

RAMOTSHERE MOILOA LOCAL MUNICIPALITY



2021/22

ANNUAL REPORT

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ABBREVIATIONS

Abbreviation	Description
AFS	Annual Financial Statements
AGSA	Auditor General South Africa
AIP	Audit Improvement Plan
AO	Accounting Officer
AR	Annual Report
ARCR	Audit & Risk Committee Resolution
ARCOM	Audit and Risk Committee
BTO	Budget and Treasury Office
CAE	Chief Audit Executive
CBD	Central Business District
CFO	Chief Financial Officer
CLLR	Councillor
DBSA	Development Bank of Southern Africa
HR	Human Resources
IA	Internal Audit
ICT	Information and Communication Technology
IDP	Integrated Development Plan
KPI	Key Performance Indicator
LED	Local Economic Development
MANCO	Management Committee
MIG	Municipal Infrastructure Grant
MM	Municipal Manager
MSCOA	Municipal Standards of Account
PA	Personal Assistant
PAAP	Post Audit Action Plan
PMS	Performance Management System

Abbreviation	Description
POE	Portfolio of Evidence
QAR	Quality Assurance Review
RFI	Request for Information
RMLM	Ramotshere Moiloa Local Municipality
SALGA	South African Local Government Association
SDBIP	Service Delivery and Budget Implementation Plan
UIF+W	Unauthorized, Irregular, Fruitless and Wasteful

CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR’S FOREWORD

COMPONENT A: MAYOR’S FOREWORD



Cllr. DM Pitso: Mayor RMLM

The year 2021/22 has been seminal years for the world as a whole, being the year that the world went through the CORONA Virus pandemic. This has been a challenging year as every activity that the Municipality had to embark on was not done as per norm.

It is a pleasure for me to have been given the opportunity to communicate with the people of Ramotshere Moiloa Local Municipality about the performance of the municipality. The report covers the period 01 July 2021 to 30 June 2022. The report contains the operational performance of this municipality in the context of 2021/2022 priorities of the IDP as well as the SDBIP and Budget Implementation.

Our aim is to keep the communities informed with our challenges/shortfalls and successes during the review of the previous financial year. It must be made clear that we assess our municipality based on six pillars of Back-to-Basics Program which is:

- putting people first,
- service Delivery,
- good governance,
- sound financial management
- Building local government institutions.
- Local Economic Development

Using different grants injected, the Municipal Infrastructure Grant projects the municipality was successful in providing electricity, waste management services, and water to communities within its jurisdiction. In relation to the supply of water and sanitation, the Municipality is always doing to the best of its ability to provide such services to the community although challenges of water shortages due to burst pipes etc., might be experienced. The Municipality is also working closely with the Ngaka Modiri District Municipality, as the water authority to ensure that water is accessible to the rest of the people in villages.

We are honoured to have an agreement for receiving the minimum support from the Office of the Premier, Cooperate Governance Human Settlements & Traditional Affairs, Provincial Treasury, Ngaka Modiri Molema District Municipality, and the Municipal Infrastructure Grant as primary source of funding for capital projects related to infrastructure developments and basic services.

The appointment of the Audit and Risk Committee this year is also a progress to the municipality as matters of risk management will be attended adequately.

We promise to uphold and adhere to the commitments we made to the people of Ramotshere Moiloa Local Municipality as the new administration. Through working together as a council, we will be able to achieve one common objective which is to deliver to our people



Cllr DM Pitso
Mayor: RMLM

COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW



Mr. F.T Mabokela: Municipal Manager

The Annual Report for the 2021/2022 financial year has been compiled in accordance with Section 46 of the Local Government Municipal Systems Act, No. 32 of 2000 (as amended), Section 127 (2) of the Local Government Municipal Finance Management Act, No. 56 of 2003, as well as accompanying circulars, templates, and guidelines. In particular, MFMA Circular No. 63, issued in September 2012, added guidance to the preparation of this annual report, requiring all municipalities to report within the established framework and for such reports to be submitted to the Auditor General at the same time as the Annual Financial Statements in August each year.

The 2021/2022 financial year marked the first year in office for the current council which began 22 November 2021. The council is striving towards providing the community of Ramotshere with effective and efficient service delivery. In addition to that, in the year 2021, the municipality managed to fill in all section 57 management positions whereby the Accounting Officer was appointed in July 2021. The municipality is in the process of filling critical lower management positions as posts have been advertised in order to source out suitable candidates.

In the year 2020/2021 the audit finding from the Auditor General was a disclaimer. The municipality is not discouraged by this finding but acting in pursuit of receiving a better finding for the 2021/2022 financial year. We are working hard by keeping proper and better records of all our working documents and developing a Post Audit Action Plan (PAAP), amongst others.

The municipality survives on equitable share from the National Treasury; conditional grants from the Municipal Infrastructure

Grant (MIG); INEP; FMG and water and sanitation grant from the District Municipality. Another source of funding is the revenue collection which is to be collected from residents and businesses where the municipality is providing services to. The revenue collection could have a great impact on the finances of the municipality, but it is hampered by the non-payment of services. The municipality aims at always encouraging the culture of payment of services in order to assist grow the municipality and better our level of service delivery.

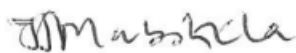
During the year under review, the National and Provincial Treasury identified 43 municipalities which were under financial crisis and our municipality was one of the identified municipalities. Section 139 of the Constitution authorises the provincial executive to intervene in a municipality when it does not fulfil its executive obligation in terms of legislation. Section 139 (5) of the Constitution requires the provincial government to impose a recovery plan to secure the municipality's ability to meet its obligation. This led to the municipality developing a recovery plan and ensuring that creditors of the municipality are identified, and payment agreements are entered into.

The economy of Ramotshere Moiloa is improving and there are high hopes of a better economy as job creation will be achieved through the new mall that is currently under construction. The LED unit under the Department of Municipal Planning and Development is working towards identifying SMMEs and projects that needs support.

The level of service delivery in the municipality is slowly improving whereby the municipality acquired four bakkies in the financial year under review.

The municipality, through the IDP we managed to construct five (5) roads; two (2) bridges; one electrification; and one water supply which is ongoing. This will elaborate in the service delivery overview below.

This report records the performance and progress made by Ramotshere Moiloa Local Municipality in fulfilling its strategic objectives contained in the Integrated Development Plan (IDP) and Service Delivery and Budget Implementation Plan (SDBIP) approved by Council for the year under review.



Mr. F. T Mabokela

Municipal Manager

1.2 MUNICIPAL FUNCTIONS, POPULATIONS AND ENVIRONMENTAL OVERVIEW

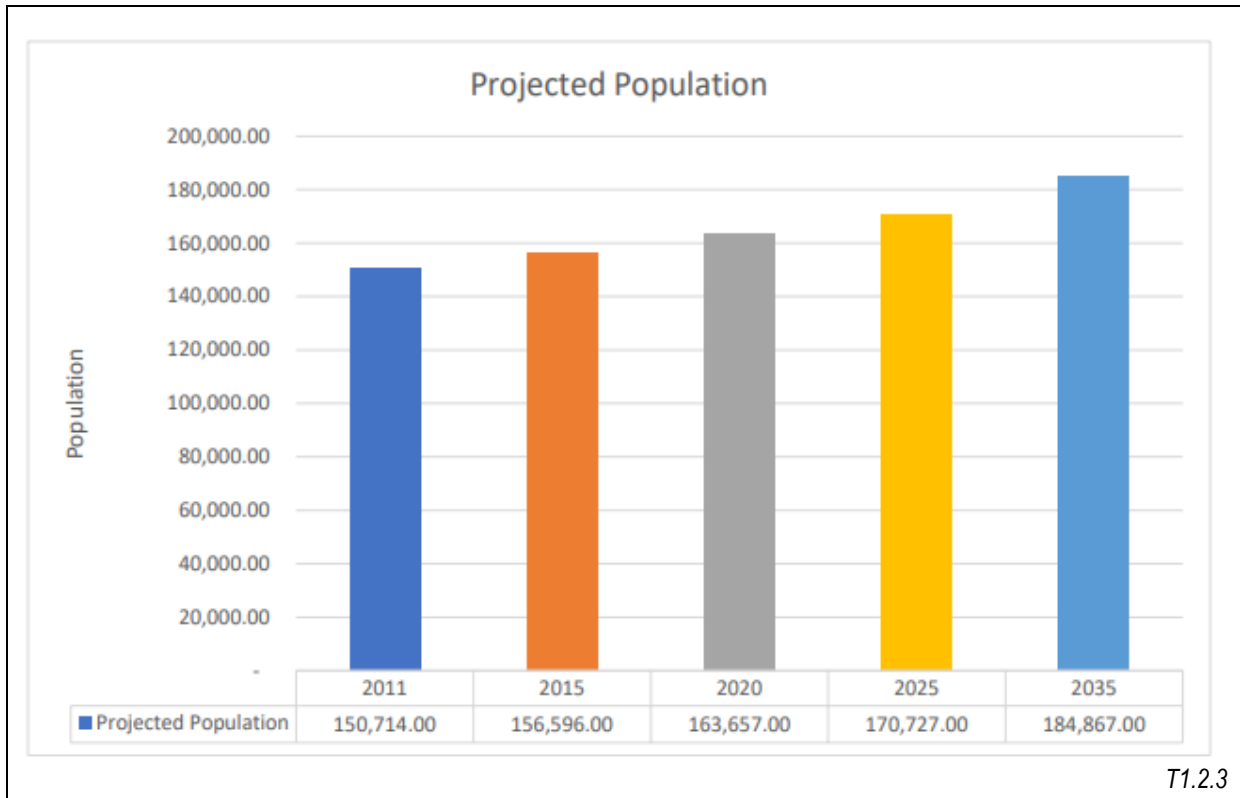
INTRODUCTION TO BACKGROUND DATA

The data provided herein is obtained from the Census 2011 report conducted by Statistics South Africa. Ramotshere Moiloa Local Municipality (RMLM) strives to ensure the backlogs in the delivery of Basic Services like Water, Electricity and Housing are reduced on an annual basis.

RMLM has 19 wards, and the total population is depicted below:

T 1.2.1

Population Details									
Age	Year -2			Year -1			Year 0		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Age: 0 - 4	9482	8972	18454	9482	8972	18454	9482	8972	18454
Age: 5 - 9	8100	7824	15924	8100	7824	15924	8100	7824	15924
Age: 10 - 19	15192	14324	29516	15192	14324	29516	15192	14324	29516
Age: 20 - 29	12207	12235	24442	12207	12235	24442	12207	12235	24442
Age: 30 - 39	9051	9633	18684	9051	9633	18684	9051	9633	18684
Age: 40 - 49	6780	8276	15056	6780	8276	15056	6780	8276	15056
Age: 50 - 59	5782	6762	12544	5782	6762	12544	5782	6762	12544
Age: 60 - 69	3870	4879	8749	3870	4879	8749	3870	4879	8749
Age: 70+	2755	4588	7343	2755	4588	7343	2755	4588	7343
Source: Statistics SA					T 1.2.2				

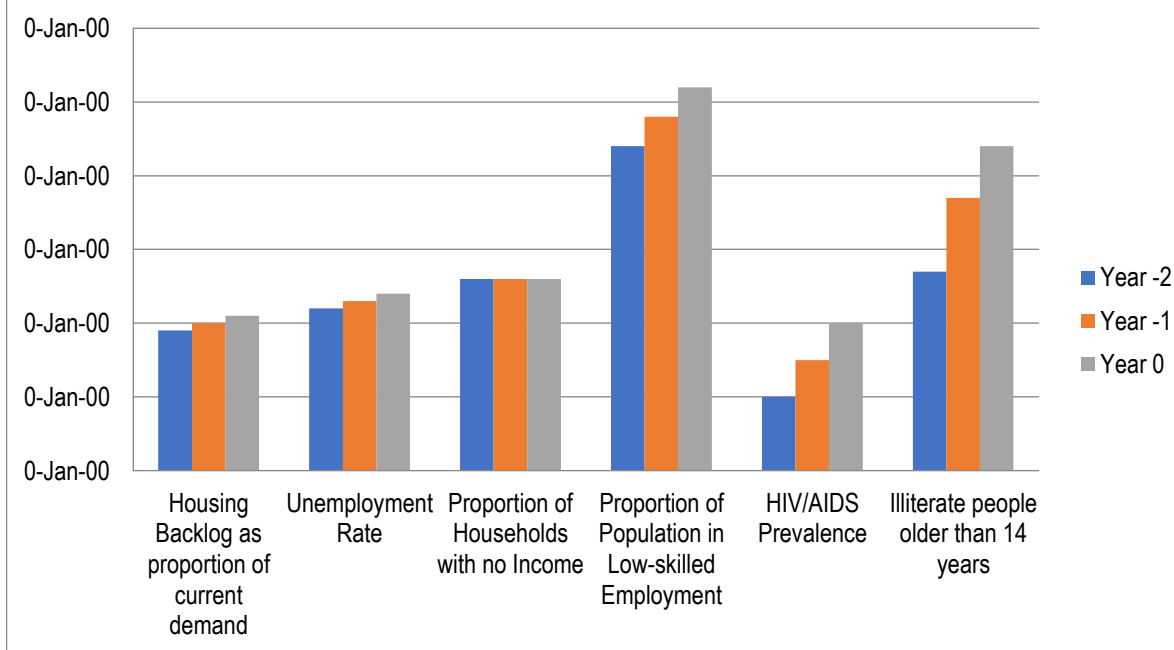


Socio Economic Status						
Year	Housing Backlog as proportion of current demand	Unemployment Rate	Proportion of Households with no Income	Proportion of Population in Low-skilled Employment	HIV/AIDS Prevalence	Illiterate people older than 14 years
2019/20	19%	22%	26%	44%	10%	27%
2020/21	20%	23%	26%	48%	15%	37%
2021/22	21%	24%	26%	52%	20%	44%

T 1.2.4

ij

Socio Economic Status



Overview of Neighbourhoods within 'Ramotshere Moiloa Local Municipality		
Settlement Type	Households	Population
Towns		
Zeerust	2800	12000
Sub-Total	2800	12000
Townships	5669	21638
Sub-Total	5669	21638
Rural settlements	31822	114840
Sub-Total	31822	114840
Informal settlements	3300	15580
Sub-Total	3300	15580
Total	40291	148478
		T 1.2.6

Natural Resources	
Major Natural Resource	Relevance to Community
Manganese (Swartkop Mine)	Mining-job creation
Chrome (Mmasebudule Chrome Mine and Marico Chrome mine)	Mining-job creation
Slate quarry	Mining-job creation
Lime (Floor Spar)	Mining-job creation
Dam (Klein Marico, Riekerts Dam)	Fishing and water supply
T 1.2.7	

COMMENT ON BACKGROUND DATA:

Above is a diagram reflecting performance on Access to Basic Services from 2018 to 2021 financial years. Please refer to Chapter 3 – Service Delivery Performance for further information pertaining to shortfalls, reasons for deviation and support needed in terms of unblocking.

T 1.2.8

1.2. SERVICE DELIVERY OVERVIEW

SERVICE DELIVERY INTRODUCTION

One of the objects of Local Government is to ensure the provision of basic services to all communities in an effective and sustainable manner.

Basic services rendered to the community of Ramotshere Moiloa Local Municipality are Water and Sanitation services, Electricity, Roads and stormwater and waste management services.

BASIC SERVICE DELIVERY ACHIEVEMENTS (PERFORMANCE HIGHLIGHTS)

Sanitation services: There were not capital projects implemented during the 2021/2022 financial year.

Electrical Services: Electrification of 250 House Holds at Kruisreuvevier was completed with the INEP grant.

Roads and Storm water:

1.5 Km of road constructed in Groot Marico ward19 Completed

1.5 Km of Road constructed in Mosweu Ward 18 Completed

1.3 km of Road Constructed in Morulakop Ward 17 Completed

1.2 Km of Road Constructed in Dinokana Ward 11 Completed

1.2 Km of Road Constructed in Gopane ward 6 Completed

Construction of Borakalalo Bridge is ongoing

Construction of Gopane Bridges is ongoing

Waste Management: The continued maintenance and operation of Zeerust landfill site to at least meet 65% of the permit conditions.

BASIC SERVICE DELIVERY CHALLENGES

Water Services: Ageing and inadequate bulk infrastructure

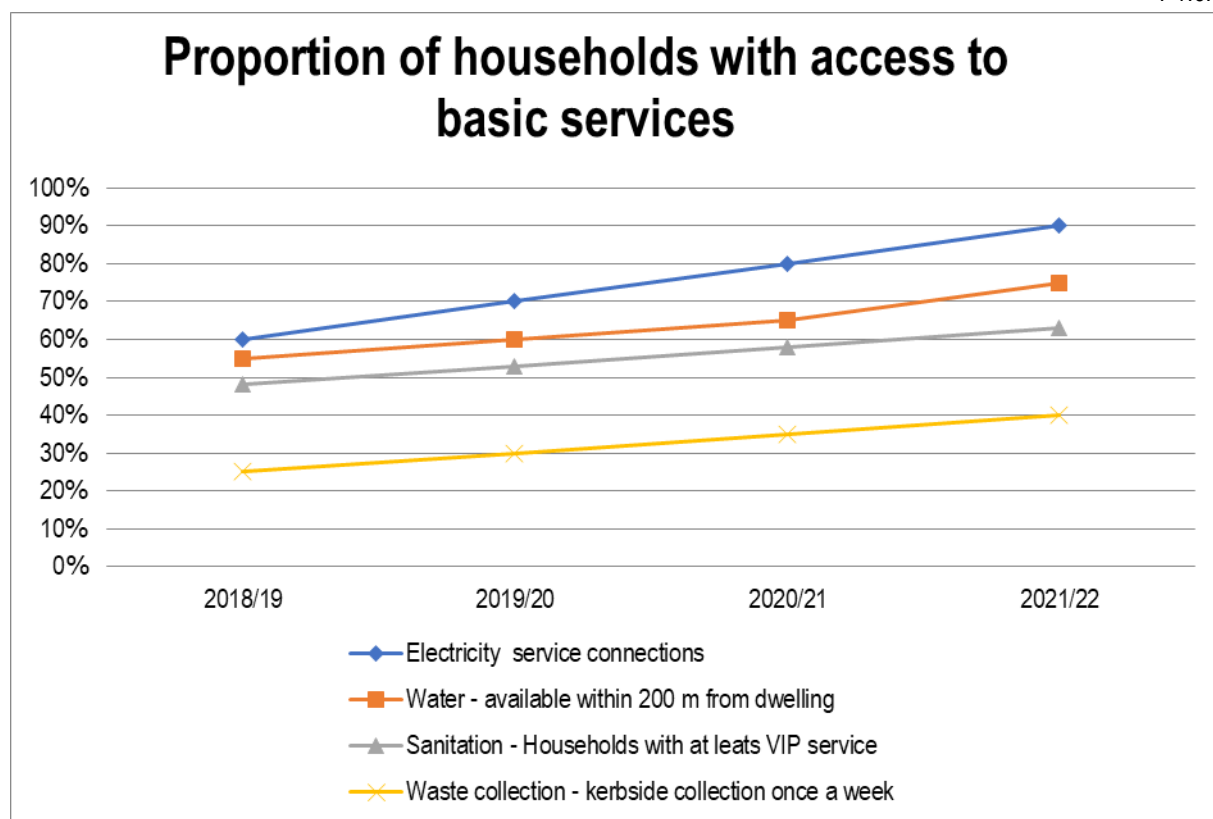
Electricity: Ageing and inadequate Fleet and equipment

Roads and Storm water: Potholes and blocked storm water inlets.

Waste Management: The Rehabilitation Closure Permit for Groot Marico landfill site has expired, application for its extension for another five years has been made to Department of Environmental Affairs. The remaining useful lifespan for Zeerust landfill site is reaching its maximum capacity. An application to increase its lifespan has since submitted to Department of Environmental Affairs for approval. This will extend the lifespan of the facility by 5 to 7 years.

Construction of Borakalalo Bridge is ongoing, Designs for Gopane bridges were finalised. The purpose for the construction of these bridges is to manage the Storm water on roads linking public facilities (Clinics and Schools)

T 1.3.1



T 1.3.2

1.3. FINANCIAL HEALTH OVERVIEW

FINANCIAL OVERVIEW

The overview sets out highlights of the municipality's financial performance in the past year. Full details appear in the Annual Financial Statements.

The municipality has performed relatively well over the past year despite the prevailing market and economic conditions. There has been a monitoring by the municipality of the economic conditions over the finances of the municipality and despite lack of complete verification of its debtors, the municipality is aware of the existence of indigent communities within its jurisdiction and the impact it has on the revenue collection rate which in turn put pressure on the cash flows.

The municipality faced serious cash flows constraints during the year due to the following reasons:

Low collection rate

Valuations roll which validity was extended by one year

Other legal disputes

Excessive costs drivers – CPI used for tariff setting -services are provided at a loss and will result in departmental deficits

Unspent grants vs. anticipated roll overs

Unauthorised expenditures incurred in terms of overtime expenditure, depreciation, and debtors' impairment etc.

T 1.4.1

Financial Overview: 2021/22			
			R' 000
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants	245 532	276 977	263 461
Taxes, Levies and tariffs	156 474	147 709	129 376
Other	47 830	18 415	7 010
Sub Total	449 836	443 101	399 847
Less: Expenditure	393 446	450 957	416 283
Net Total*	56 390	(7 856)	(16 437)
* Note: surplus/(defecit)			T 1.4.2

Operating Ratios	
Detail	%
Employee Cost	38%
Repairs & Maintenance	4%
Finance Charges & Impairment	5%
T 1.4.3	

COMMENT ON OPERATING RATIOS:

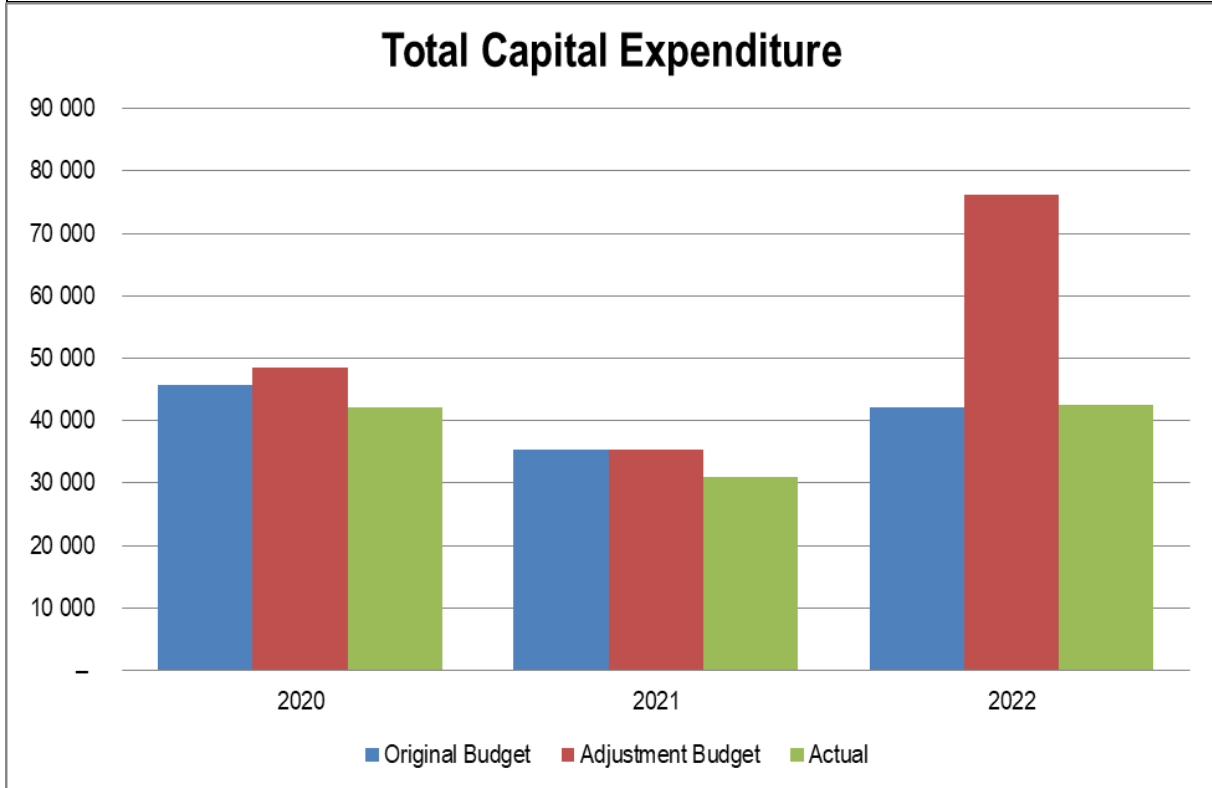
The National Treasury considers 25-40% of operating expenditure to be the norm for human capital. The Municipality's Employee cost ratio to operating expenditure is at 38% for the year under review. This is within the norm.

This municipality provides services to the entire municipal area but only generates revenue from the four wards of which three of them are highly indigent. The municipality is basically sustained by revenue generated from the CBD (Zeerust Town) and Grants. The repairs and maintenance expenditure are at 4% and the norm is 8% as recommended by National Treasury (NT). Revenue enhancement strategy and measures must be put in place to provide for adequate spending on repairs and maintenance.

T 1.4.3

Total Capital Expenditure: Year -2 to Year 0				R'000
Detail	2019/20	2020/21	2021/22	
Original Budget	45,693	35,377	42,051	
Adjustment Budget	48,460	35,377	76,275	
Actual	42,170	30,914	42,545	

T 1.4.4



1.4. ORGANISATIONAL DEVELOPMENT OVERVIEW

Ramotshere Moiloa Local Municipality comprises of six directorates, namely:

- Office of the Municipal Manager (Risk Management, PMS management, Communications, Integrated Development Plan Management, Office of the Speaker, Office of the Mayor & MPAC)
- Budget & Treasury Office (Supply Chain Management, Budget & Report, Expenditure Management, Revenue Management and Asset Management)
- Community Services (Parks & environmental services, Public Safety, Security Services)
- Corporate Services (Human Resource Management, Records Management, Labor Relations, Facilities, Information Technology & Communication, Skills Development)
- Technical Services (Water and Sanitation, Electricity, Project Management Unit and Roads & Storm water)
- Municipal Planning and Development (Local Economic Development, Town Planning & Housing)

The municipality has an organizational structure adopted by council and is in the process of review. The staff compliment of the municipality stands at **332** employees. Vacancy rate for the entire municipal workforce stands at **18%**. Remuneration and benefits of staff is in line with South African Local Government Bargaining Council Guidelines. Personnel expenditure for the financial year 2021/22 is at **43%**.

The municipality has also adopted the Employment Equity Plan and Recruitment Policy and filling of positions is done in line with both policies. In order to address salary disparities, the municipality is engaged in a Job Evaluation process.

Training Committee is in place and has developed Work Skills Plan as a guiding tool to undertake training and development in the municipality.

1.5. AUDITOR GENERAL REPORT

AUDITOR GENERAL REPORT: 2021/22

T 1.5.1

1.6. STATUTORY ANNUAL REPORT PROCESS

N006F.	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	December 2022
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalize the 4th quarter Report for previous financial year	
4	Submit draft year 2021/22 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM (Not Applicable)	
6	Audit/Performance committee considers draft Annual Report of municipality	December 2022

8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated Annual Financial Statements and performance report to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	December 2022 – March 2023
12	Municipalities receive and start to address the Auditor General's comments	29 July 2023
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	01-21 August2023
16	Council adopts Oversight report	
17	Oversight report is made public	
18	Oversight report is submitted to relevant Provincial Councils	30 August 2023
19	Commencement of draft Budget/ IDP finalization for next financial year. Annual Report and Oversight Reports to be used as input	
T 1.6.1		

CHAPTER 2 – GOVERNANCE

INTRODUCTION TO GOVERNANCE

Governance in the municipality is made up of Political and Administrative Governance. The Political Structure is led by the Mayor and Speaker who are full time. The Council has the following Section 79 and 80 Committees in place.

- Executive Committee.
- Corporate Services Committee.
- Finance Portfolio Committee
- Technical Services Portfolio Committee.
- Community Services and Municipal Planning and Development Portfolio Committee; and
- Municipal Public Accounts Committee (MPAC)
- Assets and Disposal Committee

The Audit and Risk Committee (ARCOM) has been established in line with MFMA Sec 166 and the committee reports quarterly to council.

T 2.0.1

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

The constitution Section 151(3) states that the council of a municipality has the right to govern on its own initiative, the local government affairs of the local community *T 2.1.0* (Refer to Appendix B on Council Committees)

2.1 POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE

MFMA section 52(a): The Mayor must provide general political guidance over the fiscal and financial affairs of the municipality. The municipality had 37 Councillors (CLLR) of which 19 were Ward Councillors and 18 Proportional Representative (PR) Councillors.

T 2.1.1



MAYOR
CLLR DM Pitso



SPEAKER
CLLR KR Mogotsi

EXECUTIVE COMMITTEE



CLLR TV Kena



CLLR TG Katametsi



CLLR AN Thale



CLLR AN Nyamane



CLLR Cllr JK Mokgatlhe



CLLR VO Mogale

Councilors



Cllr BT Monamodi



Cllr P Mokgatlhe



Cllr DA Seakentoa



Cllr E Lof



Cllr I S Suliman



Cllr KB Kenosi



Cllr E Motlogelwa



Cllr I Malatsi



Cllr KD Molefe



Cllr KE Pitso



Cllr KG Mosiane



Cllr KJ Ledikwa



Cllr KP Lekwape



Cllr KP Tsile



Councilor K venter



Cllr LP Letshufi



Cllr LS Sekopamotse



Cllr MIE Moarabi



Cllr Moumakwa



Cllr MP Odiseng



Cllr OG Moseki



Cllr OO Diale



Cllr PM Keebine



Cllr PR Mogorosi



Cllr RA Kgakatsi



Cllr RA Moiloanyane



Cllr TJ Keebine



Cllr TP Gaealashwe



Cllr TS Tlhome

2.2 ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

Note: MFMA section 60 (b): The Municipal Manager of a municipality is the accounting officer of the municipality for the purposes of this Act and must provide guidance on compliance with this Act to political structures; political office bearers, and officials of the municipality and any entity under the sole or shared control of the municipality.

The Municipal Manager is the head of the municipal administration. Subject to the policy directions of the municipal council, the Municipal Manager is responsible and accountable for the formation and development of an economical, effective, efficient and accountable administration. The Municipal Manager must make sure the administration is equipped to implement the municipality's integrated development plan, that it operates in accordance with the municipality's performance management system, and that it is responsive to the needs of the local community.

The roles and responsibilities of the Municipal Manager are comprehensively set out in Section 55 of the Municipal Systems Act and responsibilities of the Municipal Manager as Accounting Officer is set out in Chapter 8 of the Municipal Finance Management Act, 56 of 2003.

The Municipal Manager's office has assumed direct responsibility for Communications and Corporate Strategy as well as the drafting, management, and implementation of Council's Integrated Development Plan [IDP]. The Internal Audit unit is also located in the Municipal Manager's office to give assurance and consulting services on Risk Management, Governance, Performance Management, and Internal Controls to ensure compliance with municipal legislation.

In addition, there are five Directorates that account to the Municipal Manager. These Directorates, each headed by a director, ensure that services are delivered to the people of the Municipality. They are as follows:

- Technical Services.
- Community Services.
- Municipal Planning and Development.
- Budget and Treasury Office; and
- Corporate Services.
- The Municipal Manager and his team of Directors hold regular meetings to discuss key strategic service deliverables, and to offer guidance on achieving IDP goals. The administrative component is aligned with the five National Key Performance Areas, namely:
 - Good Governance.
 - Basic service delivery and Infrastructure development
 - Financial Viability and Management.
 - Local Economic Development, and
 - Public Participation, Planning and Social Services.

T 2.2.1

TOP ADMINISTRATIVE STRUCTURE



**Municipal Manager
Mr FT Mabokela**



**Chief Financial Officer
Ms Morufa Moloto**



**Director Corporate Services
Mr Bakang Selebogo**



**Director: Technical Services
Mr Motsumi Mpshe**



**Director: Municipal Planning
& Development
Mr Ramojakgomo Mojapelo**



**Director Community Services
Mr Tiro Seleka**



**Chief Audit Executive
Mrs Mpho Mathye**

COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.3 INTERGOVERNMENTAL RELATIONS

NATIONAL INTERGOVERNMENTAL STRUCTURES

The following IGR structures are in existence:

- Mayor – Council of Mayors (Provincial and National), and Municipality's with MEC, Political IGR, RHR fora,
- Speaker – Speaker's Forum, SALGA Working Groups
- Municipal Manager – Broader EXTECH highly functional, Technical IGR, National MM's Forum functional,
- Provincial MM's Forum partly functional, District MM's Forum partly functional, PMS Forum, Communicators •
- Forum, SDF Forum, Records Manager's Forum, ICT Forum, CFO's Forum, Internal Audit Forum
- IDP - IDP representative Forum, District IDP Representative Forum, Provincial Planning Commission
- Water and Sanitation- Department of Water and Sanitation and Ngaka Modiri Molema District Municipality and
- Sedibeng Water Coordinating Forum.
- Department of Public Works, Roads and Transport, Ngaka Modiri Molema District Municipality (RAMS)
- Coordination Forum
- Electricity - Department of Energy and Eskom, NERSA
- Housing - Department of Local Government and Human Settlements - IDP representative Forum, District IDP
- Representative Forum, Provincial Planning Commission

T 2.3.1

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

The municipality has received support for the implementation of Organisational Performance Management from the Provincial Department of Local Government and Human Settlements. The Municipal Manager participates in the Premier's Coordinating Council (PCC), Provincial PMS Forum, Provincial Municipal Managers Forum, Shared Services Forums and Technical forum. PPAC

T 2.3.2

DISTRICT INTERGOVERNMENTAL STRUCTURES

At a District level, the municipality has participated in the District Municipal and Technical Forum which are chaired by the District Mayor. The municipality is also participating in different forums such as IGR, Municipal Managers Forum, CFOs Forum, IDP Forum, Technical Forum, and PMU Forum.

T 2.3.4

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

During the 2021/22 financial year, the municipality had 19 functional ward committees which serve as a conduit between the municipality and the community.

In addition, the Service Delivery and Budget Implementation Plan (SDBIP) are made public and available at the Local Libraries and the website. This contains projected financial and service delivery indicators and deliverables. Members of the public are also invited to participate in the oversight process related to the Annual Report.

Further to promote public accountability and participation members of the public are invited to attend meetings of the Council.

Another mechanism of public participation is conducted through Mayoral Imbizos and Integrated Development Plan (IDP) community consultative meetings. These are held prior to developing the draft budget to provide feedback to the community the implementation of projects in the current financial year and to solicit the needs of the community to provide input for the new financial year. Follow-up imbizos are held once the draft budget has been developed to inform the public of key elements in the proposed budget and solicit responses thereto.

T 2.4.0

2.4 PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS

The Municipality has implemented the Communication Strategy and the Public Participation Policy has been adopted by the Council.

The policy categorized the stakeholders as follows:

- Internal Stakeholders
- Citizens
- Public Sector Stakeholders:
 - Provincial and National Departments, District and Local Municipalities, Councillors,
 - Executive and Portfolio Committees, Ward Committees, State owned Entities e.g., Eskom, Telkom
 - Traditional Leaders
 - Public Sector Forums
 - Police Forums, IDP Forums, Local Implementation Forums

- External Stakeholders
- Organized Business (Chamber of Business and Industry) and Labour Formations, Service Providers
- Civil Society Organisations:
- NGOs, CBOs, Faith Based Organisations, Youth Organisations; Lobby Groups - (Environmental Groups), Unorganized Groupings – (the poor and other Vulnerable Groups), Sports Organisations, Civic or Resident Associations,

The IDP Representative Forum becomes a very central forum to finalize the prioritization process, it is also envisaged that the Budget and PMS stakeholders' engagement structures as reflected in the IDP Guides, must be the same or integrated structures.

Every year before the end of August, the municipality finalizes a Process Plan which is approved by Council, once approved a public notice is posted on various newspapers inviting members of public as well as various stakeholders to make submissions with regards to developmental priority needs.

The public participation is an on-going engagement process, and the following are forms of citizenry participation that are utilized by the Municipality to ensure the citizen and stakeholders voice are accommodated in the planning, execution, and review of the IDP,

- Budget processes
- Ward Committee Monthly Meetings
- Stakeholders Quarterly Meeting (Reporting on SDBIP and IDP)
- Monthly Community Meetings by Councillors
- Project Based Meetings
- Sector Plan Based Engagements
- Council Meetings
- Integrated Development Planning Meetings:
- Izimbizo: Public Meetings for Budget, IDP etc.
- Complaints Register: Customer Care and Batho Pele Engagements
- Attendance to invitations by Interest groups

Some of the above various forms of public participation engagements are conducted throughout the year specifically at an operational level and then some of them are organized on a fortnightly, monthly, and quarterly and annually as reflected in our Process Plan.

T 2.4.1

WARD COMMITTEES

Section 74 of the Municipal Structures Act, and Regulation 5 of the Government Gazette No. 27699 Ward Committee, state that Ward Committees may have powers and functions delegated to them (which are essentially advisory in nature) in terms of S59 of the Municipal Systems Act, these are:

1. To serve as an official specialized participatory structure in the municipality.
2. To create formal unbiased communication channels as well as a co-operative partnership between the community and the Council.
3. Advise and make recommendations to the Ward Councillors on matters of policy affecting the Ward.
4. Assisting the Ward Councillors in identifying the challenges and needs of residents.
5. Dissemination of information in the Ward concerning municipal affairs such as the budget, integrated development planning, performance management systems, service delivery options and municipal properties.
6. Receive queries and complaints from residents concerning municipal service delivery, communication with Council and provide feedback to the community on Council's response.
7. Ensure constructive and harmonious interaction between the municipality and community through the use and co-ordination of ward residents' meetings and other community development fora, and
8. Interact with other organisations and forum on matters affecting the ward.
9. A Ward Committee may also make recommendations on any matter affecting its ward to the ward Councillors or through the ward Councillors to the local council.

T 2.4.2

COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:

The municipality and communities alike benefited from the meetings mentioned above as through the consultative processes, brainstorming occurred, and ward committees imparted their advice to the Councillor who in turn did so to council. Council then took these recommendations forward by using certain aspects in terms of the Municipal Turnaround Strategy. Communities are beginning to see their requests being dealt with in a systematic manner with council having taken a decision to open a fully functional Speaker's office to take complaints from community members where there are issues of service delivery.

T 2.4.3.1

2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	No
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	No
* Section 26 of Municipal Systems Act 2000	T 2.5.1

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

Corporate Governance at the Municipality entails Risk Management, Anti-corruption, and Fraud, as well as Internal Audit which is unpacked below:

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Internal Audit operates in accordance with Section 165(1) of Municipal Finance Management Act no 56 of 2003. Internal Audit is required to carry out an audit free of any restrictions in accordance with the standards set by the Institute of Internal Auditors; and section 165(2) of the MFMA Act 56 of 2003.

The Internal Audit Unit has a dual reporting lines i.e., reports functionally to the Audit & Risk Committee and Administratively to the Accounting Officer.

In terms of the Internal Audit Charter the Internal Audit unit shall be accountable to Council through the Audit & Risk Committee (MFMA 166) to:

- Provide annually an assessment on the adequacy and effectiveness of the organisation's processes for controlling its activities and managing its risks.
- Report significant issues related to the processes for controlling the activities of the organisation, including potential improvements to those processes, and provide information concerning such issues through active and constructive resolution.
- Periodically provide information on the status and results of the annual audit plan and the sufficiency of function resources; and
- Co-ordinate, and provide oversight on, other control and monitoring functions (risk management, compliance, security, legal, ethics, environmental, external audit).

T 2.6.0

2.6 RISK MANAGEMENT

RISK MANAGEMENT

Sections 62(1)(c)(i) and 95(c)(i) of the MFMA, which require the Accounting Officers to ensure that their municipalities and municipal entities have and maintain effective, efficient and transparent systems of risk management. The risk management system must provide for mitigating strategies and control activities against the risks within the municipality from unacceptable likelihood and impact.

The Municipality has established the Risk Management Unit and it is based in the Office of the Municipal Manager, reports to the Municipal Manager.

The implementation of Risk Management assists the municipality to achieve, among others, the following outcomes needed to underpin and enhance performance:

- More sustainable and reliable delivery of service.
- Informed decisions underpinned by appropriate investigation and analysis.
- Innovation.
- Reduce waste.
- Prevention of fraud and corruption.
- Better value for money through more efficient use of resources.
- Better outputs and outcomes through improved project and programme management.

T 2.6.1

2.7 ANTI-CORRUPTION AND FRAUD

FRAUD AND ANTI-CORRUPTION STRATEGY

The Municipality has got an approved Anti-Fraud and Corruption Policy. The policy serves as a protection to the municipality against any acts of fraud, corruption, and theft. It is mainly aimed at creating a proactive corruption free and intolerant culture within the municipality.

The implementation of this policy is intended to reduce the losses that the municipality may incur due to the occurrence of fraud, corruption, and theft. It also commits the municipality to detect, investigate and prosecute individuals who are allegedly involved in acts of fraud, corruption, and theft within the municipality.

The policy which has been approved to address some of the following matters:

- Fraud, corruption, theft, and mal administration.
- Bribery
- Embezzlement
- Extortion
- Abuse of power
- Abuse of privileged information
- Actions constituting fraud, corruption, and theft.
- Responsibility to conduct investigations
- Reporting procedures and resolution of reported incidents
- Protected disclosure
- Application of prevention controls and detection mechanisms
- Conflict of interest

2.7.1

2.8 SUPPLY CHAIN MANAGEMENT

OVERVIEW SUPPLY CHAIN MANAGEMENT

The MFMA section 110 - 119; Supply Chain Management (SCM) Regulations 27636 of 2005 and relevant MFMA circulars set out required processes and guidance manuals to help ensure that SCM arrangements provide appropriate goods and services, offer best value for money, and minimize the opportunities for fraud and corruption.

The Municipality's Supply Chain Management Unit is a support function for all business units within the Municipality to ensure provision of efficient, transparent, fair, equitable and cost-effective procurement services hence assisting them to implement their service delivery priorities.

It operates under the direct supervision of the Chief Financial Officer or an official to whom this duty has been delegated in terms of section 82 of the Act and its core functions are:

Demand Management.

Acquisition Management.

Logistics Management.

Disposal Management.

The supply chain management policy for the year 2021/22 was adopted by Council in June 2021 in term of SCM Regulation 3 (1) (a). The main change made to the policy was to bring it in line with the structure of the SCM regulations. The aim was to establish a credible base from which the business processes can be developed.

The policy is aligned to Preferential Procurement Regulations 2017, issued in terms of the section 5 of the preferential Procurement Policy Framework Act, Number 5 of 2000 (PPFA). The regulations were published in the Government Gazette on March 2017. The new regulations aim to align the Preferential Procurement Policy Framework Act, 2000 and the Broad – Based Black Economic Empowerment Amendment Act, 2013 effective from 24 October 2014, issued by National treasury.

PERFORMANCE OF SUPPLY CHAIN MANAGEMENT

In terms of the MFMA SCM regulations, the SCM policy of the municipality must provide for a system of demand, acquisition, logistics, disposal, risk and performance management, and the current policy has been aligned to provide for that.

Demand management

The preferential policy objectives were identified at a global level hence during the 2021/22 financial year a procurement plan was established, and the procurement preferential preference points were set on how these objectives will be met for each contract for the new financial year was developed.

Acquisition Management

The thresholds as per section 12 of the SCM regulations has been set and complied with throughout the year. A thorough review of the bid documentation was done to ensure full compliance with circular 25 and the latest SCM regulations and to ensure full compliance with circular 25 for the 2021/22 financial year. A procurement plan has been developed which will guide all the procurement processes during the year.

Logistics management

An effective system of logistics management has been established. The continuous interrogation of inventories and improvements on systems and processes has yielded positive results in that there is a progressive reduction of stock holdings. There is a marked improvement on utilizing cable stock that has been held for a long period, which had a positive impact on purchases and has contributed to the reduction in purchases.

Risk Management

The contracts are being monitored on monthly basis, though there is a human capital challenge as there is one individual involved in the process. Also, measures are now being put in place to ensure identification, consideration, and avoidance of potential risks in the supply chain management system in accordance with section 41 of the SCM regulations. The supply chain management operational risk register was established and is in place.

Performance Management

The Municipality has SCM policy that ensures compliance and monitoring of compliance with the SCM regulations and processes has been developed and implemented. The policy enforces the accountability to all individuals involved in SCM and to ensure that SCM processes are independently monitored to ensure that the SCM policy is followed, and desired objectives are achieved.

Training of SCM Practitioners and Bid Committees

SCM Management, SCM practitioners and Bid Committee members were trained during 2021/22 as per SCM Regulation 8 in accordance with Treasury guidelines on supply chain training to meet the competency level required for supply chain practitioners and bid committee members. Further training is to be provided.

T 2.8.1

2.9 BY-LAWS

By-laws Introduced during 2021/22					
Newly Developed	Revised	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	By-Laws Gazetted* (Yes/No)	Date of Publication
None, there were no new by-laws introduced during the year	None, there no were new by-laws revised during the year				
*Note: See MSA section 13. T 2.9.1					

COMMENT ON BY-LAWS:

There were no new by-laws during the 2021/22 financial year.

T 2.9.1.1

2.10 WEBSITES

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date
Current annual and adjustments budgets and all budget-related documents	YES	2022-04-07
All current budget-related policies	NO	
The previous annual report (Year -1)	YES	2021-09-08
The annual report (Year 0) published/t	NO	
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards	NO	
All service delivery agreements (Year 0)	NO	
All long-term borrowing contracts (Year 0)	NO	
All supply chain management contracts above a prescribed value (give value) for Year 0	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 Year 1	NO	
Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	NO	
Public-private partnership agreements referred to in section 120 made in Year 0	NO	
All quarterly reports tabled in the council in terms of section 52 (d) during Year 0	NO	
Note: MFMA s75 sets out the information that a municipality must include in its website as detailed above. Municipalities are, of course encouraged to use their websites more extensively than this to keep their community and stakeholders abreast of service delivery arrangements and municipal developments.		T 2.10.1

COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS:

The municipal website is currently not accessible.

T 2.10.1.1

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

PUBLIC SATISFACTION LEVELS

The municipality is currently conducting a satisfaction survey by means of suggestion boxes/complaints register amongst others to ensure optimal satisfaction in terms of services offered to local communities. The suggestion box is located at the Municipal offices for public inputs and or comments

T 2.11.1

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

SERVICE DELIVERY INTRODUCTION

One of the objects of Local Government is to ensure the provision of basic services to all communities in an effective and sustainable manner.

Basic services rendered to the community of Ramotshere Moiloa Local Municipality are Water and Sanitation services, Electricity, Roads and stormwater and waste management services.

BASIC SERVICE DELIVERY ACHIEVEMENTS (PERFORMANCE HIGHLIGHTS)

Water Services: Upgrading of Driefontein Water Supply is ongoing implemented by RMLM through the PIG grant.

Sanitation services: There were not capital projects implemented during the 2021/2022 financial year.

Electrical Services: Electrification of 250 House Holds at Kruisreuevier was completed with the INEP grant.

Roads and Storm water:

1.5 Km of road constructed in Groot Marico ward19 Completed

1.5 Km of Road constructed in Mosweu Ward 18 Completed

1.3 km of Road Constructed in Morulakop Ward 17 Completed

1.2 Km of Road Constructed in Dinokana Ward 11 Completed

1.2 Km of Road Constructed in Gopane ward 6 Completed

Construction of Borakalalo Bridge is ongoing

Construction of Gopane Bridges is ongoing

Waste Management: The continued maintenance and operation of Zeerust landfill site to at least meet 65% of the permit conditions.

BASIC SERVICE DELIVERY CHALLENGES

Water Services: Ageing and inadequate bulk infrastructure

Electricity: Ageing and inadequate Fleet and equipment

Roads and Storm water: Potholes and blocked storm water inlets.

Waste Management: The Rehabilitation Closure Permit for Groot Marico landfill site has expired, application for its extension for another five years has been made to Department of Environmental Affairs. The remaining useful lifespan for Zeerust landfill

site is reaching its maximum capacity. An application to increase its lifespan has since submitted to Department of Environmental Affairs for approval. This will extend the lifespan of the facility by 5 to 7 years.

Construction of Borakalalo Bridge is ongoing, Designs for Gopane bridges were finalised. The purpose for the construction of these bridges is to manage the Storm water on roads linking public facilities (Clinics and Schools)

3.1. WATER PROVISION

INTRODUCTION TO WATER PROVISION

The District Municipality performed the functions and exercise the powers referred to in Section 84(1) (b) of the Municipal Structures Act (117 of 1998) which provides for the provision of potable water supply and sanitation systems. In terms of Section 11 of the Water Services Act (108 of 1997), every Water Services Authority has a duty to ensure the adequate sustainable access to water and sanitation to all consumers within the area of jurisdiction.

The RMLM only provides water services into the following areas: Zeerust, Ikageleng, Sandvlakte, Hendrysville and Groot Marico. The municipality has acquired an abstraction permit from Department of Water and Sanitation in this regard. The municipality serves as a Water Service Provider, thus signed Service Level Agreement with Ngaka Modiri Molema District Municipality (NMMDM).

The rural parts and semi urban areas of the municipality are serviced by NMMDM (Water Service Authority) (WSA) in conjunction with Sedibeng Water (Water Service Provider) (WSP).

The response rate to water and sanitation interruptions were achieved at 80% and 90% respectively. Various factors contributing to this poor performance include the rapid deterioration of infrastructure and inadequate infrastructure, human resource constraints, theft of water meters and ageing fleet.

The completion waste water treatment plant in Groot Marico has contributed much to reduction of waste water spillages.

T 3.1.1

Total Use of Water by Sector (cubic meters)					
	Agriculture	Forestry	Industrial	Domestic	Unaccountable water losses
2020/21	0	0	0	2509356	2 835510
2021/22	0	0	0		0
T 3.1.2					

Water Service Delivery Levels				
Households				
Description	2017/18	2018/19	2020/21	2021/22
	Actual	Actual	Actual	Actual
	No.	No.	No.	No.
<u>Water: (above min level)</u>				
Piped water inside dwelling	27	27	3	3
Piped water inside yard (but not in dwelling)	27	27	8	8
Using public tap (within 200m from dwelling)	28	28	4	4
Other water supply (within 200m)				
<i>Minimum Service Level and Above sub-total</i>	82	83	15	15
<i>Minimum Service Level and Above Percentage</i>	58%	58%	32%	31%
<u>Water: (below min level)</u>				
Using public tap (more than 200m from dwelling)	–	–	–	
Other water supply (more than 200m from dwelling)				
	39	39	32	33
No water supply	21	21	21	
<i>Below Minimum Service Level sub-total</i>	60	60	32	33
<i>Below Minimum Service Level Percentage</i>	42%	42%	68%	69%
Total number of households*	143	144	47	48
* - To include informal settlements			T 3.1.3	

Access To Water

Access to Water			
	Proportion of households with access to water points*	Proportion of households with access to piped water	Proportion of households receiving 12 kl free#
2018/19	49000	28530	32972
2019/20	27235	50613	122109
2020/21	27252	50825	1192
2021/22	27252	50825	1192
			T 3.1.5

Financial Performance 2021/22: Water Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	18 839	11 274	8 608	15 279	26%
Expenditure:					
Employees	8 375	7 266	8 454	8 731	17%
Repairs and Maintenance	414	325	640	829	61%
Other	1 652	828	797	139	-495%
Total Operational Expenditure	10 441	8 420	9 891	9 699	13%
Net Operational Expenditure	(8 398)	(2 854)	1 283	(5 581)	49%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
T 3.1.8					

3.2 WASTE WATER (SANITATION) PROVISION

INTRODUCTION TO SANITATION PROVISION

NMMDM is responsible for the provision of sanitation in the municipal area. All Wastewater Treatment Plants are managed by District Municipality. The RMLM is responsible for maintenance of sewer reticulation systems in Zeerust, Welbedacht and Groot Marico.

T 3.2.1

Sanitation Service Delivery Levels				
*Households				
Description	2017/18	2018/19	2020/21	2021/22
	Outcome	Outcome	Outcome	Actual
	No.	No.	No.	No.
<u>Sanitation/sewerage: (above minimum level)</u>				
Flush toilet (connected to sewerage)	9	9	12	12
Flush toilet (with septic tank)	2	–	180	180
Chemical toilet	0	–		
Pit toilet (ventilated)	24	–	2	2
Other toilet provisions (above min.service level)	25	–	–	–
<i>Minimum Service Level and Above sub-total</i>	60	9	14	14
<i>Minimum Service Level and Above Percentage</i>	95,2%	100,0%	30,1%	29,1%
<u>Sanitation/sewerage: (below minimum level)</u>				
Bucket toilet	0	–	0	–

Other toilet provisions (below min.service level)	1	–	0	–
No toilet provisions	2	–	33	34
<i>Below Minimum Service Level sub-total</i>	3	–	33	34
<i>Below Minimum Service Level Percentage</i>	4,8%	0,0%	69,9%	71%
Total households	63	9	47	48
*Total number of households including informal settlements				T 3.2.3

Access to Sanitation	
	Proportion of households with access to sanitation
2018/19	13717
2019/20	13724
2020/21	14000
2021/2022	14895

Financial Performance 2021/22: Sanitation Services					
R'000					
Details	2020/21	2021/22			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	1,015	4,586	797	872	-426%
Expenditure:					
Employees	13,320	11,076	12,975	13,469	18%
Repairs and Maintenance	683	100	900	5,333	98%
Other	150	285	1,571	2,782	90%
Total Operational Expenditure	14,152	11,461	15,446	21,584	47%
Net Operational Expenditure	13,137	6,874	14,649	20,712	67%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.2.8

3.3 ELECTRICITY

INTRODUCTION TO ELECTRICITY

The Municipal Electricity Unit is licensed by the National Electricity Regulator of South Africa (NERSA) to supply electricity to 15% of the total customers in the Municipality's area of jurisdiction and the remainder which is comprised of the rural areas is supplied by Eskom. The Electricity Unit operates under the Electricity Regulator Act of (2006).

The Electricity Unit generates approximately 67% of the total revenue of the Municipality

The municipality purchases electricity in bulk on the Mega flex tariff from Eskom. We have two Eskom in-come points (Zeerust Municipal Substation) and five feeders for our customers. We have a notified maximum demand of 20 MVA and we are operating from our new switching station

Our area of supply is experiencing continuous outages due to the numerous faults on the existing ageing 11kV overhead lines infrastructure; we have no budget for upgrade of 11kv infrastructure for 2021/22 financial year.

Electricity Service Delivery Levels				
Households				
Description	2018/19	2020/19	2020/21	2021/22
	Actual No.	Actual No.	Actual No.	Actual No.
<u>Energy: (above minimum level)</u>				
Electricity (at least min. Service level)	9	9	38	39
Electricity - prepaid (min.service level)	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>	9	9	38	39
<i>Minimum Service Level and Above Percentage</i>	20,9%	20,7%	79,2%	78%
<u>Energy: (below minimum level)</u>				
Electricity (< min.service level)	34	35	10	11
Electricity - prepaid (< min. service level)	–	–	–	–
Other energy sources	–	0	–	–
<i>Below Minimum Service Level sub-total</i>	34	35	10	11
<i>Below Minimum Service Level Percentage</i>	79,1%	79,3%	20,8%	22%
Total number of households	43	44	48	50
T 3.3.3				

Financial Performance 2021/22: Electricity Services R'000					
Details	2020/21	2021/22			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	34,243	92,226	71,934	55,514	-66%
Expenditure:					
Employees	8,311	6,279	7,623	7,791	19%
Repairs and Maintenance	2,911	750	1,605	2,586	71%
Other	93,986	80,901	71,591	83,919	4%
Total Operational Expenditure	105,208	87,930	80,820	94,296	7%
Net Operational Expenditure	70,964	(4,296)	8,886	38,782	111%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
T 3.3.7					

Capital Expenditure 2021/22: Electricity Services R' 000					
Capital Projects	2021/22				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	6,775	6,775	6,775	0%	
Project A	6,775	6,775	6,775	0%	0
Project B	0	0	0	0%	0
Project C	0	0	0	0%	0
Project D	0	0	0	0%	0
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					
T 3.3.8					

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

INTRODUCTION TO WASTE MANAGEMENT

Section 21 of the Constitution states that everyone has the constitutional right to have an environment that is not harmful to his or her health and to have an environment protected for the benefit of the present and future generations through reasonable legislative and other measures that (a) prevent pollution and ecological degradation (b) promote conservation and secure ecological sustainable development and use of natural resources while promoting justifiable economic and social development.

Taking cue from the above and in terms of Section 10(3) National Waste Management: Waste Act, 2008 (Act No. 59 of 2008) the municipality has designated, Manager Parks & Environment as the Waste Management Officer (WMO) and air quality management officer (AQMO) to advance and advocate issues of waste and environment

The municipality has, furthermore, compiled an integrated waste management plan (IWMP) in the effort of complying with section 11(4)(a)(i)(ii) of NEMWA. The plan is still at the draft stage, and it awaits public participation for it to be submitted to MEC.

The waste service delivery of the Municipality is co-ordinated from Zeerust. A regular waste removal service is provided to all households and businesses within the major towns of the Municipal area, except to the households in rural areas.

The percentage of households with access to regular (once a week) refuse removal in Ramotshere Moiloa is currently 21%. Most of the population in rural areas either bury or burn their waste. There are also no private waste contractors active within the municipal area. The Municipality provides a weekly (1 day per week) waste collection service to all the households in Zeerust, Lehurutshe and Groot Marico.

The businesses, hospitals and schools in the Municipal area receive a waste collection service up to three times a week depending on the collection requirements. Industries are serviced once per week. Street cleaning (litter picking, sweeping, and cleaning of ablution facilities) is done in all the Major towns of the Municipality. The Ramotshere Moiloa Municipality utilises a black refuse bag system for all the households in the municipal area. Businesses utilise a black refuse bag system and 3m3 bins. Residents and businesses must buy their own black bags. The 3m3 bins are supplied by the municipality and then the businesses pay the Municipality off over time. The Municipality accepts any number of bags or bins per household or business, so there is no specific limit. The bags and bins are placed on the kerbside outside the house or business and collected from there.

The Municipality has a set of by-laws pertaining to cleansing services. The landfill sites in the Municipal area except Zeerust do not have weighbridges and therefore the quantities of waste disposed of are not exactly known. The daily tonnages of waste generated were obtained by applying per capita waste generation rates to the figures for the population served. These rates

vary with the socio-economic standing of the population, from 1.5 kg per capita per day in the poor areas, to 3 kg per capita per day in the affluent areas.

The Municipality is experiencing shortages of labour for waste collection, environmental cleaners, as well as for the proper management of the waste disposal facilities.

The Municipality has a few vehicles that are old and are due for replacement. The landfill site at **Zeerust** is permitted by the Department of Water Affairs and Forestry on 9 January 1996 as a Class G: S: B- waste disposal site in terms of Section 20 of the Environment Conservation Act (Act 73 of 1989). The landfill site at **Lehurutshe** is permitted by the Department of Environmental Affairs and Tourism in terms of Section 20(1) of the Environment Conservation Amendment Act (Act 50 of 2003). The site is located approximately 6.4 kilometres south-east of the centre of the town, Lehurutshe. The landfill site is operated following a cell method of operation and landfilling of a quarry. The site is approximately 3 Ha in size.

The expected lifetime of the site is approximately 19 years. Waste is covered regularly even though the municipality does not have permanent equipment on site. The Komatsu Bulldozer from Zeerust is from time to time used to compact and cover waste at the Lehurutshe site.

The landfill site at **Groot Marico** is permitted by the Department of Environmental Affairs and Tourism in terms of Section 20(1) of the Environment Conservation Amendment Act (Act 50 of 2003). The site is located approximately 3 kilometres south-east of the town, Groot Marico. The landfill site is approximately 2 Ha in size. The expected lifetime of the current disposal area is approximately 20 years. The waste is disposed of by using a trench method. Waste is not properly compacted but is covered when needed.

Medical waste from the medical health facilities is taken away by a Medical Waste Company for incineration. The Municipality is not experiencing problems with the disposal of medical waste at their landfills.

T 3.4.1

Solid Waste Service Delivery Levels				
Households				
Description	2018/19	2019/20	2020/21	2021/22
	Actual	Actual	Actual	Actual
	No.	No.	No.	No.
<u>Solid Waste Removal:</u> (Minimum level)				
Removed at least once a week	2846,00	2235,00	2235,00	9341,00
<i>Minimum Service Level and Above sub-total</i>	2846,00	2235,00	2235,00	9341,00
<i>Minimum Service Level and Above percentage</i>	48,5%	48,5%	43,9%	84,5%
<u>Solid Waste Removal:</u> (Below minimum level)				
Removed less frequently than once a week	546,00	523,00	621,00	692,00
Using communal refuse dump	846,00	487,00	865,00	945,00
Using own refuse dump	565,00	523,00	523,00	584,00
Other rubbish disposal	938,00	720,00	720,00	720,00
No rubbish disposal	124,00	124,00	124,00	124,00
<i>Below Minimum Service Level sub-total</i>	3019,00	2377,00	2853,00	3065,00
<i>Below Minimum Service Level percentage</i>	51,5%	51,5%	56,1%	15,5%
Total number of households	5865,00	4612,00	5088,00	12194,00
T 3.4.2				

Financial Performance 2021/22: Solid Waste Management Services					
R'000					
Details	2020/21	2021/22			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	13,553	11,443	14,669	14,123	19%
Expenditure:					
Employees	5,598	4,530	5,843	5,700	21%
Repairs and Maintenance	208	125	140	2,803	96%
Other	306	550	640	280	-97%
Total Operational Expenditure	6,112	5,205	6,623	8,783	41%
Net Operational Expenditure	(7,441)	(6,238)	(8,045)	(5,340)	-17%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.4.7

Financial Performance 2021/22: Waste Disposal and Other Services					
R'000					
Details	2020/21	2021/22			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	3,183	3,956	3,956	3,954	0%
Expenditure:					
Employees	4,358	3,921	4,170	4,460	12%
Repairs and Maintenance	–	–	–	0	100%
Other	30	34	80	1	-5116%
Total Operational Expenditure	4,388	3,956	4,250	4,460	11%
Net Operational Expenditure	1,205	–	295	507	100%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					

T 3.4.8

3.5 HOUSING

INTRODUCTION TO HOUSING

In terms of section 26 of the Constitution of the Republic of South Africa, 1996, everyone has the right to have access to adequate housing, and the State must take reasonable legislative and other measures within its available resources to achieve the progressive realization of this right. The provision of adequate housing is therefore a national priority and is legislated through the Constitution and the Housing Act. The delivery thereof is the responsibility of all three spheres of government, however local government sphere even the municipality must take a lead role in initiating the housing development in its area of jurisdiction for the other two spheres of government to fund their housing development plans.

Hence section 9(1) (f) of the Housing Act states that “Every municipality must as part of the municipality’s process of integrated development planning, take all reasonable and necessary steps within the framework of national and provincial housing legislation and policy to –

1.To initiate plan, coordinate, facilitate, promote and enable appropriate housing development in its area of jurisdiction

(a) Ensure that the inhabitants of its area of jurisdiction have access to adequate housing on a progressive basis

(b)Set housing delivery goals in respect of its area of jurisdiction amongst other imperatives.

It is in this context that the municipality has a chapter in the IDP- Human Settlement Sector Plan which is basically a summary of the housing planning undertaken by the municipality to address its housing needs, an analysis of the housing demand and a strategy for the supply of such demand. The feedback and analysis of ward meetings in various wards in relation to housing needs indicates that the need is huge and currently the two ideal housing programmes for the municipality are integrated residential development and rural subsidy programmes

We are constantly in engaging with the Provincial Department of Local Government and Human Settlements communicating planned housing projects and requesting funding of such. This definitely assists in reducing the backlog we have in our locality if our plans are incorporated in the Department's Business Plan, and appointment of developers are done

T 3.5.1

Percentage of households with access to basic housing			
Year end	Total households (including in formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements
2018/19	40740	32872	80,7%
2019/20	42136	34268	81,3%
2020/21	43591	40291	92,4%
2021/22	44591	40140	90.01%
T 3.5.2			

Employees: Housing Services					
Job Level	2020/21	2021/22			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
10 - 12	1	1	1	0	0%
Total	2	2	2	0	0%
<p>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as of 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</p> <p>T 3.5.4</p>					

Financial Performance 2021/22 Housing Services					
R'000					
Details	2020/21	2021/22			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	1,098	1,414	1,414	1,413	0%
Expenditure:					
Employees	1,378	1,414	1,544	803	-76%
Repairs and Maintenance		–	–	–	
Other	49	0	3	–	
Total Operational Expenditure	1,427	1,414	1,547	803	-76%
Net Operational Expenditure	329	–	133	(610)	100%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
T 3.5.5					

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

During the 2010/11 financial year, the Provincial Intervention Team reviewed the Indigent Policy to address identified risks. This resulted in a change in the basis of the policy. The policy approved for the 2021/22 financial year provided indigent support based on consumptions and was therefore not application driven. The benefits were granted on the following basis:

Although the policy remained consumption driven in the 2021/22 financial year, for financial reporting purposes, the rebates were identified separately to fully reflect the value of the free basic benefit. The total in the table below is since Council has a consolidated bill, and the number of households would therefore overlap from one service to the other.

T 3.6.1

Free Basic Services to Low Income Households										
	Number of households									
	Total	Households earning less than R1,100 per month								
		Free Basic Water			Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse	
		Total	Access	%	Access	%	Access	%	Access	%
2019/20	100,000	18,000	12,000	67%	10,000	56%	13,000	72%	7,000	39%
2020/21	103,000	18,500	13,000	70%	11,000	59%	14,500	78%	8,000	43%
2021/22	105,000	19,000	15,000	79%	12,000	63%	16,100	85%	9,000	47%
T 3.6.3										

Financial Performance 2021/2022: Cost to Municipality of Free Basic Services Delivered					
Services Delivered	2020/21	2021/22			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Water	0	500	500	0	-201513%
Wastewater (Sanitation)	0	200	200	0	-81533%
Electricity	0	1,000	1,000	2,051	51%
Waste Management (Solid Waste)	0	500	500	0	-399900%
Total	1	2,200	2,200	2,051	-7%
T 3.6.4					

COMPONENT B: ROAD TRANSPORT

This component includes roads; transport; and wastewater (storm water drainage).

3.7 ROADS

INTRODUCTION TO ROADS

For the year under review the municipality managed to upgrade 6.7km of Roads and Storm water through the MIG grant. There were also projects that were constructed in Gopane and Borakalalo to manage storm water drainage system these projects were also funded by MIG.

T 3.7.1

Gravel Road Infrastructure				
	Kilometres			
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
2018/19	4,000	5.5.	4.5.	112
2019/20	4,000	7	8.4.	100
2020/21	4,000	0	5.5.	256
2021/22	1	0	6.7	0
				T 3.7.2

Tarred Road Infrastructure					
	Kilometres				
	Total tarred roads	New tar roads	Existing roads re-tarred	Existing roads tar re-sheeted	Tar roads maintained
2019/20	640.6	7.5			6,143
2020/21	641	5			6,143
2021/22	0	5.8.			0
					T 3.7.3

Cost of Construction/Maintenance						
	R' 000					
	Gravel			Tar		
	New	Gravel – Tar	Maintained	New	Re-worked	Maintained
2019/20				29000		
2020/21				35300		
2021/22				3000000		
						T 3.7.4

Employees: Road Services					
Job Level	2020/21	2021/22			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	1	1	1	0	0%
7 - 9	2	2	2	0	0%
10 - 12	4	4	4	0	0%
13 - 15	14	14	13	1	7%
Total	22	22	21	1	5%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g., 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T3.7.7					

Financial Performance 2021/22: Road Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	15 457	16 050	16 901	65 442	75%
Expenditure:					
Employees	17 453	15 284	16 207	19 317	21%
Repairs and Maintenance	2 267	300	311	–	
Other	30 006	21 737	21 900	31 848	32%
Total Operational Expenditure	49 727	37 321	38 418	51 164	27%
Net Operational Expenditure	34 270	21 271	21 518	(14 278)	249%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. T 3.7.8					

Capital Expenditure 2021/22: Road Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	41 851	61 851	45 490	8%	
MIG Projects	41 851	61 851	45 490	8%	280

Project B	-	-	-	0%	150
Project C	-	-	-	0%	320
Project D	-	-	-	0%	90
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					<i>T 3.7.9</i>

Financial Performance 2021/22: Workshop					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	24 361	5 584	19 302	11 841	53%
Expenditure:					
Employees	2 593	2 556	2 713	2 672	4%
Repairs and Maintenance	2 940	1 587	1 667	2 048	22%
Other	1 282	1 441	14 923	1 863	23%
Total Operational Expenditure	6 815	5 584	19 302	6 582	15%
Net Operational Expenditure	(17 546)	-	-	(5 259)	100%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					<i>T 3.8.5</i>

3.8 TRANSPORT

NOT APPLICABLE FOR RAMOTSHERE MOILOA LOCAL MUNICIPALITY

3.9 WASTE WATER (STORMWATER DRAINAGE)

Stormwater Infrastructure Kilometres				
	Total Stormwater measures	New stormwater measures	Stormwater measures upgraded	Stormwater measures maintained
2018/19				10,000
2019/20	6	6	0	16,790
2020/21	6	6	0	10000
2021/22			0	
<i>T 3.9.2</i>				

Cost of Construction/Maintenance				R' 000
	Storm water Measures			
	New	Upgraded	Maintained	
2019/20				
2020/21				
2021/22	29 000 000	0		16 790
				T 3.9.3

Employees: Stormwater Services					
Job Level	2020/21	2021/22			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	1	3	1	2	67%
7 - 9	2	2	2	0	0%
10 - 12	1	4	1	3	75%
Total	5	10	5	5	50%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as of 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g., 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T 3.9.6

Financial Performance Year 2021/22: Mechanical Workshop						R'000
Details	2020/21	2021/22				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	30 556	26 032	26 032	24 361	-7%	
Expenditure:						
Employees	2 042	2 122	2 122	2 593	18%	
Repairs and Maintenance	757	3 933	2 455	2 940	-34%	
Other	2 416	5 728	4 793	1 282	-347%	
Total Operational	5 215	11 783	9 370	6 815	-73%	

Expenditure					
Net Operational Expenditure	25 342	14 249	16 662	17 546	19%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					<i>T 3.9.7</i>

COMMENT ON THE PERFORMANCE OF STORMWATER DRAINAGE OVERALL:

For the year under review the municipality Failed to implement MIG allocations as awarded to the municipality for upgrading of streets from gravel to tar or paving. Delay in procurement process impacted negatively for implementation of the 2021/22 MIG Projects. Procurement processes are affected by non-approval of IDP.

The implementation of storm water is not possible due to the costs as per MIG standards; thus, the roads also serve as the storm water channels. See municipal overview for detailed information.

T3.9.9

COMPONENT C: PLANNING AND DEVELOPMENT

This component includes planning, and local economic development.

INTRODUCTION TO PLANNING AND DEVELOPMENT

- The Department of Municipal Planning and Development comprises of the following units:

- Town Planning Unit.
- Local Economic Development (LED); and
- Housing Unit

The Department aims at working hand in hand with the communities in their attempts to achieve service delivery and make their lives successful within their environment.

T 3.10

3.10 PLANNING

INTRODUCTION TO PLANNING

The Town Planning Unit is a strategic Division within the municipality mandated to manage the spatial planning and land use management. The Town Planning Division is responsible for the following:

- Town Planning services: Implementation of Spatial Development Framework; provision of zoning information; and processing of various land use applications i.e., rezoning, subdivision, special consent applications etc.
- Building Control: Plan submission, inspection and (dis) approval thereof

- Development Enforcement: Enforcement of land use scheme and bylaws Town Planning is central to developing and promoting an integrated town committed to addressing spatial injustices and guides development towards vibrant, resilient, and sustainable urban and rural areas.

SUCCESS IN 2021/22 FINANCIAL YEAR

The following were successes for the financial under review:

- The reviewed Spatial Development Framework of the Municipality has been adopted by Council with financial assistance from the Department of Agriculture, Rural Development and Land Reform
- The Land Use Scheme is under review as resolved by Council
- Process of appointment of new term of Municipal Planning tribunal is underway as per resolution of Council

CHALLENGES IN 2021/22 FINANCIAL YEAR

The Municipality is faced with the following challenges:

- Lack of appointment of service provider to conduct land audit
- Continued increase in illegal occupation of municipal land
- Contravention of Ramotshere Moiloa Land Use Scheme
- Absence of Geographic Information System (GIS)
- Encroachments on Municipal Land in terms of boundary lines
- Building without approved Building Plans

T 3.10.1

Applications for Land Use Development						
Detail	Formalization of Townships		Rezoning		Built Environment	
	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22
Planning application received	3.00	3.00	30.00	25.00	70.00	65.00
Determination made in year of receipt	1.00	2.00	28.00	21.00	70.00	65.00
Determination made in following year	2.00	0.00	2.00	2.00	0.00	0.00
Applications withdrawn	0.00	0.00	0.00	0.00	0.00	0.00
Applications outstanding at year end	0.00	1.00	0.00	4.00	0.00	0.00
						T 3.10.2

Financial Performance 2021/22: Planning Services					
R'000					
Details	2020/21	2021/22			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	311	19,812	5,882	22,575	12%
Expenditure:					
Employees	1,946	1,772	1,784	3,308	46%
Repairs and Maintenance	–	–	–	640	100%
Other	30	670	253	1,795	63%
Total Operational Expenditure	1,976	2,442	2,037	5,743	57%
Net Operational Expenditure	1,666	(17,370)	(3,845)	(16,832)	-3%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.10.5

3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

INTRODUCTION TO ECONOMIC DEVELOPMENT

The development of the local economy within the municipality is in line with the National Development Plan (NDP). The Local Development Unit is committed to the provision of the environment through which business will prosper with emphasis put on equality, redress, and empowerment.

The effect of inequality requires a deliberate and decisive action by Municipal policies to address inequality, alleviated poverty and unemployment through job creation, entrepreneur development and support, enabling business development and social reforms within Ramotshere Moiloa Local municipality.

T 3.11.1

Economic Activity by Sector			
R '000			
Sector	2019/20	2020/21	2021/22

Agric, forestry and fishing	2	1.5	144
Mining and quarrying	6	5	32
Manufacturing	56	58	136
Wholesale and retail trade	45	51	554
Finance, property, etc.	51	48	505
Govt, community and social services	23	25	476
Infrastructure services	34	38	109
Total	217	226.5	1956
T 3.11.2			

Economic Employment by Sector			
Sector	Jobs		
	2019/20 No.	2020/21 No.	2021/22 No.
Agric, forestry and fishing	20,000	25,000	4,630
Mining and quarrying	400,000	435,000	186
Manufacturing	320,000	300,000	1,018
Wholesale and retail trade	190,000	200,000	6,145
Finance, property, etc.	275,000	255,000	2,386
Govt, community and social services	300,000	310,000	5,618
Infrastructure services	400,000	430,000	1,219
Total	1905000	1955000	21202
T 3.11.3			

COMMENT ON LOCAL JOB OPPORTUNITIES:

The impact of COVID 19 during the previous financial years is still felt on all economic sectors including tourism, agriculture and mining in our region. The devastating effects of this pandemic left many businesses closed and resulting in the shedding of many jobs from mining and retail being the most affected. The construction of solar plant and Autumn Leaf Mall has brought about economic employment opportunities within the regional economy. This opportunity shaped the outlook of SMMEs within the municipality

The completion of the mall will contribute towards the improvement of the ailing tourism economy and also will provide range of tourism and non-tourism products to be consumed. It will also provide the anticipated number of job injection to boost the economy.

T 3.11.4

Jobs Created during Year 0 by LED Initiatives (Excluding EPWP projects)

Total Jobs created / Top 3 initiatives	Jobs created No.	Jobs lost/displaced by other initiatives No.	Net total jobs created in year No.	Method of validating jobs created/lost
Total (all initiatives)				
2019/20	405	20-Aug-01		Stats from the companies within the Municipality including Quarterly reports from STATS SA
2020/21	248			Stats from the companies within the Municipality including Quarterly reports from STATS SA
2021/22	180			Stats from the companies within the Municipality including Quarterly reports from STATS SA
T 3.11.5				

Job creation through EPWP* projects		
	EPWP Projects	Jobs created through EPWP projects
Details	No.	No.
2019/20	40	2,000
2020/21	50	2,900
2021/22	66	4,500
* - Extended Public Works Programme	T 3.11.6	

Financial Performance 2021/22: Local Economic Development Services					
R'000					
Details	2020/21	2021/22			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	3,318	22,394	22,394	11,768	-90%
Expenditure:					

Employees	6,809	5,082	6,523	6,546	22%
Repairs and Maintenance	–	–	–	0	100%
Other	–	1,212	1,257	1,248	3%
Total Operational Expenditure	6,809	6,294	7,780	7,795	19%
Net Operational Expenditure	3,491	(16,100)	(14,614)	(3,973)	-305%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
					<i>T 3.11.9</i>

COMPONENT D: COMMUNITY & SOCIAL SERVICES

This component includes libraries and archives; museums arts and galleries; community halls; cemeteries and crematoria; childcare; aged care; social programmes, theatres.

INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES

This component includes library services, waste management, environmental services, public safety, cemeteries, parks, security services, sports and recreation and other social programmes. T 3.12

3.12 LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)

INTRODUCTION TO LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES

The municipality provides accessible community facilities to an acceptable standard for all the people of Ramotshere Moiloa Local Municipality. It provides access library materials for the purposes of education, information, recreation and aesthetic appreciation for all residing within municipal area of jurisdiction. The main objectives of this function are to:

- ensure that the residents have access to up-to-date information through libraries
- ensure that there are libraries in needy areas
- provide acceptable standard of service for all

The municipality rendered these services in partnership with the Department of Sports, Arts and Culture (DSAC). There was a signed Service Level Agreement for same.

There are library forums that the municipality participated on such as Provincial ICT Stakeholder and District Library forum. The services at Lehurutshu were poor in the beginning of the year but have since improved after making minor renovations. The

mini library has been established at Motswedi and is functioning well. Dinokana library is still under construction and the project is progressing well. The challenge experienced at almost all libraries is the internet connections. The Municipality is still awaiting the Department to conclude the appointment of the service provider for the provision of internet services. Groot Marico library needed minor renovations for it to attract people. The roof is leaking, and these might affect reading materials. There is water shortage at Supingstad library and this impact on the number of people utilising the library. The municipality will in the next financial year repair and equip the existing borehole.

T 3.12.1

Financial Performance 2021/22: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
R'000					
Details	2020/21	2021/22			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	912	8,064	8,064	1,599	-404%
Expenditure:					
Employees	1,517	5,416	5,865	1,617	-235%
Repairs and Maintenance	606	100	115	13	-692%
Other	84	113	162	100	-13%
Total Operational Expenditure	2,207	5,629	6,142	1,730	-225%
Net Operational Expenditure	1,295	(2,435)	(1,922)	130	1968%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
T 3.12.5					

3.13 CEMETORIES AND CREMATORIUMS

INTRODUCTION TO CEMETORIES & CREMATORIUMS

The identification of new cemeteries is vital because of the lack of burial space in the existing cemeteries. There are four cemeteries in the urban areas such as Zeerust, Groot Marico, Ikageleng and Lehurutshe.

The function includes continuous monitoring of burials, management of burial registers, mowing of vegetation at gravesides. There were numerous requests from rural areas on fencing of cemeteries to prevent damages to tombstones. Only three cemeteries were fenced.

CHALLENGES

- Acquisition of land for new cemeteries at Groot Marico, Zeerust and Ikageleng
- Theft of artefacts and metal railings

- Vandalism of tombstones
- Lack of adequate budget to maintain cemeteries
- Lack of cemetery management system
- Lack of equipment i.e., TLBs for digging of graves at various cemeteries.

HIGHLIGHTS

- Continuous mowing of vegetation at cemeteries

T 3.13.1

Financial Performance 2021/22: Cemeteries and Crematoriums					
R'000					
Details	2020/21	2021/22			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	2,718	4,288	4,140	4,117	-4%
Expenditure:					
Employees	346	393	203	195	-102%
Repairs and Maintenance	23	75	59	61	-24%
Other	1,175	4,972	887	1,174	-323%
Total Operational Expenditure	1,544	5,440	1,149	1,430	-281%
Net Operational Expenditure	(1,174)	1,152	(2,991)	(2,688)	143%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
T 3.13.5					

TRAFFIC CONTROL SERVICES

INTRODUCTION TO TRAFFIC SERVICES

Municipality has currently 6 traffic officers out of 13 approved in the structure. This has put lot of pressure on the traffic control management services. The municipality had a roadblock trailer which was used for collection of outstanding traffic fines. This function is one of revenue generation and needed to be scaled up. The municipality intends appointing additional 6 traffic officers to supplement the current cohort of traffic officers.

There were no capital projects implemented in this function in the current financial year.

Financial Performance 2021/22: Security					
R'000					
Details	2020/21	2021/22			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	55,399	18,006	18,006	21,984	18%
Expenditure:					
Police Officers	–	–	–	–	
Other employees	15,922	1,799	3,330	17,836	90%
Repairs and Maintenance	12,389	–	–	176	100%
Other	0	11,150	7,057	12,701	12%
Total Operational Expenditure	28,312	12,949	10,387	30,712	58%
Net Operational Expenditure	(27,087)	(5,056)	(7,619)	8,729	158%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
T 3.20.5					

3.14 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES POLICY OBJECTIVES TAKEN FROM IDP

Not applicable to the Municipality

3.15 POLLUTION CONTROL POLICY OBJECTIVES TAKEN FROM IDP

Not applicable to the Municipality

3.16 BIO-DIVERSITY; LANDSCAPE AND OTHER POLICY OBJECTIVES TAKEN FROM IDP

Not applicable to the Municipality

3.17 SERVICE DATA FOR CLINICS

Not applicable to the Municipality

3.18 AMBULANCE SERVICE DATA

Not applicable to the Municipality

3.19 HEALTH INSPECTION AND ETC POLICY OBJECTIVES TAKEN FROM IDP

Not applicable to the Municipality

3.20 METROPOLITAN POLICE SERVICE DATA

Not applicable to the Municipality

3.21 METROPOLITAN FIRE SERVICE DATA

Not applicable to the Municipality

3.22 DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES, ETC POLICY OBJECTIVES TAKEN FROM IDP

Not applicable to the Municipality

3.23 SPORT AND RECREATION POLICY OBJECTIVES TAKEN FROM IDP

Not applicable to the Municipality

COMPONENT H: SPORT AND RECREATION

This component includes community parks; sports fields; sports halls; stadiums; swimming pools; and camp sites.

INTRODUCTION TO PARKS AND SPORTS-FIELDS SERVICES

The municipality manage and operates Ikageleng sport-field. The Borakalalo and Ntsoeletsoku sport-fields had not been formally handed-over. However, the municipalities are maintaining the facilities on an ad hoc basis. The municipality had also assisted in gravelling other playing grounds for use by football clubs affiliated to South African Football Association (SAFA).

In terms of parks and open spaces, regular maintenance of these facilities was taking place in terms of maintenance of equipment and cutting of overgrown grass. There were no capital projects made for the year in question

Financial Performance 2021/22: Sport and Recreation					
R'000					
Details	2020/21	2021/2022			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	–	8,064	8,064	8,060	0%
Expenditure:					
Employees	–	5,416	5,865	6,196	13%
Repairs and Maintenance	–	100	115	155	36%
Other	–	113	162	35	-220%
Total Operational Expenditure	–	5,629	6,142	6,386	12%
Net Operational Expenditure	–	(2,435)	(1,922)	(1,674)	-45%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					<i>T 3.23.4</i>

There was no capital expenditure on sports and recreation

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes corporate policy offices, financial services, human resource services, ICT services, property services.

3.24 EXECUTIVE AND COUNCIL

This component includes Executive office (mayor; councilors; and municipal manager).

INTRODUCTION TO EXECUTIVE AND COUNCIL

The Council support as a sub-unit includes all administrative support that is provided to the offices of the Mayor, Speaker, and Municipal Manager. This includes, inter alia, meetings of Council and its Council Support: The main purpose for the existence of

this sub-unit is to give administrative support, primarily to Council and its committees and to ensure smoothness of Council's decision-making process.

The sub-unit commits itself to providing efficient printing service to Council & business units; quality minutes and efficient record keeping of all minutes of Council and its committees.

This sub-unit ensures that Council agendas are delivered on time to councillors on time.

T 3.24.1

Employees: The Executive and Council					
Job Level	2020/2021	2021/2022			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	2	2	2	0	0%
4 - 6	4	4	2	2	50%
7 - 9	0	0	0	0	0%
10 - 12	0	0	0	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	6	6	4	2	33%
<i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as of 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g., 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i>					

T 3.24.4

Financial Performance 2021/22: The Executive and Council					R'000
Details	2020/21	2021/22			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	48,890	17,944	17,944	33,653	47%
Expenditure:					
Employees	29,327	24,208	15,800	30,385	20%
Repairs and Maintenance	–	–	–	0	100%
Other	9,323	7,751	2,355	8,763	12%
Total Operational Expenditure	38,649	31,959	18,155	39,149	18%
Net Operational Expenditure	(10,241)	14,015	211	5,496	-155%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					

T 3.24.5

There was no capital expenditure for Executive and Council.

3.25 FINANCIAL SERVICES

INTRODUCTION FINANCIAL SERVICES

The overview sets out highlights of the municipality's financial performance in the past year. Full details appear in the Annual Financial Statements.

The municipality has performed relatively well over the past year despite the prevailing market and economic conditions. There has been a monitoring by the municipality of the economic conditions over the finances of the municipality and despite lack of complete verification of its debtors, the municipality is aware of the existence of indigent communities within its jurisdiction and the impact it has on the revenue collection rate which in turn put pressure on the cash flows. The collection rate for the 2021/22 as depicted in the table below indicates that the recoverability of debts is below the norm of 95%

T 3.25.1

Debt Recovery							
Details of the types of account raised and recovered	2020/21		2021/22			2021/22	
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %	Estimated outturn for accounts billed in year	Estimated Proportion of accounts billed that were collected %
Property Rates	100442		54,662,108.49	112668		117718	
Electricity - B	60301			60374		52693	

			8,309,785.77			
Electricity - C	5655		30,131,056.60	7288		7142
Water - B	0		-	-		-
Water - C	40138		10,624,104.05	48172		51434
Sanitation -B	102416		1,445,840.46	102457		102534
Sanitation -C	82213		2,192,696.15	82440		82929
Refuse	89122		10,815,232.89	89239		89508
B- Basic; C= Consumption. See chapter 6 for the Auditor General's rating of the quality of the financial Accounts and the systems behind them.						
						T 3.25.2

Employees: Financial Services					
Job Level	2020/2021	2021/2022			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	5	0	6	0	0%
4 - 6	9	5	8	8	160%
7 - 9	20	0	19	11	0%
Total	34	5	33	19	380%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as of 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g., 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.					
T 3.25.4					

Financial Performance 2021/22: Financial Services					
					R'000
Details	2020/21	2021/22			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	78,719	251,709	211,401	78,537	-220%
Expenditure:					
Employees	25,364	26,265	25,230	27,645	5%
Repairs and Maintenance	-	-	-	3	100%
Other	50,788	72,673	54,588	67,781	-7%
Total Operational Expenditure	76,152	98,938	79,818	95,430	(0)
Net Operational Expenditure	(2,567)	(152,771)	(131,582)	16,893	0

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.25.5

3.26 HUMAN RESOURCE SERVICES

INTRODUCTION TO HUMAN RESOURCE SERVICES

Human Resources Management encompasses Personnel, Job Evaluation, Employee Relations, and occupational Safety. Human Resources Management is responsible for recruitment, selection, placement, remuneration of staff, employee benefits wellness. The Municipality's Human Resources function is aimed at ensuring enhanced service delivery with efficient institutional arrangements by increasing levels of employee morale.

T 3.26.1

Employees: Human Resource Services					
Job Level	2020/2021	2021/2022			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	4	6	4	2	33%
7 - 9	1	1	1	0	0%
10 - 12	4	10	8	2	20%
Total	10	18	14	4	22%
<p>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</p>					

T3.26.4

Financial Performance 2021/22: Human Resource Services					
R'000					
Details	2020/21	2021/22			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	14,932	17,321	17,321	26,876	36%
Expenditure:					
Employees	9,298	9,299	9,161	9,992	7%
Repairs and Maintenance	—	0	0	0	2%

Other	4,790	2,008	2,809	4,876	59%
Total Operational Expenditure	14,088	11,307	11,971	14,868	24%
Net Operational Expenditure	(844)	(6,014)	(5,350)	(12,008)	50%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					<i>T 3.26.5</i>

3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

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

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

Our mission is to be a respected internal service provider to all stakeholders of the Municipality in order to enable efficient administration and service delivery using technologies that are proven and cost-effective. We will provide a portfolio of ICT related services to the Municipality and promote ICT as an enabler of technical service delivery. We will further strive to provide citizen-centric ICT offerings to the Community. It is our intentions to reach ensure that we develop an ICT Strategy that is aligned to IDP over a period of 3 years.

T 3.27.1

Financial Performance 2021/22: ICT Services					
R'000					
Details	2020/21	2021/22			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	9,122	10,143	10,143	10,138	0%
Expenditure:					
Employees	2,198	2,199	2,452	2,543	14%
Repairs and Maintenance	23	35	35	25	-42%
Other	7,934	842	807	1,944	57%
Total Operational Expenditure	10,154	3,076	3,295	4,512	32%
Net Operational Expenditure	1,032	(7,067)	(6,849)	(5,627)	-26%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
T 3.27.5					

Employees: ICT Services					
Job Level	2020/2021	2021/2022			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	0	1	100%
4 - 6	2	2	2	0	0%
7 - 9	0	2	0	2	100%
Total	3	2	5	3	150%
<i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i>					
T3.27.4					

3.28 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

This component includes property; legal; risk management and procurement services.

INTRODUCTION TO PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

Constitutional and other legal imperatives require local government to participate in and develop extensive legal relationships. As social change agents' local government interacts with individuals, interest groups, the private sector and other organs of state in a number of ways. Needless to say, Legal Services play a crucial role in such interaction.

Our essential and top priority has always been to minimize legal risk to the Municipality, whether it is on a proactive or reactive basis. This is done in relation to a number of activities, including civil court matters, the supply of sound legal advice and negotiating agreements.

T3.28.1

Financial Performance 2021/22: Property; Legal; Risk Management and Procurement Services					
R'000					
Details	2020/21	2021/22			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	11,552	11,552	11,546	0%
Expenditure:					
Employees	–	1,092	1,119	1,071	-2%
Repairs and Maintenance	–	–	–	206	100%
Other	–	1,000	1,350	9,881	90%
Total Operational Expenditure	–	2,092	2,469	11,159	81%
Net Operational Expenditure	–	(9,460)	(9,083)	(388)	-2340%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					
T 3.28.5					

COMPONENT J: MISCELLANEOUS

This component is not applicable

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

This component includes Annual Performance Scorecard Report for the current year.

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

INTRODUCTION

The Corporate and Human Resources functions and responsibilities address many of the IDP requirements to ensure effective service delivery and community development, these include:

1. To Contribute Towards Employability & Self Employability of Youth and Community.
2. To ensure a competent workforce to achieve organizational objectives.
3. Improve Quality and Management Control Processes.
4. To align the organizational culture to the business objectives to improve organizational efficacy and measure.
5. Recruitment, selection, and employment.
6. Labor relations management.
7. Pay and leave administration.
8. Staff administration.
9. Grading and remuneration.
10. Sick leave management.
11. Employee wellness
12. Job Evaluation; Employee Relations; Organizational Development; Occupational Health and Safety; and HR Management Services.

T 4.0.1

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Description	2020/2021	2021/2022			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Water	30.00	34.00	30.00	4.00	%
Wastewater (Sanitation)	13.00	52.00	24.00	19.00	%
Electricity	13.00	23.00	13.00	10.00	%
Waste Management	17.00	19.00	11.00	3.00	%
Housing	2.00	2.00	1.00	1.00	%
Wastewater (Stormwater Drainage)	10.00	10.00	10.00	-	%
Roads	21.00	23.00	18.00	7.00	%
Transport	2.00	4.00	2.00	2.00	%

Planning	6.00	6.00	6.00	-	%
Local Economic Development	9.00	11.00	11.00	2.00	%
Planning (Strategic & Regulatory)	5.00	6.00	5.00	1.00	%
Local Economic Development	3.00	3.00	3.00	-	%
Community & Social Services	58.00	68.00	49.00	19.00	%
Environmental Protection	28.00	30.00	31.00	5.00	%
Health	87.00	92.00	91.00	5.00	%
Security and Safety	13.00	19.00	11.00	8.00	%
Sport and Recreation	3.00	8.00	3.00	5.00	%
Corporate Policy Offices and Other	-	-	-	-	%
Totals	320.00	410.00	319.00	91.00	-
Headings follow the order of services as set out in chapter 3. Service totals should equate to those included in the Chapter 3 employee schedules. Employee and Approved Posts numbers are as of 30 June, as per the approved organogram.					T 4.1.1

Vacancy Rate: Year 2021/2022			
Designations	*Total Approved Posts No.	*Vacancies (Total time that vacancies exist using fulltime equivalents) No.	*Vacancies (as a proportion of total posts in each category) %
Municipal Manager	1	0	0.00
CFO	1	0	0.00
Other S57 Managers (excluding Finance Posts)	5	0	0.00
Senior management: Levels 13-15 (excluding Finance Posts)	28	9	32.14
Senior management: Levels 13-15 (Finance posts)	7	1	14.29
Highly skilled supervision: levels 9-12 (excluding Finance posts)	134	31	23.13
Highly skilled supervision: levels 9-12 (Finance posts)	53	14	26.42
Total	229	55	24.02
<i>Note: *For posts which are established and funded in the approved budget or adjustments budget (where changes in employee provision have been made). Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g., 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i>			
T 4.1.2			

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year No.	Terminations during the Financial Year No.	Turn-over Rate*
2019/2020	4	17	425%
2020/2021	17	14	82%
2021/2022	9	22	244%
* Divide the number of employees who have left the organization within a year, by total number of employees who occupied posts at the beginning of the year			T 4.1.3

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

The Municipal Service Act 2000, S68 (1) required municipalities to develop their human resource capacity to a level that enables them to perform their functions and exercise their power in an economical, effective, efficient, and accountable way.

The Municipality through Human Resources Development Unit under the Corporate Services Department is the custodian or champion for skills development on behalf of the Municipality. Various training interventions are conducted through different levels in the organization. There are training programs that are attended to equip the employee in order to improve the quality and standard of service delivery. The Workplace Skills Plan is developed along the LGSETA guideline.

Almost what is due to the municipality in terms of the training rebates is collected on an annual basis in full. Whilst the Human Resources Development Unit is tasked to improve the competency of our employees the unit is also responsible to work in partnership with various departments and training providers and communities to improve the level of skills, knowledge, and behavior of our employees and citizens to be active participants in the municipality and the economic development and growth of the municipality.

T 4.2.0

4.2 POLICIES

HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
1	Affirmative Action			
2	Attraction and Retention	100%	100%	1-May-15
3	Code of Conduct for employees	100%	100%	Main Collective Agreement
4	Delegations, Authorisation & Responsibility	100%	100%	
5	Disciplinary Code and Procedures	100%	100%	Main Collective Agreement
6	Essential Services	100%	100%	Main Collective Agreement
7	Employee Assistance / Wellness	100%	100%	1-May-15
8	Employment Equity	100%	100%	1-May-15
9	Exit Management	100%	100%	1-May-15
10	Grievance Procedures	100%	100%	Main Collective Agreement
11	HIV/Aids	100%	100%	
12	Human Resource and Development	100%	100%	
13	Information Technology	100%	100%	
14	Job Evaluation	100%	100%	1-May-15
15	Leave	100%	100%	1-May-15
16	Occupational Health and Safety	100%	100%	1-May-15
17	Official Housing	100%	100%	Main Collective Agreement
18	Official Journeys	100%	100%	
19	Official transport to attend Funerals	100%	100%	
20	Official Working Hours and Overtime	100%	100%	1-May-15
21	Organisational Rights	100%	100%	Main Collective Agreement
22	Payroll Deductions	100%	100%	
23	Performance Management and Development	100%	100%	1-May-15
24	Recruitment, Selection and Appointments	100%	100%	1-May-15
25	Remuneration Scales and Allowances	100%	100%	
26	Resettlement	100%	100%	
27	Sexual Harassment	100%	100%	
28	Skills Development	100%	100%	1-May-15
29	Smoking	100%	100%	
30	Special Skills	100%	100%	
31	Work Organisation	100%	100%	
32	Uniforms and Protective Clothing	100%	100%	1-May-15
33	Risk Management Policy Framework	100%	100%	2014/2015
34	Risk Management Implementation Plan	100%	100%	2014/2015
35	Risk Management Assurance Plan	100%	100%	2014/2015
36	Risk Management Categories	100%	100%	2014/2015
37	Risk Management Fraud and Anti-Corruption Policy	100%	100%	2014/2015

38	Risk Management Rating Table	100%	100%	2014/2015
39	Risk Management Steering Committee	100%	100%	2014/2015
40	Risk Tolerance	100%	100%	2014/2015
41	Risk Whistle Blowing	100%	100%	
42	Risk Management Policy	100%	100%	2014/2015
43	Communication Policy	100%	100%	28 May 2015
44	Consultants Monitoring and Management Policy	100%	100%	28 May 2015
45	Demotion, Promotion and Transfer Policy	100%	100%	28 May 2015
47	Credit Control and Debt Collection Policy	100%	100%	29 June 2020
48	Supply Chain Management Policy (2020-2021)	100%	100%	29 June 2020
49	Indigent Policy (2016-2017)	100%	100%	29 June 2020
50	Policy on Borrowing ANNEXURE PB1 Municipal Regulations on Debt Disclosure - Gazette No 29966, 15 June 2007	100%	100%	2020/2021
51	Cash Management Investment Policy (23 05 2013)	100%	100%	29 June 2020
52	Credit Control By-Law (23.05.2013)	100%	100%	29 June 2020
53	Electricity By-Law (23.05.2013)	100%	100%	23 May 2013
54	Funding and Reserves Policy (23 05 2013)	100%	100%	29 June 2020
55	Policy on Borrowing (23.05.2013)	100%	100%	29 June 2020
56	Rates By-Law (23.05.13)	100%	100%	29 June 2020
57	Tariff By-Law (23.05.2013)	100%	100%	29 June 2020
58	Water Supply Wastewater By-Law (23.05.2013)	100%	100%	23 May 2013
59	Rates Policy (2016-2017) (3)	100%	100%	29 June 2020
60	Tariff Policy (2016-2017)	100%	100%	29 June 2020
61	Assets Management Policy	100%	100%	29 June 2020
62	Car and Travel Allowance	100%	100%	28 May 2015
63	Conflict of Interest	100%	100%	28 May 2015
65	Student Assistance Policy	100%	100%	28 May 2015
66	Telephone Usage Policy	100%	100%	28 May 2015
67	Termination Policy	100%	100%	28 May 2015
Use name of local policies if different from above and at any other HR policies not listed.				

T 4.2.1

4.3 INJURIES, SICKNESS AND SUSPENSIONS

There were no work-related injuries

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	%	No.	No.	Days	R' 000
Lower skilled (Levels 1-2)	317	0%	96	96	0,00	-
Skilled (Levels 3-5)	169	0%	78	77	0,00	-
Highly skilled production (levels 6-8)	314	0%	65	65	0,00	-
Highly skilled supervision (levels 9-12)	212	0%	49	49	0,00	-
Senior management (Levels 13-15)	209	0%	39	39	0,00	-
MM and S57	44	0%	5	5	0,00	-
Total	1265	0%	332	332	0,00	0
* - Number of employees in post at the beginning of the year *Average is calculated by taking sick leave in column 2 divided by total employees in column 5						

T 4.3.2

COMMENT ON INJURY AND SICK LEAVE:

The following steps were taken during the year to reduce injuries on duty, sick leave management and follow-up action.

- Comprehensive Safety Management programme in place
- Facilitation of incident and accident investigation
- Scheduled safety training, and safe work procedures
- Medical Surveillance
- Pre-placement, periodic, transfer, and scheduled medical examinations based on occupational risk exposure profiles.
- Audiometry and hearing monitoring
- Spirometer and respiratory programme
- Preventative Programmes
- Immunization programmes
- Occupational post exposure prophylaxis for needle sticks injuries
- Trauma de-briefing for workers exposed to traumatic events
- Incapacity and Medical Board Assessment management
- Return to work assessments
- Disability management
- Sick leave Management

- Multidisciplinary approach to sick leave management
- Profiling sick leave frequency and trends
- Home visits, liaison with treating medical practitioner
- Awareness and liaison with medical practitioners found to issue frequent and generous sick leave
- Medical assessment of employees taking frequent and long episodes of sick leave
- Facilitate medical assessments for incapacity

T 4.3.4

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

T 4.3.6

4.4 PERFORMANCE REWARDS

There were no performance rewards during the year

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

The Municipal Service Act 2000, S68 (1) required municipalities to develop their human resource capacity to a level that enables them to perform their functions and exercise their power in an economical, effective, efficient, and accountable way.

The Municipality through Human Resources Development Unit under the Corporate Services Department is the custodian or champion for skills development on behalf of the Municipality. Various training interventions are conducted through different levels in the organization. There are training programs that are attended to equip the employee in order to improve the quality and standard of service delivery. The Workplace Skills Plan is developed along the LGSETA guideline.

Almost what is due to the municipality in terms of the training rebates is collected on an annual basis in full. Whilst the Human Resources Development Unit is tasked to improve the competency of our employees the unit is also responsible to work in partnership with various departments and training providers and communities to improve the level of skills, knowledge and behavior of our employees and citizens to be active participants in the municipality and the economic development and growth of the municipality.

T 4.5.0

Chapter 4

Skills Matrix														
Management level	Gender	Employees in post as at 30 June Year 0	Number of skilled employees required and actual as at 30 June Year 2022											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
		No.	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End 2021/2022	Year 2021/2022Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 2021/2022	Year 2021/2022Target
MM and s57	Female						0	0					0	0
	Male						0	0					0	0
Councilors, senior officials and managers	Female						0	0					0	0
	Male						0	0					0	0
Technicians and associate professionals*	Female						3	3					3	3
	Male						2	2					2	2
Professionals	Female						1	1					1	1
	Male						0	0					0	0
Clerical and support Workers	Female						1	1					1	1
	Male						0	0					0	0
Interns	Female						1	1					1	1
	Male						1	1					1	1
Sub total	Female						5	5					5	5
	Male						4	4					4	4
Total		0	0	0	0	0	18	18	0	0	0	0	18	18
*Registered with professional Associate Body e.g., CA (SA)														T 4.5.1

Chapter 4

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
<i>Accounting officer</i>	0	0	0	0	0	0
<i>Chief financial officer</i>	0	0	0	0	0	0
<i>Senior managers</i>	0	0	0	0	0	0
<i>Any other financial officials</i>	0	0	0	0	0	0
Supply Chain Management Officials						
<i>Heads of supply chain management units</i>	0	0	0	0	0	0
<i>Supply chain management senior managers</i>	0	0	0	1	1	1
TOTAL	0	0	0	1	1	1
* This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007)						

T 4.5.2

Chapter 4

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

INTRODUCTION TO WORKFORCE EXPENDITURE

Managing workplace expenditure is governed by Section 66 of the MFMA Act 56 of 2003. The economic challenges faced by the Municipality include, optimizing productivity and rand value, balancing compensation for performance results, the growing dilemma of providing health care and wellness programs for all employees, hiring and retaining professional staff and raising and addressing the skills levels of all employees.

The strategic and economic challenges are managed through the following programs:

1. Affirmative Action and Employment Equity
2. Code of Conduct of employees
3. Grievances and disciplinary Procedures
4. Skills Development and Study Assistance
5. Occupational Health and safety
6. Working Hours and Overtime
7. Remuneration scales and allowances
8. Recruitment and Appointments
9. Sexual harassment and Employee Assistance
10. Sick Leave monitoring and management
11. Wellness programs
12. Injury on duty management
13. Workplace Skills Plans
14. Management and Supervisory development of staff.

Managing a workforce of about 358 permanent employees is a responsibility of Human Resources together with IT Systems Management, through integrated software, VIP System. Financially all vacancies and programs are approved at the budget period, in line with the strategic focus areas identified in the IDP. Any over expenditure is reviewed and regularized.

T 4.6.0

4.6 EMPLOYEE EXPENDITURE

Source: MBRR SA22

T 4.6.1

CHAPTER 5 – FINANCIAL PERFORMANCE

INTRODUCTION

Chapter 5 contains information regarding financial performance and highlights specific accomplishments. The chapter comprises of three components:

- Component A: Statement of Financial Performance
- Component B: Spending Against Capital Budget
- Component C: Other Financial Matters

T 5.0.1

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

This component provides an overview of the financial performance of the municipality and focuses on the financial health of the municipality.

T 5.1.0

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Financial Performance of Operational Services						
R '000						
Description	2020/21	2021/22			2021/22 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
<u>Operating Cost</u>						
Energy sources	105,208	87,930	80,820	94,296	6.75%	14.29%
Water management	10,441	8,420	9,891	9,699	13.19%	-1.98%
Wastewater management	14,152	11,461	15,446	21,584	46.90%	28.44%
Streets	4,388	3,956	4,250	4,460	-76.13%	-92.70%
Housing	1,427	1,414	1,547	803		
Municipal Works	49,727	37,321	38,418	51,164		
Mechanical Workshop	6,815	5,584	19,302	6,582		
Component A: sub-total	192,157	156,084	169,674	188,588	17.24%	10.03%
Executive and council	38,649	31,959	18,155	39,149	18.37%	53.63%
Finance Services	76,152	98,938	79,818	95,430	-3.68%	16.36%

Human Resources	14,088	11,307	11,971	14,868		
ICT Services	10,154	3,076	3,295	4,512		
Legal: Labor Relations	–	2,092	2,469	11,159		
Component B: sub-total	139,043	147,372	115,708	165,116	10.75%	29.92%
Sport and recreation	–	5,629	6,142	6,386	11.86%	3.82%
Libraries	2,207	5,629	6,142	1,730		
Cemeteries	1,544	5,440	1,149	1,430		
Police: Security and Traffic	28,312	12,949	10,387	30,712		
Refuse Removal and other Services	6,112	5,205	6,623	8,783		
Component C: sub-total	38,176	34,853	30,443	49,041	28.93%	37.92%
Planning, Development and Land Use Management	1,976	2,442	2,037	5,743	57.48%	64.53%
Local Economic Development	6,809	6,294	7,780	7,795		
Component D: sub-total	8,785	8,736	9,817	13,538	35.47%	27.49%
Total Expenditure	378,162	347,045	325,642	416,283	92.39%	105.36%
In this table operational income is offset against operational expenditure leaving a net operational expenditure total for each service as shown in the individual net service expenditure tables in chapter 3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						

T 5.1.2

5.2 GRANTS

Grant Performance						
R' 000						
Description	Year -1	Year 0			Year 0 Variance	
	Actual	Budget	Adjustment s Budget	Actual	Original Budget (%)	Adjustment s Budget (%)
<u>Operating Transfers and Grants</u>						
National Government:	–	199 235	199 235	199 139	99,95%	99,95%
Equitable share	–	195 823	195 823	195 727	99,95%	99,95%
Municipal Systems Improvement	–			–		
Department of Water Affairs	–			–		
Financial Management Grant	–	2 200	2 200	2 200	100,00%	100,00%

EPWP		1 212	1 212	1 212	100,00%	100,00%
Provincial Government:	–	–	12 057	12 057		
Health subsidy	–			–		
Housing	–	–		–		
Ambulance subsidy	–			–		
Library	–		887	887		100,00%
NMMDM Water Grant			11 170	11 170		
District Municipality:	–	–	–	–		
<i>[insert description]</i>						
Other grant providers:	–	–	6 775	6 775		
INEP			6 775	6 775		
Total Operating Transfers and Grants	–	199 235	218 067	217 971		
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national grants available from published gazettes.</i>						
T 5.2.1						

5.3 ASSET MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT

The municipality has established asset management unit in line with Section 63 of the MFMA and is responsible for:

Safeguarding of assets and liabilities

- Ensuring that the municipality's assets are valued in accordance with the standards of generally recognised accounting practice
- Ensuring that the municipality has and maintains a system of internal control of assets and liabilities, including as asset and liability register, as may be prescribed.
- Ensure that the municipality has and maintains a management, accounting and information system that accounts for the assets and liabilities of the municipality.

CAPACITY OF THE UNIT

The unit has three permanent employees in financial year 2021/22 comprising of:

- Manager Assets and Liabilities
- Senior Clerk movable and immovable assets
- Senior Clerk Insurance and Liabilities.

The support team is mainly assisting on GRAP 17 and GRAP 16.

T 5.3.1

Repair and Maintenance Expenditure: 2021/22				
				R' 000
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	4,017	5,551	14,933	-272%
				T 5.3.4

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

Capital expenditure relates mainly to construction projects that will have value lasting over many years. Capital expenditure is funded from grants, borrowings and operating expenditures and surpluses. Component B deals with capital spending indicating where the funding comes from and whether Municipalities are able to spend the available funding as planned. In this component it is important to indicate the different sources of funding as well as how these funds are spent. Highlight the 5 largest projects (see T5.7.1) and indicate what portion of the capital budget they use. In the introduction briefly refer to these key aspects of capital expenditure (usually relating to new works and renewal projects) and to **Appendices M** (relating to the new works and renewal program), **N** (relating to the full program) of full capital projects, and **O** (relating to the alignment of projects to wards).

T 5.5.0

5.5 CAPITAL EXPENDITURE

R million	Original Budget	Adjustment Budget	Un-audited Full Year Total	Original Budget variance	Adjusted Budget Variance
Capital Expenditure	42	76	43	-1.2%	44.2%
	42	76	43	-1.2%	44.2%
Operating Expenditure	384	400	416	-8.4%	-4.1%
	384	400	416	-8.4%	-4.1%
Total expenditure	426	476	459	-7.7%	3.6%
Water and sanitation	19	25	31	-63.1%	-27.2%
Electricity	87	80	94	-8.5%	-17.7%
Housing	1	2	1	43.2%	48.1%
Roads, Pavements, Bridges and storm water	43	58	58	-34.6%	0.0%
Other	233	265	284	-21.5%	-7.0%
	384	135	133	65.4%	1.5%
External Loans	–	–	–		
Internal contributions	–	–	–		
Grants and subsidies	241	280	263	-9.1%	5.8%
Other	160	90	138	13.9%	-53.5%
	402	370	401	0.1%	-8.6%
External Loans	–	–	–		
Grants and subsidies	–	–	–		
Investments Redeemed	–	–	–		
Statutory Receipts (including VAT)	–	–	–		
Other Receipts	–	–	–		
	1,182	1,189	1,192	-0.8%	-0.2%

Salaries, wages, and allowances	144	159	158	-9.8%	0.9%
Cash and creditor payments	–	–	–		
Capital payments	42	76	43	-1.2%	44.2%
Investments made	–	–	–		
External loans repaid	1	1	13	2573.1%	-854.7%
Statutory Payments (including VAT)	–	–	–		
Other payments	198	163	203	-2.5%	-24.3%
	384	400	416	-8.4%	-4.1%
	Original Budget	Adjustment Budget	Un-audited Full Year Total	Original Budget variance	Adjusted Budget Variance
Property rates	55	61	54	1.0%	11.6%
Service charges	100	80	75	24.4%	5.5%
Other own revenue	247	230	272	-9.9%	-18.5%
	402	370	401	0.1%	-8.4%
Employee related costs	144	159	158	-9.8%	0.9%
Provision for working capital	–	–	–		
Repairs and maintenance	–	6	15		-169.0%
Bulk purchases	77	69	72	6.2%	-4.4%
Other expenditure	126	113	102	19.2%	9.7%
	347	326	416	-20.0%	-27.8%
Service charges: Electricity	–	–	–		
Grants & subsidies: Electricity	–	–	–		
Other revenue: Electricity	92	72	56	39.8%	22.8%
	343	356	358	-4.4%	-0.7%
Employee related costs: Electricity	6	8	8	-24.1%	-2.2%
Provision for working capital: Electricity	–	–	–		
Repairs and maintenance: Electricity	1	2	3	-244.9%	-61.1%

Bulk purchases: Electricity	–	–	–		
Other expenditure: Electricity	81	72	84	-3.7%	-17.2%
	242	266	267	-10.3%	-0.4%
Service charges: Water	–	–	–		
Grants & subsidies: Water	–	–	–		
Other revenue: Water	11	9	15	-35.5%	-77.5%
	177	178	180	-1.8%	-0.8%
Employee related costs: Water	7	8	9	-20.2%	-3.3%
Provision for working capital: Water	–	–	–		
Repairs and maintenance: Water	0	1	1	-155.0%	-29.5%
Bulk purchases: Water	–	–	–		
Other expenditure: Water	1	1	0	83.2%	82.5%
	156	156	157	-0.1%	-0.1%

5.6 SOURCES OF FINANCE

Capital Expenditure - Funding Sources: Year 2020/21 to 2021/22							
R' 000							
Details		2020/21	2021/22				
		Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
Source of finance							
	External loans	–	–	–	–	-	-
	Public contributions and donations	–	–	–	–		
	Grants and subsidies	–	43,946	75,786	63,946	72.45%	45.51%
	Other	–	200	2,584	2,584	1192.04%	1192.04%
Total		–	44,146	78,370	66,530	-	-
Percentage of finance							
	External loans	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

	Public contributions and donations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Grants and subsidies	0.0%	99.5%	96.7%	96.1%	0.0%	0.0%
	Other	0.0%	0.5%	3.3%	3.9%	0.0%	0.0%
Capital expenditure							
	Water and sanitation	–	–	–	–	0.0%	0.0%
	Electricity	–	6,775	6,775	6,775	0.00%	0.00%
	Housing	–	–	–	–	0.0%	0.0%
	Roads and storm water	–	37,171	57,171	45,490	53.81%	22.38%
	Other	–	200	14,424	11,170	7112.04%	5485.11%
Total		–	44,146	78,370	63,435		
<i>Percentage of expenditure</i>							
	Water and sanitation	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Electricity	0.0%	15.3%	8.6%	10.7%	0.0%	0.0%
	Housing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Roads and storm water	0.0%	84.2%	72.9%	71.7%	0.0%	0.0%
	Other	0.0%	0.5%	18.4%	17.6%	0.0%	0.0%
T 5.6.1							

5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Capital Expenditure of 5 largest projects*						R' 000
Name of Project	Current: 2021/22			Variance: Current 2021/22		
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)	
Gopane Internal Roads and Storm water Phase 2	6 000 000	6 880 0000	6 880 0000	%		
Dinokana Internal roads and storm water	6 000 000	7, 635, 202	4,235 585	23%	-27%	
Borakalalo Bridge and internal road	6,000,000	31,329,991	7 357 054	-4%	-344%	
Gopane Bridges and stormwater	5,100,000	27,495,086	3,207,090	7%	-44%	
* Projects with the highest capital expenditure in Year 0						
Name of Project - A	Borakalalo Bridge					
Objective of Project	to build a bridge					

Delays	Delays in the implementation due to the budget constrains
Future Challenges	none
Anticipated citizen benefits	Connectivity
Name of Project - B	Gopane Bridges and stormwater
Objective of Project	To control stormwater
Delays	Delays in the implementation due to the budget constrains
Future Challenges	None
Anticipated citizen benefits	To protect community against flooding and erosion
T 5.7.1	

5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

Municipal Infrastructure Grant (MIG)* Expenditure Year 0 on Service backlogs						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Infrastructure - Road transport				%	%	
Roads, Pavements & Bridges	37,171	57,171	28,433	76.49%	49.73%	
Storm water				%	%	
Other Specify:				%	%	
				%	%	
				%	%	
				%	%	
Total				%	%	
<p>* MIG is a government grant program designed to fund a reduction in service backlogs, mainly: Water; Sanitation; Roads; Electricity. Expenditure on new, upgraded and renewed infrastructure is set out at Appendix M; note also the calculation of the variation. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.</p>						T 5.8.3

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

5.9 CASH FLOW

Cash Flow Outcomes				
R'000				
Description	2020/21	Current: 2021/22		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	–	111,693	186,754	137,119
Government - operating	–	199,630	199,235	197,559
Government - capital	–	45,902	75,786	65,902
Interest				805
Other receipts				–
Payments				
Suppliers and employees	–	(264,072)	(399,847)	(342,438)
Finance charges	–	(500)	(1,400)	(13,366)
Transfers and Grants				–
NET CASH FROM/(USED) OPERATING ACTIVITIES	–	92,653	60,527	45,581
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE				7,852
Decrease (Increase) in non-current debtors				
Decrease (increase) other non-current receivables				
Decrease (increase) in non-current investments				129
Payments				
Capital assets	–	(43,946)	(78,370)	(42,545)
NET CASH FROM/(USED) INVESTING ACTIVITIES	–	(43,946)	(78,370)	(34,563)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans				–
Borrowing long term/refinancing				
Increase (decrease) in consumer deposits				–
Payments				
Repayment of borrowing				(287)
NET CASH FROM/(USED) FINANCING ACTIVITIES	–	–	–	(287)
NET INCREASE/ (DECREASE) IN CASH HELD	–	48,707	(17,843)	10,731
Cash/cash equivalents at the year begin:				5,994
Cash/cash equivalents at the year-end:		48,707	(17,843)	16,725
Source: MBRR A7				T 5.9.1

5.10 BORROWING AND INVESTMENTS

Actual Borrowings: 2019/20 to 2021/22			
	R' 000		
Instrument	2019/20	2020/21	2021/22
Municipality	0	0	0
Long-Term Loans (annuity/reducing balance)	0	0	0
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases			
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Municipality Total	0	0	0
Municipal Entities			
Long-Term Loans (annuity/reducing balance)			
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases			
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Entities Total	0	0	0
T 5.10.2			

5.11 PUBLIC PRIVATE PARTNERSHIPS

Not Applicable

COMPONENT D: OTHER FINANCIAL MATTERS

5.12 SUPPLY CHAIN MANAGEMENT

The supply chain management policy for the year 2020/21 was adopted by Council in June 2021 in term of SCM Regulation 3 (1) (a). The main change made to the policy was to bring it in line with the structure of the SCM regulations. The aim was to establish a credible base from which the business processes can be developed.

The policy is aligned to Preferential Procurement Regulations 2011, issued in terms of the section 5 of the preferential Procurement Policy Framework Act, Number 5 of 2000 (PPFA). The regulations were published in the Government Gazette on 08 June 2011 the new regulations aim to align the Preferential Procurement Policy Framework Act, 2000 and the Broad – Based Black Economic Empowerment Act, 2003 effective from 7 December 2011, issued by National treasury T 5.12.1

5.13 GRAP COMPLIANCE

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

T 5.13.1

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

INTRODUCTION

Note: The Constitution S188 (1) (b) states that the functions of the Auditor-General includes the auditing and reporting on the accounts, financial statements, and financial management of all municipalities. MSA section 45 states that the results of performance measurement... must be audited annually by the Auditor-General.

T 6.0.1

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS YEAR -1

6.1 AUDITOR GENERAL REPORTS YEAR 2020/21 (PREVIOUS YEAR)

Auditor-General Report on Financial Performance: 2020/21	
Audit Report Status*:	Disclaimer Opinion
	T 6.1.1

Auditor-General Report on Service Delivery Performance: 2020/21	
Audit Report Status:	Disclaimer Opinion

COMPONENT B: AUDITOR-GENERAL OPINION YEAR 0 (CURRENT YEAR)

6.2 AUDITOR GENERAL REPORT YEAR 2021/22

Auditor-General Report on Financial Performance: 2021/22	
Audit Report Status:	Qualified Audit Opinion



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

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

Report on the audit of the financial statements

Qualified of opinion

1. I have audited the financial statements of the Ramotshere Moiloa local municipality set out on pages 145 to 214, which comprise the statement of financial position as at 30 June 2022, and the statement of financial performance, statement of changes in net assets, and cash flow statement and statement of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the 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 Ramotshere Moiloa local municipality as at 30 June 2022, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003) (MFMA) and the Division of Revenue Act 9 of 2021 (DoRA).

Basis for qualified of opinion

Consumer debtors

3. I was unable to obtain sufficient appropriate audit evidence for consumer debtors as the municipality could not reconcile the age analysis with the gross debtors in the financial statements. I was also unable to obtain sufficient appropriate audit evidence for the allowance for impairment calculated on the gross balances due to this limitation. I was unable to confirm these consumer debtors and allowance for impairment by alternative means. Consequently, I was unable to determine whether any further adjustment relating to consumer debtors of R238 884 892(2021: R246 486 344) and allowance for impairment of R122 978 081 (2021:R120 925 315) as disclosed in note 6 to the financial statements as well as the debt impairment expense of R6 891 783 (2021: R5 224 035) as presented in the statement of financial performance were necessary.

Receivables from exchange transactions

4. I was unable to obtain sufficient appropriate audit evidence for the receivables from exchange transactions due to the status of the accounting records and non-submission of information. I was unable to confirm these receivables by alternative means. In addition, the municipality did not have adequate systems to impair and maintain records of housing debtors and rental debtors which resulted in housing debtors and rental debtors included in receivables from exchange transactions being overstated by R4 113 570 and R52 585 respectively. There was a resultant impact on the revenue from exchange transactions. In addition, the municipality did not record all receivables from exchange transactions, which resulted in third party vendors receivables of R15 915 339.00 disclosed in note 4 to the financial statements being understated by R 1 508 429.00. Consequently, I was unable to determine whether any further adjustment to the receivables from exchange transactions of R20 621 027 (2021: R12 514 972) as disclosed in note 4 to the financial statements was necessary.

Receivables from non-exchange transactions

5. I was unable to obtain sufficient appropriate audit evidence for receivables from fines as the municipality did not have an adequate system in place to account for outstanding amounts. I was unable to confirm these receivables by alternative means. Furthermore, the municipality incorrectly offset the allowance for impairment against the gross balance of receivables from non-exchange transactions contrary to the requirements of GRAP 1, *Presentation of financial statements* resulting in the gross balance of receivables from non-exchange transactions being understated by R26 596 824 (2021: R26 596 824). Consequently, I was unable to determine whether any further adjustment to receivables from non-exchange transactions of R261 090 (2021: R251 064) as disclosed in note 5 to the financial statements was necessary.

VAT payable

6. I was unable to obtain sufficient appropriate audit evidence for the VAT payable due to inadequate reconciliations performed between the VAT statement of accounts and the accounting records. I was unable to confirm this VAT payable by alternative means. Consequently, I was unable to determine whether any adjustment relating to the VAT payable of R5 652 552 (2021: R5 220 445) as disclosed in note 17 to the financial statements was necessary.

Payables from exchange transactions

7. I was unable to obtain sufficient appropriate audit evidence for various items included in payables from exchange transactions due to the state of the accounting records and a lack of information supporting these amounts. I was unable to confirm these payables from exchange transactions by alternative means. Consequently, I was unable to determine whether any adjustments relating to trade payables of R95 220 549 (2021: R85 041 530), payments received in advance of R1 967 772 (2021: R6 309 012), unallocated deposits of R10 272 920 (2021: R15 972 406), third party payables of R7 284 534 (2021: R10 700 515), and prior year till shortages of R1 200 000, included in payables from exchange transactions as disclosed in note 13 to the financial statements were necessary.

Unspent grants

8. The municipality did not recognise a transfer received in accordance with GRAP 23, *Revenue from non-exchange transactions* as the municipality recognised revenue in a current relating to the expenditure that conditions were met in prior year and furthermore some of the expenditure was not in line with the conditions of the grants. Consequently the unspent grant being understated with R6 263 080 disclosed in note 18 and government grants and subsidies as disclosed in note 24 to the financial statements were overstated by the same amount.

Government grants and subsidies

9. The municipality did not recognise a transfer received in accordance with GRAP 23, *Revenue from non-exchange transactions* as no conditions were attached to the transfer received in prior year from Ngaka Modiri Molema District municipality (NMMDM). Consequently, the NMMDM water grant included in government grants and subsidies as disclosed in note 24 was overstated by R9 110 775 in a current year and unspent grants and receipts was overstated by R5 889 225 in the prior year, while prior year revenue from donation was understated by R15 000 000.

Repairs and maintenance

10. I was unable to obtain sufficient appropriate audit evidence for repairs and maintenance due to lack of adequate evidence that the goods and services were actually received at the correct quantity and price. I was unable to confirm these repairs and maintenance by alternative means. Consequently, I was unable to determine whether any further adjustment to repairs and maintenance of R14 933 152 (2021: R7 416 338) as presented in the statement of financial performance was necessary.

General expenses

11. I was unable to obtain sufficient appropriate audit evidence for consulting and professional fees included in general expenses due to lack of adequate evidence that the services were actually received at the correct quantity and price. I was unable to confirm these consulting and professional fees by alternative means. Consequently, I was unable to determine whether any further adjustments to consulting and professional fees of R45 672 587 as disclosed in note 33 the financial statements were necessary.

Statement of budget and actual amounts

12. The municipality did not disclose the reasons for variances as required by GRAP 24 *Presentation of budget information in financial statements*. Furthermore, the budgeted amounts disclosed do not agree to the final approved budget. I was unable to quantify the full extent of the misstatement or the omitted disclosures as it was impracticable to do so.

Cash flow statement

13. The municipality did not correctly prepare and disclose the net cash flows from operating activities and net cash flows from investing activities as required by GRAP 2, *Cash flow statements*. This was due to multiple errors in determining net cash flows from operating activities and net cash flows from investing activities. I was not able to determine the full

extent of the errors in net cash flows from operating activities and net cash flows from investing activities as it was impracticable to do so.

Segment reporting

14. The municipality did not separately report information about each segment that had been identified, as required by GRAP 18, *Segment reporting*. The municipality did not disclose factors used to identify the municipality's reportable segments, including the basis of organisation, or disclose information to enable users of its financial statements to evaluate the nature and financial effects of its activities and the economic environment. I have not included the omitted information in this auditor's report as it was impracticable to do so.

Commitments

15. I was unable to obtain sufficient appropriate audit evidence for commitments as the municipality did not maintain accurate and complete records of the contractual information used to determine commitments. I was unable to confirm these commitments by alternative means. Consequently, I was unable to determine whether any further adjustment to total capital commitments of R34 701 437 (2021: R59 883 257) and total operational commitments of R24 675 156 (2021: R53 799 034) as disclosed in note 35 to the financial statements was necessary.

Contingencies

16. The municipality did not correctly disclose for each class of contingent liabilities and assets at the reporting date an estimate of its financial effect, an indication of the uncertainties relating to the amount or the timing of any inflow/outflow and the possibility of any reimbursement as required by GRAP-19-*Provisions Contingent Liabilities and Contingent Assets*. I have not included the omitted information in this auditor's report as it was impracticable to do so.

Related parties

17. The municipality did not disclose the remuneration of key management personnel in accordance with GRAP 20, *Related-party disclosures* as the remuneration of councillors were not disclosed per person in note 37 of the financial statements. I have not included the omitted information in this auditor's report as it was impracticable to do so.

Financial instruments and risk management

18. The municipality did not disclose the qualitative disclosures as required by GRAP 104 *Financial instruments* relating to financial instruments and risk management. I was unable to quantify the full extent of the omitted disclosure as it was impracticable to do so.

Irregular expenditure

19. I was unable to obtain sufficient appropriate audit evidence for irregular expenditure as the municipality did not have an adequate system of internal control to disclose irregular expenditure and did not keep proper records. Consequently, I was unable to determine whether any adjustment to irregular expenditure of R391 540 991 (2021: R382 048 886) as disclosed in note 45 to the financial statements was necessary.

Unauthorised expenditure

20. I was unable to obtain sufficient appropriate audit evidence for unauthorised expenditure as an accurate comparison of budget to actual expenditure per vote was not available. I was unable to confirm the unauthorised expenditure by alternative means. Consequently I was unable to determine whether any adjustment relating to unauthorised expenditure of R208 249 738 (2021: R165 891 959) as disclosed in note 43 to the financial statements was necessary.

Context for the opinion

21. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
22. 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.
23. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Material uncertainty relating to going concern

Going concern uncertainty

24. The municipality had loss for the year of R14 874 766 as at 30 June 2022 which, along with other matters, indicate the existence of a material uncertainty that may cast significant doubt on the municipality's ability to operate as a going concern. The material uncertainty on the municipality's ability to continue as a going concern and management plans to address these concerns have therefore not been appropriately disclosed in note 41 to the financial statements.

Other matter

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

Unaudited disclosure notes

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

Responsibilities of the accounting officer for the financial statements

27. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP, the requirements of the MFMA and the 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.
28. In preparing the financial statements, the accounting officer is responsible for assessing the Ramotshere Moiloa Local Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or there is no realistic alternative but to do so.

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

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

Report on the audit of the annual performance report

Introduction and scope

31. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the usefulness and reliability of the reported performance information against predetermined objectives presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

32. I performed procedures to evaluate the usefulness and reliability of the reported performance information on selected performance indicators in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice.
33. I performed the procedures in accordance with the AGSA audit methodology. This engagement is not an assurance engagement. Accordingly, I do not express an opinion or an assurance conclusion.
34. My procedures address the usefulness and reliability of the reported performance information on the selected performance indicators, which must be based on the municipality's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
35. I performed procedures to determine whether the reported performance information was properly presented and whether the performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the selected performance indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
36. I selected the following material performance indicators contained in basic services and infrastructure development presented in the municipality's annual performance report for the year ended 30 June 2022 set out on pages xx to xx. I selected the indicators that measure the municipality's performance on its primary mandated functions and which are of significant national, community or public interest.

Performance indicators: Basic services and infrastructure development	Panned Target	Reported Achievement
KPI 44 - Number of kilometres of road paved at Groot Marico by 30 June 2022	1.5km	1.5km
KPI 45 - Number of Kilometres of road paved at Marulakop by 30 June 2022	1.4km	1.4km
KPI 46 - Number of Kilometres of road paved at Gopane Phase 2 by 30 June 2022	1.2km	1.2km
KPI 47 - Construction of Borakalalo bridges and stormwater by 30 June 2022	Completed construction	Partial complete
KPI 48 - Number of Kilometres of road paved at Dinokana by 30 June 2022	1.2km	1.2km
KPI 49 - Number of Kilometres of road paved at Mosweu by 30 June 2022	1.5km	1.5km
KPI 50 - Percentage of sewer connection done vs All paid	100%	Partially

Performance indicators: Basic services and infrastructure development	Panned Target	Reported Achievement
application received		complete
KPI 51 - Percentage of water connection done vs All paid application received	100%	Partially complete
KPI 52 - Number of kilometres of roads bladed	20km	3km
KPI 53 - Square meters of roads patched in the municipal areas	3000m2	1245m2
KPI 54 - Square meters of storm-water maintained	400m2	400m2
KPI 55 - Number of households connected to grid Kruisrevier	250	250
KPI 56 - Percentage of electricity connections done vs All paid application received	100%	Partially complete

37. The material findings on the usefulness and reliability of the performance information of the selected material performance indicators are as follows:

Key performance area 2 – Basic services and infrastructure development

Various Indicators

24. I was unable to obtain sufficient appropriate audit evidence for the reported achievements of the 10 of 14 indicators relating to this programme. This was due to the lack of accurate and complete records. I was unable to confirm the reported achievements by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievements in the annual performance report for the indicators listed below:

#	Indicator Description	Planned Target	Reported achievement
1	KPI 45 - Number of Kilometres of road paved at Marulakop by 30 June 2022	1.4km	1,4km
2	KPI 48 - Number of Kilometres of road paved at Dinokana by 30 June 2022	1.2km	1,2km
3	KPI 49 - Number of Kilometres of road paved at Mosweu by 30 June 2022	1.5km	1,5km
4	KPI 50 - Percentage of sewer connection done vs All paid application received	100%	Partially Complete
5	KPI 51 - Percentage of water connection done vs All paid application received	100%	Partially Complete
6	KPI 52 - Number of kilometres of roads bladed	20km	3km
7	KPI 53 - Square meters of roads patched in the municipal areas	3000m2	1245m2
8	KPI 54 - Square meters of storm-water maintained	400m2	400m2

9	KPI 55 - Number of households connected to grid Kruisrevier	250	250
10	KPI 56 - Percentage of electricity connections done vs All paid application received	100%	Partially Complete

KPI 57 - Number of reports on repairs and maintenance of electricity

25. I was unable to obtain sufficient appropriate audit evidence that clearly defined the predetermined method of collection to be used when measuring the actual achievement for the indicators listed below. This was due to insufficient measurement definitions or processes. I was unable to test whether the indicator was well-defined by alternative means. As a result, the achievements reported in the annual performance report for the listed indicators, materially differed from the supporting evidence provided.

Various Indicators

26. The achievements below were reported in the annual performance report for the listed indicators. However, some supporting evidence provided materially differed from the reported achievement, while in other instances I was unable to obtain sufficient appropriate audit evidence. This was due to the lack of accurate and complete records. I was unable to confirm the reported achievements by alternative means. Consequently, I was unable to determine whether any further adjustments were required to these reported achievements.

#	Indicator Description	Planned Target	Reported achievement
1	KPI 44 - Number of kilometres of road paved at Groot Marico by 30 June 2022	1.5km	1,5km
2	KPI 46 - Number of Kilometres of road paved at Gopane Phase 2 by 30 June 2022	1.2km	1,2km
3	KPI 47 - Construction of Borakalalo bridges and stormwater by 30 June 2022	Completed construction	Partial completion

Other matter

27. I draw attention to the matter below.

Achievement of planned targets

28. Refer to the annual performance report on pages 239 to 273 for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 24 to 26 of this report.

Report on audit of compliance with legislation

Introduction and scope

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

Revenue management

31. Interest was not charged on all accounts in arrears, as required by section 64(2)(g) of the MFMA.
32. An effective system of internal control for debtors and revenue was not in place, as required by section 64(2)(f) of the MFMA.

Expenditure management

33. Money owed by the municipality was not always paid within 30 days/an agreed period, as required by section 65(2)(e) of the MFMA.
34. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The expenditure disclosed does not reflect the full extent of the irregular expenditure incurred as indicated in the basis for qualification paragraph. The majority of the disclosed irregular expenditure was caused by not following the supply chain management procurement process.
35. Reasonable steps were not taken to prevent fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest incurred on Eskom account.
36. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R42 357 959, as disclosed in note 43 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by limitations due to calculations of unauthorised not based on how the budget was determined.

Consequence management

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

Annual financial statements and annual reports

38. 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 identified by the auditors in the submitted financial statements were not adequately corrected and the supporting records could not be provided subsequently, which resulted in the financial statements receiving a qualified audit opinion.

39. The oversight report adopted by the council on the 2020/2021 annual report was not made public, as required by section 129(3) of the MFMA.

Strategic planning and performance management

40. The performance management system and related controls were inadequate as the PMS management system was not always adhered to and properly managed, as required by municipal planning and performance management regulation 7(1).

Human resource management

41. An approved staff establishment was not in place, as required by section 66(1)(a) of the MSA.

Procurement and contract management

42. Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM Regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM Regulation 36(1). Similar non-compliance was also reported in the prior year.
43. Some of the invitation to tender for procurement of commodities designated for local content and production, did not stipulated the minimum threshold for local production and content as required by the 2017 Preferential Procurement Regulation 8(2). Similar non-compliance was also reported in the prior year.
44. The performance of some of the contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.
45. The contract performance and monitoring measures were not in place to ensure effective contract management, as required by section 116(2)(c)(ii) of the MFMA.
46. Awards were made to providers who were in the service of other state institutions or whose directors, in contravention of MFMA 112(1)(j) and SCM Regulation 44. No effective steps were taken to prevent or combat the abuse of the SCM process, as required by SCM Regulation 38(1).

Other information

47. The accounting officer is responsible for the other information. The other information does not include the financial statements, the auditor's report thereon and those selected key performance area presented in the annual performance report that have been specifically reported on in this auditor's report.
48. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
49. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected key performance area presented in the annual

performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

50. I did not receive the other information prior to the date of this auditor's report. After I receive and read this information, and if I conclude that there is a material misstatement, 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

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

- The leadership did not adequately review the source information and the supporting evidence for amounts disclosed in the annual financial statements and the achievement reported on performance information to ensure it correlate to the indicator being reported to ensure that what is reported as achievement by reliable source documents. There were no appropriate mechanisms in place to ensure good governance and accountability. The leadership has not prioritised the communication and instilment of a code of conduct.
- Management did not ensure proper application of the accounting framework to recognise transactions and ensure complete disclosure in the annual financial statements
- The municipality does not have an effective system to ensure the safekeeping of documentation that supports the financial statements and the annual performance report. The consultants are used for certain functions however there is no adequate review or monitoring of work performed by consultant and there is no evidence of transfers of skills.
- The municipality does not have a compliance monitoring system in place to prevent, detect and correct non-compliance. There is disregard to compliance with key legislation, with no consequence management for transgression. The internal audit function is not capacitated which further exacerbate deficiencies on the control environment.

Material irregularities

52. 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 the material irregularities reported in the previous year's auditor's report.

Material irregularities in progress

53. I identified material irregularity during the audit and notified the accounting officer thereof as required by material irregularity regulation 3(2). By the date of this auditor's report, the responses of the accounting officer were not yet due. These material irregularities will be included in the next year's auditor's report.

Status of previously reported material irregularities

Full and proper records not kept (2019-20) – service charges, going concern, payables, property, plant and equipment, repairs and maintenance and distribution losses

54. The accounting officer was notified of the material irregularity on 16 August 2021. The accounting officer has not taken appropriate action committed to in his written submission in response to the notification. I recommended that the accounting officer should take the following action to address the material irregularity by 08 September 2022

- a. The non-compliance with section 62(1)(b) of the MFMA should be investigated to determine the reasons and circumstance that led to the non-compliance for the purpose of taking appropriate corrective actions and to address control weaknesses.
- b. Based on the reasons and circumstances, appropriate action should be taken to develop and commence with the implementation of an action plan to address poor record keeping so that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards, as required by section 62(1)(b) of the MFMA. The plan should include anticipated timeframes and address the following key areas as a minimum:
 - A complete asset register of all of the municipality's infrastructure assets, including work-in-progress, as well as information for assets that have been fully depreciated but still in use;
 - Billing information and reconciliations to support revenue from service charges;
 - Reconciliations of all bank accounts of the municipality; and
 - Payment vouchers, creditor statements and creditor reconciliations for purchases. The expenditure incurred should be supported by sufficient evidence that goods and services paid for were received; and

55. I further recommend that the accounting officer should take appropriate action to develop and commence with the implementation of an action plan to address the financial problems of the municipality, as required by section 135(1) and 135(3)(a) of the MFMA by 08 September 2022. The plan should describe the anticipated timeframe and milestones to be achieved and include as a minimum strategies to:

- Increase the collection of revenue;;
- Efficiently manage the available resources of the municipality and
- Repair and maintain infrastructure assets.

The above timeframes for the implementation of the recommendations will run concurrently. I will follow up on the implementation of these recommendations by the due date.

56. A response was received on 08 June 2022 and 08 September 2022 respectively on the implementation of the recommendations. To implement the recommendations, the accounting officer has developed an action plan on 08 June 2022 with timelines to address poor recordkeeping as it relates to –

- a. A complete asset register has been accurately developed as 30 June 2022 of all of the municipality's infrastructure assets, including work-in-progress, as well as information for assets that have been fully depreciated but still in use;
- b. Management has developed and implemented effective asset management standard operating procedures to guide management of assets, including authorisation and recording of additions, assets movement control, assets verification and disposal. Asset verifications are performed quarterly while disposal are monitored on a monthly basis.
- c. Repairs and maintenance, general ledger to be reviewed monthly to ensure that expenditure is not misclassified.
- d. Billing and debtor administration. Proposed plans were as follows:
 - Development of SOPs to address deficiencies in billing and debtors administration
 - Review and updating of billing information
 - Review of the valuation roll as explained above
 - Efforts to ensure that new property developments are valued accurately
 - Ensuring that property is age is correctly recorded and that changes to property usage must also be communicated to the revenue department
 - Water and electricity meters must be read with regularity and accurately ; and
 - The municipality should review debtors with credit balances and reconcile those accounts to ensure correct billing and correct allocation of payments and adjustment.
- e. The Monthly bank reconciliations were performed from 21 August 2021 to 07 July 2022.
- f. In respect of the expenditure management and validating the goods received
 - Delivery notes or proof of delivery of goods and services to be obtained for all expenditure.
 - Invoices and other supporting documents to be stamped "PAID" after the payment is processed.
- g. Management to put measures in place to ensure the following by 31 August 2022:
 - Reconciliations are performed for all creditors Reconciling items should be investigated, supported and cleared.
 - Reconciliations should be performed between the creditors' age analysis and the general ledger.
 - Reconciliations should be reviewed by a senior official, who signs as proof of review and approval.

57. The accounting officer has also developed an action plan on 08 September 2022 to address the financial problems of the municipality by taking the following actions

- a. The Municipality will develop and implement an Indigent Management System (IIMAS). The accounting officer indicated that the first port of call for the indigent management plan has been to hire and train officials per ward to undertake Indigent registration/verification. The development and implementation of IIMAS will include the following
 - Analysis and verification of the indigents listed on the current indigent register
 - Pro- Active approach on the registration and vetting of indigents
 - Provide electronic two way communication channel for emails and SMS , offering real time Indigent Management system , with real time reporting capabilities and seamless interfacing with any financial management system
 - Offer secure Indigent management system with ability it generate management reports , produce history of data , record keeping for the future usage and full audit trail, projecting monitoring and upgrade of indigent and social assessment register and management dashboard
- b. That the above work will be subject to continuous monitoring and evaluation to ensure productivity and consistency throughout the project. During the course of execution of the project to its conclusion, the following will be delivered
 - Progress reports;
 - Log of issues requiring management attention;
 - Draft documents ; and
 - Final deliverables and project close-up report.
- c. New Revenue sources. Proposed solutions:
 - Audit of the municipality's investment properties and reconcile these to billing for rentals;
 - Audit the advertising boards to ensure they are all billed in line with approved tariffs;
 - Embark on a drive to enforce all its by-laws and charging fines and penalties for contraventions
 - Sale of land and unused properties
 - Embark on a drive to promote economic growth in jurisdiction of the municipality; and
 - The municipality will enhance controls around management and collection of other income such as use halls, libraries, burials, sale of stands and traffic fines.

The municipality has begun to implement these measures during 2022. In respect to sale of unused properties, it was noted that on 26 August 2022 the municipality advertised the call for bids in respect to the intended appointment of a service provider for the "an auctioneer for auctioning of redundant movable assets
- d. The reconciliation of financial management system and the valuation roll has commenced. The following interventions were identified
 - Identify mismatched properties to existing valuation roll and investigate;
 - Prepare and create GIS Property Register layer (e.g. in ESRI Shape file format) aligned to the property
 - Audit and assessment of existing data
 - Processing of objects , and ensuring close out reports on objections and
 - Processing of appeals, an ensuring close out report on appeals.

The AO noted that the reconciliations of the valuation rolls are underway, and it is projected that this will go on until December 2022. It is contemplated that this will result in a more accurate valuation roll and this payment of rates without the system being over clogged with unresolved complaints.

- e. Rates and Tariff review and bench marking. The Municipality will appoint a service provider to look at assessment rates and tariffs review for the Municipality.
92. Delays were experienced with the implementation of the action plans due lack of collaboration between the various units within the municipality. I am determining the most suitable action to take.

Auditor General

Rustenburg

30 November 2022



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the audit report

Auditor-general's responsibility for the audit

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

Financial statements

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

Communication with those charged with governance

4. 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.
5. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and where applicable, related safeguards.

AUDIT IMPROVEMENT PLAN

Area	Finding: Par in the Final Audit Report	Responsible Department/Directorate	Control/ Action Plan
Consumer debtors	I was unable to obtain sufficient appropriate audit evidence for consumer debtors as the municipality could not reconcile the age analysis with the gross debtors in the financial statements. I was also unable to obtain sufficient appropriate audit evidence for the allowance for impairment calculated on the gross balances due to this limitation. I was unable to confirm these consumer debtors and allowance for impairment by alternative means. Consequently, I was unable to determine whether any further adjustment relating to consumer debtors of R238 884 892(2021: R246 486 344) and allowance for impairment of R122 978 081 (2021:R120 925 315) as disclosed in note 6 to the financial statements as well as the debt impairment expense of R6 891 783 (2021: R5 224 035) as presented in the statement of financial performance were necessary.	Chief Financial Officer/Manager Revenue	<ul style="list-style-type: none"> Monthly and Year-end reconciliation will be done and reviewed by the CFO Quality Annual Financial Statement will be prepared and subjected to Provincial Treasury, Internal Audit and audit committee review. The chief financial officer will should ensure that proper consumer debtors' listings (Debtors Age analysis) that reconciles to line items in the AFS are in place, that gross balances agree to the age analysis and that the provided for allowances for impairments are supported with re-performable calculations. Management will implement 3days turnaround time to ensure that information requested by auditors is submitted timesiously. Further an audit file with supporting documents will be prepared and reviewed by internal audit and Audit and risk Committee. Management will prepare an Information Tracking Record, update it and make sure that all outstanding information is submitted to the audit co- coordinators.
Receivables from Exchange Transactions	I was unable to obtain sufficient appropriate audit evidence for the receivables from exchange transactions due to the status of the accounting records and non-submission of information. I was unable to confirm these receivables by alternative means. In addition, the municipality did not have adequate systems to impair and maintain records of housing debtors and rental debtors which resulted in housing debtors and rental debtors included in receivables from exchange transactions being overstated by R4 113 570 and R52 585 respectively. There was a resultant impact on the revenue from exchange transactions. In addition, the municipality did	Chief Financial Officer/Manager Revenue	<ul style="list-style-type: none"> Management will review and monitor compliance with applicable legislations to ensure that they account for their receivables from exchange transactions in accordance with GRAP 104. Quality Annual Financial Statement will be prepared and subjected to Provincial Treasury, Internal Audit and audit committee review. Management will implement 3days turnaround time to ensure that information requested by

	not record all receivables from exchange transactions, which resulted in third party vendors receivables of R15 915 339.00 disclosed in note 4 to the financial statements being understated by R 1 508 429.00. Consequently, I was unable to determine whether any further adjustment to the receivables from exchange transactions of R20 621 027 (2021: R12 514 972) as disclosed in note 4 to the financial statements was necessary.		auditors is submitted timesiously. Further an audit file with supporting documents will be prepared and reviewed by internal audit and Audit and risk Committee
Receivables from Non-Exchange Transactions	I was unable to obtain sufficient appropriate audit evidence for receivables from fines as the municipality did not have an adequate system in place to account for outstanding amounts. I was unable to confirm these receivables by alternative means. Furthermore, the municipality incorrectly offset the allowance for impairment against the gross balance of receivables from non-exchange transactions contrary to the requirements of GRAP 1, <i>Presentation of financial statements</i> resulting in the gross balance of receivables from non-exchange transactions being understated by R26 596 824 (2021: R26 596 824). Consequently, I was unable to determine whether any further adjustment to receivables from non-exchange transactions of R261 090 (2021: R251 064) as disclosed in note 5 to the financial statements was necessary	Chief Financial Officer/Manager Expenditure	<ul style="list-style-type: none"> Chief financial officer will ensure that the annual financial statements submitted agree to the underlying schedules, monthly reconciliations are performed on debtors accounts, sufficient and appropriate controls are in place to ensure the completeness and accuracy of receivables disclosed in the annual financial statements. Quality Annual Financial Statement will be prepared and subjected to Provincial Treasury, Internal Audit and audit committee review.
VAT PAYABLE	I was unable to obtain sufficient appropriate audit evidence for the VAT payable due to inadequate reconciliations performed between the VAT statement of accounts and the accounting records. I was unable to confirm this VAT payable by alternative means. Consequently, I was unable to determine whether any adjustment relating to the VAT payable of R5 652 552 (2021: R5 220 445) as disclosed in note 17 to the financial statements was necessary.	Chief Financial Officer/Manager Expenditure	<ul style="list-style-type: none"> Monthly Vat reconciliation will be done and reviewed by the CFO Quality Annual Financial Statement will be prepared and subjected to Internal Audit and audit committee review.
PAYABLES FROM EXCHANGE TRANSACTIONS	I was unable to obtain sufficient appropriate audit evidence for various items included in payables from exchange transactions due to the state of the accounting records and a lack of information supporting these amounts. I was unable to confirm these payables from exchange transactions by alternative means. Consequently, I was unable to determine whether any adjustments relating to trade payables of R95 220 549 (2021: R85 041 530), payments received in advance of R1 967 772 (2021:R6 309 012), unallocated deposits of R10 272 920 (2021: R15 972 406), third party payables of R7 284 534 (2021:R10 700 515), and prior year	Chief Financial Officer/ Manager Expenditure	<ul style="list-style-type: none"> Management will review and monitor compliance with applicable legislations to ensure that they account for their receivables from exchange transactions in accordance with GRAP 104. Quality Annual Financial Statement will be prepared and subjected to Provincial Treasury, Internal Audit and audit committee review. Management will implement 3days turnaround time to ensure that information requested by auditors is submitted timesiously. Further an

	till shortages of R1 200 000, included in payables from exchange transactions as disclosed in note 13 to the financial statements were necessary.		audit file with supporting documents will be prepared and reviewed by internal audit and Audit and risk Committee
Unspent Grants	The municipality did not recognised a transfer received in accordance with GRAP 23, <i>Revenue from non-exchange transactions</i> as the municipality recognised revenue in a current relating to the expenditure that conditions were met in prior year and furthermore some of the expenditure was not in line with the conditions of the grants . Consequently the unspent grant being understated with R6 263 080 disclosed in note 18 and government grants and subsidies as disclosed in note 24 to the financial statements were overstatement by the same amount.		<ul style="list-style-type: none"> Monthly and year–end reconciliation will done to ensure that unspent grants are correctly accounted for. Quality Annual Financial Statement will be prepared and subjected to Provincial Treasury, Internal Audit and audit committee review.
Government Grants and Subsidies	The municipality did not recognised a transfer received in accordance with GRAP 23, <i>Revenue from non-exchange transactions</i> as no conditions were attached to the transfer received in prior year from Ngaka Modiri Molema District municipality (NMMDM). Consequently, the NMMDM water grant included in government grants and subsidies as disclosed in note 24 was overstated by R9 110 775 in a current year and unspent grants and receipts was overstated by R5 889 225 in the prior year, while prior year revenue from donation was understated by R15 000 000.		<ul style="list-style-type: none"> Monthly and year–end reconciliation will done to ensure that unspent grants are correctly accounted for. Quality Annual Financial Statement will be prepared and subjected to Provincial Treasury, Internal Audit and audit committee review.
Repairs and Maintenance	I was unable to obtain sufficient appropriate audit evidence for repairs and maintenance due to lack of adequate evidence that the goods and services were actually received at the correct quantity and price. I was unable to confirm these repairs and maintenance by alternative means. Consequently, I was unable to determine whether any further adjustment to repairs and maintenance of R14 933 152 (2021: R7 416 338) as presented in the statement of financial performance was necessary.		<ul style="list-style-type: none"> Management will implement 3days turnaround time to ensure that information requested by auditors is submitted timesiously. Further an audit file with supporting documents will be prepared and reviewed by internal audit and Audit and risk Committee. Management will prepare an Information Tracking Record, update it and make sure that all outstanding information is submitted to the audit co- coordinators.
GENERAL EXPENSES	I was unable to obtain sufficient appropriate audit evidence for consulting and professional fees included in general expenses due to lack of adequate evidence that the services were actually received at the correct quantity and price. I was unable to confirm these consulting and professional fees by alternative means. Consequently, I was unable to determine whether any further adjustments to consulting and	Chief Financial Officer/Manager Expenditure	<ul style="list-style-type: none"> Management will implement 3days turnaround time to ensure that information requested by auditors is submitted timesiously. Further an audit file with supporting documents will be prepared and reviewed by internal audit and Audit and risk Committee. Management will prepare an Information

	professional fees of R45 672 587 as disclosed in note 33 the financial statements were necessary.		Tracking Record, update it and make sure that all outstanding information is submitted to the audit co- coordinators.
Statement of budget and Actual amounts	The municipality did not disclose the reasons for variances as required by GRAP 24 <i>Presentation of budget information in financial statements</i> . Furthermore, the budgeted amounts disclosed do not agree to the final approved budget. I was unable to quantify the full extent of the misstatement or the omitted disclosures as it was impracticable to do so.	Chief Financial Officer/Manager Budget	<ul style="list-style-type: none"> Chief financial officer will perform a proper review of the financial statements and supporting information prior for submission to ensure that accurate and complete financial reports are supported and evidenced by reliable information. These will ensure that the municipality discloses all the GRAP 24 required information to ensure compliance. Annual Financial Statement will be prepared and subjected to Provincial Treasury, Internal Audit and audit committee review.
Cash flow Statement	The municipality did not correctly prepare and disclose the net cash flows from operating activities and net cash flows from investing activities as required by GRAP 2, <i>Cash flow statements</i> . This was due to multiple errors in determining net cash flows from operating activities and net cash flows from investing activities. I was not able to determine the full extent of the errors in net cash flows from operating activities and net cash flows from investing activities as it was impracticable to do so.	Chief Financial Officer	<ul style="list-style-type: none"> Chief financial officer will perform a proper review of the financial statements and supporting information prior for submission to ensure that accurate and complete financial reports are supported and evidenced by reliable information. Quality Annual Financial Statement will be prepared and subjected to Provincial Treasury, Internal Audit and audit committee review.
Segment Reporting	The municipality did not separately report information about each segment that had been identified, as required by GRAP 18, <i>Segment reporting</i> . The municipality did not disclose factors used to identify the municipality's reportable segments, including the basis of organisation, or disclose information to enable users of its financial statements to evaluate the nature and financial effects of its activities and the economic environment. I have not included the omitted information in this auditor's report as it was impracticable to do so.	Chief Financial Officer	<ul style="list-style-type: none"> Chief financial officer will perform a proper review of the financial statements and supporting information prior for submission to ensure that accurate and complete financial reports are supported and evidenced by reliable information. Quality Annual Financial Statement will be prepared and subjected to Provincial Treasury, Internal Audit and audit committee review.
Commitments	I was unable to obtain sufficient appropriate audit evidence for commitments as the municipality did not maintain accurate and complete records of the contractual information used to determine commitments. I was unable to confirm these commitments by alternative means. Consequently, I was unable to determine whether any further adjustment to total capital commitments of R34 701 437 (2021: R59 883 257) and total operational commitments of R24 675 156 (2021: R53 799 034) as disclosed in note 35 to	Chief Financial Officer	<ul style="list-style-type: none"> Management will implement 3days turnaround time to ensure that information requested by auditors is submitted timesiously. Further an audit file with supporting documents will be prepared and reviewed by internal audit and Audit and risk Committee. Management will prepare an Information Tracking Record, update it and make sure that all outstanding information is submitted to the

	the financial statements was necessary.		audit co- coordinators.
Contingencies	The municipality did not correctly disclose for each class of contingent liabilities and assets at the reporting date an estimate of its financial effect, an indication of the uncertainties relating to the amount or the timing of any inflow/outflow and the possibility of any reimbursement as required by GRAP-19- <i>Provisions Contingent Liabilities and Contingent Assets</i> . I have not included the omitted information in this auditor's report as it was impracticable to do so.	Chief Financial Officer/Director Corporate Services	<ul style="list-style-type: none"> Chief financial officer will perform a proper review of the financial statements and supporting information prior for submission to ensure that accurate and complete financial reports are supported and evidenced by reliable information. Quality Annual Financial Statement will be prepared and subjected to Provincial Treasury, Internal Audit and audit committee review.
Related Parties	The municipality did not disclose the remuneration of key management personnel in accordance with GRAP 20, <i>Related-party disclosures</i> as the remuneration of councillors were not disclosed per person in note 37 of the financial statements. I have not included the omitted information in this auditor's report as it was impracticable to do so.	Chief Financial Officer	<ul style="list-style-type: none"> Chief financial officer will perform a proper review of the financial statements and supporting information prior for submission to ensure that accurate and complete financial reports are supported and evidenced by reliable information. Quality Annual Financial Statement will be prepared and subjected to Provincial Treasury, Internal Audit and audit committee review.
Financial Instruments and Risk Management	The municipality did not disclose the qualitative disclosures as required by GRAP 104 <i>Financial instruments</i> relating to financial instruments and risk management. I was unable to quantify the full extent of the ommitted disclosure as it was impracticable to do so.		<ul style="list-style-type: none"> Management will ensure regular, accurate and complete financial reports are prepared by management that are supported and evidenced by reliable information. The AFS would be reviewed by Provincial Treasury, Internal Audit and Audit Committee before submission for auditing

<p>IRREGULAR EXPENDITURE</p>	<p>I was unable to obtain sufficient appropriate audit evidence for irregular expenditure as the municipality did not have an adequate system of internal control to disclose irregular expenditure and did not keep proper records. Consequently, I was unable to determine whether any adjustment to irregular expenditure of R391 540 991 (2021: R382 048 886) as disclosed in note 45 to the financial statements was necessary.</p>	<p>Chief Financial Officer and all the Directorates within the Municipality</p>	<ul style="list-style-type: none"> • Chief financial officer will perform a proper review of the financial statements and supporting information prior for submission to ensure that accurate and complete financial reports are supported and evidenced by reliable information. • Quality Annual Financial Statement will be prepared and subjected to Provincial Treasury, Internal Audit and audit committee review. • Management will implement 3days turnaround time to ensure that information requested by auditors is submitted timesiously. Further an audit file with supporting documents will be prepared and reviewed by internal audit and Audit and risk Committee. • Management will prepare an Information Tracking Record, update it and make sure that all outstanding information is submitted to the audit co- coordinators.
<p>UNAUTHORISED EXPENDITURE</p>	<p>I was unable to obtain sufficient appropriate audit evidence for unauthorised expenditure as an accurate comparison of budget to actual expenditure per vote was not available. I was unable to confirm the unauthorised expenditure by alternative means. Consequently I was unable to determine wheter any adjustment relating to unauthorised expenditure of R208 249 738 (2021: R165 891 959) as disclosed in note 43 to the financial statements was necessary.</p>	<p>Chief Financial Officer and all the Directorates within the Municipality</p>	<ul style="list-style-type: none"> • Chief financial officer will perform a proper review of the financial statements and supporting information prior for submission to ensure that accurate and complete financial reports are supported and evidenced by reliable information. • Quality Annual Financial Statement will be prepared and subjected to Provincial Treasury, Internal Audit and audit committee review. • Management will implement 3days turnaround time to ensure that information requested by auditors is submitted timesiously. Further an audit file with supporting documents will be prepared and reviewed by internal audit and Audit and risk Committee. • Management will prepare an Information Tracking Record, update it and make sure that all outstanding information is submitted to the audit co- coordinators.

GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give “full and regular” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “what we do”.
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are “what we use to do the work”. They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	<ul style="list-style-type: none"> • Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving

	specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
Performance Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote:	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a "vote" as:</p> <p><i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i></p> <p><i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i></p>

APPENDICES DESCRIPTIONS

APPENDICES

APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
Finance And Corporate Services	Human Resource, Management and Council Support as well as Financial Management
Technical Services	Infrastructural Development and Maintenance
Community Services and Municipal Planning	Environmental Management and Public Safety Poverty Alleviation and Job Creation
Municipal Public Accounts Committee (MPAC)	Oversight Role
Rules Committee	Maintenance of Order and Compliance
Audit And Risk Committee	Oversight and advisory role
T B	

APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Directorate	Director/Manager (State title and name)
Budget and Treasury Office	Morufa Moloto CFO
Technical Services	Director - Motsumi Mpshe
Community Services	Director - Tiro Seleka
Corporate Services	Director - Bakang Selebogo
Municipal Planning and LED	Director – Ramojakgomo Mojaelo
Internal Audit	Chief Audit Executive - Mpho Mathye
Use as a spill-over schedule if top 3 tiers cannot be accommodated in chapter 2 (T2.2.2).	

APPENDICES DESCRIPTIONS

APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No) *	Function Applicable to Entity (Yes / No)
Constitution Schedule 4, Part B functions:		
Air pollution	NO	N/A
Building regulations	NO	N/A
Childcare facilities	NO	N/A
Electricity and gas reticulation	NO	N/A
Firefighting services	NO	N/A
Local tourism	NO	N/A
Municipal airports	NO	N/A
Municipal planning	YES	N/A
Municipal health services	NO	N/A
Municipal public transport	NO	N/A
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	YES	N/A
Pontoons, ferries, jetties, piers, and harbours, excluding the regulation of international and national shipping and matters related thereto	NO	N/A
Storm water management systems in built-up areas	YES	N/A
Trading regulations	NO	N/A
Water and sanitation services limited to potable water supply systems and domestic wastewater and sewage disposal systems	YES	N/A
Beaches and amusement facilities	NO	N/A
Billboards and the display of advertisements in public places	YES	N/A
Cemeteries, funeral parlours, and crematoria	YES	N/A
Cleansing	NO	N/A
Control of public nuisances	NO	N/A
Control of undertakings that sell liquor to the public	NO	N/A
Facilities for the accommodation, care and burial of animals	NO	N/A
Fencing and fences	NO	N/A

APPENDICES DESCRIPTIONS

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No) *	Function Applicable to Entity (Yes / No)
Constitution Schedule 4, Part B functions:		
Licensing of dogs	NO	N/A
Licensing and control of undertakings that sell food to the public	NO	N/A
Local amenities	YES	N/A
Local sport facilities	YES	N/A
Markets	NO	N/A
Municipal abattoirs	YES	N/A
Municipal parks and recreation	YES	N/A
Municipal roads	YES	N/A
Noise pollution	NO	N/A
Pounds	NO	N/A
Public places	NO	N/A
Refuse removal, refuse dumps and solid waste disposal	YES	N/A
Street trading	NO	N/A
Street lighting	YES	N/A
Traffic and parking	YES	N/A
T D		

APPENDICES DESCRIPTIONS

APPENDIX E – WARD REPORTING

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
Ward 1	Cllr B. Kenosi	Yes	02	0	0
	Jane Marei, Ester Mothibi, Obed Pulenyane, Kedisalet Seleka, Daniel Nthethane, Patric Motlogelwa, Marry Thafa and Khululekile Guga				
Ward 2	Cllr K.E. Pitso	Yes	01	0	0
	Rose Segolabego, Tidimalo Mokgatlhe, Sheila Mooki, Kenneth Menoe, Benedict Bodirwa, Ketlhoetsweng Mohube, Itumeleng Sesweu, Boitumelo Kgomari and Kabelo Mogotsi				
Ward 3	Cllr B. Monamodi	Yes	05	0	0
	Patricia Malome, Comfort Molebatsi, Moleko Semele, Cunittia Dire, Olefile Senna, Boitumelo Rakate, Dorothy Tshenyego, Reginah Senna and Clive Mabotse				
Ward 4	Cllr J. Keebine	Yes	01	0	0
	Coulson Mokgatlhe, Gabanowe Molotsi, Khumoetsile Pine, Kgotso Molokwane, Oratile Mothoagae, Ntebogang Tabane, Brown Masenya, Tumisang Tsholo, Brenda Matladi and Thabo Malejwe				

APPENDICES DESCRIPTIONS

Ward 5	Cllr K. Tsile	Yes	02	0	0
	Tshidiso Mogale, Paul Mogwere, Solomon Marumo, Semphiwe Mangame, Kgomoitso Selebogo, Rapula Lethoko, Kgomoitso Mongae				
Ward 6	Cllr P. Lekwape	Yes	02	0	0
	Mmangaka Moletsane, Justice Mongwelwa, Gomotsegang Moagi, Shine Senna, Ngisang Romane, Kabelo Morweng, Dineo Malakane				
Ward 7	Cllr P. Mokgathe	Yes	0	0	0
	Jafta Keebine, Godfrey Mokgaotsi, Tshogofatso Marabanyane, Baratang Mokgathe, Mogajane Dineo, Moiloa Dikgang, Moumakwa Fanka, Letlole Refilwe, Malati Collen				
Ward 8	Cllr V. Mogale	Yes	02	0	0
	Utlwanang Maema, Tshepiso Matladi, Bogatsu Constance, Makgokgoa Motlhaodi, Moiloa Seborang, Molefe Jonas, Maswabi Tsholofelo, Marungwana Daniel, Makokeo Kgomoitso				
Ward 9	Cllr Motlogelwa	Yes	03	0	0
	Motlalepula Mosagale, Maleshwane Moiloa, Mmoloki Molefe. Hans Moiloa, Gladys Molobela, Itumeleng Magalakwe, Othusitse Tshokedi, Vivian Segatsho and James Raphotho				

APPENDICES DESCRIPTIONS

Ward 10	Cllr P.R. Mogorosi	Yes	02	0	0
	Julia Ramesega, Mothusi Moswele, Tebogo Lootwane, Bennet Mothudi, Matlhogonolo Mootso, Matshediso Disemelo, Opelo Senatle, Tebogo Moremedi, Caroline Ratshikane and Lilian Kgwadibe				
Ward 11	Cllr I. Malatsi	Yes	05	0	0
	Kelebogile Pholo, Dora Merementsi, Kerotse Morake, Bafana Montshiwa, Masego Makoko, Mpho Moiloa, Sadi Motang, Ofentse Mogotsi, Kgosietsile Morake and Ntona Mafora				
Ward 12	Cllr P. Odiseng	Yes	03	0	0
	Thabo Nawane, Semakaleng Mosiele, Boitumelo Moletsane, Dineo Mosimane, Othusitse Odiseng, Tshagofatso Mogapi, Mothusi Dilatlheng, Abram Gulam, Ikageleng Direnyane and Sonnyboy Boikanyo				
Ward 13	Cllr T. Gasealashwe	Yes	03	0	0
	Durius Motlhanke, Bareetseng Molefe, Linda Tshiamo, Kagiso Moremedi, Magrecia Nyamane, Bernica Mogorwa, Olebeng Tsholo, and Nnana Molebatsi				
Ward 14	Cllr Thapelo Tlhome	Yes	02	0	0
	Lucky Kgomari, Goitseone Shawe, Abram Motswaiso, Kabelo Mogami, Ernest Tshuba, Kgomotso Molefe, Boitumelo Molefi, Edwin Matlho, Lerato Sera and Dimakatso Sebothe				

APPENDICES DESCRIPTIONS

Ward 15	Cllr O. Moseki	Yes	03	0	0
	Fanoo Pam, Thato Wilson, Winnie Nyantwa, Glen Mogale, Rebecca Mabe, Puso Magalakwe, Patricia Sebopelo, Evah Bareng, Kelebogile Seropole and Matshidiso Mabe				
Ward 16	Cllr A, Thale	Yes	02	0	0
	Donaven Cordier, Rantao Jeanette, Matebesi Flora, Machoole Keorapetse, Seleka Lucas, Thandi Nemazi, Faizel Jeena, Maria Mapaga, Tshepang Kwenanyane and Sindiwe Masondo				
Ward 17	Cllr D. Seakantoa	Yes	02	0	0
	Thabo Mosadi, Peter Motshwari, Johanna Morokane, Tshepo Kgampe, Jane Tsibogo, Kedidimetse Molatole, Onica Motsiane, Joel Mogorosi, Bertha Mafole and Binang Moloto				
Ward 18	Cllr P. Letshufi	Yes	03	0	0
	Pilot Mosothoane, Olefile Pule, Rebafilwe Makgale, Thabiso Sebese, Marks Molefe, Lesego Motlholo, Lesedi Senosi, Ikgopoleng Mokgethe, Kgotlaetsile Mokgethi, and Kgakgamatso Motlhabane				
Ward 19	Cllr K. Mokgatlhe	Yes	02	0	0
	Mmapula Mongale, Tebogo Phege, Ntebaleng Matlare, Johannes Moatlhodi, Kwatile Albert, Motlhabane Tlhophago, Madube Kelebogile, Moopelo Thabo, Motsumi Diboleleng and Mosweu Snyman				

APPENDICES DESCRIPTIONS

APPENDIX F – WARD INFORMATION

Basic Service Provision					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Households with minimum service delivery	0		45264		
Households without minimum service delivery	0		985		
Total Households*			46249		
Houses completed in year					
Shortfall in Housing units					
*Including informal settlements					T.F.2

APPENDIX F1 – CAPITAL PROJECTS: SEVEN LARGEST IN 2021/22 (FULL LIST AT APPENDIX O)

APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 2021/22

AUDIT & RISK COMMITTEE RESOLUTIONS REGISTER 2021/2022 IN PROGRESS

APPENDICES DESCRIPTIONS

Municipal Audit Committee Recommendations					
NO	RESOLUTION NUMBER	RESOLUTION TAKEN	TARGET DATE	RESPONSIBLE OFFICIAL	PROGRESS/CHALLENGES/INTERVENTIONS
1	ARC 06:26/10/15	Covering letter be prepared for the Litigation report and a column for amount claimed for exposure be added to the report. 2017/09 - ARCOM also advised the management not to link the person to the institution, referring to the vacancy of the position for the Legal Manager	Next ARCOM Quarterly Meeting	MM/Legal Manager	The position is Re-advertised
2	ARC 08:09/04/18	Review of Performance Assessment by Internal Audit and report be presented to the committee.	Next Meeting	CAE	In progress. Staff Regulations adopted by Council for implementation
3	ARC 17:15/04/2019	Internal Audit not adequately Resourced audit query to be addressed. Options available for MANCO to consider • Appoint additional staff for the office • Co-source additional resources to supplement the existing team • Ask for assistance from the District and Province	Immediately /Monitor weekly	MM/Director Corporate Services	02 Internal Auditors appointed to increase IA capacity.
4	ARC 05:01/10/2019	Project plan for cascading PMS to lower level be prepared and presented to ARCOM	30 September 2022	PMS Manager/MM	Staff Regulations adopted by Council for implementation Project plan for cascading PMS to lower level still ongoing.
5	ARC 09:01/10/2019	MSCOA to be a standing item for ARCOM, Council and Senior Management meetings.	Next ARCOM meeting	CFO	Ongoing. The matter is still receiving attention.
6	ARC 07:11/11/2019	UIF+W Expenditure report to be sent to MM and Sec32 committee for investigations.	Next ARCOM meeting	CFO/Manager budget	Investigations still pending. Panel for investigating UIF appointed

APPENDICES DESCRIPTIONS

7	ARC 02:16/03/20 20	IA should conduct leave audit including registers, CAE should give report to ARCM with regard to audit conducted.	Next ARCOM meeting	CAE	Leave Management Internal Controls process reviewed
8	ARC 04:16/03/20 20	ICT and Budget steering committee to compile report and present to ARCOM	Next ARCOM meeting	ICT/Budget steering committee	Due to budget cuts requested by Provincial Treasury, no Capital Projects were allocated to ICT
9	ARC 05:16/03/20 20	Strategic session to be held on 23/03/2020	23/03/202 0	MM	Strategic Planning Workshop Conducted.
10	ARC 08:16/03/20 20	Quarterly report on DBSA to be sent to ARCOM.	Quarterly		Presented

APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

Long Term Contracts (20 Largest Contracts Entered into during 2021/22)					
					R' 000
Name of Service Provider (Entity or Municipal Department)	Description of Services Rendered by the Service Provider	Start Date of Contract	Expiry date of Contract	Project manager	Contract Value
Activa valuation services	Compilation of Valuation roll	24/05/2018	30/05/2024	Unit manager revenue	R1 085 064.28
Gopane bridges and storm water	Design and construction of bridges	2020'	30/06/2023	Manager PMU	R 27 000 000
Borakalalo Bridge and Link Road	Design and construction of bridges and link road	2020	30/06/2023	Manager PMU	R 30 000 000

APPENDICES DESCRIPTIONS

APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

INFORMATION NOT APPLICABLE FOR MUNICIPALITY

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July to 30 June of 2021/22 (Current Year)		
Position	Name	Description of Financial interests* (Nil / Or details)
(Executive) Mayor	DM Pitso	N/A
Member of Mayor / Exco	A N Nyamane	N/A
	G Pule	N/A
	B G Monamodi	La-Confidence beauty pageant primary co-operative limited
	L Motsokwane	N/A
	K I Manthoko	N/A
	A B Cassanga	N/A
	C Dreyer	N/A
	T Sebolao	N/A
Councilor		
	M P Moabi	Pitso Engineering Pty

APPENDICES DESCRIPTIONS

	A B Cassanga	D. K. Trading
	K venter	Karliën venter skryfbehoeftes
Municipal Manager	Frans Mabokela	N/A
Chief Financial Officer	M Moloto	Onalerona Consulting (Pty)
		Thatsofatso Trading Projects
		Lechuene Projects
Deputy MM and (Executive) Directors	N/A	N/A
Other S57 Officials		
Director Community Services	T Seleka	Selaka A Tau Business Enterprise
Chief Internal Audit	M Mathye	N/A
Director Municipal Planning and Development	R Mojapelo	CJL Logistics Enterprise
		Lahlein Resources Enterprise
Director Corporate Services	B Selebogo	N/A
Director Technical Services	M Mpshe	N/A
<i>* Financial interests to be disclosed even if they incurred for only part of the year. See MBRR SA34A</i> T J		

APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote						
						R' 000
Vote Description	2020/21	Current: 2021/22		2021/22 Variance		
	Actual	Original Budget	Adjusted Budget/	Actual	Original Budget	Adjustments Budget
Vote 1 - Executive and Council	48,890	17,944	17,944	33,653	15,709	15,709
Vote 2 - Finance and Administration	132,773	290,725	250,417	129,216	(161,509)	(121,202)
Vote 3 - Technical Services	143,593	146,533	137,580	168,437	21,904	30,858
Vote 4 - Community and Social Services	59,029	38,423	38,275	35,760	(2,662)	(2,514)
Vote 5 - Planning and Development	3,628	42,205	28,276	34,343	(7,863)	6,067
Total Revenue by Vote	387,914	535,829	472,491	401,409	(134,421)	(71,082)
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3</i>						T K.1

APPENDICES DESCRIPTIONS

APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source						
						R '000
Description	2020/21	2021/22			2021/22 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	–	54,588	61,161	54,043	-1%	-13%
Property rates - penalties & collection charges	–	–	–	–	-	-
Service Charges - electricity revenue	–	75,136	56,929	54,837	-37%	-4%
Service Charges - water revenue	–	10,540	8,072	8,584	-23%	6%
Service Charges - sanitation revenue	–	3,155	560	217	-1353%	-158%
Service Charges - refuse revenue	–	10,836	14,169	11,695	7%	-21%
Service Charges - other	–	–	–	–	0%	0%
Rentals of facilities and equipment	–	10	86	985	99%	91%
Interest earned - external investments	–	195	8	805	76%	99%
Interest earned - outstanding debtors	–	914	–	–	0%	0%
Dividends received	–	–	–	–	0%	0%
Fines	–	4,580	511	355	-1190%	-44%
Licenses and permits	–	11,603	2,811	3,476	-234%	19%
Agency services	–	–	–	–	0%	0%
Transfers recognized - operational	–	199,630	211,075	263,461	24%	20%
Other revenue	–	30,528	14,168	2,951	-934%	-380%
Gains on disposal of PPE	–	–	–	–	0%	0%
Environmental Protection	–	–	–	–	0%	0%
Total Revenue (excluding capital transfers and contributions)	–	401,715	369,550	401,409	-0.08%	7.94%
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.						T K.2

APPENDICES DESCRIPTIONS

APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants: excluding MIG						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Neighborhood Development Partnership Grant						
Public Transport Infrastructure and Systems Grant						
Other Specify:						
INEP	6,775	6,775	6,775	0.00%	0.00%	
FMG	2,120	2,120	2,120	0.00%	0.00%	
EPWP	1,212	1,212	1,212	0.00%	0.00%	
Library Grant	–	887	887	88700000.00%	0.00%	
Total	10,107	10,994	10,994			
<i>* This includes Neighborhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG) which is dealt with in the main report, see T 5.8.3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Obtain a list of grants from national and provincial government.</i>						TL

APPENDICES DESCRIPTIONS

APPENDIX M: CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES

Capital Expenditure - New Assets Programme*							
R '000							
Description	2020/21	2021/22			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Infrastructure - Total	28,575	42,051	76,075	49,320	–	–	–
Infrastructure: Road transport - Total	28,433	35,076	55,076	38,908	–	–	–
<i>Roads, Pavements & Bridges</i>		35,076	55,076	38,908			
<i>Storm water</i>							
Infrastructure: Electricity - Total	–	6,775	6,775	6,775	–	–	–
<i>Generation</i>							
<i>Transmission & Reticulation</i>	–	6,775	6,775	6,775			
<i>Street Lighting</i>							
Infrastructure: Water - Total	–	–		–	–	–	–
<i>Dams & Reservoirs</i>							
<i>Water purification</i>							
<i>Reticulation</i>							
Infrastructure: Sanitation - Total	–	–		–	–	–	–
<i>Reticulation</i>							
<i>Sewerage purification</i>							
Infrastructure: Other - Total	143	200	14,224	3,637	–	–	–
<i>Waste Management</i>							
<i>Transportation</i>		–	11,840	2,382			
<i>Gas</i>							
<i>Other</i>	143	200	2,384	1,255			
Community - Total	–	–		–	–	–	–
<i>Parks & gardens</i>							
<i>Sportsfields & stadia</i>							
<i>Swimming pools</i>							
<i>Community halls</i>							

APPENDICES DESCRIPTIONS

Libraries							
Recreational facilities							
Fire, safety & emergency							
Security and policing							
Buses							
Clinics							
Museums & Art Galleries							
Cemeteries							
Social rental housing							
Other							
<i>Table continued next page</i>							

APPENDICES DESCRIPTIONS

APPENDIX M (i): CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME

Table continued from previous page

Capital Expenditure - New Assets Programme*							
R '000							
Description	2020/21	2021/22			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Heritage assets - Total	-	-		-	-	-	-
Buildings							
Other							
Investment properties - Total	-	-		-	-	-	-
Housing development							
Other							
Other assets	-	-		-	-	-	-
General vehicles							
Specialised vehicles							
Plant & equipment							
Computers - hardware/equipment							
Furniture and other office equipment							
Abattoirs							
Markets							
Civic Land and Buildings							
Other Buildings							
Other Land							
Surplus Assets - (Investment or Inventory)							
Other							
Agricultural assets	-	-		-	-	-	-
List sub-class							
Biological assets	-	-		-	-	-	-
List sub-class							

APPENDICES DESCRIPTIONS

<u>Intangibles</u>	-	-		-	-	-	-
Computers - software & programming							
Other (<i>list sub-class</i>)							
Total Capital Expenditure on new assets	28,575	42,051		49,320	-	-	-
<u>Specialized vehicles</u>	-	-		-	-	-	-
Refuse							
Fire							
Conservancy							
Ambulances							
* Note: Information for this table may be sourced from MBRR (2009: Table SA34a)							T M.1

APPENDICES DESCRIPTIONS

APPENDIX M (ii): CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMME

There were no renewal programmes in the current year.

APPENDIX N – CAPITAL PROGRAMME BY PROJECT 2021/22

Capital Programme by Project: 2021/22					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Construction of Borakalalo Bridge and Link Road (Multi Year)	9 785 325,00	15 678 889,90	15 678 889,90	8%	11%
Construction of Gopane Bridges (Multi Year)	9 785 326,60	13 004 148,02	1 004 148,02	-1195%	-874%
Upgrading of Dinokana Internal Roads and Stormwater (Rolled over from 2020/21)	1 500 000,00	2 735 202,65	2 735 202,65	0%	45%
Upgrading of Gopane Internal Roads and Stormwater, Phase 2	6 000 000,00	6 684 582,04	6 684 582,04	0%	10%
Upgrading of Groot-Marico Internal Roads and Stormwater, Phase 2 (Rolled over from 2020/21)	1 500 000,00	4 387 613,42	4 387 613,42	0%	66%
Upgrading of Morulakop Internal Roads and Stormwater (Rolled over from 2020/21)	2 500 000,00	3 429 536,50	3 429 536,50	0%	27%
Upgrading of Mosweu Internal Roads and Stormwater, Phase 2 (Rolled over from 2020/21)	2 500 000,00	2 500 000,00	2 500 000,00	0%	0%
					T N

APPENDICES DESCRIPTIONS

APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD 2020/21

Capital Programme by Project by Ward: 2021/22			R' 000
Capital Project	Ward(s) affected	Works completed (Yes/No)	
STORMWATER			
Construction of Borakalalo Bridge and Stormwater	Ward 04	No	
Construction of Gopane Bridges	Wards 06 & 09	No	
Electricity			
Electrification of Kruisrevier 250 house holds	Ward 16	No	
			<i>T O</i>

APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

Water Services

Inconsistent water supply at Motswedi High School

Remedial Action

The District Municipality to fast track the sustainability of water supply around Motswedi High

APPENDICES DESCRIPTIONS

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

Service Backlogs Experienced by the Community where another Sphere of Government is the Service Provider (where the municipality whether or not act on agency basis)		
Services and Locations	Scale of backlogs	Impact of backlogs
Clinics:		
N/A		
Housing:		
N/A		
Licensing and Testing Centre:		
	No backlogs experienced at Licensing and Testing Centers	None
Reservoirs		
N/A		
Schools (Primary and High):		
None		
Sports Fields:		
	None	None
T Q		

APPENDIX R – DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

There were no loans made

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

All MFMA Sec 71 Returns were made in due time

APPENDIX T – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

APPENDICES DESCRIPTIONS

Not Applicable as all information has already been covered in other areas of the Annual Report

APPENDICES DESCRIPTIONS

VOLUME II: ANNUAL FINANCIAL STATEMENTS

Provide the Annual Financial Statements (AFS) to the respective financial year as submitted to the Auditor-General. The completed AFS will be Volume II of the Annual Report.



Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2022

General Information

Legal form of entity	Local Municipality
Nature of business and principal activities Lehurutshe and Groot Marico areas.	Provision of municipal services to communities within Zeerust,
Mayor	DM Pitso
Speaker	KR Mogotsi
Executive Council	AN Thale VO Mogale TV Kena JK Mokgatlhe TG Katametsi AN Nyamane
Councilors'	KB Kenosi KE Pitso BG Monamodi TJ Keebine KP Tsile KP Lekwape P Mokgatlhe E Motlogelwa PR Mogorosi I Malatsi MP Odiseng TP Gaealashwe TS Tlhame OG Moseki DA Seakentoa LP Letshufi IE Motshwaedimoarabi IS Suliman TJ Morebantwa OO Diale RA Kgakatsi KD Molefe RA Moiloanyane

General Information

	M Mومakwa
	E Lof
	PM Keebine
	KJ Ledikwa
	KR Mosiane
	K Venter-Jacobs
Grading of local authority	Grade 3
Accounting Officer	FT Mabokela
Chief Finance Officer	M Moloto
Business address	C/o President & Coetzee Street Zeerust 2865
Postal address	P O Box 92 Zeerust 2865
Bankers	First National Bank
Auditors	Auditor General of South Africa

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

	Page
Accounting Officer's Responsibilities and Approval	4
Accounting Officer's Report	5
Statement of Financial Position	6
Statement of Financial Performance	6 - 7
Statement of Changes in Net Assets	8
Cash Flow Statement	9
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Notes to the Annual Financial Statements	31 - 68

Accounting Officer's Responsibilities and Approval

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

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

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

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

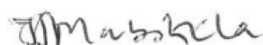
The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal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

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

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

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

The annual financial statements set out on pages 5 to 68, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2022 and were signed on its behalf by:



Mr. F. T Mabokela

Municipal Manager

Accounting Officer's Report

The accounting officers submit their report for the year ended 30 June 2022.

1. Review of activities

Main business and operations

The municipality is engaged in provision of municipal services and operates principally in South Africa.

The operating results and state of affairs of the municipality are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

2. Going concern

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

3. Subsequent events

The accounting officers are not aware of any matter or circumstance arising since the end of the financial year.

4. Accounting policies

The annual financial statements prepared in accordance with the South African Statements of Generally Recognised Accounting Practice (GRAP), including any interpretations of such Statements issued by the Accounting Practices Board, and in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

5. Accounting Officer

The accounting officers of the municipality during the year and to the date of this report are as follows:

Name	Nationality	Changes
FT Mabokela	South Africa	Appointed 2021/07/07
E Mangope	South Africa	Appointed 07/07/2020 to 07/07/2021

6. Corporate governance

General

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

Audit and risk committee

The Audit Committee has complied with the responsibilities arising from Section 166 of the Municipal Finance Management Act and Circular 65 issued by National Treasury. The Audit Committee has adopted appropriate formal terms of reference as its Audit Committee Charter, and it has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

7. Auditors

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

Statement of Financial Position as at 30 June 2022

		2022	2021 Restated*
	Note(s)		
Assets			
Current Assets			
Inventories	3	9 680 934	8 071 693
Receivables from exchange transactions	4	20 621 027	12 514 972
Receivables from non-exchange transactions	5	261 090	251 064
Consumer debtors	6	115 906 811	125 561 029
Cash and cash equivalents	7	16 724 762	5 993 925
		163 194 624	152 392 683
Non-Current Assets			
Investment property	8	44 931 997	45 144 815
Property, plant and equipment	9	631 766 394	636 530 564
Intangible assets	10	45 362	216 471
Heritage assets	11	404 550	404 550
		677 148 303	682 296 400
Total Assets		840 342 927	834 689 083
Liabilities			
Current Liabilities			
Other financial liabilities	12	370 573	265 268
Payables from exchange transactions	13	139 806 856	146 199 565
VAT payable	17	5 652 552	5 220 445
Consumer deposits	14	2 515 744	2 329 845
Employee benefit obligation	15	915 000	915 000
Unspent conditional grants and receipts	18	14 556 334	696 732
		163 817 059	155 626 855
Non-Current Liabilities			
Other financial liabilities	12	1 569 417	1 856 634
Employee benefit obligation	15	42 596 000	37 346 000
Unspent conditional grants and receipts	18	1 382 603	5 889 225
Provisions	16	53 332 204	48 411 565
		98 880 224	93 503 424
Total Liabilities		262 697 283	249 130 279
Net Assets		577 645 644	585 558 804
Accumulated surplus		577 645 644	585 558 804
Total Net Assets		577 645 644	585 558 804

Statement of Financial Performance

		2022	2021 Restated*
	Note(s)		
Revenue			
Revenue from exchange transactions			
Service charges	20	75 333 086	73 161 209
Licenses and permits	21	3 475 509	1 643 024
Connections and disconnections		783 446	578 602

Ramotshere Moiloa Local Municipality

Rental income		92 368	96 806
Sundry Income		984 747	733 299
Sale of Land		513 627	296 424
Interest received - investment	22	805 190	662 207
Total revenue from exchange transactions		81 987 973	77 171 571
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	23	54 042 527	51 344 240
Transfer revenue			
Government grants & subsidies	24	263 461 076	258 781 881
Fines, penalties and forfeits	25	355 054	573 997
Total revenue from non-exchange transactions		317 858 657	310 700 118
Total revenue	19	399 846 630	387 871 689
Expenditure			
Employee related costs	26	(157 736 629)	(157 136 208)
Remuneration of councilors	27	(13 884 476)	(14 808 759)
Depreciation and amortization	28	(41 742 451)	(40 077 976)
Finance costs	29	(13 365 507)	(9 068 264)
Lease rentals on operating lease	30	(1 557 290)	(1 294 202)
Debt Impairment		(6 891 783)	(5 224 035)
Repairs and maintenance		(14 933 152)	(7 416 338)
Bulk purchases	31	(72 171 258)	(60 706 608)
Contracted services	32	(12 526 003)	(11 759 423)
Loss on disposal of assets and liabilities		(5 264 842)	(208 969)
General expenses	33	(76 210 005)	(70 461 218)
Total expenditure		(416 283 396)	(378 162 000)
(Deficit) surplus for the year from continuing operations		(16 436 766)	9 709 689
Actuarial valuation movement		1 562 000	42 000
(Deficit) surplus for the year		(14 874 766)	9 751 689

Statement of Changes in Net Assets

	Accumulated surplus / deficit	Total net assets
Balance at 01 July 2020	575 807 115	575 807 115
Changes in net assets		
Surplus for the year	9 751 689	9 751 689
Total changes	9 751 689	9 751 689
Restated* Balance at 01 July 2021	592 520 410	592 520 410
Changes in net assets		
Surplus for the year	(14 874 766)	(14 874 766)
Total changes	(14 874 766)	(14 874 766)
Balance at 30 June 2022	577 645 644	577 645 644

Cash Flow Statement

		2022	2021 Restated*
	Note(s)		
Cash flows from operating activities			
Receipts			
Service charges & property rates		137 118 501	101 111 949
Grants and conditional receipts		263 461 076	258 781 881
Interest income		805 190	662 207
		<u>401 384 767</u>	<u>360 556 037</u>
Payments			
Employee costs		(171 621 105)	(171 909 967)
Suppliers		(170 816 745)	(157 941 235)
Finance costs		(13 365 507)	(9 068 264)
		<u>(355 803 357)</u>	<u>(338 919 466)</u>
Net cash flows from operating activities	34	<u>45 581 410</u>	<u>21 636 571</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(42 544 500)	(30 193 621)
Proceeds from sale of property, plant and equipment	9	7 852 209	10 565 083
Proceeds from sale of investment property	8	128 935	213 010
Net cash flows from investing activities		<u>(34 563 356)</u>	<u>(19 415 528)</u>
Cash flows from financing activities			
Repayment of other financial liabilities		(287 217)	(265 281)
Net increase/(decrease) in cash and cash equivalents		<u>10 730 837</u>	<u>1 955 762</u>
Cash and cash equivalents at the beginning of the year		5 993 925	4 038 163
Cash and cash equivalents at the end of the year	7	<u>16 724 762</u>	<u>5 993 925</u>

Statement of Budget and Actual Amounts

Ramotshere Moiloa Local Municipality

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
2022											
Financial Performance											
Property rates	54 588 000	6 573 000	61 161 000	-		61 161 000	54 042 527		(7 118 473)	88 %	99 %
Service charges	99 668 000	(19 938 000)	79 730 000	-		79 730 000	75 333 086		(4 396 914)	94 %	76 %
Investment revenue	1 119 000	(1 025 000)	94 000	-		94 000	805 190		711 190	857 %	72 %
Transfers Recognised - operational	199 630 000	12 332 000	211 962 000	-		211 962 000	217 971 228		6 009 228	103 %	109 %
Other own revenue	46 711 000	(29 221 000)	17 490 000	-		17 490 000	7 766 751		(9 723 249)	44 %	17 %
Total revenue (Excluding capital transfers and contributions)	401 716 000	(31 279 000)	370 437 000	-		370 437 000	355 918 782		(14 518 218)	96 %	89 %
Employee costs	(143 692 000)	(15 487 000)	(159 179 000)-	-		(159 179 000)	(157 736 629)		- 1 442 371	99 %	110 %
Remuneration of councilors	(14 594 000)	(1 206 000)	(15 800 000)-	-		(15 800 000)	(13 884 476)		- 1 915 524	88 %	95 %
Debt impairment	(77 576 000)	39 396 000	(38 180 000)			(38 180 000)	(6 891 783)		- 31 288 217	18 %	9 %
Depreciation and asset impairment	(32 114 000)	(9 413 000)	(41 527 000)			(41 527 000)	(41 742 451)		- (215 451)	101 %	130 %
Finance charges	(500 000)	(900 000)	(1 400 000)-	-		(1 400 000)	(13 365 507)		- (11 965 507)	955 %	2 673 %
Materials and bulk purchases	(76 939 000)	7 823 000	(69 116 000)-	-		(69 116 000)	(72 171 258)		- (3 055 258)	104 %	94 %
Other expenditure	(38 457 000)	(36 187 000)	(74 644 000)-	-		(74 644 000)	(110 491 292)		- (35 847 292)	148 %	287 %
Total expenditure	(383 872 000)	(15 974 000)	(399 846 000)-	-		(399 846 000)	(416 283 396)		- (16 437 396)	104 %	108 %
Surplus/(Deficit)	17 844 000	(47 253 000)	(29 409 000)	-		(29 409 000)	(60 364 614)		(30 955 614)	205 %	(338) %

Ramotshere Moiloa Local Municipality

Appropriation Statement

	Original budget	Budget adjustments (i.t.o. s28 and of the MFMA)	Final adjustments budget s31	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	A c t u a l outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	45 902 000	20 000 000	65 902 000	-		65 902 000	45 489 848		(20 412 152)	69 %	99 %
Surplus (Deficit) after capital transfers and contributions	63 746 000	(27 253 000)	36 493 000	-		36 493 000	(14 874 766)		(51 367 766)	(41) %	(23) %
Surplus/(Deficit) for the year	63 746 000	(27 253 000)	36 493 000	-		36 493 000	(14 874 766)		(51 367 766)	(41) %	(23) %

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

2022 2021

Note(s)

1. Presentation of Annual Financial Statements

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

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

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

These accounting policies are consistent with the previous period.

1.1 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.

1.2 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.

In the process of applying its accounting policies, and in preparing the annual financial statements, management is required to make various judgements, including estimates and assumptions, that may affect the determination of the reporting framework, affect amounts represented in the annual financial statements and as well as 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.

Other significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes.

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

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

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

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the [name a key assumption] assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including [list entity specific variables, i.e. production estimates, supply demand], together with economic factors such as [list economic factors such as exchange rates inflation interest].

Provisions

Provisions were raised and management determined an estimate based on the information available.

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material. Additional disclosure of these estimates of provisions are included in note 17 - Provisions.

Provision for Landfill Sites

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

Management referred to the following when making assumptions regarding provisions:

- Professional engineers are utilised annually to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site
- Interest rates linked to appropriate government bond rates were used to calculate the effect of time value of money.

Useful lives of waste and water network and other assets

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

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.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 15.

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Distribution losses

The Municipality recognises electricity distribution losses. Management calculates the distribution losses based on the energy that was not recovered after deducting internal usage.

The Municipality recognises water distribution losses. Management calculates the distribution losses based on the water not recovered as a result of burst pipes, leaks and unmetered water sites.

1.3 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
Property - buildings	50 years

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

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

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

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements (see note 8).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the annual financial statements (see note 8).

1.4 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.

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.4 Property, plant and equipment (continued)

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.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

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

Item	Depreciation method	Average useful life
Land	Straight-line	Indefinite
Buildings	Straight-line	20-100 years
Plant and machinery	Straight-line	3-10 years
Furniture and fixtures	Straight-line	3-10 years
Motor vehicles	Straight-line	5-10 years
Office equipment	Straight-line	3-10 years
IT equipment	Straight-line	3-10 years
Infrastructure	Straight-line	20-100 years
Community	Straight-line	20-100 years
Other property, plant and equipment	Straight-line	3-10 years
Roads and Stormwater Assets	Straight-line	20-100 years
Electricity assets	Straight-line	20-100 years
Other assets	Straight-line	3-10 years

Accounting Policies

1.4 Property, plant and equipment (continued)

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.

1.5 Site restoration and dismantling cost

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which a municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

- (a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- (b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- (c) if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

If the related asset is measured using the revaluation model:

- (a) changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
 - a decrease in the liability (subject to (b)) is credited to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit
 - an increase in the liability is recognised in surplus or deficit, except that it is debited to the revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.
- (b) in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit; and
- (c) a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit or net assets under (a). If a revaluation is necessary, all assets of that class are revalued.

1.6 Heritage assets

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

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.

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.6 Heritage assets (continued)

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.

Recognition

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

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

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

Impairment

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

Derecognition

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

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.7 Financial instruments

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

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

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

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

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

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

Accounting Policies

1.7 Financial instruments (continued)

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

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

A financial asset is:

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

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

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

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

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

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

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

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

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

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

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

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

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Accounting Policies

1.7 Financial instruments (continued)

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

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

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

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

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

1.8 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

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Accounting Policies

1.8 Statutory receivables (continued)

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.

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

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Accounting Policies

1.8 Statutory receivables (continued)

- 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.

1.9 Leases

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

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

Finance leases - lessee

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

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

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

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

Operating leases - lessor

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

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

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

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

Operating leases - lessee

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

1.10 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Accounting Policies

1.10 Inventories (continued)

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.

1.11 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.

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.

1.12 Impairment of cash-generating assets

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

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

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

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

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

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

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

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

Accounting Policies

1.12 Leases (continued)

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.

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

1.13 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.

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.

Accounting Policies

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

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.

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

1.14 Employee benefits

Short-term employee benefits

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

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

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

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

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Accounting Policies

1.14 Employee benefits (continued)

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method. Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

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

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

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

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

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

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

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

Other long term employee benefits

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the municipality.

The municipality's net obligation in respect of long service awards is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value.

1.15 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.

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.

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Accounting Policies

1.15 Provisions and contingencies (continued)

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

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating surplus (deficit).

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 36.

1.16 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

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.

1.17 Revenue from exchange transactions

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

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

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

Measurement

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

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non-contractual) arrangement (see the accounting policy on Statutory Receivables).

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.

Accounting Policies

1.17 Revenue from exchange transactions (continued)

Rendering of services

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

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

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

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

1.18 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 arises when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

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

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

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.

Ramotshere Moiloa Local Municipality

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Accounting Policies

1.18 Employee benefits (continued)

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

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

Recognition

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

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

Measurement

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

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

Interest is recognised using the effective interest rate method for financial instruments and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

Taxes

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 municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied. The

taxable event for income tax is the earning of assessable income during the taxation period by the taxpayer.

The taxable event for value added tax is the undertaking of taxable activity during the taxation period by the taxpayer. The

taxable event for customs duty is the movement of dutiable goods or services across the customs boundary.

The taxable event for estate duty is the death of a person owning taxable property.

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.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

Accounting Policies

1.18 Employee benefits (continued)

Government Grants and Subsidies

Government grants are recognised as revenue when:

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

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

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

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

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.

1.19 Turnover

Turnover comprises of sales to customers and service rendered to customers. Turnover is stated at the invoice amount and is exclusive of value-added taxation.

1.20 Investment income

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

1.21 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds. Borrowing costs are recognised as an expense in the period in which they are incurred.

1.22 Comparative figures

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

1.23 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.

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.23 Unauthorised expenditure (continued)

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).

1.24 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).

1.25 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy.

Irregular expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

1.26 Budget information

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

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

The approved budget covers the fiscal period from 2021/07/01 to 2022/06/30.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.27 Related parties

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

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

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

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

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

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

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 favorable 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.

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.27 Related parties (continued)

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

1.28 Events after reporting date

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

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

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

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

1.29 Cash and cash equivalents

Cash includes cash on hand, cash held with banks, and call deposits. Cash equivalents are short-term bank deposits with a maturity of three months or less from inception, readily convertible to cash without significant change in value.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts.

Notes to the Annual Financial Statements

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

Standard/ Interpretation: Years beginning on or after	Effective date:	Expected impact:
• GRAP 34: Separate Financial Statements	01 April 2021	The impact of the is not material.
• GRAP 35: Consolidated Financial Statements	01 April 2021	The impact of the is not material.
• GRAP 36: Investments in Associates and Joint Ventures	01 April 2021	The impact of the is not material.
• GRAP 37: Joint Arrangements	01 April 2021	The impact of the is not material.
• GRAP 38: Disclosure of Interests in Other Entities	01 April 2021	The impact of the is not material.
• GRAP 110 (as amended 2016): Living and Non-living Resources	01 April 2021 material.	The impact of the is not material.
• GRAP 18 (as amended 2016): Segment Reporting	01 April 2021	The impact of the is not material.

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2022 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
Guideline: Guideline on the Application of Materiality to Financial Statements	01 July 2022 material impact	Unlikely there will be a

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

	2022	2021
3. Inventories		
Consumable stores	9 680 934	8 071 693
Inventories recognised as an expense during the year	481 678	1 025 137
Inventory pledged as security		
No inventory assets were pledged as security for liabilities.		
4. Receivables from exchange transactions		
Prepayments	539 533	357 595
Third party vendors	15 915 339	7 991 222
Housing debtors	4 113 570	4 113 570
Rental debtors	52 585	52 585
	20 621 027	12 514 972
Third party vendors		
The municipality has a system for prepaid electricity whereby customers can purchase electricity through a third-party vendor, the money from customers is received by a third party whom in turn pay over to the municipality the amount received net of commission and transaction fees.		
5. Receivables from non-exchange transactions		
Fines	211 411	211 411
Employee advances	3 125	2 900
Sundry debtors	46 554	36 753
	261 090	251 064
6. Consumer debtors		
Gross balances		
Rates	(63 997 879)	4 985 654
Electricity	422 616 550	385 926 818
Water	150 249 164	140 376 631
Sewerage	31 243 014	27 623 676
Refuse	86 277 923	75 077 445
Other services	(387 503 880)	(387 503 880)
	238 884 892	246 486 344
Less: Allowance for impairment		
Rates	(58 651 677)	(58 651 677)
Electricity	(31 884 079)	(31 884 079)
Water	(14 247 686)	(12 194 920)
Refuse and other	(18 194 639)	(18 194 639)
	(122 78 081)	(120 925 315)

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

	2022	2021
6. Consumer debtors (continued)		
Net balance		
Rates	(122 649 556)	(53 666 023)
Electricity	390 732 471	354 042 739
Water	136 001 478	128 181 711
Sewerage	31 243 014	27 623 676
Refuse	68 083 284	56 882 806
Other services	(387 503 880)	(387 503 880)
	115 906 811	125 561 029
Rates		
Current (0 -30 days)	7 265 774	7 466 728
31 - 60 days	3 659 737	3 728 044
61 - 90 days	3 659 611	728 303
91 - 120 days	3 660 707	3 668 307
121 - 365 days	336 046 554	281 737 828
	354 292 383	300 329 210
Electricity		
Current (0 -30 days)	5 494 625	7 475 042
31 - 60 days	2 746 878	311 204
61 - 90 days	2 635 798	2 909 740
91 - 120 days	2 630 557	3 107 672
121 - 365 days	383 167 983	347 847 152
	396 675 841	361 650 810
Water		
Current (0 -30 days)	1 664 773	2 137 064
31 - 60 days	863 914	841 157
61 - 90 days	1 068 119	722 645
91 - 120 days	779 396	770 131
121 - 365 days	146 115 389	135 577 431
	150 491 591	140 048 428
Sewerage		
Current (0 -30 days)	619 001	602 409
31 - 60 days	309 260	303 624
61 - 90 days	309 052	303 453
91 - 120 days	311 121	305 165
121 - 365 days	30 796 735	27 106 139
	32 345 169	28 620 790
Refuse		
Current (0 -30 days)	1 868 022	1 807 256
31 - 60 days	932 940	904 109
61 - 90 days	931 566	903 285
91 - 120 days	932 708	903 834
121 - 365 days	81 037 353	69 975 955
	85 702 589	74 494 439

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

	2022	2021
6. Consumer debtors (continued)		
Other (specify)		
Current (0 -30 days)	(13 452 324)	(13 723 260)
31 - 60 days	(4 885 959)	(5 702 560)
61 - 90 days	(45 101 700)	(6 374 723)
91 - 120 days	(7 583 551)	(6 643 648)
121 - 365 days	(709 599 146)	(629 013 147)
	(780 622 680)	(661 457 338)
Reconciliation of allowance for impairment		
Balance at beginning of the year	(122 978 081)	(120 925 315)
7. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	2 235 421	1 984 889
Bank balances	338 891	1 494 030
Short-term deposits	14 150 450	2 515 006
	16 724 762	5 993 925

The Municipality invests unused funds in FNB Call Deposits and ABSA Call deposits accounts to earn interest. These funds are withdrawn as and when required.

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2022	30 June 2021	30 June 2020	30 June 2022	30 June 2021	30 June 2020
FNB BANK - 62200495960	49 534	26 662	28 035	49 534	26 662	28 035
FNB BANK - 62224998023	36 258	57 195	363 705	36 258	57 195	363 705
FNB BANK - 54351140693	5 903	280 632	55 763	5 903	280 632	55 763
(Secondary account)						
FNB BANK -62063144431 (main account)	247 196	1 129 541	1 055 586	247 196	1 129 541	1 055 586
ABSA 20-5825-7453	52 779	50 621	47 830	52 779	50 621	47 830
ABSA 93 0488 7397	65 217	63 614	62 700	65 217	63 614	62 700
ABSA 93 0779 6777	306 035	298 063	290 870	306 035	298 063	290 870
FNB 62689530775	18 950	220 393	682 469	18 950	220 393	682 469
FNB 62738773151	10 795	1 488	1 439	10 795	1 488	1 439
FNB 62738772418	8 456	1 879 306	8 443	8 456	1 879 306	8 443
FNB 62738773614	13 688 220	1 519	355	13 688 220	1 519	355
Total	14 489 343	4 009 034	2 597 195	14 489 343	4 009 034	2 597 195

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand

8. Investment property

	2022			2021		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	46 747 706	(1 815 709)	44 931 997	46 876 641	(1 731 826)	45 144 815

Reconciliation of investment property - 2022

	Opening balance	Disposals	Depreciation	Total
Investment property	45 144 815	(128 935)	(83 883)	44 931 997

Reconciliation of investment property - 2021

	Opening balance	Disposals	Depreciation	Total
Investment property	45 441 707	(213 010)	(83 882)	45 144 815

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.

Restrictions on the realisability of investment property or the remittance of revenue and proceeds of disposal are as follows:

Contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements is as follows:

In the exceptional cases when the municipality has to measure investment property using the cost model in the Standard of GRAP on Property, Plant and Equipment when the municipality subsequently uses the fair value measurement, disclose the following:

- a description of the investment property,
- an explanation of why fair value cannot be determined reliably,

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

	2022	2021
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8. Investment property (continued)

- if possible, the range of estimates within which fair value is highly likely to lie, and
- on disposal of investment property not carried at fair value:
 - the fact that the entity has disposed of investment property not carried at fair value,
 - the carrying amount of that investment property at the time of sale, and
 - the amount of gain or loss recognised.

Maintenance of investment property

Amounts recognised in surplus or deficit

Rental revenue from Investment property	83 072	96 806
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Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand

9. Property, plant and equipment

	2022			2021		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	30 458 096	-	30 458 096	30 489 582	-	30 489 582
Buildings	75 141 668	(57 695 549)	17 446 119	75 555 420	(55 195 906)	20 359 514
Plant and machinery	3 125 154	(1 420 518)	1 704 636	3 125 154	(1 025 878)	2 099 276
Furniture and fixtures	545 109	(487 054)	58 055	545 109	(449 129)	95 980
Motor vehicles	10 176 707	(7 547 395)	2 629 312	13 132 318	(12 113 125)	1 019 193
Office equipment	448 360	(371 533)	76 827	448 360	(336 504)	111 856
IT equipment	5 903 802	(4 204 761)	1 699 041	5 180 598	(3 806 886)	1 373 712
Community	139 885 251	(90 242 535)	49 642 716	139 948 589	(85 167 619)	54 780 970
Leased assets	2 823 539	(2 823 539)	-	2 823 539	(2 823 539)	-
Work in progress	31 697 558	-	31 697 558	33 199 878	-	33 199 878
Landfill Sites	12 488 000	(8 291 979)	4 196 021	12 488 000	(7 392 966)	5 095 034
Roads & Stormwater assets	816 711 359	(383 240 425)	433 470 934	799 970 425	(369 428 711)	430 541 714
Electricity assets	97 987 565	(39 532 574)	58 454 991	93 841 049	(37 009 204)	56 831 845
Wastewater network	754 204	(696 512)	57 692	754 204	(651 745)	102 459
Other assets	5 336 361	(5 161 965)	174 396	5 336 361	(4 906 810)	429 551
Total	1 233 482 733	(601 716 339)	631 766 394	1 216 838 586	(580 308 022)	636 530 564

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Transfers	Change in estimate	Donated assets	Depreciation	Total
Land	30 489 582	-	(31 486)	-	-	-	-	30 458 096
Buildings	20 359 514	-	(4 386)	-	-	-	(2 909 009)	17 446 119
Plant and machinery	2 099 276	-	-	-	82 552	-	(477 192)	1 704 636
Furniture and fixtures	95 980	-	-	-	38 395	-	(76 320)	58 055
Motor vehicles	1 019 193	2 381 464	(63 996)	-	1 208 589	-	(1 915 938)	2 629 312
Office equipment	111 856	-	-	-	30 471	-	(65 500)	76 827
IT equipment	1 373 712	1 254 884	(87 462)	-	163 642	-	(1 005 735)	1 699 041
Community	54 780 970	-	(3 529)	-	-	-	(5 134 725)	49 642 716
Work in progress	33 199 878	38 908 152	-	(37 882 078)	-	(2 528 394)	-	31 697 558
Landfill Sites	5 095 034	-	-	-	-	-	(899 013)	4 196 021
Roads & Stormwater assets	430 541 714	-	(4 861 554)	33 133 132	-	-	(25 342 358)	433 470 934
Electricity Assets	56 831 845	-	(168 493)	4 748 946	-	-	(2 957 307)	58 454 991
Wastewater network	102 459	-	-	-	-	-	(44 767)	57 692
Other Assets	429 551	-	-	-	404 440	-	(659 595)	174 396
	636 530 564	42 544 500	(5 220 906)	-	1 928 089	(2 528 394)	(41 487 459)	631 766 394

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Transfers	Change in Donated estimate assets	Depreciation	Total
Land	30 489 582	-	-	-	-	-	30 489 582
Buildings	23 162 306	-	(12 424)	165 000	-	(2 955 368)	20 359 514
Plant and machinery	98 119	2 200 000	-	-	57 819	(256 662)	2 099 276
Furniture and fixtures	48 862	69 300	-	-	42 649	(64 831)	95 980
Motor vehicles	2 039 424	-	-	-	811 458	(1 831 689)	1 019 193
Office equipment	89 535	68 950	-	-	5 358	(51 987)	111 856
IT equipment	2 133 253	142 599	(17 614)	-	72 640	(957 166)	1 373 712
Community	59 862 846	-	(8 302)	-	-	(5 073 574)	54 780 970
Work in progress	30 013 044	28 432 772	-	(17 540 464)	-	(7 705 474)	33 199 878
Landfill Sites	5 994 048	-	-	-	-	(899 014)	5 095 034
Roads & Stormwater assets	455 589 625	-	(158 289)	-	-	(24 889 622)	430 541 714
Electricity Assets	41 603 282	-	(12 339)	17 375 464	-	(2 134 562)	56 831 845
Wastewater network	151 373	-	-	-	-	(48 914)	102 459
Other Assets	712 051	-	-	-	377 095	(659 595)	429 551
	651 987 350	30 913 621	(208 968)	-	1 367 019	(7 705 474)	636 530 564

Expenditure incurred to repair and maintain property, plant and equipment

Included in Statement of Financial Performance

Repairs and maintenance

14 933 152 7 416 338

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.

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

	2022			2021		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	4 671 633	(4 626 271)	45 362	4 671 633	(4 455 162)	216 471

Reconciliation of intangible assets - 2022

	Opening balance	Amortisation	Total
Computer software, other	216 471	(171 109)	45 362

Reconciliation of intangible assets - 2021

	Opening balance	Amortisation	Total
Computer software, other	387 580	(171 109)	216 471

10. Heritage assets

	2022			2021		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Other	404 550	-	404 550	404 550	-	404 550

Reconciliation of heritage assets 2022

	Opening balance	Total
Other	404 550	404 550

Reconciliation of heritage assets 2021

	Opening balance	Total
Other	404 550	404 550

Age and/or condition of heritage assets

An assessment of the Heritage assets was performed during the current financial year and the assessed assets were considered to be in fair and good condition.

Pledged as security

No Heritage Asset has been pledged as security.

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

	2022	2021
12. Other financial liabilities		
At amortised cost		
DBSA Loan 102400/1	1 148 939	1 326 218
The loan has fixed interest rate of 5% per annum and is repayable in 40 equal instalments. The loan period is 20 years expiring in 30 September 2028.		
DBSA Loan 100702/1	420 478	530 416
The loan has fixed interest of 11.73% per annum and is repayable in 40 half yearly instalments. The loan period is 20 years and redemption date is 30 June 2026.		
Short term portion of DBSA Loans	370 573	265 268
	1 939 990	2 121 902
Total other financial liabilities	1 939 990	2 121 902
Non-current liabilities		
At amortised cost	1 569 417	1 856 634
Current liabilities		
At amortised cost	370 573	265 268
13. Payables from exchange transactions		
Trade payables	95 220 549	85 041 530
Payments received in advanced - contract in process	1 967 772	6 309 012
Other payables	572 955	572 955
Unallocated deposits	10 272 920	15 972 406
Accrued leave pay	13 588 706	14 084 650
Accrued bonus	3 988 967	3 637 047
Purchase accrual	666 757	(1 577)
Other deposits	168 400	165 111
Third party payables	7 284 354	10 700 515
Motor fees control	(691 346)	3 705 881
Retentions	6 685 033	4 746 868
Sundry payables	2 605	2 605
Net clearing salary	79 184	62 562
Till Shortages	-	1 200 000
	139 806 856	146 199 565
14. Consumer deposits		
Electricity	1 424 088	1 376 781
Water	1 091 656	953 064
	2 515 744	2 329 845

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

	2022	2021
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15. Employee benefit obligations

Defined contribution plan

The Municipality has a policy to subsidize post-employment health care costs of employees that belongs to medical scheme after retirement. The subsidy covers the employees as well as spouse or dependent.

The amounts recognised in the statement of financial position are as follows:

Carrying value

Present value of the defined benefit obligation-wholly unfunded	(43 511 000)	(38 261 000)
Non-current liabilities	(42 596 000)	(37 346 000)
Current liabilities	(915 000)	(915 000)
	(43 511 000)	(38 261 000)

The municipality has no further obligation to cover unfunded benefits.

Category

Current (in service) members	237	239
Continuation members (pensioners)	18	17

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	38 261 000	32 929 000
Net expense recognised in the statement of financial performance	5 250 000	5 332 000
	43 511 000	38 261 000

Net expense recognised in the statement of financial performance

Current service cost	2 258 000	1 957 000
Interest cost	4 896 000	4 852 000
Actuarial (gains) losses	(1 072 000)	(653 000)
Benefits paid	(832 000)	(824 000)
	5 250 000	5 332 000

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2022

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	2022	2021
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15. Employee benefit obligations (continued) Key

assumptions used

Assumptions used at the reporting date:

Discount Rate

The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, an entity uses current market rates of the appropriate term to discount shorter term payments and estimates the discount rate for longer maturities by extrapolating current markets rates along the yield curve.

The nominal and real zero curves were used as at 30 June 2022 supplied by the JSE to determine the discount rates and CPI assumptions at each relevant time period. In the event that the valuation is performed prior to the effective valuation date, the prevailing yield at the time of performing calculations is used.

Medical Aid inflation

The Medical Aid Contribution Inflation rate was set with reference to the past relationship between the (yield curve based) discount rate for each relevant time period and the (yield curve based) medical aid contribution inflation for each relevant time period.

Sensitivity analysis

The valuation is only an estimate of the cost of providing post-employment medical aid benefits. The actual cost to the municipality will be dependent on actual future levels of assumed variables.

In order to illustrate the sensitivity of the valuation results to changes in certain key variables, the liabilities have been recalculated using the following assumptions:

- 20% increase/decrease in the assumed level of mortality
- 1% increase/decrease in the Medical Aid inflation

Mortality rate

Deviations from the assumed level of mortality experience of the current employees and the continuation members (pensioners) will have a large impact on the actual cost to the municipality. If the actual rate of mortality turns out higher than the rates assumed in the valuation basis, the cost to the municipality in the form of subsidies will reduce and vice versa.

The effect of higher and lower mortality rates has been illustrated by increasing and decreasing the mortality rates by 20%. The effect is as follows:

	-20% Mortality rate	Valuation assumption	+20% Mortality rate
Total Accrued Liability	47 519 000	43 511 000	40 230 000
Interest cost	6 339 000	5 798 000	5 355 000
Service cost	2 682 000	2 442 000	2 243 000

Medical Aid Inflation

The cost of the subsidy after retirement is dependent on the increase in the contributions to the medical aid scheme before and after retirement. The rate at which these contributions increase will thus have a direct effect on the liability of future retirees.

The valuers tested the effect of a 1% p.a. change in the medical aid inflation assumption is as follows:

	-1% Mortality Rate	Valuation assumption	+1% Mortality rate
Total Accrued Liability	32 204 000	43 511 000	51 341 000
Interest Cost	4 943 000	5 798 000	6 860 000
Service cost	2 010 000	2 442 000	2 989 000

Ramotshere Moiloa Local Municipality

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	2022	2021
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15. Employee benefit obligations (continued)

In estimating the liability for post-employment medical aid benefits a number of assumptions are required. GRAP 25 places the responsibility on management to set these assumptions, as guided by the principles set out in GRAP 25 and in discussion with the actuary.

APN 301 states that the assumptions should be realistic and mutually compatible. The difference between the assumptions drives the valuation and it is very important to monitor how this difference changes from one valuation to the next. The most relevant actuarial assumptions used in this valuation are discussed below.

Financial Variances

The two most important financial variables used in the valuation are the discount- and medical aid inflation rates. The valuers have assumed the following values for these variables:

	Current Valuation at 30 June 2022	Preceding Valuation at 30 June 2021
Discount Rate	Yield Curve	Yield Curve
CPI (Consumer Price Inflation)	Difference between nominal and yield curve	Difference between nominal and yield curve
Medical Aid Contribution Inflation	CPI+1%	CPI+1%
Net Effective Discount Rate	Yield Curve based	Yield Curve based

Normal Retirement Age

The normal retirement age (NRA) for all active employees was assumed to be 65 years.

Mortality Rates

The valuers assumed that the marital status of members who are currently married will remain the same up to retirement. It was also assumed that 90% of all single employees would be married at retirement with no dependent children. Where necessary it was assumed that female spouses would be five years younger than their males' spouses at retirement and vice versa.

Post-employment Medical Aid Liabilities

The expected value of each employee and their spouses' future medical and subsidies is projected by allowing for future medical inflation. The calculated values are then discounted at the assumed discount interest rate to the present date of valuation (calculation). The valuers also allowed for mortality, retirements and withdrawals from service as set out. The accrued liability is determined on the basis that each employee's medical aid benefit accrues uniformly over the working life of an employee up until retirement. Further it is assumed that the current policy for awarding the medical aid subsidies remains unchanged in the future. We assumed that all active members would remain on the same medical aid option at retirement.

Valuation of Assets

As at the valuation date, the medical aid liability of the Municipality was unfunded. i.e., no dedicated assets have been set aside to meet this liability. The valuers therefore did not consider any assets as part of their valuation.

Ramotshere Moiloa Local Municipality

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	2022	2021
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16. Provisions

Reconciliation of provisions - 2022

	Opening Balance	Additions	Utilized during the year	Reversed during the year	Change in discount factor	Total
Environmental rehabilitation	39 280 565	688 151	-	-	3 904 488	43 873 204
Long service award	9 131 000	752 000	(809 228)	(595 772)	981 000	9 459 000
	48 411 565	1 440 151	(809 228)	(595 772)	4 885 488	53 332 204

Reconciliation of provisions - 2021

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Change in discount factor	Total
Environmental rehabilitation	34 409 844	3 363 570	-	-	1 507 151	39 280 565
Long service award	7 587 000	656 000	(656 000)	611 000	933 000	9 131 000
	41 996 844	4 019 570	(656 000)	611 000	2 440 151	48 411 565

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Notes to the Annual Financial Statements

	2022	2021
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16. Provisions (continued)

Environmental rehabilitation provision

The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites to a condition whereby it complies to the permit requirements issued in terms of the Mineral and Petroleum Resources Development Act (Act no. 28 of 2002). The provision was determined by an independent expert as at 30 June 2022. And approximate the discounted expected future cash flows using reasonable estimation techniques.

The provision is for the rehabilitation of 3 landfill sites namely the Zeerust landfill site, Lehurutse landfill site and the Groot Marico landfill site.

It is estimated that the rehabilitation process will be finalised in 2030 for the Zeerust landfill site, 2025 for the Lehurutse landfill site and 2024 for the Groot Marico landfill site.

Rehabilitation cost was estimated using criteria for closure detailed in the Minimum Requirement for Waste Disposal by Landfill. Provision is made in terms of the municipality's licensing stipulations on the landfill waste sites, for the estimated cost of rehabilitating the waste sites.

The movement in the provision of the landfill site in the 2022 financial year is due to a new calculation obtained from engineers who calculated the estimate costs to rehabilitate the landfill sites. The change in discount rates and estimates also impacted the IGRAP 2 adjustment.

The contribution to the provision is based on the average Consumer Price Inflation which is calculated at 7.73% (2021: 6.03%).

The cost as at 30 June 2022 has been escalated annually with the average Consumer Price Index until the estimated time of closure and discounted to present value using the relevant South African Government Bond rates. All other adjustments are in line with the provisions of IGRAP 2.

Long service awards

The municipality's obligation for Long Service Awards is a defined benefit plan. This plan is wholly unfunded as no contributions are made by the municipality into funds that are legally separate from the municipality and from which the employee benefits are paid (each subsequent financial year's expected payments of long service bonuses are budgeted for).

The municipality, in substance, underwrites the actuarial and investment risks associated with the plan. Consequently, the expense recognised for the defined benefit plan is the full additional liability accrued due to additional benefit entitlement. The municipality's net obligation in respect of the defined benefit long service allowances is the present value of the defined benefit obligation. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows of the benefits that will be paid to employees and using suitable interest rates.

The calculation is performed by registered actuaries using the projected unit credit funding method. The most recent actuarial valuations of the present value of the defined benefit obligation were carried out for the year ended 30 June 2022.

At year end, 291 (2021: 301) employees were eligible for Long-services awards.

The two most important financial variables used in the actuarial valuation are the discount rate and salary inflation. The valuers have assumed the following values for these variables:

i) Rate of interest	
Discount rate	Yield curve
Normal salary increases rate	CPI+1%
CPI (Consumer Price Inflation)	Difference between nominal and real yield curve

The discount rate was determined by deducing from the yield curve from the Bond Exchange of South Africa after the market closed at the reporting date.

i) Mortality rates

Mortality before retirement has been based on the SA 85-90 mortality tables. These are the most commonly used tables in the industry.

ii) Normal retirement age

The average retirement age for all active employees was assumed to be 63 years. This assumption implicitly allows for ill-

Ramotshere Moiloa Local Municipality

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Notes to the Annual Financial Statements

	2022	2021
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16. Provisions (continued)

health and early retirements. It has also been assumed that the normal retirement age (NRA) for all active employees is 65 years.

17. VAT payable

Tax payables	5 652 552	5 220 445
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Ramotshere Moiloa Local Municipality is registered as a Category C (monthly) vendor as contemplated in section 27(3) of the VAT Act No.89 of 1991, submitting VAT returns on a monthly basis.

The Municipality calculate monthly tax payable in terms of Section 16(3)(b)(i), where a vendor in terms of Section 15 is required to account for tax payable on a payment basis (or cash basis)

All VAT returns have been submitted by the due date throughout the year.

18. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Municipal Infrastructure Grant	13 637 152	-
LGSETA	919 182	696 732
NMMDM Water Grant	1 382 603	5 889 225
	15 938 937	6 585 957
Non-current liabilities	1 382 603	5 889 225
Current liabilities	14 556 334	696 732
	15 938 937	6 585 957

19. Revenue

Service charges	75 333 086	73 161 209
Licences and permits	3 475 509	1 643 024
Royalties received	783 446	578 602
Rental income	92 368	96 806
Sale of tender documents	984 747	733 299
Sale of land	513 627	296 424
Interest received - investment	805 190	662 207
Property rates	54 042 527	51 344 240
Government grants & subsidies	263 461 076	258 781 881
Fines, Penalties and Forfeits	355 054	573 997
	399 846 630	387 871 689

The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	75 333 086	73 161 209
Licences and permits	3 475 509	1 643 024
Royalties received	783 446	578 602
Rental income	92 368	96 806
Sale of tender documents	984 747	733 299
Sale of land	513 627	296 424
Interest received - investment	805 190	662 207
	81 987 973	77 171 571

Ramotshere Moiloa Local Municipality

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Notes to the Annual Financial Statements

	2022	2021
19. Service concession arrangements (continued)		
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	54 042 527	51 344 240
Transfer revenue		
Government grants & subsidies	263 461 076	258 781 881
Fines, Penalties and Forfeits	355 054	573 997
	317 858 657	310 700 118
Nature and type of donations and goods in-kind are as follows:		
Donations (Projects of Boreholes in Venture, Installation of Booster Pumps and Installation of VIP toilets (Work in Progress) was donated to Ngaka Modiri Molema District Municipality (NMMDM)		
20. Service charges		
Sale of electricity	54 836 632	52 914 323
Sale of water	8 584 412	8 744 920
Sewerage and sanitation charges	217 186	375 741
Refuse removal	11 694 856	11 126 225
	75 333 086	73 161 209
21. Licences and permits		
Licences and Permits	3 475 509	1 643 024
22. Investment revenue		
Interest revenue		
Bank	805 190	662 207

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

	2022	2021
23. Property rates		
Rates received		
Residential	26 379 201	25 605 378
Commercial	15 395 465	14 623 810
State	816 583	820 245
Agriculture	11 451 278	10 294 807
	54 042 527	51 344 240

Property rates are levied on the value of land and improvements, which valuation is performed every four years. The last valuation came into effect on 01 July 2019. Interim valuations are processed on a continuous basis taking into account changes in individual property values due to alterations and subdivisions.

Valuations

Residential	1 965 065 261	1 965 065 261
Commercial	638 081 943	638 081 943
State	194 595 404	194 595 404
Agriculture	3 253 053 851	3 253 053 851
Other	674 000	674 000
	6 051 470 459	6 051 470 459

The new general valuation will be implemented on 01 July 2024.

Ramotshere Moiloa Local Municipality

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	2022	2021
24. Government grants & subsidies		
Operating grants		
Equitable share	195 727 000	225 088 000
Library Grant	887 000	-
NMMDM Water Grant	11 170 228	4 110 775
Financial Management Grant	2 200 000	2 000 000
Expanded Public Works Programme	1 212 000	1 000 000
I.N.E.P Eskom Grant	6 775 000	-
	217 971 228	232 198 775
Capital grants		
Municipal infrastructure grant	45 489 848	26 269 929
LGSETA	-	313 177
	45 489 848	26 583 106
	263 461 076	258 781 881
Equitable Share		
In terms of the Constitution, this grant is used to subsidize the provision of basic services to indigent community members.		
Municipal Infrastructure Grant (MIG)		
Balance unspent at beginning of year	-	1 789 289
Current-year receipts	59 127 000	26 270 000
Conditions met - transferred to revenue	(45 489 848)	(26 270 000)
Roll over declined	-	(1 789 289)
	13 637 152	-
Conditions still to be met - remain liabilities (see note 18). The amount represents the amount that is payable to Treasury at the end of the financial year. Roll-over was not approved by Treasury and is recovered through Equitable Share.		
EPWP		
Balance unspent at beginning of year	-	1 000 000
Current-year receipts	1 212 000	-
Conditions met - transferred to revenue	(1 212 000)	(1 000 000)
	-	-
Conditions still to be met - remain liabilities (see note 18).		
LGSETA		
Balance unspent at beginning of year	696 732	745 986
Current-year receipts	222 450	263 923
Conditions met - transferred to revenue	-	(313 177)
	919 182	696 732
Conditions still to be met - remain liabilities (see note 18).		
Library Grant		
Current-year receipts	887 000	-
Conditions met - transferred to revenue	(887 000)	-

Ramotshere Moiloa Local Municipality

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Notes to the Annual Financial Statements

	2022	2021
24. Remuneration of councilors (continued)		
	-	-
Conditions still to be met - remain liabilities (see note 18).		
INEP		
Current-year receipts	6 775 000	-
Conditions met - transferred to revenue	(6 775 000)	-
	-	-
Conditions still to be met - remain liabilities (see note 18).		
Financial management grant		
Balance unspent at beginning of year	-	2 000 000
Current-year receipts	2 200 000	-
Conditions met - transferred to revenue	(2 200 000)	(2 000 000)
	-	-
Conditions still to be met - remain liabilities (see note 18).		
25. Fines, Penalties and Forfeits		
Court Traffic Fines	1 900	1 000
Municipal Traffic Fines	353 154	572 997
	355 054	573 997

Ramotshere Moiloa Local Municipality

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Notes to the Annual Financial Statements

	2022	2021
26. Employee related costs		
Basic	92 910 401	91 837 148
Bonus	7 097 631	6 469 053
Medical aid - company contributions	11 017 786	10 144 713
UIF	690 746	602 616
SDL	1 281 991	1 027 636
Pension fund contributions	16 999 683	16 649 005
Risk Allowance	654 571	1 048 952
Travel allowances	7 061 141	6 778 711
Overtime payments	12 043 428	10 928 925
Long-service awards	809 228	448 123
Acting allowances	463 428	1 558 072
Housing benefits and allowances	869 195	910 704
Cellphone allowance	397 498	371 548
Bargaining council	37 760	37 462
Leave payout	971 824	556 952
Standby allowance	3 311 341	2 751 505
Bonus provision	351 920	392 204
Provision for employee benefit obligations	1 263 000	1 133 000
Leave pay provision	(495 943)	3 489 879
	157 736 629	157 136 208

Remuneration of Director Technical Services - Mr M Mpshe

Annual Remuneration	892 128	849 892
Car Allowance	286 673	262 784
Contributions to UIF, Medical and Pension Funds	2 125	1 636
SDL	11 395	8 921
Cellphone	18 000	16 500
	1 210 321	1 139 733

Remuneration of Director Community Services - Mr T Seleka

Annual Remuneration	892 128	944 301
Car Allowance	286 673	262 784
Contributions to UIF, Medical and Pension Funds	2 125	1 636
SDL	11 395	9 865
Cellphone	18 000	16 500
	1 210 321	1 235 086

Remuneration of Director Local Economic Development - Mr R Mojapelo

Annual Remuneration	892 128	849 892
Car Allowance	286 673	262 784
Contributions to UIF, Medical and Pension Funds	2 125	1 636
SDL	9 761	7 695
Cellphone	18 000	16 500
	1 208 687	1 138 507

Remuneration of Municipal Manager - Mr F T Mabokela

Annual Remuneration	1 402 686	1 653 924
Contributions to UIF, Medical and Pension Funds	1 948	1 190
SDL	14 260	14 301
Cellphone	23 344	14 000

Ramotshere Moiloa Local Municipality

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	2022	2021
26. Employee related costs (continued)		
	1 442 238	1 683 415
Remuneration Chief Finance Officer - Ms M Moloto		
Annual Remuneration	929 963	788 352
Car Allowance	286 673	262 784
Contributions to UIF, Medical and Pension Funds	2 125	1 636
SDL	11 773	8 305
Cellphone	18 000	16 500
	1 248 534	1 077 577
Remuneration Director Corporate Services - Adv B G Selebogo		
Annual Remuneration	906 822	863 361
Car Allowance	271 980	249 315
Contributions to UIF, Medical and Pension Funds	2 125	1 636
SDL	11 424	8 943
Cellphone	18 000	16 500
	1 210 351	1 139 755
27. Remuneration of councilors		
Mayor	661 779	1 152 186
Speaker	628 203	1 034 746
Councilors'	12 594 494	12 621 827
	13 884 476	14 808 759
In-kind benefits		
The Mayor and Speaker are full-time. Each is provided with an office and secretarial support at the cost of the Council.		
The Mayor and the Speaker each have the use of separate Council owned vehicles for official duties.		
The mayor has one full-time bodyguard.		
Additional information		
The salaries, allowance and benefits of councilors are within the upper limits of the framework envisaged in section 219 of the Constitution of South Africa.		
28. Depreciation and amortisation		
Property, plant and equipment	41 487 459	39 822 984
Investment property	83 883	83 883
Intangible assets	171 109	171 109
	41 742 451	40 077 976
29. Finance costs		
Long-term liabilities	143 992	165 253
Trade and other payables	3 440 027	1 610 860
Landfill sites	3 904 488	1 507 151
Employee benefit obligations	5 877 000	5 785 000
	13 365 507	9 068 264

Ramotshere Moiloa Local Municipality

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Notes to the Annual Financial Statements

	2022	2021
30. Lease rentals on operating lease		
Premises		
Contractual amounts	120 000	120 000
Equipment		
Contingent amounts	1 437 290	1 174 202
	1 557 290	1 294 202
31. Bulk purchases		
Electricity - Eskom	72 089 572	60 624 922
Water	81 686	81 686
	72 171 258	60 706 608
Electricity losses		
KwH	28 572 285	18 155 173
Cost of loss	48 872 240	23 293 345
Total loss	-	-
Water losses		
32. Contracted services		
Outsourced Services		
Meter Management	322 745	296 110
Security Services	12 203 258	11 463 313

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	2022	2021
33. General expenses		
Advertising	515 038	411 353
Auditors' remuneration	2 135 244	4 844 991
Bank charges	714 580	874 030
Cleaning	526 290	730 138
Consulting and professional fees	45 672 587	22 761 308
Consumables	1 643 582	1 863 002
Entertainment	59 926	-
Fines and penalties	-	5 061
Hire	4 186 177	3 352 825
Insurance	741 832	4 052 828
Community development and training	644 978	816 075
Conferences and seminars	37 125	12 750
Bus Diesel	-	366 000
IT expenses	-	2 685
Pest control	-	29 762
Fuel and oil	2 072 862	1 983 945
Printing and stationery	1 601 260	2 340 469
Software expenses	1 929 637	7 567 889
Staff welfare	18 560	-
Subscriptions and membership fees	1 698 083	3 538 937
Telephone and fax	230 086	208 038
Training	256 304	313 059
Travel - local	563 331	438 555
Title deed search fees	5 981	2 136
Electricity	317 737	352 642
Water	-	29 500
Uniforms	736 307	856 176
Inventory adjustment	481 678	1 173 695
Indigent subsidy	122 648	2 037 014
Tools	150 220	231 988
Extended public works program	1 228 230	560 220
Venue expenses	1 809 087	2 939 300
Other expenses	6 110 635	5 764 847
	76 210 005	70 461 218
34. Cash generated from operations		
(Deficit) surplus	(14 874 766)	9 751 689
Adjustments for:		
Depreciation and amortisation	41 742 451	40 077 976
Gain on sale of assets and liabilities	5 264 842	208 969
Debt impairment	6 891 783	5 224 035
Movements in retirement benefit assets and liabilities	(1 562 000)	(42 000)
Changes in working capital:		
Inventories	(1 609 241)	(1 694 771)
Receivables from exchange transactions	(8 106 055)	(4 638 794)
Consumer debtors	9 654 218	(23 058 975)
Other receivables from non-exchange transactions	(10 026)	382 117
Payables from exchange transactions	(6 392 709)	(1 087 369)
VAT	432 107	(1 727 582)
Unspent conditional grants and receipts	13 859 602	(1 839 183)
Consumer deposits	185 899	111 823
other financial liabilities	105 305	(66 364)
Employee benefit obligation	-	35 000
	45 581 410	21 636 571

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

	2022	2021
35. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	34 701 437	59 883 257
Total capital commitments		
Already contracted for but not provided for	34 701 437	59 883 257
Authorised operational expenditure		
Already contracted for but not provided for		
• Professional fees	10 729 796	23 772 930
• Security	13 945 360	30 026 104
	24 675 156	53 799 034
Total operational commitments		
Already contracted for but not provided for	24 675 156	53 799 034

This committed expenditure relates to projects and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

36. Contingencies

Various contractual claims are by contractors/ suppliers, customers, community members and previous employees are currently in dispute and are subject to mediation. The potential extent of the liability cannot be determined, since its subject to litigation however an estimate for the expected outflow is as per below. A list of all files is kept within the municipality.

Litigation and claims

Unfair conduct by employees and ex-employees	-	(2 819 068)
Amounts owing to the municipality by an electricity vendor (matter is in court)	13 797 937	-
Application of an interdict	249 757	-
Summons against Thagamoso Resort to recover outstanding debt	1 250 090	-
Abasebenzi vs Ramotshere Moiloa Local Municipality	(2 200 000)	-
Ramotshere Moiloa Local Municipality vs Mathe Steven Modise	(320 000)	-
	12 777 784	(2 819 068)

At the time of submission of the 2021/22 financial statements, the municipality is aware of other legal cases against the municipality being handled by its panel of lawyers. The possible contingent liability that may arise from these cases has therefore not been determined which has a possible impact of increasing the contingent liability disclosed.

37. Related parties

Relationships
Councilors'
Municipal Manager
Members of key management

Refer to the General information
Mr F T Mabokela

Ms M Moloto (Chief Financial Officer)
Mr. T Seleka (Director Community Services)
Mr. R Mojapelo (Director Local Economic
Development)
Adv B Selebogo (Director Corporate Services)
Mr M Mpshe (Director Technical Services)

Ramotshere Moiloa Local Municipality

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Notes to the Annual Financial Statements

Related party transactions	2022	2021
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38. Change in estimate

Property, plant and equipment

During the year the municipality performed condition assessments of assets including assets that reach a zero remaining useful life. The overall effect of the change in remaining life of assets is higher depreciation in the current year of R2,450,444.

The remaining useful life (RUL) is an estimation of the amount of years that the asset will be able to safely perform its intended function.

During the 2021/2022 financial year physical verification of assets occurred and part of the procedures regarding physical verification is the condition assessment of assets. The condition of an asset has a direct impact on the remaining useful life of an asset.

Details of the effect of the change in estimate is recorded below:

Asset Category	Asset Sub Category	Value of depreciation charged in the current financial year	Average years remaining for increased assets depreciation
Infrastructure assets	Electricity network	576 190	12
Infrastructure assets	Road network & Stormwater Network	1 724 711	12
Land and buildings	Community Assets	96 388	16
Land and buildings	Buildings	53 154	22
		2 450 443	15

39. Prior period errors

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:

Ramotshere Moiloa Local Municipality

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Notes to the Annual Financial Statements

2022 2021

39. Prior-year adjustments (continued)

Statement of financial position	Reference	Previously Reported	Correction of error	Reclassification on	Restated
Receivables from exchange transactions	8	8 964 361	3 550 611	-	12 514 972
Inventories	28	8 212 218	(112 842)	-	8 099 376
VAT receivable	15	3 600 096	(3 600 096)	-	-
VAT Payable	15	-	(5 220 445)	-	(5 220 445)
Consumer debtors	-	144 456 011	(15 371 921)	-	129 084 090
Cash and cash equivalents	4	6 032 672	(38 747)	-	5 993 925
Property, plant and equipment	13	646 132 891	(9 602 327)	-	636 530 564
Intangible assets	9	6 891	209 580	-	216 471
Other financial liabilities (current portion)	5	(350 308)	85 040	-	(265 268)
Unspent conditional grants and receipts (Long term portion)	16	-	4 110 775	(10 000 000)	(5 889 225)
Payables from exchange transactions	26	(166 526 955)	20 327 390	-	(146 199 565)
Other financial liabilities (long term portion)	6	(1 769 728)	(84 945)	(1 961)	(1 856 634)
Accumulated surplus	22	(603 871 025)	23 969 811	-	(579 901 214)
	-	18 221 884	18 221 884	(10 001 961)	53 107 047

Statement of financial performance	Reference	Previously Reported	Correction of error	Reclassification on	Restated
Government grants and subsidies	17	(264 671 106)	(4 110 775)	10 000 000	(258 781 881)
Service charges	-	(70 394 286)	(2 766 923)	-	(73 161 209)
Employee related costs	25	156 058 654	1 094 443	-	157 153 097
Remuneration of councilors	26	14 732 834	75 925	-	14 808 759
Contracted services	7	11 581 315	178 108	-	11 759 423
General expenses	23	65 961 942	4 479 123	-	70 441 065
Depreciation and amortisation	24	30 638 253	9 441 787	-	40 080 040
Finance costs	12	9 062 034	4 269	1 961	9 068 264
Lease rentals on operating lease	21	1 174 202	120 000	-	1 294 202
Debt impairment	20	385 017	4 839 018	-	5 224 035
Repairs and maintenance	18	8 291 749	(875 411)	-	7 416 338
Loss on disposal of assets and liabilities	19	236 884	(27 915)	-	208 969
Actuarial valuation movement	11	4 454 570	(4 412 570)	-	(42 000)
	-	-	8 039 079	10 001 961	(14 530 898)

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

2021

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

	2022	2021	
39. Prior-year adjustments (continued)			
Cash flow statement			
Cash flow from operating activities	Previously reported	Adjustment	Restated
Receipts			
Service charges & rates	70 394 286	30 717 663	101 111 949
Grants	264 671 106	(5 889 225)	258 781 881
Interest income	662 207	-	662 207
Other receipts	7 852 040	(7 852 040)	-
Payments			
Employee costs	(170 791 489)	(1 118 478)	(171 909 967)
Suppliers	(161 398 096)	3 456 861	(157 941 235)
Finance costs	(9 062 034)	(6 230)	(9 068 264)
Net cash flows from operating activities	2 328 020	19 308 551	21 636 571
Cash flow from investing activities			
Purchase of property, plant and equipment	-	(30 193 621)	(30 193 621)
Proceeds from sale of property, plant and equipment	-	10 565 083	10 565 083
Proceeds from sale of investment property	-	213 010	213 010
	-	(19 415 528)	(19 415 528)
Cash flow from financing activities			
Repayment of long-term liabilities	(333 511)	68 230	(265 281)
			Total
Net increase/(decrease) in cash and cash equivalents	1 955 762	-	1 955 762
Cash and cash equivalents at the beginning of the year	4 038 163	-	4 038 163
	5 993 925	-	5 993 925

1.1 Commitments (Authorised operational expenditure)

As previously reported	37 512 532
Kant Consulting	(3 805 281)
JBFE Consulting	(2 471 882)
OS Holdings	25 259 881
Lateral Unison	(2 838 298)
Total computer services (Pty) Ltd	142 082
	53 799 034

The Municipality erroneously included Kant Consulting and JBFE Consulting contracts that did not fall under the period in the commitments register. Correction of inconsistencies in the application of VAT between the contracted amounts and the expenditure incurred to date. Correction of prior year commitments which included budgeted amounts instead of amounts per service level agreement. Incorrect inclusion of projects budgeted for but not yet commenced

1.2 Commitments (Authorised capital expenditure)

As previously reported	98 501 421
Incorrect accounting for commitments	(38 618 164)
	59 883 257

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

	2022	2021
39. Prior-year adjustments (continued)		
Correction of inconsistencies in the application of VAT between the contracted amounts and the expenditure incurred to date. Correction of prior year commitments which included budgeted amounts instead of amounts per service level agreement. Incorrect inclusion of projects budgeted for but not yet commenced		
2. Work in progress		
As previously reported 30 June 2020		25 647 899
Correction of casting error		4 365 145
Restated opening balance		30 013 044
Additions as disclosed		28 267 771
Donations as disclosed		(7 705 474)
Transfers as disclosed		(17 375 464)
		33 199 877
Work in progress was overstated by R7 705 474 as a result of a casting error in the 2020 property, plant and equipment note. The error has been identified and corrected as shown above.		
3. Donations		
As previously reported		-
Reclassification from work in progress		7 705 474
4. Cash and cash equivalents		
As previously reported		6 032 672
Reclassification to contracted services		(38 747)
		5 993 925
This was a payment to a cash in transit company for transporting cash. This amount was wrongly classified as cash and cash equivalents.		
5. Other financial liabilities (current portion)		
As previously reported		(350 308)
Reclassification long-term loan		85 040
		(265 268)
Reclassification of long-term portion erroneously recognised in short term loan.		
6. Other financial liabilities (long-term portion)		
As previously reported		(1 769 728)
Reclassification from short-term loan		(85 040)
Interest accrued		(1 961)
Correction of opening balance		95
		(1 856 634)
Recognition of long-term portion erroneously recognised in short term loan, correction of opening balance and recognition of accrued interest in the arrears account as at 30 June 2021.		
7. Contracted services		
As previously stated,		(11 581 315)
Recording of metering service invoices omitted		(46 479)
Reclassification of security expenses wrongly posted to cash and cash equivalents		(38 747)
Understatement of contracted services		(71 125)
Omitted cash in transit invoices		(21 757)
		(11 759 423)

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

	2022	2021
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39. Prior-year adjustments (continued)

Reclassification of security expenses erroneously posted to cash and cash equivalents. Recording of two J.M De Wet invoices omitted under contracted services.

8. Receivables from exchange transactions

As previously reported	8 964 361
Reclassification of prepaid insurance from general expenses	357 595
Correction of Conlog balance	(2 137 258)
Creditors with debit balances	(2 370 469)
Debtor recognition Pamodzi	7 703 243
Reversal of duplicated transaction	(2 500)
	12 514 972

Recognition of debtor Pamodzi (electricity vendor). Correction of Conlog balances. Reclassification of prepaid insurance from general expenses and reversal of duplicated transaction.

9. Intangible assets

As previously reported	6 891
Recognition of mScoa software	209 580
	216 471

Recognition of mScoa software which was erroneously written off.

10. Fruitless and wasteful expenditure

As previously stated,	30 430 332
Interest charges on overdue accounts:	
Eskom	(850 543)
Auditor General	(175 629)
MCPF	(1 014)
SARS	(335 293)
Municipality gratuity fund (Sanlam)	(272)
Water affairs	(1 499)
	29 066 082

Correction of misallocated interest on overdue accounts to fruitless and wasteful expenditure. A government directive was issued giving guidance for municipalities to exclude interest on overdue accounts due to the national state of disaster during the COVID-19 period.

11. Actuarial valuation

As previously stated,	Total
Reclassification of provision for landfill sites	(4 454 570)
Recognition of actuarial loss on long service awards	4 454 570
Recognition of actuarial gain on post-employment medical aid benefit	611 000
	(653 000)
	(42 000)

Recognition of actuarial loss on long service awards, and actuarial gain on post-employment medical aid benefit. Reclassification of provision for landfill site erroneously recognised as actuarial loss in the prior year.

12. Interest cost

As previously stated,	Total
Recognition of accrued interest	9 062 034
Correction of error	1 961
	4 269
	9 068 264

Recognition of accrued interest in the arrears account as at 30 June 2021.

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

2022 2021

39. Prior-year adjustments (continued)

13. Property, plant and equipment

	Previously disclosed	Prior year error	Restated
Land	30 489 582	-	30 489 582
Buildings	18 574 786	1 784 728	20 359 514
Plant and machinery	2 099 276	-	2 099 276
Furniture and fixtures	95 980	-	95 980
Motor vehicles	1 019 193	-	1 019 193
Office equipment	111 856	-	111 856
IT equipment	1 373 712	-	1 373 712
Community	57 197 966	(2 416 996)	54 780 970
Work in progress	40 905 352	(7 705 474)	33 199 878
Landfill Sites	5 095 034	-	5 095 034
Roads & Stormwater assets	431 567 244	(1 025 530)	430 541 714
Electricity Assets	57 073 464	(241 619)	56 831 845
Wastewater network	99 895	2 565	102 460
Other Assets	429 551	-	429 551
	646 132 891	(9 602 326)	636 530 565

1. Incorrect disclosure of R7,711,807 has been corrected. The impact on the Work in Progress classification is a decrease of R7,705,474, this amount agrees to the donated water assets to the district municipality as disclosed. The correction of incorrect disclosure of roads and stormwater assets is a decrease R2,067 and Electricity Assets is a decrease of R4,266. The total impact of this disclosure correction is a decrease in property, plant and equipment of R 7,711,807

2. An adjustment has been made to address an audit finding during the prior year audit. The impact of this correction is an overall increase in accumulated depreciation of R2,297,553. The impact is a decrease in accumulated depreciation of buildings of R1,619,793, an increase in accumulated depreciation of community assets of R2,416,996, an increase of accumulated depreciation of roads and stormwater assets of R1,265,560, an increase in accumulated depreciation of electricity assets of R237,354 and a decrease in accumulated depreciation of wastewater network of R2,565. This caused an overall decrease in the carrying value of property, plant and equipment of R2,297,553

3. Repairs & maintenance of R165,000 was expensed instead of capitalised in the prior year, the capital expense occurred on 30 June 2021. This resulted in an increase in assets of R165,000 in the cost of buildings and decrease in repairs and maintenance expense of R165,000. There is also an additional depreciation expense of R65, increasing accumulated depreciation of buildings with R65. The buildings carrying value increased with R164,935 due to this correction. This caused an increase in the carrying value of property, plant and equipment of R164,935.

4. During the physical verification procedures performed additional roads and stormwater asset components were identified previously omitted in the fixed asset register. This addition to property, plant and equipment (roads & stormwater assets) caused an increase of R639,917 in cost and accumulated depreciation of R404,748. This caused an increase of R235,169 in the carrying value of roads & stormwater. This caused an increase of R235,169 in the carrying value of property, plant and equipment.

5. Retrospective correction of immovable assets with R0 carrying value, based on condition assessment performed during physical verification procedures. This caused a decrease in accumulated depreciation of Roads & Stormwater assets, thus increasing the carrying value of Roads & Stormwater assets with R6,926. This caused an increase in the carrying value of property, plant and equipment of R6,927.

14. Retentions

As previously reported	4 516 669
Adjustments to contractors' retention amounts	575 489
Variance between retention register and general ledger	(345 290)
	<u>4 746 868</u>

Correction of differences between the disclosed amounts per signed AFS and the recomputed amounts per retention register for various contractors. Correction of variance between the retention register for prior year and the general ledger.

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

	2022	2021
39. Prior-year adjustments (continued)		
15. VAT Receivables		
As previously reported		3 600 096
Correction of error		(3 600 096)
		—
15.2 VAT Payable		
As previously reported		(5 220 445)
Correction of error		(5 220 444)
		(10 440 890)
Reversal of timing differences on the recognition of VAT as the municipality claims on a payment basis.		
16. Unspent conditional grants and receipts (long term)		
As previously reported		-
Reclassification from revenue		(10 000 000)
Recognition of expenditure related to the water grant		4 110 775
		(5 889 225)
Reversal of revenue recognised on Ngaka Modiri Molema District Municipality water grant utilized not for its purpose and subsequent recognition of the grant liability excluding all the water related expenses incurred.		
17. Government grants and subsidies		
As previously reported		(264 671 106)
Reclassification to unspent conditional grants		10 000 000
Water expenses		(4 110 775)
		(258 781 881)
Reversal of a water grant incorrectly recognised as revenue.		
18. Repairs and maintenance		
As previously stated,		8 291 749
Reclassification of fuel expenses		(732 463)
Capitalisation to property, plant and equipment		(165 000)
Reclassification from general expenses		142 052
Reclassification of servitude to water grant		(120 000)
		7 416 338
Reclassification of fuel expenses to general expenses. Reclassification of capital expenditure to property, plant and equipment.		
Reclassification of water grant expenses from repairs and maintenance.		
19. Loss on disposal of assets and liabilities		
As previously stated,		236 884
Reversal of loss on disposal		(27 915)
		208 969
20. Debt impairment		
As previously reported		385 017
Impairment of property rates debtors		4 839 018
		5 224 035

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

	2022	2021
39. Prior-year adjustments (continued)		
Recognition of revenue on customers that not billed and subsequently impairing them.		
21. Lease rentals on operating lease		
As previously stated,		1 174 202
Reclassification of servitude		120 000
		1 294 202

Reclassification of servitude (right of access) from repairs and maintenance.

22. Accumulated surplus - Net movement in prior period corrections.

23. General expenses - Various movements and reclassifications.

24. Depreciation - Effect of change in estimates and restatement of immovable property balances.

25. Employee related costs - Differences between the payroll used to prepare annual financial statements and the payroll on the system.

26. Remuneration of councilors - Erroneously including Chief whip when the municipality does not have a Chief whip.

27. Payables from exchange transactions - Correction of allocations directly done to control account without passing through the sub ledger.

28. Inventories - Correction of allocations directly done to control account without passing through the sub ledger.

40. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the municipality's financial performance.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

At 30 June 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
DBSA Loan Acc Number: 61000026	195 872	110 855	608 229	339 604
DBSA Loan Acc number: 61000571	174 701	183 370	608 229	339 604

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

	2022	2021
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40. Risk management (continued)

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilization of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

41. Going concern

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

The Municipality is in financial distress in that it is unable to meet service delivery needs as well as its obligations in terms of creditors. The collection rate is below the standard norm of 95% thereby increasing the cash flow constraints. The Provincial Government has placed the municipality under Section 139(1)(b) of the MFMA.

42. Events after the reporting date

As the municipality has the power to levy fees, tariffs and charges, this will result in an ongoing inflow of revenue to support the ongoing delivery of municipal services. Certain key financial ratios, such as liquidity, cost coverage, debtors' collection rates and creditors' payment terms are closely monitored, and the necessary corrective actions instituted.

Non-compliance (30 days)- The municipality is currently not paying all their creditors within the accepted 30 days. This also resulted in fruitless and wasteful expenditure due to interest on overdue creditors accounts. Debtors are currently not paying as their debts fall due with most of the debtors sitting in the 180+ days bracket

There was an outbreak of COVID-19 in 2020 which was declared an epidemic by the World Health Organization and following that, the South African Government has declared lockdown since March 2020 which will continue to have an impact on municipality's cash flow. These factors indicate the existence of material uncertainty that may cast significant doubt on the municipality will continue as a going concern as it part of the institutions that supply critical services to the communities it serves. The President of South Africa also pledged support for all institutions that supply critical services, and a fund has also been set up to support these institutions. Unemployment Insurance Fund (UIF) will also be used to support salaries during this period.

Despite the above negative indicators, the municipality is a going concern because of the following: It is a state entity set up by the Constitution of the Republic of South Africa to provide basic services to the community and is also funded by the state for that purpose. Failure to provide these services will prompt National Government intervention to ensure it stays functional and able to deliver basic services and consequently compliance with the Constitution.

In addition, the municipality collects revenue from services rendered and this will augment their cash flows in subsequent years. Taking the aforementioned into account, management has prepared the Annual Financial Statements on the Going Concern Basis.

43. Unauthorised expenditure

Opening balance as previously reported	165 891 959	164 911 709
Add: Unauthorised expenditure - current	42 357 779	980 250
Closing balance	208 249 738	165 891 959

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

	2022	2021
44. Fruitless and wasteful expenditure		
Opening balance as previously reported	29 066 082	28 047 233
Eskom	3 235 026	-
Auditor general	203 879	-
Municipality gratuity fund (Sanlam)	-	483
SARS	283 924	1 003 564
Water affairs	-	6 099
MCPF	-	2 157
NWFM	-	1 485
Other	995 646	5 061
Closing balance	33 784 557	29 066 082
Fruitless and wasteful expenditure is presented inclusive of VAT		
45. Irregular expenditure		
Opening balance as previously reported	382 048 886	371 493 595
Opening balance as restated	382 048 886	371 493 595
Add: Irregular Expenditure - current	9 492 105	10 555 291
Closing balance	391 540 991	382 048 886
Irregular expenditure is presented inclusive of VAT		
46. Additional disclosure in terms of Municipal Finance Management Act		
Audit fees		
Opening balance	4 775 624	3 808 825
Current year subscription / fee	5 456 102	5 762 634
Amount paid - current year	(7 385 291)	(4 795 835)
	2 846 435	4 775 624
PAYE and UIF		
Opening balance	2 113 742	12 575 207
Current year subscription / fee	27 890 400	27 720 392
Amount paid - current year	(25 690 849)	(25 606 650)
Amount paid - previous years	(2 113 742)	(12 575 207)
	2 199 551	2 113 742
Pension and Medical Aid Deductions		
Opening balance	12 684 227	3 180 792
Current year subscription / fee	40 837 173	40 001 878
Amount paid - current year	(50 106 281)	(30 498 443)
	3 415 119	12 684 227

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

2022 2021

Additional disclosure in terms of Municipal Finance Management Act (continued) Councilors'

arrear consumer accounts

The following Councilors' had arrear accounts outstanding for more than 90 days at 30 June 2022:

30 June 2022	Outstanding less than 90 days	Outstanding more than 90 days	Total
Councillor LP Leshufi	1 573	34 840	36 413
Councillor IS Suliman	4 300	-	4 300
Councillor AN Thale	1 470	52 378	53 848
Councillor MI Moarabi	1 079	6 725	7 804
	8 422	93 943	102 365

30 June 2021	Outstanding less than 90 days	Outstanding more than 90 days	Total
Modibetsane SI	867	-	867
Mothoagae PK	1 023	-	1 023
Phetwe RSB	456	-	456
Sapala TM	1 022	-	1 022
Suliman IS	2 368	-	2 368
Moloantsoa IT	677	-	677
Thembo S	1 640	34	35
		259	899
Suliman Y	1 403	-	1 403
Cassanga AB	3 191	-	3 191
	12 647	34	46
		259	906

RAMOTSHERE MOILOA LOCAL MUNICIPALITY



ANNUAL PERFORMANCE REPORT 2021/22

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I. ABBREVIATIONS

Abbreviation	Description
AG	Auditor-General
AFS	Annual Financial Statement
CFO	Chief Financial Officer
CoGTA	Department of Cooperative Governance and Traditional Affairs
DMR	Department of Mineral Resources
DoRA	Division of Revenue Act
DTS	Director: Technical Services
DWA	Department of Water Affairs
EE	Employment Equity
EIA	Environmental Impact Assessment
EID	Economic and Infrastructure Development
EMP	Environmental Master Plan
EPWP	Expanded Public Works Programme
EXCO	Executive Committee
FAR	Fixed Asset Register
GRAP	Generally Recognised Accounting Practice
HH	Household
HR	Human Resources
IAS	International Accounting Standards
ICT	Information and Communications Technology
IDP	Integrated Development Plan
IGR	Inter-Governmental Relations
IT	Information Technology
ITP	Integrated Transport Plan
IWMP	Integrated Waste Management Plan
KPA	Key Performance Area
KPI	Key Performance Indicator
LED	Local Economic Development
LGTAS	Local Government Turnaround Strategy
LLF	Local Labour Forum
MEC	Member of the Provincial Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MM	Municipal Manager
MS	Municipal Scorecard

Abbreviation	Description
MSA	Municipal Systems Act
MTAS	Municipal Turnaround Strategy
MTREF	Medium Term Revenue and Expenditure Framework
NMMDM	Ngaka Modiri Molema District Municipality
NT	National Treasury
PMS	Performance Management System
RDP	Reconstruction and Development Programme
RMLM	Ramotshere Moiloa Local Municipality
SAMWU	South African Municipal Workers' Union
SAPS	South African Police Service
SCM	Supply Chain Management
SDBIP	Service Delivery and Budget Implementation Plan
SDF	Spatial Development Framework
SLA	Service Level Agreement
SMME	Small Medium and Micro Enterprises
SPF	Sector Policing Forum
VAT	Value Added Tax
WSDP	Water Services Development Plan
WSP	Workplace Skills Plan

1. INTRODUCTION

The Annual Performance Report of the Ramotshere Moiloa Local Municipality (RMLM) for the 2021/22 financial year has been compiled in accordance with the provisions of the Municipal Systems Act, 2000 and the Municipal Finance Management Act, 2003 and reflects the actual performance of the municipality against its pre-determined objectives contained in the Integrated Development Plan (IDP) and Service Delivery and Budget Implementation Plan (SDBIP).

The Council approved the RMLM's Framework for Institutional Performance Management (PMS) in December 2013 which is reviewed on an annual basis. The salient features of the approved framework are included in this report.

The 2021/22 Annual Performance Report, which will be incorporated into the 2021/22 Annual Report in accordance with section 46 of Municipal Systems Amendment Act of 2003, therefore:

- covers the requirements of the legislative provisions in regard to performance management,
- reports on the municipality's actual performance against the service delivery targets contained in the approved 2021/22 SDBIP for each function and directorate per municipal key performance area (KPA) and IDP priority, and
- reflects on measures that were taken or are to be taken to improve performance in cases of non- or under-performance, and

The RMLM SDBIP comprises of the five (5) Key Performance Area's (KPA's), these are:

- Municipal Transformation and Institutional Development
- Basic Service Delivery and Infrastructure development
- Municipal Financial Viability and Management
- Local Economic Development and.
- Good Governance and Public Participation

All KPA's contain Key Performance Indicators (KPI's) and each KPI has a target that is measurable, specific, attainable, reliable and time bound. The Annual Performance Report is a summary of the performance achieved and not achieved for the municipality and provides a comparative of the performance information to prior year.

The Graph 1 below represents a summary of the overall performance for 2021/22 on the Service Delivery Budget Implementation Plan.

Graph 1. RMLM Annual Performance 2021/2022

RAMOTSHERE MOILOA LOCAL MUNICIPALITY ANNUAL PERFORMANCE 2021/2022



It is expected that this report will assist all stakeholders to objectively assess the overall performance of the RMLM for the year under review and further clearly demonstrate the municipality's unwavering commitment to the principles of improved service delivery, good governance, and accountability.

2. 2021/2022 ANNUAL PERFORMANCE ANALYSIS SUMMARY

A performance dashboard is used to score departments based on the actuals reported and the portfolio of evidence submitted to the PMS unit. Departments are required to submit sufficient evidence to support the actual performance reported and if a reason for variance is reported, supporting evidence must be submitted. The Table 1 below is an illustration of overall performance on the 2021/2022 SDBIP per KPA and per department.

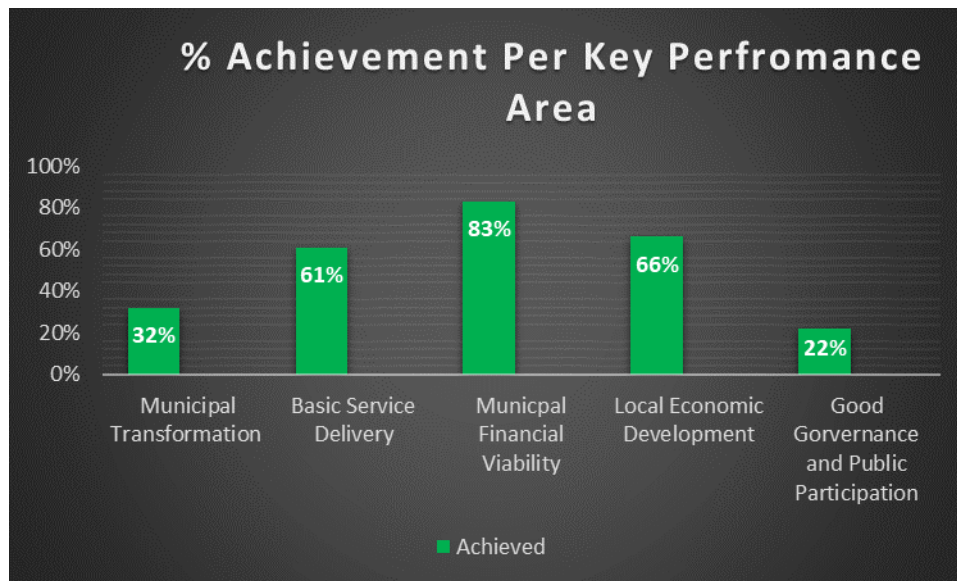
Table 1: Overall Performance per KPA and Per Department

Key Performance Area	KPA 1 Municipal Transformation and Institutional Development		KPA 2 Basic Service Delivery and Infrastructure Development		KPA 3 Municipal Financial Viability and Management	KPA 4 Local economic Development	KPA 5 Good Governance and Public Participation			Overall Performance	
Department	Office of the MM	Corporate Services	Community Services	Technical Services	Budget and Treasury	Municipal Planning and Development	Internal Audit	Office of the Mayor	Office of the Speaker		Overall %
Number of planned indicators	26	17	9	14	23	6	5	13	4	117	100%
Number of achieved planned indicators	8	6	8	6	19	4	3	2	0	56	48%
Number of not achieved planned indicators	18	11	1	8	4	2	2	11	4	61	52%
Total % Achievement	32% Achieved		61% achieved		83% Achieved	66% achieved	22% Achieved				

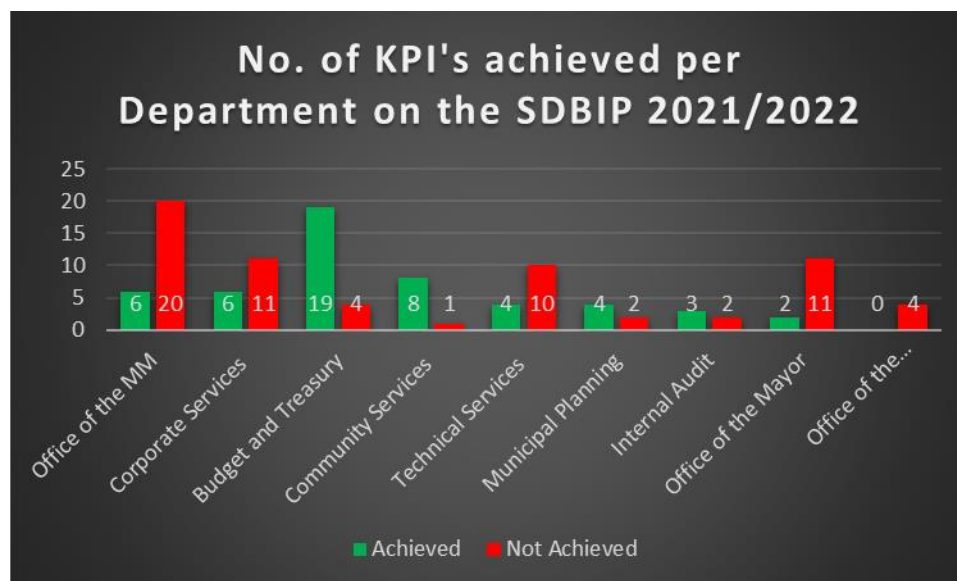
Table 1 above indicates that KPA 1, the municipality achieved **32%** of the total targets, KPA 2, Basic Service, and Infrastructure Development has met **61%** of the planned targets. The Municipal financial viability met **83 %** of its planned target. KPA4, the municipality achieved **66%** of its targets. Several KPIs in Good Governance and Public Participation KPA5 were not met. This was largely contributed to the Covid restrictions on gatherings and budget limitations.

Graph 2 below illustrate targets achieved per KPA and Graph 3 represents KPI's met per department.

Graph 2: Annual % Achievement per KPA



Graph 3: Departmental performance



2.1 Performance achievements highlights for 2021/22

- Connected electricity to 250 households (Kruisrevier phase 2).
- As a caring municipality we've given 8068 indigent households free basic water, electricity, sanitation and refuse removal. This is a clear indication that this municipality understands the daily struggles faced by many of our residents, in

particular the unemployed and previously disadvantaged.

- +/- 6 km's road have been paved/resurfaced
 - Almost 2000m2 storm drains have been cleaned, maintained.
 - 1245m2 roads patched in the municipal area.
 - The reviewed Spatial Development Framework of the Municipality has been adopted by Council with financial assistance from the Department of Agriculture, Rural Development and Land Reform
-

2.2 Challenges

- Performance reporting is not prioritized. Employees working in silos
 - KPIs and Targets that have dependency on other stakeholders for performance to be achieved.
 - Insufficient, unreliable, and inaccurate information was submitted for some KPI's
 - Lack of consequence management for the non-achievement of planned targets
 - The restrictions on gatherings due to COVID 19 led to non-achievement of some targets
 - Delays by departments to submit their POEs
-

2.3 Measures to Improve Performance In 2022/23

- Implementation of Consequence Management
- Performance Assessments be conducted.
- Covid-19 Recovery Action Plans to be developed for all KPI's that had targets that were not achieved.
- Monthly performance information status meetings to be convened by all departments
- Sign off all performance information before submission to the PMS unit

3. MUNICIPAL MANDATE, POWERS, AND FUNCTIONS

Municipal Mandate

The mandate (itemised below) is contained in Section 152 of the Constitution and serves as **focus areas** of the municipality:

- 1.1.1 To provide democratic and accountable government for local communities.
- 1.1.2 To ensure the provision of services to communities in a sustainable manner.
- 1.1.3 To promote social and economic development
- 1.1.4 To promote a safe and healthy environment.
- 1.1.5 To encourage the involvement of communities and community organisations in the matters of local government

Allocated Powers and Functions

Powers and Functions allocated to the municipality

Child Care Facilities (Childhood care and development that fall outside the National and Provincial competency)

Cemeteries, Funeral Parlours and Crematoria

Cleansing

Control of public nuisance

Control of undertakings that sell liquor to the public

Facilities for the accommodation, care, and burial of animals

Fencing and Fences

Licensing and control of undertakings that sell food to the public

Local Amenities

Local Tourism

Local Sports Facilities

Markets

Municipal Abattoirs

Municipal Parks and Recreation

Municipal Planning

Municipal Public Transport

Noise pollution

Refuse Removal, Refuse Dumps and Solid Waste Disposal

Trading Regulations

Traffic and Parking

Powers and Functions that the municipality perform

Billboards and the Display of Advertisements
Cemeteries, Funeral Parlours and Crematoria
Cleansing
Control of public nuisance
Electricity Reticulation
Local Sport Facilities
Licensing and control of undertakings that sell food to the public
Municipal Planning
Municipal Parks and Recreation
Municipal Roads
Public Places
Refuse removal, Refuse dumps, and Solid Waste disposal
Storm Water
Municipal Abattoir
Street Trading
Street Lighting
Traffic and parking

4. Legislative provisions

The relevant legal provisions regarding the performance management system and annual performance report as contained in the following laws and regulations are outlined below:

- Local Government: Municipal Systems Act, 2000 (Act No. 32 of 200)
- Local Government: Municipal Planning and Performance Regulations, 2001 (Regulation No. R796 of 2001)
- Local Government: Municipal Systems Amendment Act, 2003 (Act No. 44 of 2003)
- Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003)

5. Municipal Systems Act, 2000

The following sections from Chapter 6 of the Municipal Systems Act, 2000 relate to the performance management system.

Establishment of performance management system

38. *A municipality must—*
- (a) *establish a performance management system that is—*
- (i) *commensurate with its resources.*
- (ii) *best suited to its circumstances; and*

- (iii) *in line with the priorities, objectives, indicators, and targets contained in its integrated development plan.*
- (b) *promote a culture of performance management among its political structures, political office bearers and councillors and in its administration; and*
- (c) *administer its affairs in an economical, effective, efficient, and accountable manner.*

Development of performance management system

39. *The executive committee or executive mayor of a municipality or, if the municipality does not have an executive committee or executive mayor, a committee of councillors appointed by the municipal council must-*
- (a) *manage the development of the municipality's performance management system;*
 - (b) *assign responsibilities in this regard to the municipal manager, and*
 - (c) *submit the proposed system to the municipal council for adoption*

Monitoring and review of performance management system

40. *A municipality must establish mechanisms to monitor and review its performance management system.*

Core components

41. (1) *A municipality must in terms of its performance management system and in accordance with any regulations and guidelines that may be prescribed—*
- (a) *set appropriate key performance indicators as a yardstick for measuring performance, including outcomes and impact, with regard to the municipality's development priorities and objectives set out in its integrated development plan.*
 - (b) *set measurable performance targets with regard to each of those development priorities and objectives.*
 - (c) *with regard to each of those development priorities and objectives and against the key performance indicators and targets set in terms of paragraphs (a) and (b)*
 - (i) *monitor performance; and*
 - (ii) *measure and review performance at least once per year.*
 - (d) *take steps to improve performance with regard to those development priorities and objectives where performance targets are not met and*
 - (e) *establish a process of regular reporting to—*
 - (i) *the council, other political structures, political office bearers and staff of the municipality; and*
 - (ii) *the public and appropriate organs of state.*
- (2) *The system applied by a municipality in compliance with subsection (1)(c) must be devised in such a way that it may serve as an early warning indicator of under-performance.*

Notification of key performance indicators and performance targets

44. *A municipality, in a manner determined by its council, must make known both internally and to the general public, the key performance indicators and performance targets set by it for purposes of its performance management system*

Audit of performance measurements

45. *The results of performance measurements in terms of section 41 (1)(c) must be audited-*
- (a) *as part of the municipality's internal auditing processes; and*
 - (b) *annually by the Auditor General*

6. Municipal Planning and Performance Regulations, 2001

The paragraphs below from Chapter 3 of the Municipal Planning and Performance Regulations, 2001 stipulate the following in respect of the municipality's performance management system.

Nature of performance management system

7. (1) *A municipality's performance management system entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised, and managed, including determining the roles of the different role-players.*
- (2) *In developing its performance management system, a municipality must ensure that the system-*
- (a) *complies with all the requirements set out in the Act.*
 - (b) *demonstrates how it is to operate and be managed from the planning stage up to the stages of performance review and reporting.*
 - (c) *clarifies the roles and responsibilities of each role-player, including the local community, in the functioning of the system.*
 - (d) *clarifies the processes of implementing the system within the framework of the integrated development planning process.*
 - (e) *determines the frequency of reporting and the lines of accountability for performance.*
 - (f) *relates to the municipality's employee performance management processes; and*
 - (g) *provides for the procedure by which the system is linked to the municipality's integrated development planning processes.*

Adoption of performance management system

8. *A performance management system must be adopted before or at the same time as the commencement by the municipality of the process of setting key performance indicators and targets in accordance with its integrated development plan.*

Monitoring, measurement, and review of performance

13. (1) *A municipality must, after consultation with the local community, develop and implement mechanisms, systems and processes for the monitoring, measurement, and review of performance in respect of the key performance indicators and performance targets set by it.*
- (2) *The mechanisms, systems, and processes for monitoring in terms of sub regulation (1) must-*
- (a) *provide for reporting to the municipal council at least twice a year.*
 - (b) *be designed in a manner that enables the municipality to detect early indications of under-performance; and*
 - (c) *provide for corrective measures where under-performance has been identified.*
- (3) *Performance measurement in terms of sub-regulation (1) must include the measurement of –*

- (a) costs, resources, and time used to produce outputs in accordance with the input indicators referred to in regulation 9.
 - (b) the extent to which the municipality's activities or processes produced outputs in accordance with the output indicators referred to in regulation 9; and
 - (c) the total improvement brought by outputs in accordance with the outcome indicators referred to in regulation 9.
- (4) The mechanisms, systems, and processes for review in terms of sub regulation (1) must at least —
- (a) identify the strengths, weaknesses, opportunities, and threats of the municipality in meeting the key performance indicators and performance targets set by it, as well as the general key performance indicators prescribed by regulation 10.
 - (b) review the key performance indicators set by the municipality in terms of regulation 9; and
 - (c) allow the local community to participate in the review process.

7. Municipal Systems Amendment Act, 2003

Section 46 of the Municipal Systems Amendment Act, 2003 (Act No. 44 of 2003), provides for the following in relation to the annual performance report of a municipality.

- (1) A municipality must prepare for each financial year a performance report reflecting—
- (a) the performance of the municipality and each external service provider during that financial year.
 - (b) a comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year; and
 - (c) measures taken to improve performance.
- (2) An annual performance report must form part of the municipality's annual report in terms of Chapter 12 of the Municipal Finance Management Act.

8. Municipal Finance Management Act, 2003

Section 121 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) states, *inter alia*, the following in regard to the preparation and tabling of annual reports:

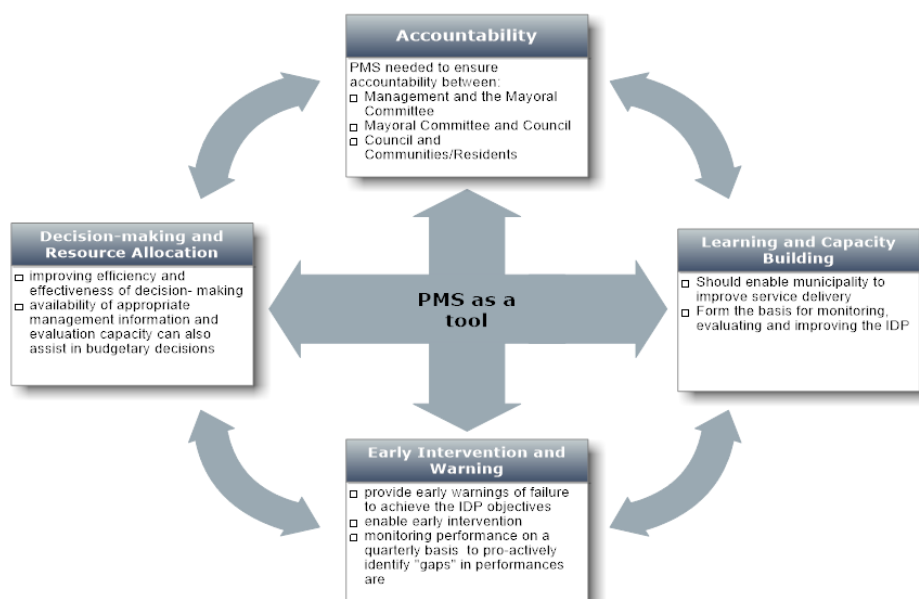
Section 121(2): The purpose of the annual report is –

- (a) To provide a record of the activities of the municipality or municipal entity during the financial year to which the report relates.
- (b) To provide a report on the performance against the budget of the municipality or municipal entity for that financial year; and
- (c) To promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity.

Section 121(3)(c) further states that the annual report of a municipality must include the annual performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal Systems Act.

9. Municipal Performance Management System (PMS)

The RMLM's Approved Performance Management Framework regulates the performance management system in the municipality and provides guidelines on the development and implementation of the organisational and employee performance management system.

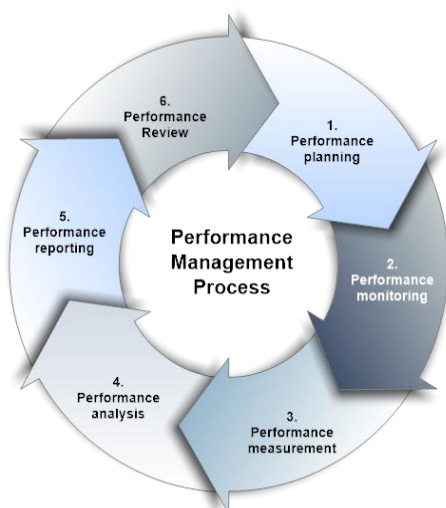


Adapted from the Balanced Scorecard by Robert S. Kaplan and Dave P. Norton, Harvard Business School Press, 1996.

The objectives of institutionalising a Performance Management System, beyond the fulfilling of legislative requirements, is to serve as a primary mechanism to monitor, review and improve the implementation of the municipality's IDP. In doing so, it should fulfil the following functions:

- Promoting accountability
- Decision-making and resource allocation
- Guiding development of municipal capacity-building programs
- Creating a culture for best practice, shared learning within the municipality
- Develop meaningful intervention mechanisms and early warning system
- Create pressure for change at various levels
- Contribute to the overall development of the Local Government System

The annual process of managing performance at institutional level in the Municipality involves the steps as set out in the diagram below.



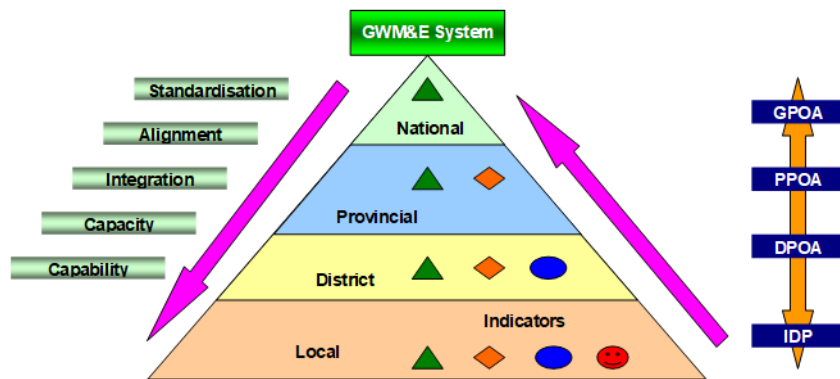
1. **Performance planning** - The performance of the Municipality is to be managed in terms of its IDP and the process of compiling an IDP and the annual review thereof therefore constitutes the process of planning for performance.
2. **Performance monitoring** - ongoing process by which a director accountable for a specific indicator as set out in the institutional scorecard or SDBIP continuously monitors current performance against targets set to ensure that appropriate and immediate interim (or preliminary) action is taken in case of under-performance.
3. **Performance measurement** - formal process of collecting and capturing performance data to enable reporting to take place for each key performance indicator and against the target set for such indicator.
4. **Performance analysis** - interpretation of the measurements as conducted in terms of the previous step to determine whether targets have been met and exceeded and to project whether future targets will be met or not.
- 5&6. **Performance reporting and review** – these two steps deal with both the in-year reporting (monthly, quarterly, and mid-year) and annual reporting requirements.

The approved PMS is also aligned to the new **outcomes approach to performance management in government** which is designed to ensure that government is focused on achieving the expected real improvements in the life of all South Africans. The outcomes approach clarifies what we expect to achieve, how we expect to achieve it and how we will know whether we are achieving it. It will help spheres of government to ensure that results improve the lives of citizens rather than just carrying out our functions. This approach involves management using a logic model which links inputs, activities, outputs, outcomes, and impacts.

According to the *Monitoring and Evaluation Framework in support of Cooperative Governance*¹, a new set of national Key Performance Indicators (KPIs) have been developed and all provinces and key sector departments were consulted during this process. Although there is a need to have indicators for the different levels of the results chain, that is, inputs, activities, outputs, outcomes, and impacts. There is however a need to have a set of national KPIs that address the reporting requirements for the local government sector at national level. The national KPIs will enable the reporting of local government performance at a strategic level. Line function departments will still need to continue to monitor their programmes as required by their mandate. Similarly, provinces and municipalities may still develop their own set of indicators which help measure the projects or programmes which are unique to their situation.

The diagram below illustrates this process, with the green triangles representing the national KPIs, the orange diamonds representing provincial KPIs, the blue circles representing district and circle with a smile representing local municipality KPIs.

¹ Draft Monitoring and Evaluation Framework in support of Cooperative Governance. Department of Cooperative Governance. October 2010



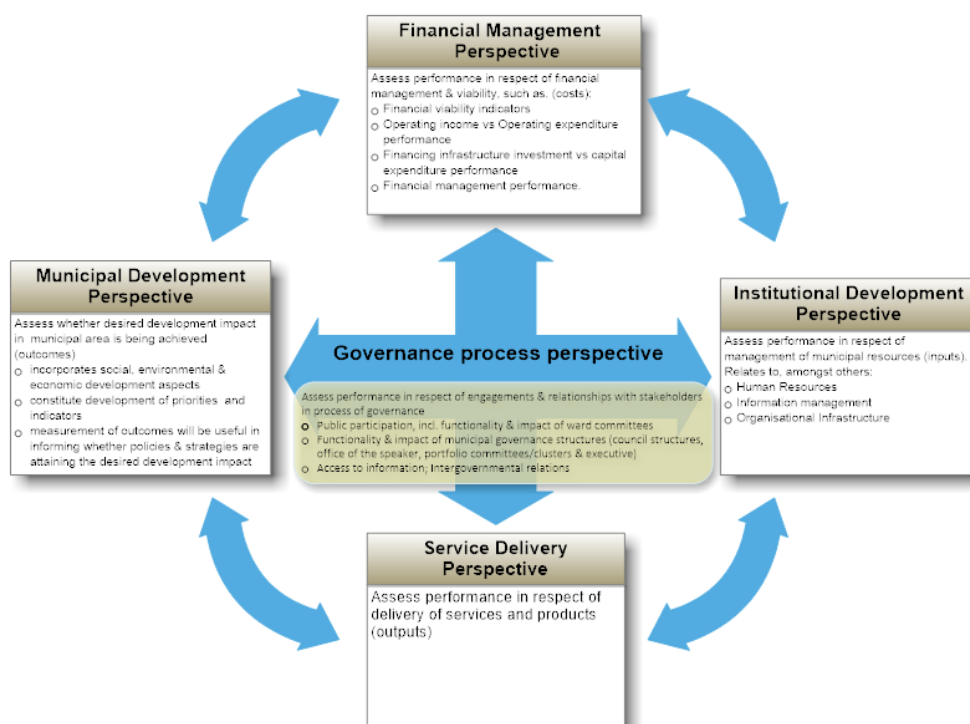
The draft national set of KPIs addresses both the reporting requirements in terms of existing legislation, the various programmes within the department including the LGTAS, the Ten Point Plan and the Minister's Performance Agreement. Once approval is granted by the Minister, this set of national KPIs will be legislated to replace the seven currently found in the Municipal Planning and Performance Management Regulations of 2001. The reporting in terms of section 46, 47 and 48 of the Municipal Systems Act, 32 of 2000 (Act No. 32 of 2000) (MSA) will be informed by these national KPIs.

Municipal Scorecard

The RMLM has chosen the Municipal Scorecard (MS) as its preferred performance management model. In terms of the MS model all indicators are grouped together into five perspectives as depicted in the figure below e.g., inputs, process, outputs, and outcomes.

A Municipal Scorecard Model is a balanced scorecard adapted for measuring key performance on developmental areas that are relevant to municipal service delivery and the public sector. This municipal scorecard model groups indicators together under the 5 Year Local Govt Strategic Agenda Key Performance Areas (KPA's). There are five KPA's that municipalities are required to align their strategic planning on and these cut across every functional area of a municipality. The municipal scorecard measures a municipality's performance through grouping the municipal indicators under these perspectives:

- I. The Municipal Development Perspective
- II. The Service Delivery Perspective
- III. The Institutional Development Perspective
- IV. The Financial Management Perspective
- V. Governance Process Perspective



Adapted from the Balanced Scorecard by Robert S. Kaplan and Dave P. Norton, Harvard Business School Press, 1996.

The table below indicates the issues that were raised in the final report of the Auditor-General for the 2020/21 financial year on predetermined objectives and the management actions taken during 2020/21 to address the findings.

Clarification on FMPPI applicability:

The Framework for Managing Programme and Performance Information (FMPPI) issued by the National Treasury in 2007 was in accordance with the PFMA, Chapter 5 of the Treasury Regulations and the Regulations on Programme and Performance Information which are applicable to National and Provincial Department, Public Entities and Constitutional Institutions. The FMPPI is therefore not applicable to the performance management of municipalities, which are governed by the provisions of the MSA and MFMA.

The performance management processes of municipalities are regulated by Chapter 6 of the Municipal Systems Act (2000), the Municipal Planning and Performance Regulations (2001), section 46 of the Municipal Systems Amendment Act (2003) and section 121 of the Municipal Finance Management Act (2003). Further, in terms of the section 7 of the Municipal Planning and Performance Regulations (2001), the RMLM developed a Performance Management Framework, *which describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised, and managed, including determining the roles of the different role-players.*

10. 2020/2021 Report of the Auditor-General

No	Audit Finding	Management actions taken to resolve findings
1.	Non-Compliance - Performance Management Framework not reviewed.	Performance management Framework was reviewed and submitted to council in July 2022. The Framework is to be workshopped to employees before implementation.
2.	Job cards not reviewed (technical Services).	All job cards are being signed by the employee and thereafter by the supervisor.
3.	The municipality did not make public the approved annual budget and supporting document and the resolution referred to in section 24(2)(c) of the Act and the approved service delivery and budget implementation plan.	The accounting officer to exercise oversight responsibility to ensure compliance with legislation.
4.	SDBIP not submitted and approved by the mayor.	The 2021/22 SDBIP has subsequently been approved by the mayor as required.
5.	No standard operating procedures (SOPs) that predetermine how KPIs would be measured, monitored, and reported (in order to ensure the validity, accuracy & completeness of performance information ultimately reported).	Management is still in the process of developing SOPs for performance indicators.
6.	Corrective measures supporting documentation applicable Technical Services indicators and Community service indicators.	Supporting documentation to be provided.
7.	Reported actual achievement is not consistent with the reported targets.	Reported actual achievement has been made consistent with the actual targets. Where there is no achievement of targets it is indicated like wise.
8.	Performance indicator does not relate to political and legislative mandate.	Perform reviews in the APR and SDBIP to ensure all the indicators are relevant to the legislative mandate.
9.	Job cards not attached for sewer connection done.	Where job cards are required as proof of sewer connection, they have been attached as POE's.
10.	Presentation and Disclosure - Prior year actual achievement not compared to current year actual achievement.	Baseline included on all KPI's in the APR.

11.	Differences between the register and the Annual Performance report	Differences will still be noted between the register and the APR. These were identified during compilation of the APR and review of POE's Instances of non-alignment will be noted. i.e., spelling errors, incorrect wording, KPI numbering non-alignment. However, these have been corrected on the APR.
12	Percentage of water connections done vs All paid applications received, falling outside the financial year 2020/2021.	% Of water connections reported relates to connections made under period of review. Payments made outside financial year, but connections made during year of review still reported under year of review as connections are dependent on when the customer needs connections done.
13.	Percentage of water connection - Numerator + Denominator. Revenue was recognised (Numerator) and payments were identified in the cashbook (Denominator) but was not included in the listing submitted for audit for the calculation of the percentage of water connection.	The identified payments were included in the listing.

Detailed overall performance per department

11. KPA 1: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT

11.1 Office of the Municipal Manager

OFFICE OF THE MUNICIPAL MANAGER

STRATEGIC OBJECTIVE	KPI NUMBER	KEY PERFORMANCE INDICATOR	BASELINE 2020/21	ANNUAL TARGET	ACTUAL ANNUAL PERFORMANCE	ACHIEVED/ NOT ACHIEVED	REASON FOR DEVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)						
Efficient and Effective Administration	1	Approved 2022/23 IDP and Budget Process Plan	IDP Review Process Plan 2020/21 approved by 31 August 2020	Approved 2022/23 IDP and Budget Process Plan by 31 August 2021	IDP Process Plan not approved by 31 August 2021	Achieved	None	None	Approved IDP Process Plan and Council Resolution
Efficient and Effective Administration	2	Number of IDP rep forum meetings held.	0 meetings	4 meetings by 30 June 2022	0 meetings held	Not achieved	Non-adherence to the IDP Process Plan	The process plan will be adhered to	Attendance Registers, meeting agenda and signed registers.

OFFICE OF THE MUNICIPAL MANAGER

STRATEGIC OBJECTIVE	KPI NUMBER	KEY PERFORMANCE INDICATOR	BASELINE 2020/21	ANNUAL TARGET	ACTUAL ANNUAL PERFORMANCE	ACHIEVED/ NOT ACHIEVED	REASON FOR DEVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)						
Efficient and Effective Administration	3	Number of IDP steering Committee meetings held.	0 meetings	12 meetings by 30 June 2022	0 meetings held	Not achieved	The committee was not established in previous quarters	Committee to be fully functional going forward	Attendance Registers, meeting agenda and signed registers.
Efficient and Effective Administration	4	Reviewed 2022/23 IDP	2021/22 Review Adopted on 30 June 2020	Reviewed 2022/23 IDP by 31 May 2022	Draft 2022/23 Draft Reviewed IDP adopted	Achieved	None	None	2022/23 Reviewed IDP, council Resolution
Efficient and Effective Administration	5	Approved 2022/23 SDBIP	2021/22 SDBIP Approved	Approved 2022/23 SDBIP by 28 June 2022	Approved 2022/23 SDBIP by 28 June 2022	Achieved	None	None	Approved 2022/2023 service delivery and budget implementation plan by the mayor dated 28 June 2022
Efficient and Effective Administration	6	2021/21 Mid-Year Performance Assessment Report	2020/21 Mid-Year Term Performance Reports compiled	2021/22 Mid-Year Performance Report approved by 25 January 2022	2021/22 Mid-Year Performance Report approved by 25 January 2022	Achieved	None	None	Council Resolution and 2021/22 Mid-Year Performance Report compiled

OFFICE OF THE MUNICIPAL MANAGER

STRATEGIC OBJECTIVE	KPI NUMBER	KEY PERFORMANCE INDICATOR	BASELINE 2020/21	ANNUAL TARGET	ACTUAL ANNUAL PERFORMANCE	ACHIEVED/ NOT ACHIEVED	REASON FOR DEVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)						
Efficient and Effective Administration	7	Number of Performance Agreements signed	2020/21 Performance Agreements signed	6 Performance Agreements signed by senior managers by 31 July 2021	1 signed Performance Agreement signed by senior managers	Not achieved	Late signing of Performance agreements	All managers to sign the performance agreements	Signed Performance Agreements
Efficient and Effective Administration	8	Number of Amended Performance Agreements signed	2020/21 Amended Performance Agreements signed	6 Amended Performance Agreements signed by senior managers by 31 st March 2022	0 Amended Performance Agreements signed by senior managers by 31 st March 2022	Not achieved	Late signing of Performance agreements	All managers to sign the performance agreements	Amended Signed PA's 2021/22
Efficient and Effective Administration	9	Number of Performance Reviews with senior managers	2020/21 Performance Reviews with senior managers never held	2 Performance Assessments held with senior managers by 30 June 2022	0 Assessments held	Not achieved	Delays in holding assessments caused by clashing events	At least 1 Assessment to be held per quarter	Performance Assessments Reports

OFFICE OF THE MUNICIPAL MANAGER

STRATEGIC OBJECTIVE	KPI NUMBER	KEY PERFORMANCE INDICATOR	BASELINE 2020/21	ANNUAL TARGET	ACTUAL ANNUAL PERFORMANCE	ACHIEVED/ NOT ACHIEVED	REASON FOR DEVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)						
Efficient and Effective Administration	10	Approved PMS Policy	PMS Policy not in place	Approved PMS Policy by 31 May 2022	PMS Policy/Framework submitted to council in July 2022 after due date. Awaiting council resolutions.	Not achieved	Delays in submission to council	To obtain council resolutions	Approved PMS Policy by 31 May 2022 and Council Resolution
Efficient and Effective Administration	11	Tabled Annual Report	2019/2020 Annual Report Tabled	Draft 2020/21 Annual Report by 31 Aug 2021 Tabled 2019/20 Annual Report by 31 August 2021 Tabled 2020/21 Annual Report by 31st January 2022	Draft 2020/21 Annual Report submitted in December 2021 2019/20 Annual Report tabled in July 2021 2020/21 Annual report not yet tabled	Not achieved	2020/21 Annual Report has been delayed due to delays in preparation of the AFS	2020/21 Annual Report to be tabled during the second quarter.	Annual Report + Council Resolution for tabling
Efficient and Effective Administration	12	Approved 2022/23 MPAC Annual Work plan	2021/22 Work plan approved	Approved MPAC Annual Work plan by 31 May 2022	Approved MPAC Annual Work Plan	Achieved	None	None	Approved Work plan and Council Resolution

OFFICE OF THE MUNICIPAL MANAGER

STRATEGIC OBJECTIVE	KPI NUMBER	KEY PERFORMANCE INDICATOR	BASELINE 2020/21	ANNUAL TARGET	ACTUAL ANNUAL PERFORMANCE	ACHIEVED/ NOT ACHIEVED	REASON FOR DEVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)						
Efficient and Effective Administration	13	Number of Reports on Implementation of the MPAC Annual Work plan	2 reports	4 quarterly reporting on the Implementation by 30 June 2022	4 Reports submitted	Achieved	None	None	Annual Work plan + Council Resolution
Efficient and Effective Administration	14	Approved 2019/20 Oversight Report and 2020/21 Oversight Report	Oversight Report not yet approved by Council	Approved 2019/20 Oversight Report by 30 September 2021	2019/20 Oversight Report approved by Council	Achieved	None	None	Oversight Report and Council Resolution
Efficient and Effective Administration	15	Approved 2022/23 Annual Work plan for Risk Management	2021/22 Annual Work plan not yet approved	Approved 2022/23 Annual Work plan for risk management by 30 June 2022	No approved 2022/23 Annual Work Plan	Not achieved	Ad-hoc tasks allocated to the Risk Manager	The municipality to prioritize filling the relevant PMS position.	2022/23 Approved Annual Work plan

OFFICE OF THE MUNICIPAL MANAGER

STRATEGIC OBJECTIVE	KPI NUMBER	KEY PERFORMANCE INDICATOR	BASELINE 2020/21	ANNUAL TARGET	ACTUAL ANNUAL PERFORMANCE	ACHIEVED/ NOT ACHIEVED	REASON FOR DEVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)						
Efficient and Effective Administration	16	Reviewed Risk Management Policy Framework	Risk Management Policy Frameworks not reviewed	Reviewed Risk Management Policy Frameworks Reviewed by 31 May 2022	Reviewed Risk Management Policy Frameworks Reviewed by 31 May 2022 not approved	Not achieved	Delays due to Risk manager given extra responsibilities (PMS)	Councilors to be workshopped, policies to be submitted to council	Risk Management Policy Framework
Efficient and Effective Administration	17	Strategic Risk Assessment	Strategic Risk Assessment conducted	Strategic Risk Assessment 30-Apr 2022	Strategic Risk Assessment not conducted	Not Achieved	Ad-hoc tasks allocated to the Risk Manager	The municipality to prioritize filling the relevant PMS position.	Strategic Risk Assessment with Sign off by the Municipal Manager
Efficient and Effective Administration	18	Operational Risk Assessment	1 Operational Risk Assessment conducted	Operational Risk assessment Sessions held by 30 June 2022	No operational Risk Assessments Sessions held	Not achieved	Ad-hoc tasks allocated to the Risk Manager	The municipality to prioritize filling the relevant PMS position.	Operational Risk Assessment with Sign off by the Municipal Manager
Efficient and Effective Administration	19	Number of meetings of the Risk Committee	2 Risk Committee meetings held	4 quarterly meetings by 30 June 2022	0 Meeting held	Not achieved	Term of Office for ARCOM lapsed and recruitment for new members delayed.	Recruitment of ARCOM to be given priority.	Attendance Registers and Agenda

OFFICE OF THE MUNICIPAL MANAGER

STRATEGIC OBJECTIVE	KPI NUMBER	KEY PERFORMANCE INDICATOR	BASELINE 2020/21	ANNUAL TARGET	ACTUAL ANNUAL PERFORMANCE	ACHIEVED/ NOT ACHIEVED	REASON FOR DEVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)						
Efficient and Effective Administration	20	Number of Risk Training Sessions held	0 Training Session Held	1 training Session by 30 June 2022	0 training sessions held	Not achieved	Training delayed due to challenges with treasury	Engagement with treasury is still ongoing.	Attendance Registers, Agendas
Efficient and Effective Administration	21	Number of awareness campaigns on anti-corruption and fraud	1 Awareness campaign held	1 Anti-corruption and fraud awareness campaign held by 31 January 2022	0 Anti-corruption and fraud awareness campaign	Not achieved	Delayed by engagements with District Municipality	Awareness campaign postpone to May 2022	Attendance Registers, Agendas
Improved stakeholder satisfaction	22	Number of reports submitted on Back to Basics	4 reports	12 Reports on back to basics by 30 June 2022	0 Reports on back to basis	Not achieved	Delayed by engagements with District Municipality	Improve engagements with District Municipality	4 reports and Acknowledgement of Receipt

OFFICE OF THE MUNICIPAL MANAGER

STRATEGIC OBJECTIVE	KPI NUMBER	KEY PERFORMANCE INDICATOR	BASELINE 2020/21	ANNUAL TARGET	ACTUAL ANNUAL PERFORMANCE	ACHIEVED/ NOT ACHIEVED	REASON FOR DEVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)						
Improved stakeholder satisfaction	23	Approved Communication Strategy 2017-2022	Approved Communication Strategy 2016-2020	Approved Communication Strategy 2017-2022 by 30 June 2020	No approved communication strategy	Not achieved	Communication strategy developed waiting for the strategy to be workshopped to council before approval due to	Communication strategy to be workshopped to council and approved	Communication Strategy 2017-2022 and Council Resolution
Improved stakeholder satisfaction	24	Approved Communication Policy	Communication Policy not approved during 2019/20	Approved Communication Policy by 30 June 2022	No Policy approved	Not achieved	Communication Policy developed awaiting council approval. Delays in arranging workshop for the policy	Communication policy to be workshopped to council and approved	Council Resolution and Communication Policy
Improved stakeholder satisfaction	25	Number of external Municipal newsletters	No newsletters	4 Copies external newsletters by 30 June 2022	0 newsletters	Not achieved	Cash not available	Allocate budget for Newsletters	Newsletters
Improved stakeholder satisfaction	26	Number of external Publications contributions	9 Publications	12 external Publications contributions by 30 June 2022	Not achieved 9 publications	Not achieved	Cash not available	Allocate budget for publications	External Publications

11.2 Corporate services

CORPORATE SERVICES									
STRATEGIC OBJECTIVE	KPI NUMBER	KEY PERFORMANCE INDICATOR	BASELINE 2020/21	ANNUAL TARGET	ACTUAL ANNUAL PERFORMANCE	ACHIEVED/ NOT ACHIEVED	REASON FOR DEVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)						
Efficient and Effective Administration	27	Number of compiled Council Agenda's and minutes	Compiled Council Agenda's and minutes for 8 Council meetings.	7 compiled Council Agenda's and minutes by June 2022	15 Council meetings held.	Achieved	None	None	Copies of Council Agenda's and minutes.
Efficient and Effective Administration	28	Reviewed File Plan	2021/2022 File Plan reviewed	Reviewed File Plan by 30 June 2022	File Plan not reviewed	Not achieved	Lack of internal capacity and thus dependence on Provincial archives to assist with reviewing the File Plan.	Embark on a benchmarking exercise with other municipalities that have managed to review their file plans in the district, SALGA, and the Provincial Archives for assistance.	Reviewed File plan, Council Resolution, and inspection reports.

CORPORATE SERVICES

STRATEGIC OBJECTIVE	KPI NUMBER	KEY PERFORMANCE INDICATOR	BASELINE 2020/21	ANNUAL TARGET	ACTUAL ANNUAL PERFORMANCE	ACHIEVED/ NOT ACHIEVED	REASON FOR DEVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)						
Efficient and Effective Administration	29	Percentage of litigations handled.	100%	100% litigations received handled by the Municipality by 30 June 2022	1 Litigation received and handled. (Rate payers association)	Achieved	None	None	Litigation Reports signed off by the MM
Efficient and Effective Administration	30	Percentage of conciliation and arbitration handled.	100%	Percentage of conciliation and arbitration received resolved by 30 June 2022	2 Conciliation received and Handled (100%)	Achieved	None	None	Conciliation and arbitration Reports
Attract and retain best human Capital	31	Number of critical vacant positions filled by 30 June 2022	4 positions filled.	15 Positions	2 appointments made (political offices)	Not Achieved	Appointments delayed	Appointments to be done in the next financial year	Appointment letters and recruitment reports
Efficient and Effective Administration	32	Number of municipal facilities maintained	Municipal facilities not adequately maintained	2 facilities maintained	2 Facilities not maintained	Not Achieved	Budgetary constraints	Renovations to resume in the next financial year	Reports on number municipal facilities maintained

CORPORATE SERVICES

STRATEGIC OBJECTIVE	KPI NUMBER	KEY PERFORMANCE INDICATOR	BASELINE 2020/21	ANNUAL TARGET	ACTUAL ANNUAL PERFORMANCE	ACHIEVED/ NOT ACHIEVED	REASON FOR DEVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)						
Efficient and Effective Administration	33	Percentage of disciplinary matters received resolved	4 disciplinary matters resolved	100% of disciplinary matters received resolved by 30 June 2022	0% of disciplinary matters received & handled	Not achieved	No Disciplinary matters received	None	Reports on disciplinary matters resolved
Efficient and Effective Administration	34	Number of Local Labor Forum meetings held	3 Meeting held	4 Meetings by 30 June 2022	6 Local Labor Forum Meetings held	Achieved	None	None	Attendance Registers and Minutes of meeting
Efficient and Effective Administration	35	Number of learning interventions conducted	6 learning interventions conducted	3 learning interventions conducted d by 30 June 2022	4 learning interventions conducted	Achieved	None	None	Training Reports
Attract and retain best human Capital	36	Reviewed employment equity plan	2021/2022 employment equity plan submitted	1 Reviewed employment equity plan submitted to Dept of Labor and CoGTA by 15 December 2021	Employment equity plan submitted not approved.	Not achieved	Awaiting support from Department	To continue when support is received from Dept of Labor	Approved EE Plan

CORPORATE SERVICES

STRATEGIC OBJECTIVE	KPI NUMBER	KEY PERFORMANCE INDICATOR	BASELINE 2020/21	ANNUAL TARGET	ACTUAL ANNUAL PERFORMANCE	ACHIEVED/ NOT ACHIEVED	REASON FOR DEVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)						
Attract and retain best human Capital	37	Percentage of Audited job description and post levels by 30 June 2022	Job Evaluations not completed	100% by 30 June 2022	No Job evaluations conducted	Not achieved	Delays in the Job evaluation process	To develop a new organizational structure in the next financial year	Submission report (job evaluation committee) Job Evaluation Report
Attract and retain best human Capital	38	Reviewed Organizational Structure	Organizational structure in place	Reviewed Organizational structure by 30 June 2022	Organizational Structure not reviewed	Not achieved	Awaiting support from Department	To develop internal capacity and ask for assistance from both SALGA and the Department	Reviewed Organizational Structure
Efficient and Effective Administration	39	Developed OHS Plan	Plan submitted	OHS Plan developed by 31 December 2021	OHS Plan not developed	Not achieved	OHS Plan not developed. No internal capacity	Build capacity and ensure development of the OHS Plan in 2022/23	Approved OHS Plan (sign off by MM)
Efficient and Effective Administration	40	Number of employees provided with PPE	145 Employees provided with PPE	145 employees to be provided with PPE by 30 June 2022	No PPE provided	Not achieved	Budgetary Constraints	None	Signed acknowledgement of receipt (employees)

CORPORATE SERVICES

STRATEGIC OBJECTIVE	KPI NUMBER	KEY PERFORMANCE INDICATOR	BASELINE 2020/21	ANNUAL TARGET	ACTUAL ANNUAL PERFORMANCE	ACHIEVED/ NOT ACHIEVED	REASON FOR DEVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)						
Efficient and Effective Administration	41	Reviewed ICT Master Systems Plan	IT Master Systems Plan in place	Reviewed ICT Master Systems Plan by 30 June 2022	No ICT Master Plan Developed	Not achieved	Budgetary constraints	Allocation of budget in the next financial year	Appointment letter, ICT, Progress Report, Master Systems Plan Council Resolution
Efficient and Effective Administration	42	Reviewed Operational Disaster Recovery (ODR) & Business Continuity Plan (BCP)	Operational Disaster Recovery (ODR) & Business Continuity Plan (BCP) in place	1 Disaster Recovery (ODR) & Business Continuity Plan (BCP) by 30 June 2022	No Disaster Recovery (ODR) & Business Continuity Plan (BCP) by 30 June 2022	Not achieved	Budgetary constraints	Allocation of budget in the next financial year	Appointment letter, ICT, Progress Report, Disaster Recovery (ODR) & Business Continuity Plan (BCP)
Attract and retain best human Capital	43	WSP submitted to LGSETA	2019/2020 WSP submitted to LGSETA	WSP submitted to LGSETA by 30 April 2022	WSP submitted to LGSETA	Achieved	None	None	Proof of submission/acknowledgement of Receipt.

12. KPA 2: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

12.1 Technical Services

TECHNICAL SERVICES									
STRATEGIC OBJECTIVES	KPI NUMBER	KEY PERFORMANCE INDICATOR	BASELINE 2020/21	ANNUAL TARGET	ACTUAL PERFORMANCE	ACHIEVED/NOT ACHIEVED	REASON FOR DEVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)						
Improved Access to Roads	44	Number of Kilometers of roads paved in Groot Marico	The project is 70% completed	1.5km by 30 June 2022	Certificate of Completion for 1.5 km	Achieved	None	None	Monthly Progress Reports and Minutes and Completion Certificate
Improved Access to Roads	45	Number of Kilometers of roads paved in Morulakop	The project is 50% completed	1.4km by 30 June 2022	1,4km	Achieved	None	None	Monthly Progress Reports and Minutes and Completion Certificate
Improved Access to Roads	46	Number of Kilometers of roads paved in Gopane Phase 2	0% Completed	1.2km by 30 June 2022	1.2 km Completed	Achieved	None	None	Appointment letter, Monthly Progress Reports and Minutes and Completion Certificate

TECHNICAL SERVICES									
STRATEGIC OBJECTIVES	KPI NUMBER	KEY PERFORMANCE INDICATOR	BASELINE 2020/21	ANNUAL TARGET	ACTUAL PERFORMANCE	ACHIEVED/NOT ACHIEVED	REASON FOR DEVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)						
Improved Access to Roads	47	Construction of Borakalalo Bridges and Stormwater	Designs are 100% completed	Completed construction of Borakalalo bridges and stormwater by 30 June 2022	Partial Completion	Not Achieved	Delays in the project implementation due to excessive rain	Target rolled over to 2022/2023	Monthly Progress Reports and Minutes)
Improved Access to Roads	48	Number of Kilometers of roads paved in Dinokana	The project is 60% completed	1.2km by 30 June 2022	1.2 km road by June 2022	Achieved	None	None	Monthly Progress Reports and Minutes and Completion Certificate
Improved Access to Roads	49	Number of Kilometers of roads paved in Mosweu	The project is 60% completed	1.5km by 30 June 2022	1.5km completed by May 2022	Achieved	None	None	Monthly Progress Reports and Minutes and Completion Certificate
Improved Access to Sanitation	50	Percentage of sewer connections done vs All paid applications received	60% of sewer water connections done	100% Connections for all paid applications	Partially complete	Not Achieved	Machinery and Working equipment	Provision of Budget	Job Cards, applications, receipts

TECHNICAL SERVICES									
STRATEGIC OBJECTIVES	KPI NUMBER	KEY PERFORMANCE INDICATOR	BASELINE 2020/21	ANNUAL TARGET	ACTUAL PERFORMANCE	ACHIEVED/NOT ACHIEVED	REASON FOR DEVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)						
Improved Access to Water	51	Percentage of water connections done vs All paid applications received	Water connections not done	100% Connections for all paid applications	Partially complete	Not Achieved	Machinery and Working equipment	Provision of budget	Job Cards, applications, receipts
Improved Access to Roads	52	Number of kilometers of roads bladed	No blading completed	20km of roads bladed in the municipal area by June 2022	3 km road bladed	Not Achieved	Vehicle Breakdown and inadequate equipment	Procurement of equipment and working tools, Provision of budget	Report of work done
Improved Access to Roads	53	Square meters of roads patched in the municipal area	0 square meter of road patched	3000m2 of roads patched in the municipal area by June 2021	1245m ²	Not Achieved	Vehicle Breakdown; inadequate equipment and shortage of staff	Procurement of equipment and working tools; filling of vacant posts	Report of work done

TECHNICAL SERVICES									
STRATEGIC OBJECTIVES	KPI NUMBER	KEY PERFORMANCE INDICATOR	BASELINE 2020/21	ANNUAL TARGET	ACTUAL PERFORMANCE	ACHIEVED/NOT ACHIEVED	REASON FOR DEVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)						
Improved Access to Roads	54	Square meters of stormwater maintained	0 Square meter of storm water maintained	4 000m2 of stormwater maintained in the municipal area by June 2022	400 m ²	Not Achieved	Vehicle Breakdown; inadequate equipment and shortage of staff	Procurement of equipment and working tools; filling of vacant posts	Report of work done
Improved Access to Electricity	55	Number of households connected to grid Kruisrevier	NEW	250 households energized (Kruisrevier phase 2 – 250 HH) by June 2022	250 households connected	Achieved	None	None	Advert, appointment letter, Design Report, Progress Report and Completion Certificate
Improved Access to Electricity	56	Percentage of electricity connections done vs All paid applications received	100% of paid applications connected	100% Connections for all paid applications	Partially complete	Not Achieved	Customers paid but not ready for connection and inadequate equipment and tools	Provision of budget	Job Cards, applications, receipts

TECHNICAL SERVICES									
STRATEGIC OBJECTIVES	KPI NUMBER	KEY PERFORMANCE INDICATOR	BASELINE 2020/21	ANNUAL TARGET	ACTUAL PERFORMANCE	ACHIEVED/NOT ACHIEVED	REASON FOR DEVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)						
Facilitate the provision of electricity	57	Number of reports on repairs and maintenance of electricity	1 Report on repairs and maintenance	4 reports on repairs and maintenance of electricity by 30 June 2022	1 report submitted on repairs and maintenance	Not Achieved	Aging of infrastructure and shortages of material and working equipment	Provision of Budget	Job Cards Reports of work done

12.2 Community services

COMMUNITY SERVICES									
STRATEGIC OBJECTIVE	KPI NUMBER	KEY PERFORMANCE INDICATOR	BASELINE 2020/21	PLANNED ANNUAL TARGET	ACTUAL ANNUAL PERFORMANCE	ACHIEVED/NOT ACHIEVED	REASON FOR DEVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)						
Improved public safety	58	Percentage of Personnel Suitability Checks conducted	Personnel Suitability Checks conducted	100% Personnel Suitability Checks by 30 June 2022	0% Personnel Suitability Checks conducted	Not Achieved	No appointments were made for the year 2021/22	Suitability checks only conducted if there are appointments	Security Screening Reports.
Improved public safety	59	Number of Joint Security Operational meetings held.	12 meetings	12 meetings by 30 June 2022	12 Meetings Held	Achieved	None	None	Attendance Registers and signed minutes for the 12 meetings held.
Improved public safety	60	Number of roadblocks conducted for traffic law enforcement	New	12 roadblocks conducted for traffic law enforcement by 30 June 2022	12 roadblocks conducted for traffic law enforcement by 30 June 2022	Achieved	None	None	Quarterly Reports on the implementation of the roadblocks
Improved public safety	61	Number of Calibration of speed machines and VTS Equipment	2 x Calibration of speed machines and VTS Equipment	2x Calibration of speed machines and VTS Equipment by 30 June 2022	Achieved in Q3. Renewal is done upon expiry	Achieved	None	None	2x Calibration certificates

COMMUNITY SERVICES									
STRATEGIC OBJECTIVE	KPI NUMBER	KEY PERFORMANCE INDICATOR	BASELINE 2020/21	PLANNED ANNUAL TARGET	ACTUAL ANNUAL PERFORMANCE	ACHIEVED/NOT ACHIEVED	REASON FOR DEVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)						
Improved public safety	62	Number of traffic fines issued	New	1000 traffic fines issued by 30 June 2022	Achieved 3628 traffic fines issued	Achieved	None	None	Quarterly reports & section 56 notices detailing breakdown
Improved public safety	63	Number of reports submitted to council on provision of traffic control services	4 reports submitted to council on provision of traffic control services	4 reports submitted to council on provision of traffic control services by 30 June 2022	4 reports submitted to council on provision of traffic control services by 30 June 2022	Achieved	None	None	Quarterly reports and council resolutions
Improved public safety	64	Number of reports submitted to Council on the enforcement of municipal by-laws	New	4 reports submitted to Council on the enforcement by June 2022	4 reports submitted to Council on the enforcement by June 2022	Achieved	None	None	Quarterly reports and Council Resolutions
Enhanced Sustainable Environmental Management and Social development	65	Number of IWMP developed and adopted by Council	New	IWMP developed and adopted by Council by 30th June 2022	IWMP developed and adopted 25 August 2021	Achieved	None	None	Council resolution adopted by the Council by the 30th of June 2022 Copy of IWMP
Enhanced Sustainable Environmental Management and Social development	66	Number of reports on utilization of library services submitted to council	4 reports on utilization of library services submitted to council	4 reports on utilization of library services submitted to council by June	4 reports on utilization of library services submitted to	Achieved	None	None	Quarterly reports and council resolution

COMMUNITY SERVICES									
STRATEGIC OBJECTIVE	KPI NUMBER	KEY PERFORMANCE INDICATOR	BASELINE 2020/21	PLANNED ANNUAL TARGET	ACTUAL ANNUAL PERFORMANCE	ACHIEVED/NOT ACHIEVED	REASON FOR DEVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)						
				2022	council by June 2022				

13. KPA 3: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

13.1 Budget and Treasury

BUDGET AND TREASURY									
STRATEGIC OBJECTIVE	KPI NUMBER	KEY PERFORMANCE INDICATOR	BASELINE 2020/21	PLANNED ANNUAL TARGET	ACTUAL ANNUAL PERFORMANCE	ACHIEVED/NOT ACHIEVED	REASON FOR DEVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)						
Increased financial viability	67	2020/21 AFS submitted to the AGSA	2019/20 AFS submitted by 24 January 2021	2020/21 AFS submitted to the AGSA by 31 August 2021	AFS submitted to AG on 06 December 2021	Not Achieved	Lack of Skills to compile AFS	Plans put in place to meet the submission deadline for 2021/22 AFS	2020/21 AFS, Acknowledgement from AG
Increased Financial Viability	68	2021/22 adjustment budget developed and approved	Adjustment budget for 2021/22 tabled on 28 February 2022	2021/22 adjustment budget developed and approved by 28 February 2022	Adjustment budget tabled in council on 28 February 2022	Achieved	None	None	2020/21 Adjusted Budget and Council Resolution
Increased Financial Viability	69	2021/22 draft budget tabled	2021/22 draft Budget approved	2022/23 draft budget tabled by 31 March 2022	Draft budget tabled in council on 31 March 2022	Achieved	None	None	2022/23 Draft Budget and Council Resolution.

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Increased Financial Viability	70	2022/23 Budget approved	2021/22 budget approved	2022/23 Budget approved by 31 May 2022	2022/23 Budget approved by 31 May 2022	Achieved	None	None	2022/23 Budget and Council Resolution
Increased Financial Viability	71	Number of Sec 71 reports submitted to the Mayor, FEED and PT (Within 10 days after the end of the Month)	12 reports on Sec 71	12 Sec 71 reports submitted to the Mayor, FEED and PT by 30 June 2022	12 Section 71 reports submitted	Achieved	None	None	12 Sec 71 Reports, Acknowledgement of Receipt, and proof of submission
Increased Financial Viability	72	Number of physical verification of assets to be conducted	1 physical verification of assets conducted	4 physical verifications of assets to be conducted by 30 June 2022	2 Physical verifications conducted	Achieved	None	None	Physical verification reports
Increased Financial Viability	73	Number of MFMA Sec 66 reports to be submitted to the mayor and council	6 MFMA sec 66 Reports submitted	12 Monthly MFMA Section 66 Reports submitted to the Mayor and Council by 30 June 2022	12 Reports submitted	Achieved	None	None	12 MFMA Sec 66 Reports
Increased Financial Viability	74	Number of MFMA Sec 11 reports submitted to Council and PT % NT	4 reports submitted	4 reports on MFMA Sec 11 reports submitted to Council and PT % NT by 30 June 2022	4 Reports submitted	Achieved	None	None	Reports, proof of submission and Council Resolution
Increased Financial Viability	75	Number of SCM Reg 6(3) & (4) submitted	4 SCM Reg 6(3) & (4) submitted	4 SCM Reg 6(3) & (4) submitted to Council	3 Reports submitted	Achieved	None	None	Reports and Council Resolution

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		to Council		by 30 June 2022					
Increased Financial Viability	76	Approved 2022/23 Procurement Plan	2021/22 Procurement Plan approved	Approved 2022/23 Procurement Plan by 30 June 2022	Draft procurement plan for 2022/23 tabled in council	Achieved	None	None	Approved Procurement Plan
Increased Financial Viability	77	Number of reports to be submitted to council on contracts management	4 reports on contract management	4 reports to be submitted to council on contracts management by 30 June 2020	4 Reports submitted	Achieved	None	None	Reports and Council Resolution
Increased Financial Viability	78	Percentage implementation of the AIP	64% Implementation	100% by 30 June 2022	Not implemented	Not achieved	Lack of participation from other departments	KPI to be revised	Signed AIP Progress Report
Increased Financial Viability	79	Number of Reports submitted to Council on Compliance with Municipal Property Rates Act (MPRA)	12 reports	12 reports to be submitted b 30 June 2022	12 Reports submitted	Achieved	None	None	Reports and Council Resolution
Increased Financial Viability	80	Number of Billing reports submitted to Council	12 reports	12 reports to be submitted b 30 June 2021	12 Reports submitted	Achieved	None	None	Reports and Council Resolution
Increased Financial Viability	81	Number Indigent households receiving Free Basic Water	1077	1077(maintain current supply) hh by 30 June 2022	1092	Achieved	None	None	Reports on Free Basic Water
Increased Financial Viability	82	Number Indigent households provided with Free Basic Electricity	3287	3287 (maintain current supply) hh by 30 June 2022	3968	Achieved	None	None	Reports on Free Basic Electricity
Increased Financial Viability	83	Number of Indigent households receiving Free Basic Refuse	1392	1392 (maintain current supply) hh by 30 June 2022	1504	Achieved	None	None	Reports on free Basic Refuse Removal Services

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		Removal Services							
Increased Financial Viability	84	Number of Indigent households provided with Free Basic Sewer Services	1392	1392 (maintain current supply) hh by 30 June 2022	1504	Achieved	None	None	Reports on free Basic Sewer Services
Increased Financial Viability	85	Number of reports submitted to Council on Management of (UIF), and subsequent reporting per MFMA s32	4 reports	4 reports submitted to Council on Management of (UIF), and subsequent reporting per MFMA s32 by 30 June 2022	4 Reports Submitted	Achieved	None	None	Reports and Council Resolution
Increased Financial Viability	86	Number of reports on debtors' management submitted to Council	2 Reports submitted	12 reports on debtors' management submitted to Council by 30 June 2022	12 Reports submitted	Achieved	None	None	Reports and Council Resolution
Increased Financial Viability	87	Number of reports submitted to Council MFMA Sec 52	4 Reports	4 reports submitted to Council MFMA Sec 52 by 30 June 2022	4 Reports submitted	Achieved	None	None	Reports and Council Resolution
Increased Financial Viability	88	Annual Outstanding Service Debtors to revenue	136 days	30 days by 30 June 2022	145 days	Not achieved	Ineffective application of debt and credit control policy	Embark on aggressive debt collection strategy	Financial Viability Reports
Increased Financial Viability	89	Percentage revenue collection growth	50%	85% by 30 June 2022	65%	Not Achieved	Ineffective application of debt and credit control policy	Revenue investigation and enhancement project underway	Financial Viability Reports

14. KPA 4: LOCAL ECONOMIC DEVELOPMENT

14.1 Municipal Planning

MUNICIPAL PLANNING									
STRATEGIC OBJECTIVE	KPI NUMBER	KEY PERFORMANCE INDICATOR	BASELINE 2020/21	PLANNED ANNUAL TARGET	ACTUAL PERFORMANCE	ACHIEVED/NOT ACHIEVED	REASON FOR DEVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)						
Enhanced Sustainable Environmental Management and Social development	90	Number of Municipal Planning and Tribunal Sitzings	2 Meetings held	2 Municipal Planning and Tribunal Sitzings by 30 June 2022	2 meetings held in the first quarter 16 Sep 2021 & 14 Sep 2021	Achieved	None	None	Agenda and Attendance Registers
Increased Access to Housing	91	Number of reports on the Facilitation of upgrading of informal settlements	4 Reports	4 quarterly reports to Council on the Facilitation of work done in upgrading of informal settlements by 30 June 2022	4 Reports to council Submitted	Achieved	None	None	Quarterly reports on the facilitation of work done in the upgrading of informal settlement and Council Resolution

MUNICIPAL PLANNING

STRATEGIC OBJECTIVE	KPI NUMBER	KEY PERFORMANCE INDICATOR	BASELINE 2020/21	PLANNED ANNUAL TARGET	ACTUAL PERFORMANCE	ACHIEVED/NOT ACHIEVED	REASON FOR DEVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)						
Increased Access to Housing	92	Number of reports on the Facilitation of implementation of ongoing and new projects within the Municipality	4 reports	4 reports on the facilitation on implementation of ongoing and new projects within the Municipality by 30 June 2022	4 reports submitted but the Council	Achieved	None	None	Quarterly reports on the facilitation and implementation of ongoing and new projects Council Resolutions
Increased Access to Housing	93	Number of reports on facilitation of issuing of Title Deeds	4 Reports	4 Reports on the facilitation of issuing of title deeds by 30 June 2022	4 reports prepared for Council	Achieved	None	None	Quarterly reports on the facilitation of issuing of title deeds and Council Resolution
Increased Investment into the economy	94	Number of LED Forum meetings held	2 LED Forum	4 LED Forum meetings held by 30 June 2022	3 out of 4 LED Forums held	Not Achieved	Dependence on the External Business Forum to complete their terms of reference and the MoU	Ensure that relevant service delivery partners and stakeholders to be engaged meet service delivery /KPI performance requirements.	Minutes, Attendance Registers and Report to Council
Increased Investment into the economy	95	Number of reports on monitoring of Social Labor Plans from 3 mines (Vitkop Mine, Swartkop Manganese mine and Marico Chrome mine)	Monitoring of Social Labor Plan from 3 mines	4 reports to council by 30 June 2022	4 quarterly reports submitted to council DMR Submission not done	Not achieved	4 Quarterly reports prepared for Council Submission to DMR not done because its only submitted upon request	Ensure that relevant service delivery partners and stakeholders to be engaged meet service delivery /KPI performance	Quarterly reports submitted to Council; Reports submitted DMR

MUNICIPAL PLANNING

STRATEGIC OBJECTIVE	KPI NUMBER	KEY PERFORMANCE INDICATOR	BASELINE 2020/21	PLANNED ANNUAL TARGET	ACTUAL PERFORMANCE	ACHIEVED/NOT ACHIEVED	REASON FOR DEVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)						
								requirements.	

15. KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

15.1 Office of the Mayor

OFFICE OF THE MAYOR

STRATEGIC OBJECTIVE	KPI NUMBER	KEY PERFORMANCE INDICATOR	BASELINE 2020/21 Current status (Progress to date)	PLANNED ANNUAL TARGET	ACTUAL PERFORMANCE	ACHIEVED/NOT ACHIEVED	REASON FOR DEVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
Improved stakeholder satisfaction	96	Mandela Day held celebration	Mandela day held during 2020	Mandela Day held on 18 July 2021	No Mandela Day Held	Not Achieved	COVID Restrictions on Gatherings	To implement COVID recovery plans	Attendance Register and pictures
Improved stakeholder satisfaction	97	Older persons and Disability forum Meeting	Older persons and Disability forum Meeting by 24 August 2020	Older persons and Disability forum Meeting by 31 August 2021	No Older Person and Disabilities held	Not Achieved	COVID Restrictions on Gatherings	To implement COVID recovery plans	Attendance Register and pictures
Improved stakeholder satisfaction	98	Arbor Day Celebration	Arbor day celebration held on 3 September 2020	Arbor Day Celebration by 30 September 2021	No Arbor Day Celebrations held	Not achieved	COVID Restrictions on Gatherings	To implement COVID recovery plans	Attendance Register and pictures
Improved stakeholder satisfaction	99	Heritage Site visit	Heritage Site Visit held by September 2020	Heritage Site visit by 30 September 2021	No Heritage Site visits held	Not Achieved	Budgetary Restrictions	Ensure availability of budget	Attendance Register and pictures

OFFICE OF THE MAYOR									
STRATEGIC OBJECTIVE	KPI NUMBER	KEY PERFORMANCE INDICATOR	BASELINE 2020/21 Current status (Progress to date)	PLANNED ANNUAL TARGET	ACTUAL PERFORMANCE	ACHIEVED/NOT ACHIEVED	REASON FOR DEVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
Improved stakeholder satisfaction	100	Women's day Celebration	Mayor's Meet and Greet with all female employees	Women's day celebration/Event 30 September 2021	No Women's Day celebrations held	Not Achieved	COVID Restrictions on gatherings	To implement COVID recovery plans	Attendance Register and pictures
Improved stakeholder satisfaction	101	Mayoral Campaign to cleaning Zeerust Town.	Mayoral Cleaning Campaign	Mayoral Campaign to cleaning Zeerust Town by December 2021	No Mayoral Campaign held	Not Achieved	COVID Restrictions on gatherings	To implement COVID recovery plans	Attendance Register and Pictures
Improved stakeholder satisfaction	102	Number Community consultative meetings (including stakeholders) held	New	6 Community consultative meetings (including stakeholders) by 31 st March 2022	6 Meetings	Achieved	None	None	Attendance Registers

OFFICE OF THE MAYOR									
STRATEGIC OBJECTIVE	KPI NUMBER	KEY PERFORMANCE INDICATOR	BASELINE 2020/21 Current status (Progress to date)	PLANNED ANNUAL TARGET	ACTUAL PERFORMANCE	ACHIEVED/NOT ACHIEVED	REASON FOR DEVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
Motivated and united Workers	103	Team building activity held to motivate workers	NEW	Team building activity to motivate workers by 31 May 2022	No Team building activities held	Not achieved	Budgetary constraints	Ensure budget availability to achieve target	Attendance Registers
Empowered Youth	104	Mayoral Cup held to celebrate Youth month	NEW	Mayoral Cup held to celebrate Youth month by 30 June 2022	Mayor's cup held	Achieved	None	None	Attendance Registers
Empowered Youth	105	Youth empowerment program held	NEW	Youth empowerment program held by 30 June 2022	No Youth empowerment held	Not Achieved	Budgetary Constraints	Ensure budget availability to achieve target	Attendance Registers

OFFICE OF THE MAYOR									
STRATEGIC OBJECTIVE	KPI NUMBER	KEY PERFORMANCE INDICATOR	BASELINE 2020/21 Current status (Progress to date)	PLANNED ANNUAL TARGET	ACTUAL PERFORMANCE	ACHIEVED/NOT ACHIEVED	REASON FOR DEVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
Efficient and Effective Administration	106	Number of Exco sittings held	8 Exco Meetings	10 Exco meetings held by 30 June 2022	4 out of 10	Not achieved	The set target number of meetings exceed the legislated number of EXCO meetings	The KPI will be aligned to legislated number of Council meetings (EXCO to also have four)	Attendance Registers
Improved stakeholder satisfaction	107	Number of Dikgosi forum Meetings held	Dikgosi Forum held	4 Dikgosi Forum Meetings held by 30 June 2022	No Dikgosi Forums Held	Not Achieved	Budgetary Constraints	To ensure availability of budget	Attendance Registers
Improved stakeholder satisfaction	108	Number of Mayoral Imbizos held	Mayoral Imbizo held	6 Mayoral Imbizos held by 30 June 2022	3 out of 6	Not Achieved	COVID Restrictions on gatherings during first and second quarter	To implement COVID recovery plans	Attendance Registers

15.2 Office of the Speaker

OFFICE OF THE SPEAKER									
STRATEGIC OBJECTIVE	KPI NUMBER	KEY PERFORMANCE INDICATOR	BASELINE 2020/21	PLANNED ANNUAL TARGET	ACTUAL PERFORMANCE	ACHIEVED/NOT ACHIEVED	REASON FOR DEVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Status (Progress to date)						
Improved stakeholder satisfaction	109	Number of Ward Committee meetings held	Ward Committees Established	12 Ward Committee Meetings by 30 June 2022	9 out of 12 meeting held	Not Achieved	New ward committees established in the 3rd quarter	None	Attendance Registers
Improved stakeholder satisfaction	110	Number of public participation campaigns held	2 public Participation campaigns held	4 public participation by 30 June 2022	3 public participation campaign held	Not Achieved	COVID Restrictions on gatherings	None	Attendance Registers and Report
Improved stakeholder satisfaction	111	Number of Community Satisfaction surveys conducted	Community Satisfaction survey not done	1 Community Satisfaction Surveys conducted by 30 June 2022	No community satisfaction survey	Not Achieved	Budgetary Constraints	To be conducted in 2022/2023	Results of the survey
Improved stakeholder satisfaction	112	Number of community meetings conducted	Community Meetings held	228 community meetings held by 30 June 2022	171 Community meetings held	Not Achieved	COVID Restrictions on gatherings	None	Attendance Registers, Minutes

15.3 Internal Audit

INTERNAL AUDIT								
STRATEGIC OBJECTIVE	KPI NUMBER	KEY PERFORMANCE INDICATOR	BASELINE 2020/21	PLANNED ANNUAL TARGET	ACTUAL PERFORMANCE	REASON FOR DEVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)					
Efficient and Effective Administration	113	Approved Risk based internal audit plan	2020/21 Risk Based plan in place	Approved Risk based internal audit plan 2022/2023 by 30 June 2022	Not achieved	Approved Risk based internal audit plan developed but not yet approved by ARCOM	To be tabled by Aug 2022 to Audit and Risk Committee	Minutes of Audit Committee approving the plan. Approved Plan
Efficient and Effective Administration	114	Number of Reports on the Implementation of the Internal Audit plan	2021/22 Risk Based plan implemented	Four (4) reports by 30 June 2022	Achieved	None	None	4 reports signed off by MM
Efficient and Effective Administration	115	Reviewed 2022/23 Internal Audit Charter	2021/22 Reviewed Internal Audit Charter	Reviewed 2022/23 Internal Audit Charter by 30 June 2022	Achieved	None	None	Reviewed Internal Audit Charter
Efficient and Effective Administration	116	Reviewed 2020/21 ARCOM Charter	2021/22 Reviewed ARCOM Charter	Reviewed 2022/23 ARCOM Charter by 30 June 2022	Not achieved	Reviewed 2022/23 ARCOM Charter not tabled in Council	Reviewed 2022/23 ARCOM Charter to be tabled at next Council meeting	ARCOM Charter. Minutes of ARCOM for the review
Efficient and Effective Administration	117	Number of ARCOM Reports submitted to Council	2 reports submitted to Council	4 reports by 30 June 2022	Achieved	None	None	4 Reports and Council Resolution

