMWU, and the employees listed in annexures. Interdict and restraining order.

13. 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
185487	King Mabhoko and Gogo Esther Mahlangu Road	702 950.78

14. There is a project funded by the Department of Water and Sanitation to be donated by Nkangala District Municipality on completion the details of which are as follows:

Project No	Project description	Amount
173320	Western Highveld(Rust De Winter) Bulk Water Supply	5 491 406.09

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41. Unauthorised expenditure		
Opening balance as previously reported	129,516,178	116,541,324
Add: Unauthorised expenditure - current	112,374,669	25,713,168
Less: Amount written off - current	(48,022,687)	-
Less: Amount authorised/approved - current	(129,516,178)	(12,738,314)
Less: Amount authorised - prior period	(64,351,982)	-
Closing balance	-	129,516,178

The over expenditure incurred by municipal departments during the year is attributable to the following categories:

Non-cash	81,858,500	(11,654,625)
Cash	30,516,169	37,367,793
Less: Approved by council	(64,351,982)	(12,738,315)
Less: Amount written off	(48,022,687)	-
	-	12,974,853

Analysed as follows: non-cash

Depreciation and amortisation	22,141,158	27,867,339
Irrecoverable debt write-off	2,585,715	(40,473,076)
Disposal of fixed and intangible assets	152,069	2,493,902
Impairment loss on receivables	55,420,888	(23,782,229)
Impairment loss: Property plant and equipment	1,558,669	22,239,438
	81,858,499	(11,654,626)

Analysed as follows: cash

Safeguard and Security	11,791,698	42,384
Construction work in progress	(870,045)	(683,519)
Contracted services	(1,961,664)	9,136,206
Employee related costs	(10,282,972)	(8,482,436)
Consultants and professional services - Financial Management	5,917,463	11,622,279
Expenditure- Inventory	559,231	235,341
Finance lease	(749,164)	(364,273)
Operating lease	100,007	(723,998)
Operational expenditure	23,476,075	26,585,809
[Other 2]	2,535,541	-
	30,516,170	37,367,793

Unauthorised expenditure: Budget overspending – per municipal department:

Public Safety	9,674,389	-
Electricity	10,400,281	-
Finance and Admin	92,299,998	25,713,169
	112,374,668	25,713,169

Amount approved by council

In the 2024/25 financial year, council approved/authorized an amount of R 64 351 982,28 relating to 2024/25 financial year and a write-off of R48 022 687,19 relating to 2024/25 financial year and R 129 516 178 relating to 2014/15, 2015/16, 2016/17, 2017/18, 2019/20,2021/22 and 2023/24 financial years as it was found that the overall municipal budget has an underspending from which the unauthorized votes can be funded with, within each applicable years..

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42. Fruitless and wasteful expenditure		
Opening balance as previously reported	4,143,051	5,059,667
Add: Fruitless and wasteful expenditure identified - current	97,057	51,722
Add: Fruitless and wasteful expenditure identified - prior period	3,887,750	-
Less: Amount written off - prior period	(4,216,157)	(968,338)
Less: Eskom interest reversal - prior period	(17,534)	-
Closing balance	3,894,167	4,143,051

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Details of fruitless and wasteful expenditure

	Disciplinary steps taken/criminal proceedings		
Eskom	Interest charged on late payment	90,641	51,722
SAMWUMED	Duplicate Medical aid contribution	4,457	-
P461002- Travel Allowance	Incorrect rate used for travel claim	1,959	-
Oradimpho Trading Enterprise	Amount paid without service being rendered- Sewer Reticulation Libangeni	3,887,750	-
		3,984,807	51,722

Council wrote off R4 216 157 relating to prior years 2011-12, 2012-13,2017-18,2023-24 and 2024-25; and mentioned other matters in the current year 2024-25 have been referred to Council committee.

Eskom has reversed interest incorrectly charged of R17 534 relating to prior year 2023-24

43. Financial instruments disclosure

Categories of financial instruments

2025

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	507,793,183	507,793,183
Cash and cash equivalents	273,996	273,996
	508,067,179	508,067,179

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	101,626,841	101,626,841
Consumer deposits	883,400	883,400

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	102,510,241	102,510,241

2024

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	419,007,224	419,007,224
Cash and cash equivalents	1,561,235	1,561,235
	420,568,459	420,568,459

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	97,081,817	97,081,817
Consumer deposits	867,876	867,876
	97,949,693	97,949,693

44. Irregular expenditure

Opening balance as previously reported	1,495,869,528	1,372,806,157
Add: Irregular expenditure - current (Non compliant with Laws and Regulations)	73,118,737	110,633,867
Add: Irregular expenditure - prior period (Non compliant with Laws and Regulations)	-	12,429,504
Less: Amount written off - prior period	(1,320,199,353)	-
Closing balance	248,788,912	1,495,869,528

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Incidents/cases identified/reported in the current year include those listed below:

Non-compliance tax status on appointment	8,196,277	4,130,507
Evaluation and adjudication not consistent with the bid document	57,864,394	97,536,445
Bid mandatory requirements not met	-	6,250,288
Reasons for deviations unjust	3,800,011	4,478,983
Bid procurement process not followed	-	29,998
MBD 4 form not attached	-	4,496,024
Approval of procurement not done by delegated official	3,258,054	-
Service continued on expired contract	-	368,519
Quotations from suppliers that are not on NT's central supplier database	-	29,080
Failure to provide a valid certificate from the Department of Labour	-	5,743,527
	73,118,736	123,063,371

2024/25: R15 254 342.60 (2023/24: R19 276 637.68) cases related to non-compliance with laws, regulation, council policies and or by-laws.

(2024/25: R57 864 394.41 (2023/24: R103 786 733.70)) cases related to non-compliance with procurement processes requirements.

Cases assessed by the accounting officer

Supply Chain regulation	15,254,343	19,276,638
Municipal Supply Chain Management Policies and procurement processes	57,864,394	103,786,734
	73,118,737	123,063,372

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Amount recovered

After the council committee investigations, council adopted a council committee recommendation to recover an amount of 2025: R 0,00 (2024: R 0,00) from the service provider.

Amount written-off

Council adopted the council committee recommendation to write-off an amount of 2024/25: R1 320 199 353 and (2023/24: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.

45. Additional disclosure in terms of Municipal Finance Management Act

SALGA fees

Opening balance	2,376,539	2,376,539
Current year subscription / fee	2,850,181	2,384,244
Amount paid - current year	(2,850,181)	(2,384,244)
	2,376,539	2,376,539

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
Water distribution losses		
Total water pumped	38,351,678	39,933,611
Total water consumed	(35,247,709)	(35,453,130)
Normal Distribution loss % 2025;(10%) 2024 (11%)	3,103,969	4,480,481

Kilo litre lost

The water losses were determined by using actual kilolitre pumped and water billed at cost per kilo litre of R3.47 for 2025 and R2.91 for 2024.

Refer to note 3 for water losses

Kilo litres	2025	2024
Total kilo litres pumped	11,048,482	13,711,214
Total kilo litres consumed	(10,154,280)	(12,172,840)
	894,202	1,538,374

Audit fees

Current year fee	11,328,865	10,585,711
Amount paid - current year	(11,328,865)	(10,585,711)
	-	-

PAYE UIF and SDL

Current year contributions	38,328,212	34,275,499
Amount paid - current year	(38,328,212)	(34,275,499)
	-	-

Pension and Medical Aid Deductions

Current year contributions	64,760,207	66,107,338
Amount paid - current year	(64,760,207)	(66,107,338)
	-	-

VAT

VAT receivable	284,831,844	284,210,357
VAT payable	(276,243,779)	(259,038,499)
	8,588,065	25,171,858

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 30 June 2025:

30 June 2025	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Clr Dlowu BM	111	41	152
Clr Kekae MD	111	47	158
Clr Legong MS	119	900	1,019
Clr Mabena JS	111	47	158
Clr Mabogoane K	99	237	336
Clr Madyibi C	112	47	159
Clr Mahlangu P	443	13,455	13,898
Clr Makuwa IS	362	-	362
Clr Maleka AL	51	-	51
Clr Manganye J	111	26	137
Clr Manganye SM	135	2,859	2,994
Clr Mashiane CM	113	370	483
Clr Maphalla JK	22	-	22
Clr Matabane MSM	113	174	287
Clr Mashilo JP	22	-	22
Clr Maubane ONM	22	-	22
Clr Masumbuka MP	111	25	136
Clr Matlaila BJ	113	276	389
Clr Mgidi MA	478	16,365	16,843
Clr Mhlanga KP	111	47	158
Clr Mnguni V	140	3,494	3,634
Clr Moabi JM	111	47	158
Clr Mothibi M	104	41	145
Clr Mphela L	117	301	418
Clr Mthimunye MS	623	18,608	19,231
Clr Mtsweni TL	569	21,137	21,706
Clr Ngoatle M	111	47	158
Clr Ngubeni PN	111	47	158
Clr Nkgau JS	108	129	237
Clr Nkoane MR	48	-	48
Clr Nkwana MMT	228	8,005	8,233
Clr Ntuli J	110	149	259
Clr Rankapole MM	92	3,039	3,131
Clr Simango B	206	2,880	3,086
Clr Skhosana AX	431	14,699	15,130
Clr Skhosana LM	112	150	262
	6,091	107,689	113,780

30 June 2024	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Clr Legong MS	462	797	1,259
Clr Mabogoane K	431	31	462
Clr Mahlangu P	1,695	12,149	13,844
Clr Makola MJ	349	-	349
Clr Makuwa IS	1,391	11,861	13,252
Clr Mashiane CM	169	107	276
Clr Matabane MSM	373	-	373
Clr Matlaila BJ	368	-	368
Clr Mgidi MA	1,816	14,120	15,936

Notes to the Annual Financial Statements

Figures in Rand		2025	2024
Clr Mhlanga KP	451	1,529	1,980
Clr Mnguni V	499	2,230	2,729
Clr Mphela L	339	-	339
Clr Mthimunye MS	2,319	14,821	17,140
Clr Mtsweni TL	2,144	17,859	20,003
Clr Nkau JS	347	-	347
Clr Nkwana MMT	835	5,937	6,772
Clr Ntuli J	366	-	366
Clr Simango B	682	1,594	2,276
Clr Skhosana AX	1,644	13,303	14,947
	16,680	96,338	113,018

46. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including interest rate risk, cash flow interest rate, credit risk and liquidity risk).

Risk management is carried out by treasury unit which comprises of the expenditure management unit, a revenue management unit, an asset management unit, a financial reporting and compliance management unit and a supply chain management unit that identifies, evaluates and hedges financial risk. Management is responsible for developing policies that need to be approved by the council.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding.

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 available funding.

The table below analyses the municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 30 June 2025	Less than 1 year
Payables from exchange transactions	101,626,841
Customer deposits	883,400
At 30 June 2024	Less than 1 year
Payables from exchange transactions	97,081,817
Customer deposits	867,876

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
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Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers with the use of an age analysis.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2025	2024
Receivables from exchange transactions	507,793,183	419,007,224
Cash and cash equivalents	273,996	1,561,235

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.

Cash flow interest rate risk

Financial assets 2025

Short-term deposits	59,356
Bank balances	214,640
	273,996

Financial assets 2024

Short-term deposits	273,007
Bank balances	1,288,228
	1,561,235

47. 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

Sole supplier	67,500	57,500
Impractical or impossible	144,685	-
	212,185	57,500

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
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48. Related parties

<p>Relationships Accounting Officer Other members of key management</p> <p>Councillors</p> <p>Close family members</p>	<p>Mathebela MM 6 Klaas DB - Chief Financial Officer Zulu LT- Administration & Corporate Services Manager Mathabe RS- Community Dev Services Manager Matjiane EK - Planning & Economic Development Manager Mpela SJ - Technical Services Manager The details of the councillors are as listed below in this note *Sakhile Masombuka, an employee of the municipality as a General assistant: Cleaning, is the wife of Jack Masombuka who is the Director of Jasa Construction and Projects *Lawrence Ntshwane, an employee of the municipality as an Operator:Landfill, is a close family member of James Ntshwane, who is a director of Mafemane Trading.</p>
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Related party transactions

Amounts paid for providing catering services

Jasa Construction and projects	20,910	-
Mafemane Trading	6,660	-

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Remuneration of management

Management class: Councillors

2025

Name	Basic salary	Travel Allowance	Cellphone Allowance	Pension	Skills Levy	Medical Aid	Total
Executive Mayor	1,043,910	-	47,004	126,123	9,754	-	1,226,791
Speaker	835,134	-	47,004	100,899	7,896	-	990,933
Chief Whip	505,874	265,848	47,004	70,961	6,554	-	896,241
MMC Legong MS	470,020	228,219	47,004	65,583	6,615	41,232	858,673
MMC Madyibi C	478,717	213,145	47,004	66,888	6,522	31,231	843,507
MMC Makola MJ	458,150	222,604	47,004	63,803	6,593	54,883	853,037
MMC Mnguni PP	469,837	192,279	47,004	65,556	6,520	41,443	822,639
MMC Mtsweni S	473,203	215,724	47,004	66,061	6,541	37,572	846,105
Clr Ditshego K	213,350	81,095	47,004	29,935	1,912	-	373,296
Clr Dlowu BM	273,805	107,649	47,004	38,417	2,320	-	469,195
Clr Kekae MD	213,350	81,095	47,004	29,935	1,912	-	373,296
Clr Kutu PF	195,997	74,443	43,087	27,332	1,756	-	342,615
Clr Lamola BR	213,350	81,095	47,004	29,935	1,912	-	373,296
Clr Lebelo LK	213,350	81,095	47,004	29,935	1,912	-	373,296
Clr Lekgoathi M	213,350	82,291	47,004	29,935	1,912	-	374,492
Clr Mabena JS	213,350	83,365	47,004	29,935	1,912	-	375,566
Clr Mabogoane KM	213,350	81,095	47,004	29,935	1,912	-	373,296
Clr Machava SS	213,350	81,095	47,004	29,935	1,912	-	373,296
Clr Mahlangu SK	213,350	81,095	47,004	29,935	1,912	-	373,296
Clr Mahlangu JS	213,350	81,095	47,004	29,935	1,912	-	373,296
Clr Mahlangu PL	213,350	83,816	47,004	29,935	1,916	-	376,021
Clr Mahlangu K	213,350	81,095	47,004	29,935	1,912	-	373,296
Clr Mahlangu P	213,350	81,095	47,004	29,935	1,912	-	373,296
Clr Mahlangu LM	213,350	81,095	47,004	29,935	1,912	-	373,296
Clr Majombosi TR	213,350	82,673	47,004	29,935	1,913	-	374,875
Clr Makuwa IS	213,350	82,197	47,004	29,935	1,911	-	374,397
Clr Maleka AL	191,437	81,095	47,004	26,648	2,084	25,200	373,468
Clr Maleka ME	273,805	108,019	47,004	38,417	2,323	-	469,568

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Clr Manganye SM	213,350	81,095	47,004	29,935	1,912	-	373,296
Clr Manganye J	213,350	81,095	47,004	29,935	1,911	-	373,295
Clr Maphalla JK	213,350	81,095	47,004	29,935	1,911	-	373,295
Clr Mashabela N	213,350	81,095	47,004	29,935	1,911	-	373,295
Clr Mashamaite J	213,350	81,095	47,004	29,935	1,911	-	373,295
Clr Mashiane CM	126,587	47,836	27,419	16,921	1,134	-	219,897
Clr Mashilo JP	213,350	81,095	47,004	29,935	1,912	-	373,296
Clr Mashishi D	213,350	81,095	47,004	29,935	1,912	-	373,296
Clr Mashishi MW	451,520	203,648	47,004	63,319	6,347	44,912	816,750
Clr Masumbuka MP	213,350	83,552	47,004	29,935	1,912	-	375,753
Clr Matabane M	207,296	78,774	47,004	29,935	1,863	-	364,872
Clr Matlaila BJ	213,350	90,716	47,004	29,935	1,926	-	382,931
Clr Maubane ONM	213,350	81,095	47,004	29,935	1,912	-	373,296
Clr Mgidi MA	213,350	81,095	47,004	29,935	1,912	-	373,296
Clr Mhlanga K	213,350	81,095	47,004	29,935	1,912	-	373,296
Clr Mnguni V	213,350	81,095	47,004	29,935	1,912	-	373,296
Clr Moabi JM	213,350	81,095	47,004	29,935	1,912	-	373,296
Clr Moimana AT	273,805	104,074	47,004	38,417	2,320	-	465,620
Clr Mothibi MF	273,805	105,309	47,004	38,417	2,320	-	466,855
Clr Mphela LK	213,350	81,095	47,004	29,935	1,912	-	373,296
Clr Msiza DL	213,350	81,095	47,004	29,935	1,912	-	373,296
Clr Mtimunye MS	213,350	81,095	47,004	29,935	1,912	-	373,296
Clr Mtsweni TL	199,756	82,339	47,004	27,896	1,862	-	358,857
Clr Ngoatle MN	213,350	81,095	47,004	29,935	1,912	-	373,296
Clr Ngubeni PM	179,209	90,702	47,004	24,813	2,211	39,268	383,207
Clr Nkgau JS	213,350	81,095	47,004	29,935	1,912	-	373,296
Clr Nkwana MMT	213,350	82,197	47,004	29,935	1,911	-	374,397
Clr Ntuli JM	213,350	81,096	47,004	29,935	1,911	-	373,296
Clr Ntuli PA	273,805	113,032	47,004	38,417	2,336	-	474,594
Clr Rankapole S	213,350	81,095	47,004	29,935	1,912	-	373,296
Clr Rankapole MM	213,350	81,095	47,004	29,935	1,912	-	373,296
Clr Simango BM	213,350	81,095	47,004	29,935	1,912	-	373,296
Clr Skhosana LM	213,350	81,095	47,004	29,935	1,912	-	373,296
Clr Skhosana AX	273,805	105,271	47,004	38,417	2,320	-	466,817
Clr Nxabane N	69,411	26,607	15,668	10,412	621	-	122,719
Clr More M	16,325	6,047	3,615	2,603	142	-	28,732
	16,762,563	6,019,607	2,910,029	2,313,590	167,358	315,741	28,488,888

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Name	Basic salary	Travel Allowance	Cellphone Allowance	Pension	Skills Levy	Medical Aid	Total
Executive Mayor	1,151,894	-	49,370	119,317	10,919	-	1,331,500
Speaker	921,515	-	49,370	95,454	8,834	-	1,075,173
Chief Whip	469,562	288,645	49,370	67,116	6,259	-	880,952
MMC Legong MS	423,615	219,161	49,370	60,224	6,258	52,839	811,467
MMC Madyibi C	444,191	194,082	49,370	63,310	6,099	29,176	786,228
MMC Makola MJ	425,496	206,584	49,673	60,506	6,169	50,676	799,104
MMC Mnguni PP	452,442	185,715	49,594	64,548	6,071	19,688	778,058
MMC Mtsweni S	439,395	204,524	49,818	62,591	6,137	34,692	797,157
Clr Ditshego K	198,127	78,282	46,570	28,320	1,829	-	353,128
Clr Dlowu BM	254,263	101,367	49,370	36,343	2,207	-	443,550
Clr Kekae MD	198,127	75,482	49,370	28,320	1,829	-	353,128
Clr Kutu PF	198,127	75,482	49,370	28,320	1,829	-	353,128
Clr Lamola BR	198,127	75,482	49,370	28,320	1,829	-	353,128
Clr Lebelo LK	198,127	75,482	49,370	28,320	1,829	-	353,128
Clr Lekgoathi MR	198,127	78,671	49,370	28,320	1,829	-	356,317
Clr Mabena JS	198,127	78,016	49,370	28,320	1,829	-	355,662
Clr Mabogoane KM	198,127	75,482	49,370	28,320	1,829	-	353,128
Clr Machava SS	198,127	75,482	49,370	28,320	1,829	-	353,128
Clr Mahlangu SK	198,127	75,482	49,370	28,320	1,829	-	353,128
Clr Mahlangu JS	198,127	75,482	49,370	28,320	1,829	-	353,128
Clr Mahlangu PL	198,127	75,821	49,370	28,320	1,829	-	353,467
Clr Mahlangu K	198,127	72,372	49,370	28,320	1,804	-	349,993
Clr Mahlangu P	198,127	75,482	49,370	28,320	1,829	-	353,128
Clr Mahlangu LM	198,127	76,236	49,370	28,320	1,829	-	353,882
Clr Majombosi TR	198,127	78,817	49,370	28,320	1,835	-	356,469
Clr Makuwa IS	198,127	75,482	49,370	28,320	1,829	-	353,128
Clr Maleka AL	178,006	75,482	49,370	25,301	1,987	23,140	353,286
Clr Maleka ME	254,263	106,641	49,370	36,343	2,214	-	448,831
Clr Manganye SM	198,127	78,349	49,370	28,320	1,829	-	355,995
Clr Manganye J	198,127	75,482	49,370	28,320	1,829	-	353,128
Clr Maphalla JK	198,127	75,482	49,370	28,320	1,829	-	353,128
Clr Mashabela N	198,127	78,282	46,570	28,320	1,829	-	353,128

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Clr Mashamaite J	198,127	75,482	49,370	28,320	1,829	-	353,128
Clr Mashiane CM	198,127	75,482	49,370	28,320	1,829	-	353,128
Clr Mashilo JP	198,127	78,282	46,570	28,320	1,829	-	353,128
Clr Mashishi DA	198,127	75,482	49,370	28,320	1,829	-	353,128
Clr Mashishi MW	417,862	183,808	49,370	60,370	5,916	41,240	758,566
Clr Masumbuka MP	198,127	78,350	74,570	28,320	2,080	-	381,447
Clr Matabane M	186,918	73,260	47,746	28,320	1,739	-	337,983
Clr Matlaila BJ	198,127	77,095	49,370	28,320	1,831	-	354,743
Clr Maubane ONM	198,127	76,155	49,370	28,320	1,829	-	353,801
Clr Mgidi MA	198,436	75,482	49,370	28,233	1,831	-	353,352
Clr Mhlanga K	198,127	77,177	49,370	28,320	1,829	-	354,823
Clr Mnguni V	198,127	75,482	49,370	28,320	1,829	-	353,128
Clr Moabi JM	198,127	75,482	49,370	28,320	1,829	-	353,128
Clr Moimana AT	254,082	101,768	49,370	36,343	2,271	-	443,834
Clr Mothibi MF	254,263	100,807	49,370	36,343	2,207	-	442,990
Clr Mphela LK	198,127	75,482	49,370	28,320	1,829	-	353,128
Clr Msiza DL	198,127	75,482	49,370	28,320	1,829	-	353,128
Clr Mtimunye MS	198,127	76,194	49,370	28,320	1,830	-	353,841
Clr Mtsweni TL	174,823	75,482	49,370	24,824	1,744	-	326,243
Clr Ngoatle MN	198,127	75,482	49,370	28,320	1,829	-	353,128
Clr Ngubeni PM	181,734	82,067	49,370	25,861	1,999	20,816	361,847
Clr Nkgau JS	198,127	75,482	49,370	28,320	1,829	-	353,128
Clr Nkwana MMT	198,127	76,835	49,370	28,320	1,829	-	354,481
Clr Ntuli JM	198,127	77,170	49,370	28,320	1,832	-	354,819
Clr Ntuli PA	252,564	103,416	49,370	36,343	2,209	-	443,902
Clr Rankapole S	198,127	75,482	49,370	28,320	1,829	-	353,128
Clr Rankapole MM	198,127	78,282	46,570	28,320	1,829	-	353,128
Clr Simango BM	198,127	75,482	49,370	28,320	1,829	-	353,128
Clr Skhosana LM	198,127	75,482	49,370	28,320	1,829	-	353,128
Clr Skhosana AX	254,263	99,413	49,370	36,343	2,207	-	441,596
	15,910,921	5,679,658	3,074,291	2,193,473	162,333	272,267	27,292,943

Details of the remuneration of councillors have been disclosed on Note 30 "Remuneration of councillors"

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Management class: Key management

2025

Name		Annual Remuneration	Acting allowance	Bonuses and performance related payments	Contributions to UIF, Med Aid, Pension Funds	Benefits and other allowances	Travel Allowances	Total
Municipal Manager -	M Mathebela	1,348,619	-	-	230,698	29,635	-	1,608,952
CFO	Klaas DB	945,527	-	-	134,173	29,635	257,626	1,366,961
Manager Admin	LT Zulu	969,057	11,812	59,575	146,116	29,635	233,626	1,449,821
Community Dev Services	RS Mathabe	942,518	-	-	171,909	29,635	204,356	1,348,418
Exec Manager Technical	Mpela SJ	959,276	-	-	123,439	29,635	212,882	1,325,232
Exec Manager Dvpt & Planning	Matjiane E	958,703	-	-	171,807	29,635	188,477	1,348,622
		6,123,700	11,812	59,575	978,142	177,810	1,096,967	8,448,006

2024

Name		Annual Remuneration	Acting Allowance	Contributions to UIF, Med Aid, Pension Funds	Benefit and Other allowances	Travel Allowances	Total
Municipal Manager	M Mathebela	1,302,330	-	219,522	29,635	-	1,551,487
CFO	Klaas B	876,074	-	147,340	29,635	238,580	1,291,629
Acting CFO	Motlapema P	-	5,187	-	-	-	5,187
Exec Manager Dvpt & planning	Matjiane E	587,453	-	110,228	19,756	115,850	833,287
Exec Manager Technical	Mpela SJ	588,602	-	81,211	19,756	142,146	831,715
Manager Admin	Zulu LT	975,198	24,139	141,209	29,635	245,538	1,415,719
Acting Manager Admin	Thobejane CT	-	3,509	-	-	-	3,509
Acting Community Dev Serv	Peloo JR	-	1,334	-	-	-	1,334
Community Dev Services	Mathabe RS	897,818	-	165,008	29,635	194,473	1,286,934
		5,227,475	34,169	864,518	158,052	936,587	7,220,801

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49. 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

2024

	Note	As previously reported	Correction of error	Restated
Inventories		3,671,013	983,250	4,654,263
Receivables from non exchange transactions	[2]	120,217,414	184,958	120,402,372
VAT receivable	[4]	27,749,218	(2,577,360)	25,171,858
Receivables from exchange transactions	[2]	393,938,589	25,068,635	419,007,224
Cash and cash equivalents		1,561,235	-	1,561,235
Investment property		154,170	-	154,170
Property, plant and equipment	[1]	2,271,070,323	(664,913,906)	1,606,156,417
Intangible assets		488,822	-	488,822
Heritage assets	[1]	-	197,000	197,000
Prepayment		243,729	-	243,729
Payables from exchange transactions	[6]	(158,362,003)	(22,870,560)	(181,232,563)
Consumer deposits		(867,876)	-	(867,876)
Unspent conditional grants and receipts		(791,433)	-	(791,433)
Long service bonus liability - current		(755,474)	-	(755,474)
Provisions		(34,444,491)	-	(34,444,491)
Long service bonus liability - non current		(14,987,029)	-	(14,987,029)
Accumulated surplus		(2,608,886,207)	663,927,984	(1,944,958,223)
		-	-	-

Statement of financial performance

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2024					
	Note	As previously reported	Correction of error	Re-classification	Restated
Service charges	[3]	99,853,740	14,391,415	-	114,245,155
Rendering of services		3,289,681	-	-	3,289,681
Rental of facilities		349,903	-	-	349,903
Interest received (trading)		52,911,420	-	-	52,911,420
Licences and permits		10,239,482	-	-	10,239,482
Interest received - investment		7,448,764	-	-	7,448,764
Property rates	[2]	51,900,407	(7,513,288)	-	44,387,119
Interest - property rates		14,307,382	-	-	14,307,382
Government grants and subsidies		650,778,235	-	-	650,778,235
Public contributions and donations		43,257,445	-	-	43,257,445
Traffic fines		2,089,701	-	-	2,089,701
Employee related costs		(232,298,672)	-	-	(232,298,672)
Remuneration of councillors		(27,292,943)	-	-	(27,292,943)
Depreciation and amortisation	[1]	(89,187,352)	2,694,985	-	(86,492,367)
Impairment loss	[1]	(22,239,439)	8,176,924	-	(14,062,515)
Finance cost		(5,036,063)	-	-	(5,036,063)
Operating leases		(3,276,002)	-	-	(3,276,002)
Debt Impairment/reversal	[2]	42,079,080	(145,139,734)	-	(103,060,654)
Bad debt written off	[2]	(3,222,928)	731,851	-	(2,491,077)
Contracted services	[7]	(192,371,443)	-	(34,712,187)	(227,083,630)
Loss on derecognition of assets	[1]	(2,493,903)	2,013,679	-	(480,224)
General expenditure	[1;7]	(138,055,874)	260,255	34,712,187	(103,083,432)
Gain on landfill site provision		603,756	-	-	603,756
Actuarial gains/losses		88,145	-	-	88,145
Surplus for the year		263,722,522	(124,383,913)	-	139,338,609

Cash flow statement

2024

	Note	As previously reported	Correction of error	Restated
Cash flow from operating activities Receipts				
Sale of goods and services	{a}	34,054,672	7,479,804	41,534,476
Grants		645,439,701	-	645,439,701
Interest income (bank)		7,448,764	-	7,448,764
Other receipts	{b}	14,046,778	(3,024,540)	11,022,238
		700,989,915	4,455,264	705,445,179
Cash flow from operating activities Payments				
Employee costs	{c}	(256,604,840)	-	(256,604,840)
Suppliers	{d}	(283,019,958)	(9,841,898)	(292,861,856)
		(539,624,798)	(9,841,898)	(549,466,696)
Cash flow from investing activities				
Purchase of property, plant and equipment	{e}	(167,518,224)	5,386,634	(162,131,590)

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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{a} Sale of goods and services was restated by R7 479 804 following a comprehensive revision of property rates and receivables.

{b} Other receipts were adjusted by R (3 024 560) due to changes in debtors (fines)

{c} Cash paid to suppliers was restated by R(9 841 898) after considering the split between capital payments.

{d} Property plant and equipment cash payments were restated by R5 386 634 following prior period adjustments on PPE and allocation of capital payments.

{e} Consumer deposits were reclassified to reflect the correct deposits per each line item of Water, refuse and housing rental. The error was due to an incorrect allocation of financial system votes.

{f} Inventory recognised as an expense were restated by R6 849 347 to align to the valuation report for Inventory.

{g} A capital work in progress project to be donated by Nkangala to the municipality with a value of R702 950 was omitted in the contingent assets disclosure in the prior year. The error has now been corrected.

{h} A project funded by the Department of Water and Sanitation which is of a capital nature with a value R5 491 406 was omitted in the contingent assets disclosure in the prior year. The error has now been corrected.

{i} Prepayments of R243 729 were reclassified from non-current assets to current assets in the prior year as the conditions that existed at the 2024 financial year changed. The vehicle maintenance plan that this prepayment related to was ending within 12 months as at the end of 2024 financial year which made it a current asset at that time.

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[1] Property plant and equipment

a) Misstatements were noted in the prior period relating to inconsistency in how the remaining useful life was recalculated. The 2024 condition was used to reassess the remaining useful lives instead of the 2022 and 2023 conditions at that point in time. The municipality addressed the misstatements by aligning the conditions to the relevant year i.e. 2022 and 2023 to reassess the useful lives at that point in time. The error initially occurred in the financial year 2022/23. Please see the effect of the correction per line item in the table below.

b) Movable assets cost was mainly affected by duplicates assets which were recognised in both plant and machinery and transport. The correct category is plant and machinery and therefore the assets with a cost of R124 648 was derecognised in transport.

c) The cost of the Libangeni project, which is still a work in progress, was overstated by R4 663 640. This overstatement arose because certain items included in the contractor's initial bill of quantities and payment certificate were invoiced to the municipality but not executed on site. Consequently, the project's work-in-progress cost has been corrected to reflect only the actual work performed.

e) The municipality acquired a heritage asset for R197 000 in 2018 and this asset has now been brought into the financial statements as at the earliest disclosure date.

Accumulated depreciation for the full population was recalculated which affects the financial statement line items as follows:

2023	Audited AFS 2024	Adjustment	Restated Closing Balance 2023
Property plant and equipment	2,271,070,323	(677,076,497)	1,593,993,825
Accumulated Surplus	-	672,412,857	-
Receivables from exchange transactions	-	4,663,640	-
	2,271,070,323		- 1,593,993,825

2024	Restated Opening Balance 2024	Adjustment	Restated Closing Balance 2024
Property plant and equipment	1,593,993,825	12,162,593	1,606,156,418
Depreciation	89,187,352	(2,694,985)	86,492,367
Impairment	22,239,439	(8,176,924)	14,062,515
Loss on recognition	2,492,936	(2,013,679)	479,256
General expenditure - Consumables	138,055,874	124,649	138,180,523
General expenditure - INEP Projects	4,696,059	598,346	5,294,405
	1,850,665,485		- 1,850,665,484

The net movement in PPE adjustments for Prior years is as below:

	Adjusted AFS 2023	Audited AFS 2023	Impact
2023 PPE Adjustments	-	-	(677,076,497)
2024 PPE Adjustments	-	-	12,162,593
	-	-	(664,913,904)

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[2] Receivables from exchange and non exchange transactions, property rates, impairment and bad debts written-off prior period error note

The prior year correction is due to reassessment performed on property rates billing to align with valuation roll.

Disclosure in 2024-25 AFS for prior year adjustments:

	Property Rates	Receivables from exchange transactions	Receivables from non exchange transactions	Accumulated Surplus impact
Amount as reported on AFS- 30 June 2024	51,900,407	393,938,589	120,217,415	2,608,886,207
Prior period adjustment restating	(5,065,087)	41,038,879	18,597,600	54,571,392
Reversed correction relating to prior year assessment	(2,448,199)	(15,970,244)	(18,412,643)	(36,831,086)
Amount as reported on restated AFS - 30 June 2024	44,387,121	419,007,224	120,402,372	2,626,626,513

Impairment and bad debts written off

Correction of impairment estimate to align with the valuation roll market values and categories amounted to R 145 139 734.

The adjustment of bad debt written off amounted to R731 851.

[3] Service charges

The adjustments on service charges for the prior year were as a result of the alignment of the billing reports to the valuation roll and correction of the billing of accounts on the levy report.

Disclosure Note

2024	Revenue from Exchange transactions	Accumulated surplus
Amount as reported on audited AFS: 30 June 2024	99,853,740	(2,608,886,207)
Correction relating to prior year	14,391,415	14,391,451
	114,245,155	2,456,318,521

[4] VAT Receivables

The prior year movement in VAT of R2 577 360 relates to adjustments that were made to the following annual financial statement line items as shown below.

	VAT adjustment
Bad Debts written off Debtors	(1,195,341)
Service charges	(120,089)
	(1,261,930)
	(2,577,360)

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[5] Irregular expenditure

Prior Period Error Note	Audited	Restated figure	Adjustment
	Adjustment Irregular	2024/25 Opening Balance	
2017/18	272,340,948	273,283,306	942,357
2018/19	156,259,582	161,202,820	4,943,238
2020/21	126,847,212	158,398,016	31,550,804
2021/22	173,356,809	188,420,172	15,063,364
			52,499,763

Nature of Prior Period Error

During the current financial year, the municipality corrected an error resulting to the restatement. The restatement results from an error identified during the 2023-24 audit process by the AGSA of irregular expenditure that has been identified in prior years by the AGSA and internal audit that were not accounted for in the irregular registers of the respective years.

An assessment conducted from 2017/18, being the year where the error is identified to 2023-24 financial year to correct the error and account for all irregular expenditure that was not accounted for in the register

The amount of the restatement is R52 499 764

Audited Opening Balance 2022/3 on 2023/4 AFS	Restated Opening Balance 2022/3 on 2024/5 AFS	Amount
1,237,234,379	1,372,806,157	135,571,777

Nature of Prior Period Error

The restatement result from an error identified in the current financial year during the annual financial statement preparation. In the 2023/24 audited annual financial statements, the disclosed comparative opening balance on Note 43 was not adjusted with adjustments that were made during audit on the prior year error note.

The amount of the restatement is R (8 635 998).

Total Prior year error comparative opening balance adjustments	Total 188,071,541
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	Audited Adjustment Irregular	Restated figure 2024/25 Opening Balance	Adjustment
2023/24	120,500,754	123,063,371	2,562,617

Nature of Prior Period Error

The restatement result from an error that occurred in 2023/24 financial year. Cession payments made in the 2023/24 financial year on a project that had been identified as irregular had not been accounted for in that particular year in the irregular register and Accruals that were not accounted for.e

The amount of the restatement is R2 562 617

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[6] Payables from exchange transactions

The prior period error adjustment in Payables from exchange transactions was due to recalculations of advance payments of R22 870 558.

[7] Reclassification of expenditure items

Contracted services and General Expenses items in the 2024 statement of financial performance were reclassified with an amount of R34 712 187. This was due to the correction of segments used to capture costs in the financial system.]

50. Segment information

General information

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

Water

Refuse

Sewerage

Electricity

Roads and Infrastructure engineering

Planning and development

Community and social services

Unallocated segment

Goods and/or services

The council is responsible for the provision of water to the community.

The council is responsible for the removal of solid waste from the community.

The council is responsible for the provision of waste water services to the community.

Council ensures that the community has adequate street lighting.

Provision of project management services. Roads construction, maintenance. Mechanical workshop services and building plans and inspection services.

Plan and formulate economic, social, infrastructure, environmental, administrative and other development programs.

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.

Relates to all amounts that do not meet the definition of a segment. This refers to all ancillary services that provide support to the main service provision related services that the municipality carries out.

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Segment surplus or deficit, assets and liabilities

2025

	Water	Refuse	Sewerage	Roads and Infrastructure	Electricity	Planning and Development	Community and Social Services	Unallocated	Total
Revenue									
Service Charges	108,670,551	7,402,845	12,321,771	-	-	-	-	-	128,395,167
Operational Revenue	222,453	-	-	-	-	129,832	46,361	468,707	867,353
Rental of facilities and equipment	89,141	-	2,193	-	-	-	485,488	67,825	644,647
Interest received (trading)	59,873,297	56,578	20,438,474	-	-	-	-	(418,228)	79,950,121
Licences and permits	-	-	-	60	-	-	1,043,041	8,974,225	10,017,326
Gain/(loss) on landfill site provision	-	(3,069,400)	-	-	-	-	-	-	(3,069,400)
Interest received (investment)	-	-	-	-	-	-	-	6,191,240	6,191,240
Actuarial gains	11,591	12,510	11,831	45,108	4,211	38,776	61,834	151,669	337,530
Property rates	-	-	-	-	-	-	-	44,088,315	44,088,315
Interest property rates	-	-	-	-	-	-	-	13,846,028	13,846,028
Government grants & subsidies	-	-	144,500,000	-	2,182,434	-	-	527,353,072	674,035,506
Public contributions and donations	-	-	-	-	-	-	-	777,500	777,500
Fines, Penalties and Forfeits	-	-	-	-	-	-	1,065,584	-	1,065,584
Total segment revenue	168,867,033	4,402,533	177,274,269	45,168	2,186,645	168,608	2,702,308	601,500,353	957,146,917
Entity's revenue									957,146,917

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	Water	Refuse	Sewerage	Roads and Infrastructure	Electricity	Planning and Development	Community and Social Services	Unallocated	Total
Expenditure									
Employee related costs	8,648,410	9,334,802	8,827,791	33,657,590	3,142,302	28,932,991	46,137,841	113,169,170	251,850,897
Remuneration of councillors	-	-	-	-	-	-	-	28,488,888	28,488,888
Depreciation and amortisation	19,560,898	194,363	1,017,917	34,187,979	1,621,812	-	4,586,964	25,295,916	86,465,849
Impairment loss	-	-	-	-	-	-	1,439,536	119,133	1,558,669
Finance costs	-	3,554,572	-	-	-	-	-	1,617,608	5,172,180
Operating leases	-	-	-	-	-	-	-	2,300,007	2,300,007
Debt impairment/reversal	130,057,461	24,724,320	22,772,338	-	-	-	894,882	(82,384,395)	96,064,606
Bad debt written off	983,541	60,344	12,887	-	-	-	38,753	1,490,190	2,585,715
Contracted services	32,779,276	-	225,338	6,392,363	13,874,206	219,471	90,804,648	77,724,273	222,019,575
Loss on disposal of assets	21,438	-	-	-	-	-	273	130,357	152,068
General expenses	7,526,497	5,462,775	2,574,159	4,012,001	42,414,598	1,608,185	4,367,370	42,562,487	110,528,072
Total segment expenditure	199,577,521	43,331,176	35,430,430	78,249,933	61,052,918	30,760,647	148,270,267	210,513,634	807,186,526
Total segmental surplus/(deficit)									149,960,391
Assets									
Inventories	-	4,892,521	-	2,534,561	-	-	-	-	7,427,082
Receivables from non-exchange transactions	-	-	-	-	-	-	3,430,184	118,488,497	121,918,681
VAT receivables	584,811	424,459	200,013	311,734	3,295,626	124,956	339,346	3,307,117	8,588,062
Receivables from exchange transactions	193,151,700	11,850,515	2,530,737	-	-	-	7,610,399	292,649,833	507,793,184
Cash and cash equivalent	-	-	-	-	-	-	-	274,004	274,004
Investment Property	-	-	-	-	-	-	-	154,170	154,170
Property, plant and equipment	563,325,439	3,634,370	42,859,918	403,242,749	35,791,258	87,395,669	103,848,327	411,131,549	1,651,229,279
Intangible assets	-	-	-	-	-	-	-	393,307	393,307
Heritage Asset	-	-	-	-	-	-	-	197,000	197,000
Total segment assets	757,061,950	20,801,865	45,590,668	406,089,044	39,086,884	87,520,625	115,228,256	826,595,477	2,297,974,769
Total assets as per Statement of financial Position									2,297,974,769

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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	30,537,832	-	-	10,193,889	6,761,631	457,978	45,405,186	80,484,724	173,841,240
Consumer deposits	385,753	284,119	-	-	-	-	-	213,528	883,400
Long service bonus liability	-	-	-	-	-	-	-	2,265,134	2,265,134
Provisions	-	-	-	-	-	-	-	41,068,463	41,068,463
Long service bonus liability	-	-	-	-	-	-	-	15,260,611	15,260,611
Total segment liabilities	30,923,585	284,119	-	10,193,889	6,761,631	457,978	45,405,186	139,292,460	233,318,848
Total liabilities as per Statement of financial Position									233,318,848

Following a change in the composition of its reportable segments, the corresponding items of segment information for earlier periods has been restated.

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	Water	Refuse	Sewerage	Roads	Electricity	Planning and Development	Community and Services	Unallocated	Total
Revenue									
Service charges	95,607,486	7,243,124	11,394,545	-	-	-	-	-	114,245,155
Operational revenue	145,061	-	-	-	-	32,206	54,839	3,057,573	3,289,679
Rental of facilities and equipment	23,151	-	-	-	-	-	253,850	72,901	349,902
Interest received (trading)	37,309,336	2,862,349	3,064,245	-	4	-	-	9,675,486	52,911,420
Licences and permits	-	-	-	-	-	-	1,048,735	9,190,748	10,239,483
Gain/(loss) on landfill site provision	-	603,756	-	-	-	-	-	-	603,756
Interest received (investment)	-	-	-	-	-	-	-	7,448,764	7,448,764
Actuarial gains	16,260	3,280	3,118	11,514	1,117	7,896	15,848	29,112	88,145
Property rates	-	-	-	-	-	-	-	44,387,120	44,387,120
Interest property rates	-	-	-	-	-	-	-	14,307,382	14,307,382
Government grants & subsidies	-	-	146,301,968	-	6,088,566	-	-	498,387,701	650,778,235
Public contributions and donations	-	-	-	-	-	-	-	43,257,445	43,257,445
Fines, penalties and forfeits	-	-	-	500	-	-	2,089,201	-	2,089,701
Total segment revenue	133,101,294	10,712,509	160,763,876	12,014	6,089,687	40,102	3,462,473	629,814,232	943,996,187
Entity's revenue									943,996,187
Expenditure									
Employee related costs	42,853,520	8,644,733	8,219,021	30,344,409	2,929,056	20,809,883	41,767,565	76,730,485	232,298,672
Remuneration of councillors	-	-	-	-	-	-	-	27,292,943	27,292,943
Depreciation and armotisation	18,265,218	229,056	590,157	29,623,772	1,671,890	-	4,957,188	31,155,086	86,492,367
Impairment loss	2,191,453	-	-	1,017,455	-	-	7,433,554	3,420,053	14,062,515
Finance costs	-	3,446,402	-	-	-	-	-	1,589,661	5,036,063
Operating leases	-	-	-	-	-	-	-	3,276,002	3,276,002
Debt impairment/reversal	38,502,855	3,891,058	6,282,468	-	-	-	1,620,538	52,763,737	103,060,656
Bad debts written off	2,058,754	311,744	77,176	-	-	-	-	43,403	2,491,077
Contracted services	30,118,128	29,700	-	8,741,765	22,300,006	335,904	74,012,852	91,545,276	227,083,631
Gain/Loss on disposal of assets	17,788	-	-	916	-	-	37,272	424,248	480,224
General expenses	8,181,379	8,962,439	7,719,925	6,361,528	31,413,126	1,139,044	8,393,570	30,912,419	103,083,430
Total segment expenditure	142,189,095	25,515,132	22,888,747	76,089,845	58,314,078	22,284,831	138,222,539	319,153,313	804,657,580

Dr JS Moroka Local Municipality

(Registration number MP316)

Annual Financial Statements for the year ended 30

June 2025

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	Water	Refuse	Sewerage	Roads	Electricity	Planning and Development	Community and Services	Unallocated	Total
Total segmental surplus/(deficit)									139,338,607
Assets									
Inventories	-	3,903,599	-	41,959	-	-	-	708,704	4,654,262
Receivables from non-exchange transactions	-	-	-	-	-	-	-	120,402,372	120,402,372
VAT receivable	2,013,085	4,104,811	-	1,565,298	7,729,416	280,270	1,872,766	7,606,214	25,171,860
Receivables from exchange transactions	346,289,011	52,436,433	12,981,270	-	-	-	-	7,300,508	419,007,222
Cash and cash equivalents	-	-	-	-	-	-	-	1,561,237	1,561,237
Investment property	-	-	-	-	-	-	-	154,170	154,170
Property, plant and equipment	552,685,326	4,270,347	21,721,520	417,383,121	37,411,895	87,395,669	109,875,097	375,413,441	1,606,156,416
Intangible assets	-	-	-	-	-	-	-	488,822	488,822
Prepayments	-	-	-	-	-	-	-	243,729	243,729
Heritage assets	-	-	-	-	-	-	-	197,000	197,000
Total segment assets	900,987,422	64,715,190	34,702,790	418,990,378	45,141,311	87,675,939	111,747,863	514,076,197	2,178,037,090
Total assets as per Statement of financial Position									2,178,037,090
Liabilities									
Payables from exchange transactions	8,906,918	-	5,737,793	8,974,205	1,047,594	-	26,447,461	130,910,018	182,023,989
Consumer deposits	380,788	284,119	-	-	-	-	-	202,969	867,876
Unspent conditional grants	-	-	-	-	-	-	-	791,434	791,434
Provisions	-	-	-	-	-	-	-	34,444,491	34,444,491
Long service bonus liability	-	-	-	-	-	-	-	15,742,503	15,742,503
Total segment liabilities	9,287,706	284,119	5,737,793	8,974,205	1,047,594	-	26,447,461	182,091,415	233,870,293
Total liabilities as per Statement of financial Position									233,870,293
Measurement of segment surplus or deficit, assets and liabilities									

Notes to the Annual Financial Statements

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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.

51. Budget differences

Material differences between budget and actual amounts

- (a) We billed more service charges than anticipated due to billing corrections effected on the system, the initial budget estimates were based on inaccurate billing data.
- (b) More services were rendered than anticipated. The services are per request and we experienced more requests than anticipated.
- (c) This line item is driven by community demands and activities taking place at a given time. The trend follows an upward trajectory whilst driven by demand, in this period less activities were realised from the community.
- (d) Incorrect reclassification during budget adjustment led to a reduction of the budget line item. See narration below (**).
- (e) There were more licences issued due to new national regulations enforced on spazza shops registrations.
- (f) There was a reclassification of segment from operational revenue to service charges.
- (g) The investment income was reduced due to the municipality collecting less revenue than anticipated from its government debtors thereby affecting surplus funds for investments.
- (h) Recalculation and adjustment of property rates.
- (i) Incorrect reclassification during budget adjustment led to an increase of the budget line item. See narration below.(**)
- (j) The difference is due to debtor balance decrease from correction related to property rates.
- (k) Component does not form part of MSCOA budget items.
- (l) More traffic fines were issued than anticipated in budgeting.
- (m) The municipality followed a staggered approach in filling in vacant positions, whilst realising savings in overtime worked and standby allowance compared to the budgeted figures.
- (n) The decrease is due to the movement on benefits processed during the year and the determination of upper limits by the Minister of COGTA.
- (o) Actual depreciation / amortisation cost of the budgeted depreciation and amortisation costs is dependent on the acquisition timing of new assets which were procured during the year.
- (p) The finance cost budgeted were lower than the actuals calculations
- (q) Component does not form part of MSCOA budget items.
- (r) The debt impairment is calculated using a risk matrix on the actual debtors age analysis; therefore the net calculation was lower than the budgeted amount..

Notes to the Annual Financial Statements

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(s) There was more maintenance on service delivery infrastructure, buildings and equipment than anticipated. There was an increase in number of safeguarded sites.

(t) The difference is within acceptable range.

(u) Component does not form part of MSCOA budget items.

(v) Component does not form part of MSCOA budget items.

(**) Interest from Exchange Transaction (Service Charges) was budgeted at R67million and during Mid-term Budget adjustment process the vote was subsequently adjusted to R15k due to the lack of activity in the said vote. The balance previously attributable to Interest from Exchange Transaction was re-allocated to Interest from Non-Exchange Transactions (Property) resulting in an adjusted budgeted amount R75million. Management during the period under review; realised that the interest from Exchange Transaction (Service Charges) was billed against the incorrect vote, this has then been adjusted. As such, merging the actual interest from exchange and non-exchange will result in a variance of 4%.

(w) The municipality placed emphasis on the repairs and maintenance of infrastructural assets by injecting funds in its electrical, mechanical, water and sanitation materials.

(x) Recalculation and adjustments of debtors book.

(y) The difference is attributed to corrections processed on service charges (Water, Refuse and Sanitation)

(z) Recalculation and adjustments of debtors book.

(aa) Recalculation and adjustments of debtors book.

(ab) The budgeted cash and cash equivalent is estimated on an accrual basis. The municipality was anticipating to receive revenue from its bulk water provision services to government and business customers.

(ac) The difference is within acceptable range.

(ad) The PPE figures were extracted based on trends and estimated capital allocation from previous financial periods, this then informs the budgetary estimates. The actuals were informed by corrections in the AFS, hence the difference.

(ae) This was due to planned acquisition of software, which materialised in the year under review.

(af) Mayoral chain initial recognition, the item was procured in the prior period, therefore no budget in the current period.

(ag) There were no prepayments that occurred during the year under review.

(ah) The variance is attributed to good management of portfolio of projects and better monitoring of service provider performance.

(ai) The difference is within acceptable range

(aj) An error in budget computation resulted in the line item being under-budgeted.

(ak) The difference is as a result of a reduction in the expected benefit payout, as calculated upon the realisation or non-realisation of expert assumptions.

(al) The Municipality realised less surplus for the year as well as prior year adjustments to various line items

52. Accounting by principals and agents

Dr JS Moroka is a party to principal-agent arrangement(s).

Notes to the Annual Financial Statements

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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 in May 2006 to provide registration, licensing and testing functions in terms of the applicable national and provincial road traffic legislation. In terms of the agreement the Mpumalanga Department of Roads and Transport which was responsible for registration, licensing and testing functions had identified the Dr JS Moroka Municipality as an agent to process these functions for and on behalf of the Department. However, according to Proclamation No. R_2011, the traffic management functions were officially transferred from the Department of Roads and Transport to the Department of Community Safety, Security, and Liaison as of 29 April 2011. Since then, Dr JS Moroka Municipality is now the agent with the Department of Community Safety, Security and Liaison being the Principal .

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 Department of Community Safety, Security and Liaison in return for a fee that is determined by the MEC by notice in the provincial Gazzette for activities rendered. No changes have occurred during the reporting period to these arrangements.

The relationship exists to make it easier for the department ot 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.

Notes to the Annual Financial Statements

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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, R7,517,260 (2024: R4,616,906) had been collected through licensing and had not been handed over to the department. This amount was disclosed in the payables from exchange transactions at year end.

This amount will be paid over to the department in the 2025/6 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 R5,776,208 (2024: R5,715,684).

Licenses and permits exclusive of VAT of R10,017,325 (2024: R10,239,482) is inclusive of other amount besides agency fees as follows:

	2025	2024
Agency fees	5,022,790	4,970,161
Licensing and permits	3,829,383	3,998,054
Motor vehicle license renewals	926,840	1,033,917
Trading licenses	238,313	237,352
	10,017,326	10,239,484

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

Total receipts per eNatis report	41,154,022	41,282,511
Administrative costs	(11,246,240)	(11,502,451)
	29,907,782	29,780,060

The amount of revenue received on behalf of the principal during the reporting period is arrived at after deducting various administration fees from the total received as per the Enatis report. Refer to table below for the applicable deductions:

	2025	2024
Dr JS Moroka 100% Admin costs	4,404,166	4,597,762
Dr JS Moroka 17% fee	5,776,208	5,715,685
Prodiba	1,065,866	1,189,004
	11,246,240	11,502,451

Notes to the Annual Financial Statements
