

RAMOTSHERE MOILOA LOCAL MUNICIPALITY



2023/24

ANNUAL REPORT

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Chapter 1

CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR’S FOREWORD



Cllr DM Pitso: Mayor RMLM

Ramotshere Moiloa Local Municipality managed to retain qualified audit opinion with reduced paragraphs for 2023/24 financial year. It is an indication that there is a continuous improvement in terms of putting people first, service delivery, governance, sound financial management, building capable institution and local economic development within the municipality.

The municipality is still placed under mandatory financial recovery plan by the provincial treasury with the aim of improving the financial performance of the municipality.

Service delivery remains the primary mandate of the municipality. The municipality has managed to purchase 5 bakkies, Chery Picker, two TLB's and two refuse trucks to assist with community service delivery. Thuntsha lerole program has been a success, assisting in reaching communities and identifying their needs. We struggled to maintain municipal facilities due to budget and we have ensured that budget is set aside for operation and maintenance. We hope that we will improve. The municipality relies on different grants that are injected for intended process and capital projects. We have seen improvement in revenue collection as compared to last financial year with 93%. Every year when the municipality reviews

Chapter 1

COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW

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.

Ramotshere Moiloa Local Municipality received a qualified audit opinion, having a number of issues being identified and emphasized by the Auditor General South Africa (AGSA). Recommendations were done by the AGSA and subsequent to that, the municipality came up with a Post Audit Action Plan (PAAP) which is being utilized to remedy the identified issues.

The established council committees are functional and have been meeting regularly to play an oversight role into the administration of the municipality which assists in ensuring accountability. Vital committees amongst the council committees are the Audit and Risk Committee (ARCOM) and Municipal Public Accounts Committee (MPAC) and the administration has a good relationship with these committees to ensure their effective and efficient running.

The council is striving towards providing the community of Ramotshere with effective and efficient service delivery. In addition to service delivery, the municipality prioritises in improving the overall annual performance whereby the following resources have been procured: two (2) TLBs; one (1) Grader; and one (1) pedestrian roller, under the Technical Services department. In addition, the Community Services Department two (2) refuse trucks have been acquired.

The mandate of our local municipality aligns with the broader mandate outlined in Chapter 7 of the South African Constitution, which is applicable to Local Government. We recognize the significance of community involvement and thus continue to prioritize it. This is realized through community consultative meetings, mayoral imbizos, the municipal open policy door to the community to hear of any complaints or discontentment with the level of service delivery. The municipality always tries to the best of its ability to address the complaints and or improve on the services that are offered.

The municipality had vacant positions in senior management whereby two were filled, which is the Director of Technical Services and the Director of Community Services. Lower-level positions have been advertised and the municipality is in the process of filling them out, with some appointments already being made and interviews being held to complete the process. Filling of vacant post is a priority to the municipality as it has an impact on our performance and of services being delivered to the community.

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. The revenue collection could have a great impact on the finances of the municipality, but it is hampered by the non-payment of services. However, the revenue collection rate of the municipality has improved

Chapter 1

which is a great impact on the financial position of the municipality. Our aim is to always encourage a culture of payment of services in order to assist the municipality grow.

Subsequent to the National and Provincial Treasury identifying 43 municipalities which were under financial crisis and our municipality being one of the identified municipalities, a Provincial Executive Representative (PER) was assigned to the municipality. One of the functions of the PER was to assist the municipality to draft a financial recovery plan which would be implemented with the purpose of relieving the financial distress of the municipality. The municipality is following the recovery plan and the finances of the municipality are looking better than there were prior to the intervention of Treasury. The municipality is able to honour its debts and obligations.

The Annual Report for the 2023/2024 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.



Lekgetho Mokgatlhe

Municipal Manager

1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

INTRODUCTION TO BACKGROUND DATA

The data provided herein is obtained from the Census 2011 report conducted by Statistic 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.

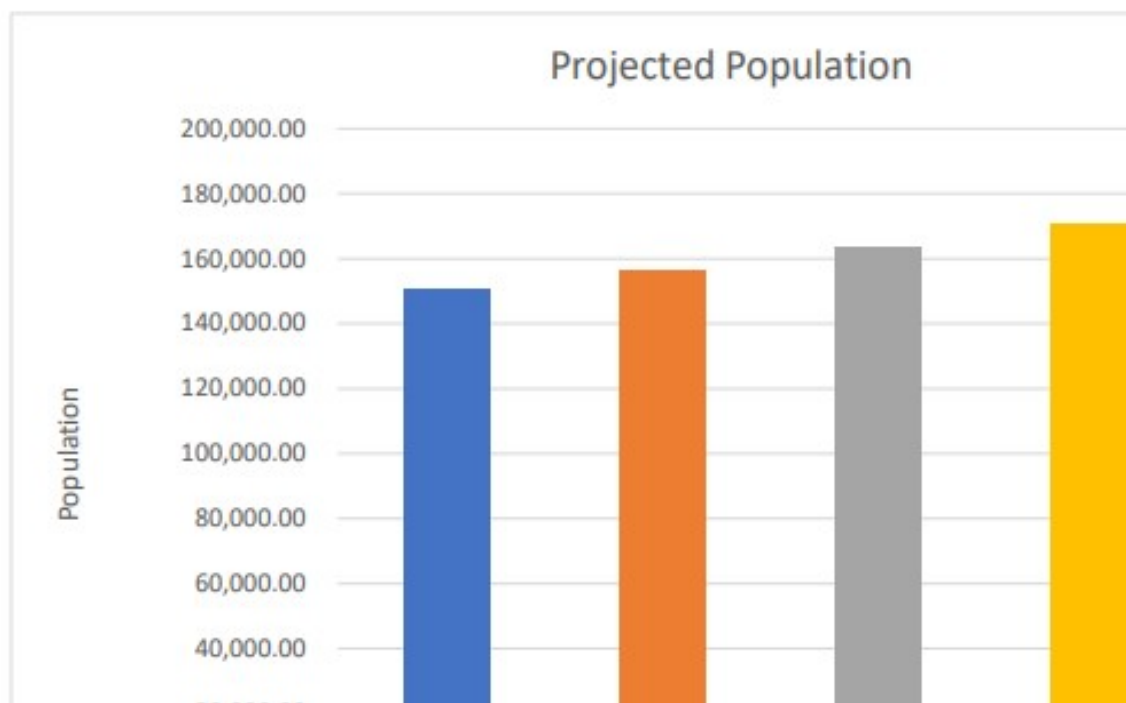
RMLM has 19 wards, and the total population is depicted below:

T 1.2.1

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

Chapter 1

Population Details									
Age	Population '000								
	2021/22			2022/23			2023/24		
	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				



T1.2.3

Chapter 1

Overview of Neighbourhoods within <i>Ramotshere Moiloa</i>		
Settlement Type	Households	Population
Towns		
Zeerust	2353	8734
Shalimar Park	89	359
Sub-Total	2442	9093
Townships		
Groot Marico	1013	3384
Marico Bosveld Nature Reserve	65	181
Ikageleng	1789	6894
Lehurutshe Unit 1	1415	4562
Lehurutshe Unit 2	584	1775
Lehurutshe Unit 3	28	105
Lehurutshe SP 1	2	2
Lehurutshe SP 2	13	39
Welvedacht	49	405
Sub-Total	10627	38985
Rural settlements		
Borakalalo	1066	4329
Motswedi	814	2794
Posedumane	341	1490
Sebalagane	254	1046
Borothamadi	160	619
Dinokana	6280	26409
Doomlaagte	172	776
Driefontein	960	4215
Gaseane	117	478
Gopane	2535	10035
Khunotswana	961	4619
KwaNtsweng	203	671
Lekgophung	209	712
Goo-Kgang	162	753
Lekubung	1256	5486
Lobatlang	350	1320
Madutle	190	871
Makgwaphana	484	1939
Mantsie	67	312

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Maphepane	55	146
Maramage	107	360
Maroelakop	39	168
Masebudule	303	1232
Matlhase	175	756
Mokgola	1487	7069
Moshana	2434	10133
Mosweu	578	2736
Ntsweletsoku	9559	2252
Nyetse	138	805
Pachsdraai	267	889
Pienaar Nature Reserve	3	4
Reagile	29	121
Radikhudu	154	435
Skilpadhek Border	106	188
Supingstad	771	2453
Swartfontein	202	876
Sub-Total	64810	214337
Informal settlements	3300	15580
Sub-Total	3300	15580
Total	77879	262415
		T 1.2.6

Source: Ramotshere Moiloa SDF, 2020

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	

1.3. SERVICE DELIVERY OVERVIEW

Chapter 1

SERVICE DELIVERY INTRODUCTION

One of the objectives 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 no capital projects implemented during the 2023/24 financial year.

Electrical Services: 8 High Mast Lights have been installed through the MIG Grant, 4 at Driefontein and 4 at Motswedi.

Roads and Storm water:

Road designs and contractors have been appointed for the following roads which are anticipated to be completed during the 2024/25 financial year: 1.6km Dinokana Ward 11, 2km Ikageleng ward 15, 2km o Masebudule ward 17, 1.7km Moshana ward 2, 2.5km Lekgopung ward 1.

Completion of Fencing of the Zeerust Landfil site.

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 infrastructure

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 completed. 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

1.4. FINANCIAL HEALTH OVERVIEW

Chapter 1

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's cash flows showed an improvement compared to the previous year, amid challenges in the overall economy

- The municipality managed to maintain an average of 70% collection rate over the 2023/24 financial year.
- The 2019 valuation roll validity and implementation finally ended in 30 June 2024. The new valuation roll showed implementation from 01 July 2024.
- The historical indigent debt totalling an amount of R25,6m with a total of 1198 affected indigents.
- Excessive costs drivers – CPI used for tariff setting -services are provided at a loss and will result in departmental deficits
- All conditional grants were fully spent at 30 June 2024 with no roll over applications.
- Unauthorised expenditures incurred in terms of overtime expenditure, depreciation, and debtors' impairment etc.

T 1.4.1

Financial Overview: 2023/24			
			R' 000
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants	295 195	294 307	280 195
Taxes, Levies and tariffs	150 033	238 699	173 132
Other	8 360	39 168	15 165
Sub Total	453 588	572 174	468 492
Less: Expenditure	515 907	385 972	429 677
Net Total*	(62 319)	186 202	38 815
* Note: surplus/(defecit)			T 1.4.2

Chapter 1

Operating Ratios	
Detail	%
Employee Cost	37%
Repairs & Maintenance	1%
Finance Charges & Impairment	9%
T 1.4.3	

COMMENT ON OPERATING RATIOS:

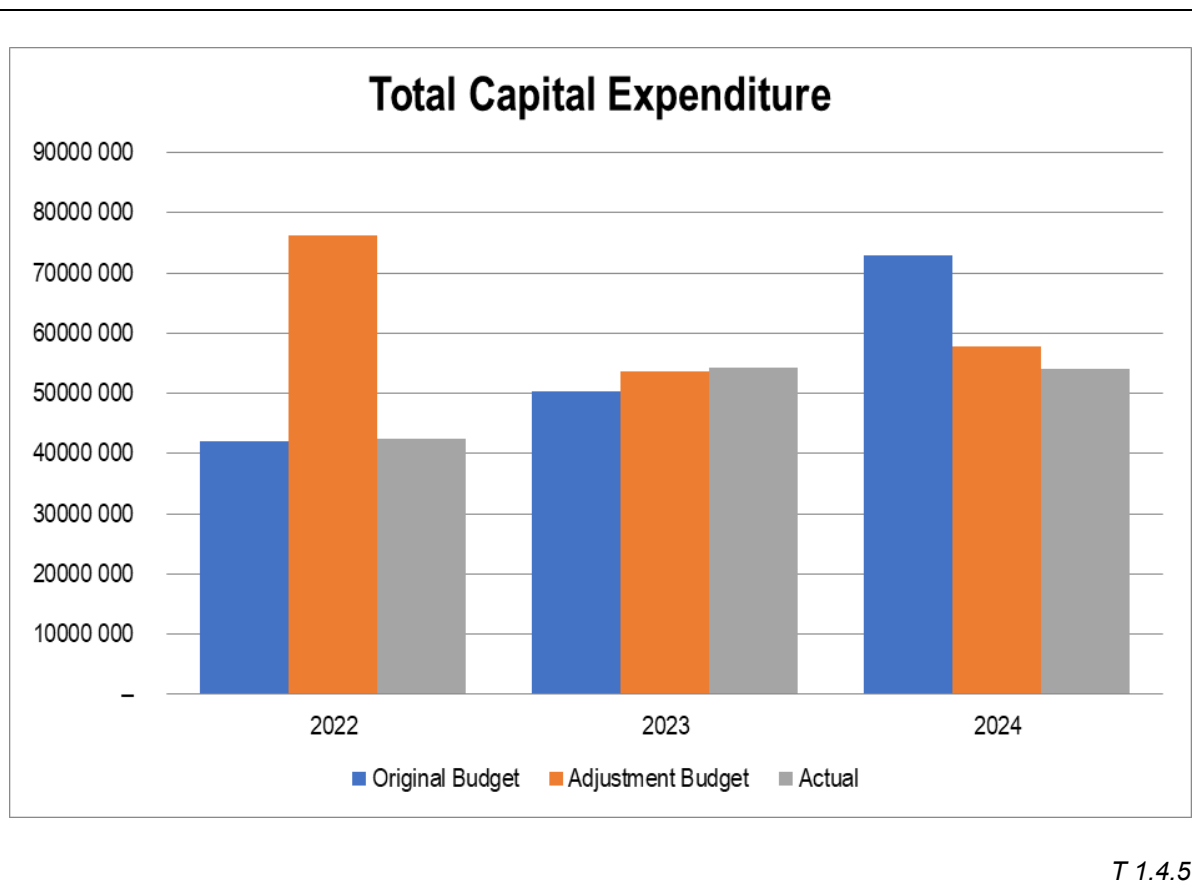
The National Treasury considers 25-40% of operating expenditure to be the norm for human capital. The Municipality's Employee cost ratio to operating expenditure is at 38% for the year under review. This is within the norm.

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). The municipality does not have maintenance plans in place to deal with asset renewals and restorations. The technical department has made budget provisions in the 2024/25 financial year to develop such. When such are in place they will guide the planning, budgeting and aligned maintenance on all the assets of the municipality.

T 1.4.3

Total Capital Expenditure: Year 2022 to 2024			
R'000			
Detail	2022	2023	2024
Original Budget	42 051	50 380	72 870
Adjustment Budget	76 275	53 600	57 872
Actual	42 545	54 340	54 143
T 1.4.4			

Chapter 1



COMMENT ON CAPITAL EXPENDITURE:

Capital spending against budget amounted to 93.3%, This spending was on conditional grants fund which were fully spent by year end. The municipality had anticipated to reseal the Klip street road in Zeerust town from internally generated funds however due to low revenue generation it could not achieve that.

T 1.4.5.1

1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

Ramotshere Moiloa Local Municipality comprises of six directorates, namely:

- Office of the Municipal Manager (Risk Management, Internal Audit Unit, 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)

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- Community Services (Parks & environmental services, Public Safety, Security Services)
- Corporate Services (Human Resource Management, Records Management, Labor Relations, Facilities, Information Technology, 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 embarked on a review of organizational structure to be adopted by council. The review of the structure has been done in line with the Municipal Staff Regulations and consultations with the Head of the departments. The staff compliment of the municipality stands at **288 permanent** employees and 19 contract employees. Vacancy rate for the entire municipal workforce stands at **41%**. Remuneration and benefits of staff is in line with South African Local Government Bargaining Council Guidelines. Personnel expenditure for the financial year 2023/24 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.

1.6. AUDITOR GENERAL REPORT

AUDITOR GENERAL REPORT: 2023/24

The Auditor General has performed their Audit on the 2023/24 AFS as well as on Performance Information for the same Financial Year. The Municipality received a qualified audit opinion on the 2021/22 and 2022/23 audits respectively. The municipality received a qualified opinion during the 2023/24 audit. The AG Audit Report forms an attachment of the 2023/24 Annual Report and is included is on page 92 to 122 along with the Audit Recovery Plan on pages 123 to 127

T 1.6.1

Chapter 1

1.7. STATUTORY ANNUAL REPORT PROCESS

No	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July – August
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise the 4 th quarter Report for previous financial year	
4	Submit draft 2023/24 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
8	Mayor tables the unaudited 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	September – October
12	Municipalities receive and start to address the Auditor General's comments	January
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	March – April
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP through tion for next financial year. Annual Report and Oversight Reports to be used as input	June
T 1.7.1		

Chapter 2

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).

T 2.1.0

2.1 POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE

Note: 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

Chapter 2



MAYOR

PR) CLLR DM Pitso



SPEAKER

CLLR LP Letshufi

EXECUTIVE COMMITTEE



CLLR TV Kena (PR)



CLLR T Sebolao (PR)



CLLR AN Thale



CLLR KJ Selebogo (PR)



CLLR Cllr JK Mokgatlhe



CLLR VO Mogale

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COUNCILLORS



Cllr BT Monamodi



Cllr P Mokgathe(Whip)



Cllr DA Seakentoa



Cllr Ledikwa



Cllr I S Suliman(PR)



Cllr KB Kenosi



Cllr E Motlogelwa



Cllr I Malatsi



Cllr Molefe(PR)



Cllr K Pitso(PR)



Cllr K Mosiane



Cllr B Casanga

Chapter 2



Cllr TS Tlhame



Cllr D Moabi



Cllr KP Tsile



Cllr K venter



Cllr MA Makgokgowa



Cllr TJ Morebantwa



Cllr MIE Moarabi



Cllr Moutmakwa



Cllr MP Odiseng

Chapter 2



Cllr OG Moseki



Cllr OO Diale



Cllr PM Keebine



Cllr PR Mogorosi



Cllr A kgakatsi



Cllr Katametsi



Cllr TJ Keebine



Cllr TP Gaelashwe

3.25 ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

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.

Chapter 2

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

Chapter 2

TOP ADMINISTRATIVE STRUCTURE



**Municipal Manager
Mr Lekgetho Mokgatlhe**



**Chief Financial Officer
Mr Kagiso Noke**



**Director Corporate Services
Mrs Karabo Masuku**



**Director: Technical Services
Mr Puiso Lepedi**



**Director: Community Services
Mrs Boitshoko Madumo**

**Director Municipal Planning
& Development (Vacant)**

Chapter 2

COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

Note: MSA section 3 requires that municipalities exercise their executive and legislative authority within the constitutional system of co-operative governance envisaged in the Constitution section 41.

T 2.3.0

3.25 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 I,
- 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

Chapter 2

RELATIONSHIPS WITH MUNICIPAL ENTITIES

Not applicable as the municipality does not have any entities.

T 2.3.3

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

Chapter 2

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

During the 2023/24 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:

Chapter 2

- 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

Chapter 2

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 for a, 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

Public Meetings						
Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Dates and manner of feedback given to community
Ward committee meeting	17/09.2023	19	3	180	Community challenges on different services	Through the councillor and CLO
Community meeting	10/07/2024	3	3	52	Water Electricity Internal road Indigents register	07/08/2024 Through a community meeting
Campaign of gender base violence		3	3	100	Awareness of gender	Through a community meeting in that particular

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					base violence	area
Meeting for preparation of freedom day	17/04/2024	19	8	45	Freedom day event	Through a meeting
Intergraded community registration outreach program	07/09/2023	5	4	120	Yes	On stakeholder meetings
Introduction of PR councillor	11/10/2023	8	5	155	Yes	Through a meeting
Indigent register	30/04/2024	02	02	110	Indigent	After visiting the BTO office and conduct a meeting with affected councillors ,
Indigent register	07/05/2024	3	3	115	Yes	After visiting the BTO office
T 2.4.3						

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

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Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	No
* Section 26 Municipal Systems Act 2000	
T 2.5.1	

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

The Corporate governance in municipalities refers to the systems, processes, and principles that guide the administration and management of local government entities. Effective governance is crucial for ensuring accountability, transparency, and the efficient delivery of services to communities.

Key Principles of Municipal Governance

1. Legislative Framework: Municipal governance is underpinned by various legislative acts, including the Constitution and the Municipal Systems Act. These laws outline the roles and responsibilities of municipal councils and their officials, emphasizing democratic accountability and service delivery
2. Leadership Roles: The municipal council serves as the custodian of good governance. It is responsible for setting strategic directions, approving policies, and overseeing management performance. Key roles include:
 - Mayor: Elected by the council, responsible for leading the mayoral committee.
 - Municipal Manager: Appointed by the council, acts as the accounting officer, managing day-to-day operations
3. Accountability Mechanisms: Strong accountability frameworks are essential for effective governance. Ramotshere Moiloa Councils has established clear channels for monitoring performance and ensuring that municipal officials are held accountable for service delivery. This includes regular performance assessments and public participation in governance processes
4. Stakeholder Engagement: Engaging with communities and stakeholders is vital for effective governance. Municipalities are involving citizens in decision-making processes, particularly regarding budgeting and service delivery plans

T 2.6.0

2.6 RISK MANAGEMENT

RISK MANAGEMENT

Sections 62(1)(i) and 95(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

Chapter 2

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

T 2.7.1

Chapter 2

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 2023/24 was adopted by Council in May 2024 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 (PPPFA). 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 2023/24 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

Chapter 2

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 2022/23 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 2023/24 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

Chapter 2

2.9 BY-LAWS

By-laws Introduced during 2023/24					
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:
No new by-laws or revised by-laws
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	2024/06/07
All current budget-related policies – not all uploaded	Partial	
The previous annual report (Year -1)	YES	2023/05/30
The annual report (Year 0) published/t	YES	2023/04/10
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards	YES	2023/08/15
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	NO	

Chapter 2

Year 0		
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:

A clear channel of content sharing is required to ensure that municipal stakeholders are able to have data and information efficiently uploaded to the municipal website. For the period under review, the municipal website content was provided to the municipal IT unit to upload to the website and feedback from IT personnel is that when data is shared by stakeholders, it is thereafter provided to a service provider to upload to the website. To mitigate the risk of website content not uploaded/ delayed, it is recommended that a process flow for data and information sharing be developed and implemented via e.g. an internal portal, email group or central repository accessible to stakeholders for the purpose of ensuring that website content is uploaded as required. This will allow for efficiency in data sharing amongst staff members, IT and service providers in order to manage issues relating to appropriate website content availability and overall data sharing practices by the municipality and third parties.

Furthermore, feedback was provided that a Webmaster Position is not filled for the period under review. The appointment of this resource will provide stakeholders with optimum and improved access to the municipal website's backend and the data sharing processes and procedures thereof to ensure adequacy in website content availability

T 2.10.1.1

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

PUBLIC SATISFCATION LEVELS

The municipality did not conduct a satisfaction survey but instead is seeking to find the satisfaction levels of the community through 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

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

INTRODUCTION

One of the objectives 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 2023/2024 financial year.

Electrical Services: Electrification of 250 House Holds at Kruisreveyer 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

Chapter 3

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 3.0.1

COMPONENT A: BASIC SERVICES

This component includes: water; waste water (sanitation); electricity; waste management; and housing services; and a summary of free basic services.

INTRODUCTION TO BASIC SERVICES

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 2023/24 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 2023/24 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 3.1.0

Chapter 3

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

Employees: Water Services

Job Level	2022/23	2023/24			
	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	6	2	4	67%
10 – 12	5	11	5	6	55%
13 – 15	19	34	17	17	50%
Total	28	53	26	27	51%

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.

T3.1.7

Chapter 3

Financial Performance 2024: Water Services

R'000

Details	2022/23	2023/24			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	10 628	24 373	24 393	16 497	-48%
Expenditure:					
Employees	8 956	9 673	9 537	9 588	-1%
Repairs and Maintenance	711	1 000	1 506	829	-21%
Other	2 171	9 550	345	612	-1460%
Total Operational Expenditure	11 839	20 223	11 388	11 029	-83%
Net Operational Expenditure	1 212	(4 151)	(13 005)	(5 468)	24%
<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 3.1.8</i>

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

Chapter 3

Employees: Sanitation Services					
Job Level	2022/23	2023/24			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	1	1	1	0	0%
7 – 9	2	6	2	4	67%
10 – 12	6	11	6	5	45%
13 – 15	3	34	3	31	91%
Total	12	52	12	40	77%
<p><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></p> <p>T 3.2.7</p>					

Financial Performance 2022/23: Sanitation Services					
R'000					
Details	2022/23	2023/24			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	960	17 868	17 838	17 956	0%
Expenditure:					
Employees	14 134	14 719	14 582	14 644	-1%
Repairs and Maintenance	6 201	5 700	1 600	5	-104258%
Other	1 172	3 300	150	57	-5661%
Total Operational Expenditure	21 507	23 719	16 332	14 707	-61%
Net Operational Expenditure	20 547	5 851	(1 506)	(3 249)	280%
<p><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></p> <p>T 3.2.8</p>					

Chapter 3

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-comer 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 2023/24 financial year.

T 3.3.1

Electricity Service Delivery Levels				
Description	2020/21	2021/22	2022/23	Households 2023/24
	Actual No.	Actual No.	Actual No.	Actual No.
<u>Energy: (above minimum level)</u>				
Electricity (at least min.service level)	655	547	565	
Electricity – prepaid (min.service level)	565	587	846	
<i>Minimum Service Level and Above sub-total</i>	1 220	1 134	1 411	–
<i>Minimum Service Level and Above Percentage</i>	52,8%	52,8%	66,3%	#DIV/0!
<u>Energy: (below minimum level)</u>				
Electricity (< min.service level)	112	123	124	
Electricity – prepaid (< min. service level)	955	865	565	
Other energy sources	24	26	28	
<i>Below Minimum Service Level sub-total</i>	1 091	1 014	717	–
<i>Below Minimum Service Level Percentage</i>	47,2%	47,2%	33,7%	#DIV/0!
Total number of households	2 310	2 147	2 127	–

T 3.3.3

Chapter 3

Employees: Electricity Services					
Job Level	2022/23	2023/24			
	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	7	7	7	0	0%
7 – 9	0	0	0	0	#DIV/0!
10 – 12	6	9	6	3	33%
Total	14	17	14	3	18%
<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> <p>T 3.3.6</p>					

Financial Performance 2023/24: Electricity Services					
R'000					
Details	2022/23	2023/24			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	71 934	77 100	77 100	56 828	-36%
Expenditure:					
Employees	7 623	9 812	10 332	8 724	-12%
Repairs and Maintenance	1 605	14 020	6 000	2 915	-381%
Other	60 511	7 900	94 073	97 056	92%
Total Operational Expenditure	69 740	31 732	110 405	108 694	71%
Net Operational Expenditure	(2 194)	(45 368)	33 305	51 866	187%
<p>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.</p> <p>T 3.3.7</p>					

Chapter 3

3.25 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, Ma006 Eager 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.

Chapter 3

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

Financial Performance 2023/24: Solid Waste Management Services R'000

Details	2022/23	2023/24			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	15 101	15 972	16 002		#DIV/0!
Expenditure:					
Employees	5 888		6 279	6 224	100%
Repairs and Maintenance	764		680	78	100%
Other	215		467	255	100%
Total Operational Expenditure	6 867	–	7 426	6 557	100%
Net Operational Expenditure	(8 234)	(15 972)	(8 576)	6 557	344%

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

Chapter 3

3.25 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

Chapter 3

Employees: Housing Services					
Job Level	2022/23	2023/24			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	0	1	0	1	100%
10 – 12	1	1	1	0	0%
Total	1	2	1	1	50%
<p><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></p> <p><i>T 3.5.4</i></p>					

Financial Performance 2022/23: Housing Services R'000					
Details	2022/23	2023/24			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	405	405	651	651	38%
Expenditure:					
Employees	405	651	546	419	-55%
Repairs and Maintenance	–	–			0%
Other	–	0			0%
Total Operational Expenditure	405	651	546	419	-55%
Net Operational Expenditure	–	245	(104)	(231)	0%
<p><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></p> <p><i>T 3.5.5</i></p>					

Chapter 3

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 2023/24 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 2023/24 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

Financial Performance 2023/24: Cost to Municipality of Free Basic Services Delivered

Services Delivered	2022/23	2023/24			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Water	–				
Waste Water (Sanitation)	–				
Electricity	2 315	1 095	1 095	2 268	52%
Waste Management (Solid Waste)	–				
Total	2 315	1 095	1 095	2 268	52%

T 3.6.4

Chapter 3

COMPONENT B: ROAD TRANSPORT

This component includes: roads; transport; and waste water (stormwater drainage).

INTRODUCTION TO ROAD TRANSPORT

For the year under review the municipality managed to upgrade 5,65km of Roads and Storm water through the MIG grant and 2.9km is still under construction. The Construction of Borakalalo to manage storm water drainage system is completed and it was also funded by MIG.

T 3.7

3.7 ROADS

Gravel Road Infrastructure					Kilometers
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained	
2021/22	4 000	0	5,5	256	
2022/23	3 995	0	6,70	0	
2023/24	3 993	0,00	5,65	0,00	
					T 3.7.2

Tarred Road Infrastructure						Kilometers
	Total tarred roads	New tar roads	Existing roads tarred	Existing roads tar re-sheeted	Tar roads maintained	
2021/22	641	5	0	0	6 143	
2022/23	0	5,8	0	0	0	
2022/24	0	0	0	0	0	
						T 3.7.3

Cost of Construction/Maintenance							R' 000
	Gravel			Tar			
	New	Gravel Tar	Maintained	New	Re-worked	Maintained	
2021/22	0	0	0	35 300	0	0	
2022/23	0	0	0	30000	0	0	
2023/24	0	0	0	8522.63	0	0	
							T 3.7.5

Chapter 3

Employees: Road Services					
Job Level	2022/23	2023/24			
	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	1	100%
7 – 9	2	2	2	2	100%
10 – 12	4	4	4	4	100%
13 – 15	13	14	8	6	43%
Total	21	22	16	13	59%
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 2023/24: Road Services R'000					
Details	2022/23	2023/24			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	18 525	56 868	56 868	18	-207%
Expenditure:					
Employees	18 627	16 962	16 042	16 529	9%
Repairs and Maintenance	3 600	10 000	4 000	1 022	0%
Other	23 137	34 287	–	23 658	-48%
Total Operational Expenditure	45 364	61 249	20 042	45 364	-35%
Net Operational Expenditure	(26 839)	4 381	(36 826)	26 839	84%
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					

Chapter 3

3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

Financial Performance 2023/24: Workshop R'000					
Details	2022/23	2023/24			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	11 841	19 369	19 869	19 369	0%
Expenditure:					
Employees	2 672	2 999	3 199	3 035	1%
Repairs and Maintenance	2 048	7 755	2 762	1 772	-338%
Other	1 863	4 497	4 468	4 044	-11%
Total Operational Expenditure	6 582	15 250	10 430	8 851	-72%
Net Operational Expenditure	(5 259)	(4 119)	(9 439)	(10 518)	61%
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 3.8.5					

3.9 WASTE WATER (STORMWATER DRAINAGE)

Stormwater Infrastructure Kilometers				
	Total Stormwater measures	New stormwater measures	Stormwater measures upgraded	Stormwater measures maintained
2021/22	6	6	0	10 000
2022/23	6	1	0	7 500
2023/24	6	4		8522.63
T 3.9.2				

Cost of Construction/Maintenance R' 000			
	Stormwater Measures		
	New	Upgraded	Maintained
2021/22			
2022/23	29 000 000		
2023/24	18 000 000		

Chapter 3

T 3.9.3

Employees: Stormwater Services

Job Level	2022/23	2023/24			
	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	2	3	1	2	67%
7 – 9	2	2	2	0	0%
10 – 12	1	4	1	3	75%
Total	6	10	5	5	50%

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.

T 3.9.6

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 2023/24 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

Chapter 3

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 2023/24 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 2023/24 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

Chapter 3

Employees: Planning Services					
Job Level	2022/23	2023/24			
	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	5	5	3	2	40%
7 – 9	6	6	5	1	17%
Total	12	12	9	3	25%

*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.*
T 3.10.4

Financial Performance 2023/24: Planning Services R'000					
Details	2022/23	2023/24			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	320	16 267	1 367	838	-1841%
Expenditure:					
Employees	59	769	1 744	1 801	57%
Repairs and Maintenance	–				0%
Other	–		470	1 744	0%
Total Operational Expenditure	59	769	2 214	3 545	78%
Net Operational Expenditure	(261)	(15 498)	847	2 707	672%

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 3.10.5

Chapter 3

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	2021/22	2022/23	2023/24
Agric, forestry and fishing	1,5	1,5	1,5
Mining and quarrying	5	2	2
Manufacturing	58	63	63
Wholesale and retail trade	51	52	52
Finance, property, etc.	48	52	52
Govt, community and social services	25	25	25
Infrastructure services	38	41	41
Total	226,5	236,5	236,5
<i>T 3.11.2</i>			

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.

Through the MIG Projects the Municipality has managed to create

T 3.11.4

Chapter 3

Jobs Created during 2023/24 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)				
2021/22	248			Stats from the companies within the Municipality including Quarterly reports from STATS SA
2022/23	180			Stats from the companies within the Municipality including Quarterly reports from STATS SA
2023/24	580			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.
2021/22	50	2 900
2022/23	66	4 500
2023/24	66	99
* - Extended Public Works Programme		T 3.11.6

Chapter 3

Financial Performance 2023/24: Local Economic Development Services R'000

Details	2022/23	2023/24			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	917	6 275	3 915	3 592	-75%
Expenditure:					
Employees	692	5 372	5 255	8 034	33%
Repairs and Maintenance	–				0%
Other	–	2 100	877	1 499	0%
Total Operational Expenditure	692	7 472	6 132	9 532	22%
Net Operational Expenditure	(224)	1 197	2 217	5 941	80%

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 3.11.9

Employees: Local Economic Development Services

Job Level	2021/22	2022/23			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	1	1	1	0	0%
7 – 9	2	2	2	0	0%
10 – 12	1	1	1	0	0%
Total	4	4	4	0	0%

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.

T 3.11.8

Chapter 3

Financial Performance 2023/24: Local Economic Development Services R'000					
Details	2022/23	2023/24			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	917	6 275	3 915	3 592	-75%
Expenditure:					
Employees	692	5 372	5 255	8 034	33%
Repairs and Maintenance	–				0%
Other	–	2 100	877	1 499	0%
Total Operational Expenditure	692	7 472	6 132	9 532	22%
Net Operational Expenditure	(224)	1 197	2 217	5 941	80%
<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 3.11.9

COMPONENT D: COMMUNITY & SOCIAL SERVICES

This component includes: libraries and archives; museums arts and galleries; community halls; cemeteries and crematoria; child care; 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 3.52

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

Chapter 3

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 Lehurutshe 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.

T3.12.1

Chapter 3

Financial Performance 2023/24: Libraries; Archives; Museums; Galleries; Community Facilities; Other R'000					
Details	2022/23	2023/24			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	625	2 389	1 501	1 500	-59%
Expenditure:					
Employees	170	2 132	1 604	2 161	1%
Repairs and Maintenance	–	244	14	5	0%
Other	–	152	160	78	0%
Total Operational Expenditure	170	2 528	1 779	2 244	-13%
Net Operational Expenditure	(455)	138	278	744	81%
<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 3.12.5</i>

3.13 CEMETORIES AND CREMATORIALS

INTRODUCTION TO CEMETORIES & CREMATORIALS

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

Chapter 3

Financial Performance 2023/24: Cemeteries and Crematoriums R'000

Details	2022/23	2023/24			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	3 917	9 534	9 590	9 400	-1%
Expenditure:					
Employees	30	214	211	211	-1%
Repairs and Maintenance	–	2 000	47	3	0%
Other	–	4 650	400	23	0%
Total Operational Expenditure	30	6 864	658	237	-2801%
Net Operational Expenditure	(3 887)	(2 670)	(8 932)	(9 163)	71%
<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 3.13.5</i>

3.14 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

Not Applicable

COMPONENT E: ENVIRONMENTAL PROTECTION

This component is not applicable

COMPONENT F: HEALTH

This component is not applicable

COMPONENT G: SECURITY AND SAFETY

This component is not applicable

COMPONENT H: SPORT AND RECREATION

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

INTRODUCTION TO SPORT AND RECREATION

The municipality manage and operates Ikageleng sport-field. The Borakalalo and Ntsoeletso sport-fields had not been formally handed-over. However, the municipalities are maintaining the facilities on

Chapter 3

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

T 3.23

3.23 SPORT AND RECREATION

Financial Performance 2023/24: Parks

R'000

Details	2022/23	2023/24			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	3 314	7 953	7 953	7 953	0%
Expenditure:					
Employees	689	7 043	7 391	7 792	10%
Repairs and Maintenance	–	1 800	50	73	0%
Other	176	910	225	175	-420%
Total Operational Expenditure	865	9 753	7 666	8 040	-21%
Net Operational Expenditure	(2 449)	1 800	(287)	87	-1974%
<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 3.23.4

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

Chapter 3

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	2022/23	2023/24			
	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	2	0	0	0	0
Total	4	2	2	0	0%

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.

T 3.24.4

Financial Performance 2023/24 The Executive and Council R'000

Details	2022/23	2023/24			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	33 653	53 264	53 264	34 971	-52%
Expenditure:					
Employees	30 385	35 975	35 788	37 397	4%
Repairs and Maintenance	0				0%
Other	8 763	21 763	9 166	6 952	-213%
Total Operational Expenditure	39 149	57 738	44 955	44 349	-30%
Net Operational Expenditure	5 496	4 473	(8 309)	9 377	52%

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 3.24.5

Chapter 3

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 R' 000							
Details of the types of account raised and recovered	2022/23		2023/24			2024/25	
	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	11904,00	33,00		R56 286 323,00	70,00	R14 176 543,24	52,00
Electricity - B	4386,00	100,00		R2 861 022,29	100,00	R1 447 321,89	66,00
Electricity - C	571,00	21,00		R5 662 032,20	75,00	R30 664 783,50	58,00
Water - B	0,00	-		R0,00	-	R0,00	-
Water - C	4307,00	71,00		R13 807 239,51	100,00	R11 042 351,98	44,00
Sanitation	6963,00	100,00		R2 244 651,46	95,00	R2 086 088,93	68,00
Refuse	7477,00	74,00		R12 061 464,59	98,00	R6 268 975,03	68,00
Other	8537,00	100,00		R0,00	-	R0,00	-

Chapter 3

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	2022/23	2023/24			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	6	5	5	0	0%
4 - 6	8	14	11	3	21%
7 - 9	19	20	20	0	0%
Total	33	39	36	3	8%

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.

T 3.25.4

Financial Performance 2023/24: Financial Services					
R'000					
Details	2022/23	2023/24			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	63 537	111 236	117 219	65 318	-70%
Expenditure:					
Employees	24 405	28 582	26 576	26 047	-10%
Repairs and Maintenance	–		53 687	40 345	0%
Other	27 477	63 808			
Total Operational Expenditure	51 881	92 390	80 263	66 392	(0)
Net Operational Expenditure	(11 656)	(18 845)	(36 955)	1 074	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

Chapter 3

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	2022/23	2023/24			
	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	4	2	2	50%
7 - 9	1	2	1	1	50%
10 - 12	8	10	2	2	20%
Total	14	17	6	5	29%

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.

T3.26.4

Financial Performance 2023/24: Human Resource Services					
R'000					
Details	2022/23	2023/24			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	9 605	13 561	13 561	13 444	-1%

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Expenditure:					
Employees	1 035	10 996	1 047	10 148	-8%
Repairs and Maintenance	–		–	27	0%
Other	1 516	5 633	2 477	2 331	-142%
Total Operational Expenditure	2 551	16 629	3 523	12 506	-33%
Net Operational Expenditure	(7 053)	3 068	(10 038)	(938)	427%
<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 3.26.5

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

Employees: ICT Services

Job Level	2022/23	2023/24			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	1	0	1	100%
4 - 6	2	2	2	0	0%
7 - 9	0	2	1	1	50%
Total	2	5	2	2	40%

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.

T3.27.4

Chapter 3

Financial Performance 2023/24: ICT Services					
R'000					
Details	2022/23	2023/24			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	6 944	16 665	16 665	16 665	0%
Expenditure:					
Employees	202	5 324	2 494	2 336	-128%
Repairs and Maintenance	–	250	2 384	1 425	0%
Other	–	24 394	6 222	6 373	0%
Total Operational Expenditure	202	29 968	11 101	10 134	-196%
Net Operational Expenditure	(6 741)	13 303	(5 563)	(6 531)	304%
<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					

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

Chapter 3

Financial Performance 2023/24: Property; Legal; Risk Management and Procurement Services					
R'000					
Details	2022/23	2023/24			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	628	1 508	1 508	1 508	0%
Expenditure:					
Employees	94	1 208	2 080	1 248	3%
Repairs and Maintenance	–		125	125	100%
Other	–	1 200	186	186	-546%
Total Operational Expenditure	94	2 408	2 391	1 559	-54%
Net Operational Expenditure	(534)	900	883	51	-1662%
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

Chapter 4

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	Employees				
	2022/23	2023/24			
	Employees No.	Approved Posts No.	Employees No.	Vacancies No.	Vacancies %
Water	29,00	34,00	26,00	8,00	4,25
Waste Water (Sanitation)	32,00	52,00	12,00	40,00	1,30
Electricity	12,00	17,00	14,00	3,00	5,67
Waste Management	10,00	19,00	10,00	9,00	2,11
Housing	1,00	2,00	1,00	1,00	2,00
Waste Water (Stormwater Drainage)	10,00	10,00	5,00	5,00	2,00
Roads	18,00	23,00	16,00	7,00	

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					3,29
Transport	2,00	4,00	2,00	2,00	2,00
Planning	6,00	6,00	6,00	0,00	0%
Local Economic Development	9,00	11,00	10,00	1,00	11,00
Planning (Strategic & Regulatory)	5,00	6,00	6,00	0,00	0%
Local Economic Development	3,00	3,00	3,00	0,00	0%
Community & Social Services	56,00	68,00	68,00	0,00	0%
Environmental Protection	20,00	30,00	30,00	0,00	0%
Health	80,00	92,00	92,00	0,00	0%
Security and Safety	13,00	19,00	13,00	6,00	3,17
Sport and Recreation	3,00	8,00	3,00	5,00	1,60
Corporate Policy Offices and Other	0,00	10,00	0,00	0,00	-
Totals	309,00	414,00	317,00	87,00	4,76
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 at 30 June, as per the approved organogram.					
T 4.1.1					

Vacancy Rate: 2023/24			
Designations	*Total Approved Posts	*Vacancies (Total time that vacancies exist using fulltime equivalents)	*Vacancies (as a proportion of total posts in each category)
	No.	No.	%
Municipal Manager	1	0	0,00
CFO	1	0	0,00
Other S57 Managers (excluding Finance Posts)	5	1	20,00
Senior management: Levels 13-15 (excluding Finance Posts)	28	0	0,00
Senior management: Levels 13-15 (Finance posts)	7	0	0,00
Highly skilled supervision: levels 9-12 (excluding Finance posts)	134	0	0,00
Highly skilled supervision: levels 9-12 (Finance posts)	53	0	0,00
Total	229	1	0,44

Chapter 4

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.

T 4.1.2

Turn-over Rate 2023/24			
Details	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate*
	No.	No.	
2021/22	9	22	244%
2022/23	7	17	243%
2023/24	11	21	191%
* 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

COMMENT ON VACANCIES AND TURNOVER:

Critical positions in the Internal audit division, remain vacant, along with the position for the Director of Planning and Development and the ICT manager positions. However, all the positions have been shortlisted and will be filled within the first quarter of 2024/25 financial year.

T 4.1.4

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

Chapter 4

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 behaviour 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

Chapter 4

4.2 POLICIES

HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
2	Attraction and Retention	100%	100%	2024/25
3	Code of Conduct for employees	100%	100%	Main Collective Agreement
5	Disciplinary Code and Procedures	100%	100%	Main Collective Agreement
6	Essential Services	100%	100%	Main Collective Agreement
7	Employee Assistance / Wellness	100%	100%	2024/25
8	Employment Equity	100%	100%	2024/25
9	Exit Management	100%	100%	2024/25
10	Grievance Procedures	100%	100%	Main Collective Agreement
11	HIV/Aids	100%	100%	
12	Human Resource and Development	100%	100%	2024/25
13	Information Technology	100%	100%	202/25
14	Job Evaluation	100%	100%	2024/25
15	Leave	100%	100%	2024/25
16	Occupational Health and Safety	100%	100%	2014/2015
17	Official Housing	100%	100%	Main Collective Agreement
20	Official Working Hours and Overtime	100%	100%	2024/25
21	Organisational Rights	100%	100%	Main Collective Agreement
23	Performance Management and Development	100%	100%	2024/25
24	Recruitment, Selection and Appointments	100%	100%	2024/25
27	Sexual Harassment	100%	100%	2024/25
28	Skills Development	100%	100%	2024/25
32	Uniforms and Protective Clothing	100%	100%	2024/25

Chapter 4

33	Risk Management Policy Framework	100%	100%	2014/15
34	Risk Management Implementation Plan	100%	100%	2014/15
35	Risk Management Assurance Plan	100%	100%	2014/15
36	Risk Management Categories	100%	100%	2014/15
37	Risk Management Fraud and Anti-Corruption Policy	100%	100%	2014/15
38	Risk Management Rating Table	100%	100%	2014/15
39	Risk Management Steering Committee	100%	100%	2014/15
40	Risk Tolerance	100%	100%	2014/15
42	Risk Management Policy	100%	100%	2014/15
43	Communication Policy	100%	100%	2014/15
44	Consultants Monitoring and Management Policy	100%	100%	2014/15
45	Demotion, Promotion and Transfer Policy	100%	100%	2024/25
47	Credit Control and Debt Collection Policy	100%	100%	2024/25
48	Supply Chain Management Policy (2020-2021)	100%	100%	204/25
49	Indigent Policy (2016-2017)	100%	100%	2024/25
50	Policy on Borrowing ANNEXURE PB1_Municipal Regulations on Debt Disclosure - Gazette No 29966, 15 June 2007	100%	100%	2024/25
51	Cash Management Investment Policy (23 05 2013)	100%	100%	2024/25
52	Credit Control By-Law (23.05.2013)	100%	100%	2024/25
53	Electricity By-Law (23.05.2013)	100%	100%	2024/25
54	Funding and Reserves Policy (23 05 2013)	100%	100%	2024/25
55	Policy on Borrowing (23.05.2013)	100%	100%	2024/25
56	Rates By-Law (23.05.13)	100%	100%	2024/25

Chapter 4

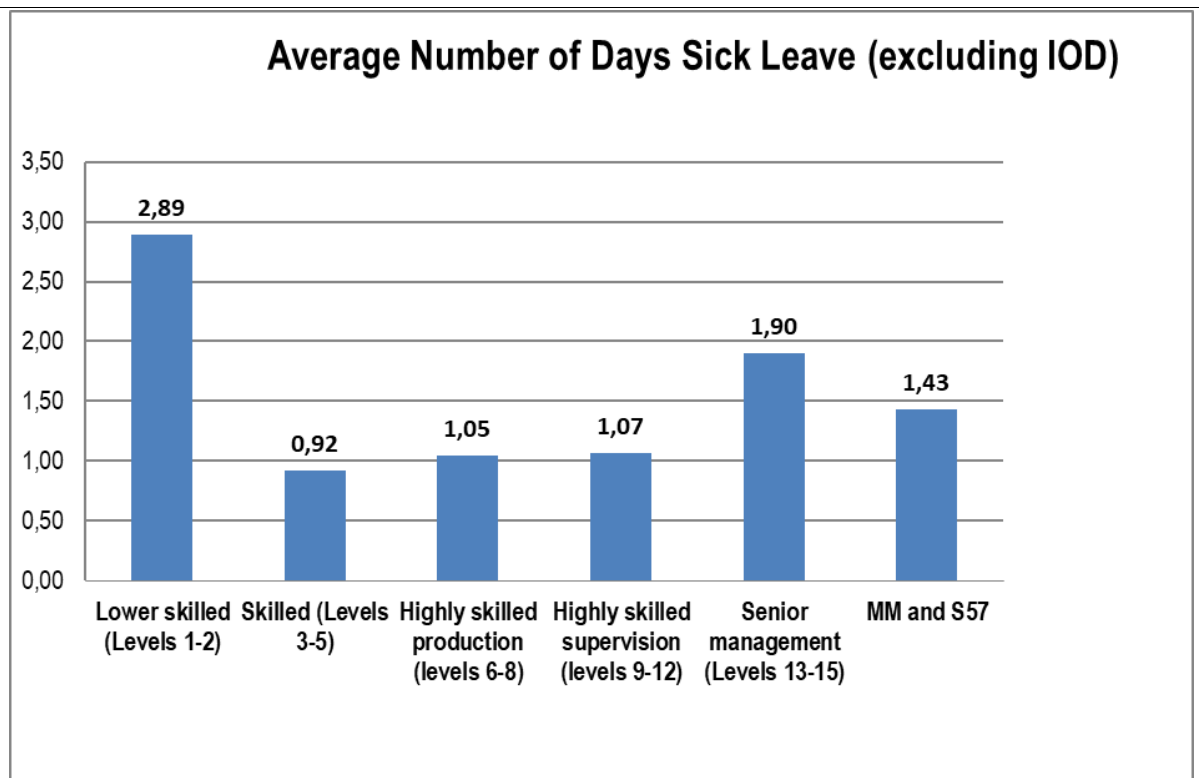
57	Tariff By-Law (23.05.2013)	100%	100%	2024/25
58	Water Supply Wastewater By-Law (23.05.2013)	100%	100%	2013/2014
59	Rates Policy (2016-2017) (3)	100%	100%	2024/25
60	Tariff Policy (2016-2017)	100%	100%	2024/25
61	Assets Management Policy	100%	100%	2024/25
62	Car and Travel Allowance	100%	100%	2024/25
63	Conflict of Interest	100%	100%	2014/2015
65	Student Assistance Policy	100%	100%	2024/25
66	Telephone Usage Policy	100%	100%	2024/25
67	Termination Policy	100%	100%	2014/2015
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

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)	301	-	24	24	-	-
Skilled (Levels 3-5)	96	-	23	23	-	-
Highly skilled production (levels 6-8)	109	-	16	16	-	-
Highly skilled supervision (levels 9-12)	111	-	20	20	-	-
Senior management (Levels 13-15)	198	-	19	19	-	-

Chapter 4

MM and S57	149	-	2	2	-	-
Total	964	-	102	102	-	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



T 4.3.3

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

Chapter 4

- 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

4.4 PERFORMANCE REWARDS

There were no performance awards for 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

4.5 SKILLS DEVELOPMENT AND TRAINING

Skills Matrix														
Management level	Gender	Employees in post as at 30 June 2024	Number of skilled employees required and actual as at 30 June 2024											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
		No.	Actual: End of 2022/23	Actual: End of 2023/24	2023/24 Target	Actual: End of 2022/23	Actual: End of 2023/24	2023/24 Target	Actual: End of 2022/23	Actual: End of 2023/24	2023/24 Target	Actual: End of 2022/23	Actual: End of 2023/24	2023/24 Target
MM and s57	Female					0	1					0	1	
	Male					0	2					0	2	
Councillors, senior officials and managers	Female					27	8					27	8	15
	Male					10	15					10	15	20
Technicians and associate professionals*	Female					3	5					3	5	20
	Male					4	9					4	9	20
Professionals	Female					5	8					5	8	
	Male					5	12					5	12	
Sub total	Female					35	22					35	22	
	Male					19	38					19	38	
Total		0	0	0	0	54	60	0	0	0	0	54	60	0

*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>	1	0	1	0	1	1
<i>Chief financial officer</i>	1	0	1	0	1	1
<i>Senior managers</i>	4	0	4	0	0	4
<i>Any other financial officials</i>	11	0	11	0	0	7
Supply Chain Management Officials						
<i>Heads of supply chain management units</i>	1	0	1	0	0	1
<i>Supply chain management senior managers</i>	0	0	0	0	0	0
TOTAL	18	0	18	0	2	14
* This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007)						

T 4.5.2

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.

Chapter 4

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

Chapter 5

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.

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 5.1.0

Chapter 5

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Financial Performance of Operational Services						
R '000						
Description	2023	2024		2024 Variance		
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
<u>Operating Cost</u>						
Energy sources	50 798	113 413	126 241	108 941	-4%	-16%
Water management	9 642	15 523	13 620	11 324	-37%	-20%
Waste water management	15 205	18 319	16 606	14 707	-25%	-13%
Streets	3 070	5 055	4 949	10 074	50%	51%
Housing	278	651	689	419	-55%	-64%
Municipal Works	31 048	74 800	28 185	34 069	-120%	17%
Mechanical Workshop	9 457	–	–	10 361	100%	100%
PMU	48 637	59 179	2 620	4 413	-1241%	41%
Mun_Buildings	2 844	4 686	3 730	6 404	27%	42%
Component A: sub-total	170 979 479	291 625	196 641	200 713	-45%	2%
Executive and council	40 310	53 264	64 330	48 879	-9%	-32%
Finance Services	64 678	82 015	177 115	79 531	-3%	-123%
Human Resources	10 144	13 829	17 290	12 828	-8%	-35%

Chapter 5

ICT Services	6 031	16 165	12 395	8 882	-82%	-40%
Legal: Labour Relations	1 826	1 508	1 301	1 559	3%	17%
Records	3 021	4 768	5 237	1 264	-277%	-314%
Component B: sub-total	126 010 656	171 548	277 668	152 943	-12%	-82%
Sport and recreation	5 919	7 753	7 794	8 013	3%	3%
Libraries	1 726	2 528	2 283	2 250	-12%	-1%
Cemeteries	4 762	6 981	958	237	-2850%	-305%
Police: Security and Traffic	29 337	41 256	33 179	59 885	31%	45%
Refuse Removal and other Services	5 983	8 269	8 026	6 505	-27%	-23%
Component C: sub-total	47 727 191	66 787	52 240	76 889	13%	32%
Planning, Development and Land Use Management	2 752	3 766	1 781	2 138	-76%	17%
Local Economic Development	6 337	6 322	6 323	9 554	34%	34%
Component D: sub-total	9 090	10 088	8 104	11 692	14%	31%
Total Expenditure	353 807	540 047	534 653	442 238	-31%	-17%

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

Chapter 5

5.2 GRANTS

Grant Performance						
R' 000						
Description	2022/23	2023/24		2024 Variance		
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
<u>Operating Transfers and Grants</u>						
National Government:	219 152	218 906	218 906	218 906	100,00%	100,00%
Equitable share	215 223	215 223	215 223	215 223	100,00%	100,00%
Municipal Systems Improvement	246					
Department of Water Affairs						
Financial Management Grant	2 300	2 300	2 300	2 300	100,00%	100,00%
EPWP	1 383	1 383	1 383	1 383	100,00%	100,00%
Provincial Government:	5 282 820	-	-	-		
Health subsidy	-					
Housing	-					
Ambulance subsidy	-					
Sports and Recreation	-	-				0,00%
NMMDM Water Grant	5 283					
District Municipality:	-	12 000	12 000	5 000		
[insert description]		12 000	12 000	5 000	41,67%	41,67%
					0,00%	0
Other grant providers:	55 742	43 876	40 941	40 941		
INEP						
MIG	55 742	43 876	40 941	40 941	93,31%	100,00%
Total Operating Transfers and Grants	280 177	274 782	271 847	264 847		
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.						
T 5.2.1						

Chapter 5

Grants Received From Sources Other Than Division of Revenue Act (DoRA)						
Details of Donor	Actual Grant 2022/23	Actual Grant 2023/24	Year 0 Municipal Contribution	Date Grant terminates	Date Municipal contribution terminates	Nature and benefit from the grant received, include description of any contributions in kind
Private Sector / Organisations						
LGSeta	246	313	–	N/A	N/A	Training and skills development
Provide a comprehensive response to this schedule						T 5.2.3

5.3 ASSET MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT
<p>The municipality has established asset management unit in line with Section 63 of the MFMA and is responsible for:</p> <p>Safeguarding of assets and liabilities</p> <ul style="list-style-type: none"> 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. <p>CAPACITY OF THE UNIT</p> <p>The unit has three permanent employees in financial year 2023/24 comprising of:</p> <ul style="list-style-type: none"> Manager Assets and Liabilities Senior Clerk movable and immovable assets Senior Clerk Insurance and Liabilities. <p>The support team is mainly assisting on GRAP 17 and GRAP 16.</p>
T 5.3.1
Repair and Maintenance Expenditure: 2024
R' 000

Chapter 5

	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	17 434	9 969	5 132	71%
T 5.3.4				

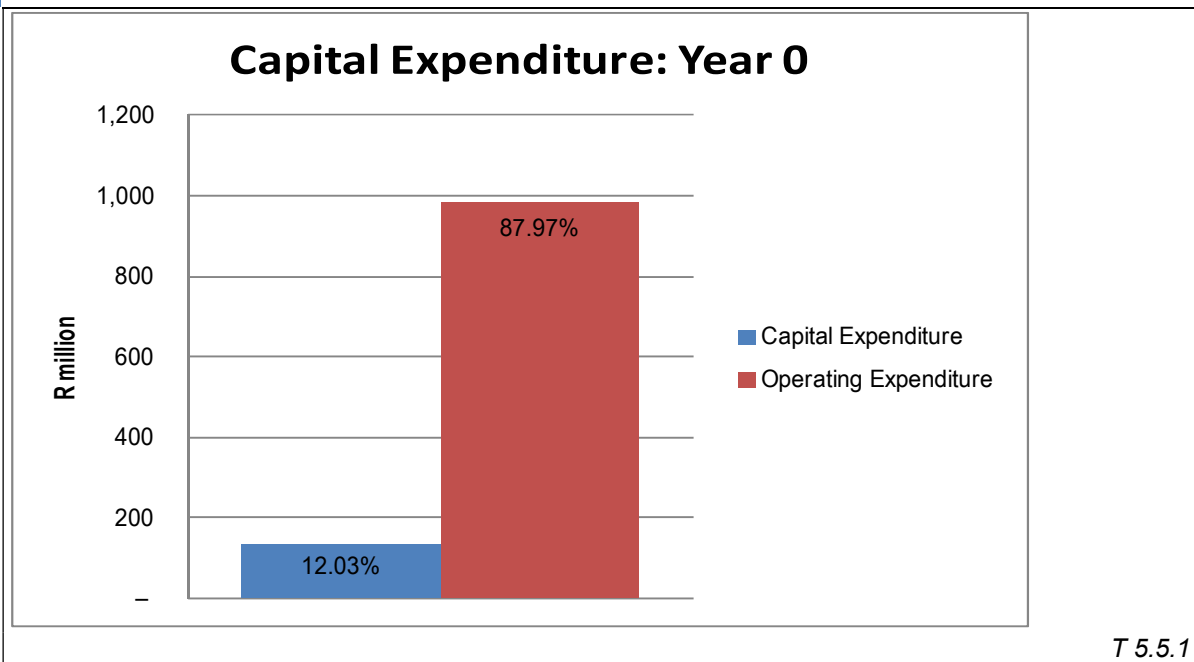
COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

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



5.6 SOURCES OF FINANCE

Chapter 5

Capital Expenditure - Funding Sources: 2023/24 R' 000							
Details		2022/23	2023/24				
		Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
Source of finance							
	External loans	–					
	Public contributions and donations	2 728					
	Grants and subsidies	48 438	43 876	40 941	40 941	-6,69%	-6,69%
	Other	3 174	–	19 036	6 344		
Total		54 340	43 876	59 977	47 285		
Percentage of finance							
	External loans	0,0%	0,0%	0,0%	0,0%		
	Public contributions and donations	#REF!	0,0%	0,0%	0,0%		
	Grants and subsidies	89,1%	100,0%	68,3%	86,6%		
	Other	5,8%	0,0%	31,7%	13,4%		
Capital expenditure							
	Water and sanitation	–	–	–	–		
	Electricity		–	–	–		
	Housing		–	–	–		
	Roads and storm water	55 742	43 876	40 941	40 941	-6,69%	-6,69%
	Other	–	–	19 036	6 344		
Total		55 742	43 876	59 977	47 285		

Chapter 5

Percentage of expenditure							
	Water and sanitation	0,0%	0,0%	0,0%	0,0%		
	Electricity	0,0%	0,0%	0,0%	0,0%		
	Housing	0,0%	0,0%	0,0%	0,0%		
	Roads and storm water	100,0%	100,0%	68,3%	86,6%		
	Other	0,0%	0,0%	31,7%	13,4%		
T 5.6.1							

5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Capital Expenditure of 5 largest projects* R' 000					
Name of Project	Current: 2024			Variance: Current 2024	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
A - Name of Project	R5400 000.00	R 0.00	R5 400 000.00	0%	100%
B - Name of Project	R6000 000.00	R 0.00	R6 000 000.00	0%	100%
C - Name of Project	R4500 000.00	R 0.00	R4 500 000.00	0%	100%
D - Name of Project	R10,000 000.00	R 0.00	R10,000 000.00	0%	100%
E - Name of Project	R4500 000.00	R 0.00	R4 500 000.00	0%	100%
* Projects with the highest capital expenditure in Year 2023					
Name of Project - A	Upgrading of Mokgola Road				
Objective of Project	The Objective of the project is upgrading a 1.9km gravel road to a paved road.				
Delays	There were challenges in the appointment of subcontractors which delayed the project and there were also adverse weather conditions experienced				
Future Challenges	Lack Maintenance by the Municipality due to Limited resources				
Anticipated citizen benefits	Job Creation, Empowerment of Local SME's and Skills transfer.				
Name of Project - B	Upgrading of Dinokana Ward 9 Roads				
Objective of Project	The Objective of the project is upgrading a 1.4km gravel road to a paved road and fixing of the existing 200m paving.				
Delays	There were delays on the project due to adverse weather conditions experienced, reallocation of existing services and the identified borrow pit run out of materials and alternative borrow bit had to be sourced.				
Future Challenges	Lack Maintenance by the Municipality due to Limited resources.				
Anticipated citizen benefits	Job Creation, Empowerment of Local SME's and Skills transfer.				

Chapter 5

Name of Project - C	Upgrading of Dinokana Ward 10 Roads
Objective of Project	The Objective of the project is upgrading a 2km gravel road to a paved road.
Delays	Reallocation of existing services and negotiations to access the borrow pit
Future Challenges	Lack Maintenance by the Municipality due to Limited resources.
Anticipated citizen benefits	Job Creation, Empowerment of Local SME's and Skills transfer.
Name of Project - D	Upgrading of Lehurutshe Roads
Objective of Project	The Objective of the project is upgrading a 2.1km gravel road to a paved road.
Delays	None
Future Challenges	Lack Maintenance by the Municipality due to Limited resources.
Anticipated citizen benefits	Job Creation, Empowerment of Local SME's, Accredited training and Skills transfer.
Name of Project - E	Upgrading of Kruisrevier Roads
Objective of Project	The Objective of the project is upgrading a 1.5km gravel road to a paved road.
Delays	Adverse weather condition and disputes from the trust
Future Challenges	Lack Maintenance by the Municipality due to Limited resources.
Anticipated citizen benefits	Job Creation, Empowerment of Local SME's and Skills transfer.
T 5.7.1	

5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

Municipal Infrastructure Grant (MIG)* Expenditure 2023/24 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				%	%	
<i>Roads, Pavements & Bridges</i>	38 200	51 800	55 742	145,92%	107,61%	
<i>Storm water</i>				%	%	
<i>Infrastructure - Electricity</i>				%	%	
<i>Generation</i>				%	%	
<i>Transmission & Reticulation</i>				%	%	
<i>Street Lighting</i>	1 800	1 800	–	0,00%	0,00%	

Chapter 5

Total	40 000	53 600	55 742	%	%	
<p><i>* 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.</i></p>						T 5.8.3

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

5.9 CASH FLOW

Cash Flow Outcomes R'000				
Description	2022/23	Current: 2023/24		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	52 762	186 142	123 053	151 090
Government - operating	320 540	251 319	251 319	235 431
Government - capital		43 876	40 941	45 937
Interest	2 374		6	3 595
Other receipts	–		11 237	54 032
Payments				
Suppliers and employees	(182 023)	(511 907)	(417 207)	(428 933)
Finance charges	(14 096)	(4 000)	(4 000)	
Transfers and Grants	–			–
NET CASH FROM/(USED) OPERATING ACTIVITIES	179 556	(34 570)	5 349	61 152
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE	(118 813)			
Decrease (Increase) in non-current debtors				
Decrease (increase) other non-current receivables	23		20 000	
Decrease (increase) in non-current investments	736			
Payments				

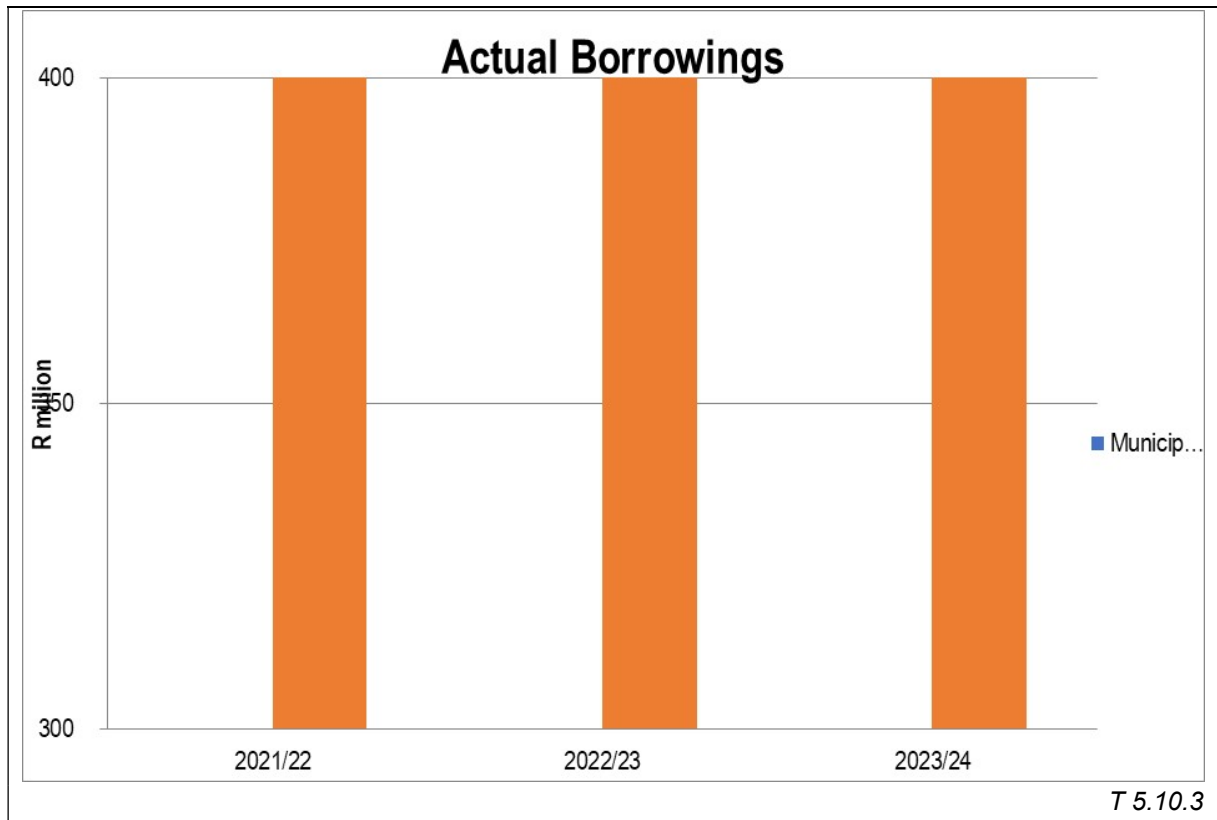
Chapter 5

Capital assets	–	(72 870)	(57 943)	(50 808)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(118 054)	(72 870)	(37 943)	(50 808)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans	–			–
Borrowing long term/refinancing				
Increase (decrease) in consumer deposits	(70 240)			
Payments				
Repayment of borrowing	(13)			(210)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(70 253)	–	–	(210)
NET INCREASE/ (DECREASE) IN CASH HELD	(8 751)	(107 440)	(32 594)	10 134
Cash/cash equivalents at the year begin:	5 994			16 725
Cash/cash equivalents at the year end:	(2 757)	(107 440)	(32 594)	26 859
Source: MBRR A7				T 5.9.1

5.10 BORROWING AND INVESTMENTS

Actual Borrowings: 2021/22 - 2023/24			
R' 000			
Instrument	2021/22	2022/23	2023/24
Municipality	1939990	1927355	1286115
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	1 939 990	1 927 355	1 286 115

Chapter 5



COMPONENT D: OTHER FINANCIAL MATTERS

5.12 SUPPLY CHAIN MANAGEMENT

SUPPLY CHAIN MANAGEMENT

The supply chain management policy for the year 2023/24 was adopted by Council in May 2022 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 (PPPFA). 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

Chapter 5

5.13 GRAP COMPLIANCE

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

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 2022/23

Auditor-General Report on Financial Performance: 2022/23

Audit Report Status*:	Qualified Opinion
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COMPONENT B: AUDITOR-GENERAL OPINION 2023/24

6.2 AUDITOR GENERAL REPORT 2023/24

Auditor-General Report on Financial Performance: 2023/24

Audit Report Status:	Qualified Opinion
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Chapter 6



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 opinion

1. I have audited the financial statements of the Ramotshere Moiloa Local Municipality set out on pages 160 to 256, which comprise the statement of financial position as at 30 June 2024, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the 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 2024, and 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 5 of 2023 (DoRA).

Basis for qualified opinion

Receivables from non-exchange transactions

3. I was unable to obtain sufficient appropriate audit evidence to substantiate the receivables from non-exchange transactions as the municipality did not have adequate systems to maintain records to support financial information. I was unable to confirm these receivable from non-exchange transactions by alternative means. In addition the municipality did not have an adequate system in place to substantiate the

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adjustment of R26 596 824 (2023: R26 596 824). I was unable to confirm these receivables from non-exchange by alternative means. Consequently, I was unable to determine whether any further adjustment to receivables from non-exchange transactions of R8 023 456 (2023: R3 571 861) as disclosed in note 5 to the financial statements was necessary.

Consumer debtors

4. I was unable to obtain sufficient appropriate audit evidence that consumer debtors had been properly accounted for due to the status of accounting records. I was unable to confirm these consumer debtors by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary for consumer debtors stated at R173 093 896 (2022: R152 087 250) and debt impairment stated at R25 656 163 as disclosed in note 6 and note 49 respectively, to the financial statements. In addition, the municipality did not correctly charge and account for interest on outstanding debtors for the current and prior years. As management did not quantify the full interest revenue, it was impracticable to calculate the understatement of consumer debtors.

Property, plant and equipment

5. The municipality did not meet the requirements of the financial reporting framework, as it did not correctly assess impairment for property plant and equipment with a carrying value of R690 859 034 in accordance with Standards of GRAP 17, *Property, plant and equipment*. I was unable to quantify the full extent of the misstatement on the property plant and equipment as disclosed in note 9, the depreciation and amortisation expense of R 30 640 254 as disclosed in note 28 as it was impracticable to do so.

Payables from exchange transactions

6. I was unable to obtain sufficient appropriate audit evidence for unallocated deposits included in payables from exchange transactions as the municipality made an adjustment to prior year unallocated deposit balance that was not supported. I was unable to confirm unallocated deposit by alternative means. Consequently, I was unable to determine whether any further adjustments relating to unallocated deposits of R813 760 (2023: R455 729) in note 13 to the financial statements. In addition, the municipality did not correctly account for trade payables as differences between suppliers statements and age analysis were identified. Consequently fines, penalties and forfeits was understated and trade payables was overstated by R10 544 100. In contrary with requirements of GRAP 1, *Presentation of financial statements*.

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Consumer Deposits

7. Consumer deposits were not accounted for in terms of Standards of Generally Recognised Accounting Practice (GRAP) 104, *financial instruments*, as the municipality did not include deposits made by customers using conventional electricity in the consumer deposits age analysis. I was unable to quantify the full extent of the omitted disclosures, as it was impracticable to do so.

Net cash flows from operating activities

8. The municipality did not correctly prepare and disclose the net cash flows from operating activities, as required by GRAP 2, *Cash flow statements*. This was due to multiple errors in determining net cash flows from operating activities. I was unable to determine the full extent of the errors in net cash flows from operating activities, as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments to net cash flows from operating activities stated at R115 747 328 (2023: R112 409 202) in the financial statements were necessary.

Net cash flows from investing activities

9. The municipality did not correctly prepare and disclose the 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 investing activities. I was unable to determine the full extent of the errors in net cash flows from investing activities, as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments to net cash flow from investing activities as stated at R105 741 555 (2023: R123 424 086) in the financial statements were necessary.

Statement of Changes in Net Assets

10. The municipality did not account for the statement of changes in net assets in terms of GRAP 1, *Presentation of financial statements*. The municipality did not accurately calculate the opening and closing balances in the statement of changes in net assets. Consequently, the closing balances as disclosed in the statement of changes in net assets are overstated by R6 077 123.

Statement of Comparison of Budget and Actual Amount

11. The municipality did not accurately prepare the statement of comparison of budget and actual amounts as required by GRAP 24, *Presentation of budget information in the financial statements*. The approved budgeted amounts as disclosed in the statement of comparison of budget and actual amounts in some instances did not agree with the final approved budget, and the municipality did not disclose the budget

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and actual expenditure relating to acquisition of assets and reasons for variances were not supported. I was unable to determine the extent of the misstatement related to, the differences between budgeted and actual revenue and expenditure and the related explanations of these differences as it was impracticable to do so.

Commitments

12. Commitments were not accounted for in terms of GRAP 17, *Property, plant and equipment*, as contracts values include awards made to consulting engineers, however the expenditure only included the amount paid to contractors. In addition we noted that not all contracts that should have been accounted for under commitments were accounted. I was unable to quantify the resultant impact/understatement of commitments as it was impracticable to do so.

Contingencies

13. Contingent liabilities and contingent assets were not accounted for in terms of GRAP 19, *Provisions, contingent liabilities and contingent assets*. The nature and the amount of the contingent liabilities were not disclosed. I was unable to quantify the resultant impact/understatement of the omitted disclosure on the financial statements, as it was impractical to do so.

Unauthorised expenditure

14. I was unable to obtain sufficient appropriate audit evidence for unauthorised expenditure disclosed due to non-submission of information. 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 R237 261 670 (2023: R394 356 015) as disclosed in note 40 to the financial statements was necessary.

Irregular expenditure

15. Section 125 of the MFMA requires the disclosure of irregular expenditure incurred. The municipality made payments of R89 791 227 (2023:R56 505 332) in contravention with the supply chain management requirements, which were not included in the irregular expenditure disclosed. As the municipality did not quantify the full extent of the irregular expenditure, it was impracticable to determine the resultant understatement of irregular expenditure as disclosed in note 42 to the financial statements.

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Prior period errors

16. Not all prior period errors were disclosed in note 46 to the financial statements, as required by GRAP 3, *Accounting policies, estimates and errors*. The nature and the amount of the correction for some financial statement items affected, and the amount of the correction at the beginning of the earliest previous period were not disclosed. In addition, I was unable to obtain sufficient appropriate audit evidence for those prior period errors disclosed in note 46 to the financial statements, as the supporting information was not provided. I was unable to confirm these disclosures by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the prior period errors disclosed in the financial statements.

Distribution losses

17. The municipality did not disclose material distribution losses relating to water and electricity in terms of Section 125(2)(d)(i) of the MFMA. I was unable to quantify the full extent of the omitted disclosures, as it was impracticable to do so.

Employee related costs

18. During 2023; the municipality did not correctly account for overtime payments as included in the employee related cost note 26, to the financial statements in accordance with GRAP 1, *Presentation of financial statements*, as overtime payments was not accounted for in the correct financial year, due to inadequate review in the payroll section. The municipality did not have adequate internal controls in place to ensure that overtime payments are accounted for in the correct period. I was unable to quantify the full extent of the misstatement, as it was impracticable to do so. My audit opinion on the financial statements for the period ended 30 June 2023 was modified accordingly. My opinion on the current year's financial statements is also modified because of the possible effect of this matter on the comparability of the overtime payments for the current year.

Context for opinion

19. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
20. 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

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fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

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

Emphasis of matter

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

Fruitless and wasteful expenditure

23. As disclosed in note 41 to the financial statements, fruitless and wasteful expenditure of R10 628 685 was incurred in the current year and fruitless and wasteful expenditure of R 42 232 197 from prior years have not yet been dealt with in accordance with section 32 of the MFMA.

Other matters

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

Unaudited disclosure notes

25. 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

26. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the MFMA and 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.
27. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of

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accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

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

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

30. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected key performance area presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
31. I selected the following key performance area presented in the annual performance report for the year ended 30 June 2024 for auditing. I selected key performance area that measures the municipality's performance on its primary mandated functions and that is of significant national, community or public interest.

Key Performance Area	Page numbers	Purpose
Key Performance Area 2: Basic service delivery and infrastructure development	292 - 300	To accelerate the provision of basic services

32. I evaluated the reported performance information for the selected key performance area against the criteria developed from the performance management and reporting

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framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipality's planning and delivery on its mandate and objectives.

33. I performed procedures to test whether:

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

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

35. The material findings on the reported performance information for the selected key performance area are as follows:

Key Performance Area 2: Basic service delivery and infrastructure development

KPI 45: Percentage of paid sewer applications connected

36. An achievement of 100% paid sewer applications connected was reported against a target of 100% paid sewer applications connected. However, the audit evidence did not support this achievement. I could not determine the actual achievement, but I estimated it to be materially more than reported. Consequently, it is likely that the target was still achieved.

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Various indicators

37. Some supporting evidence was not provided for auditing; or, where it was, I identified material differences between the actual and reported achievements. Consequently, the achievements might be more or less than reported and were not reliable for determining if the targets had been achieved.

Indicator	Target	Reported achievement
KPI 46: Percentage of paid water applications connected	100% of paid water applications connected	78% of paid water applications connected
KPI 49: Percentage of paid electricity application connected	100% of paid electricity applications connected	65% of paid electricity application connected
KPI 48: Number of kilometers of storm-water maintained	1000m2	1800m2
KPI 47: Number of kilometer of road patched/	3000m2	8522.63m2

Various indicators

38. Measures aimed at improving performance against targets were reported. However, I could not determine if the measures were actually implemented to improve performance because adequate supporting evidence was not provided for auditing. Consequently, I could not verify whether the reported measures were indeed taken.

Indicator	Target	Reported achievement
KPI 46: Percentage of paid water applications connected	100% of paid water applications connected	78% of paid water applications connected
KPI 49: Percentage of paid electricity application connected	100% of paid electricity applications connected	65% of paid electricity application connected

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KPI 44: Number of kilometres of road designs completed and contractor appointed for road in Dinokana Ward 5

39. The approved planning documents included a commitment to 1.6 km of Road paved in Dinokana Ward 11 by June 2024. However, an achievement of 1.6km Designs completed and contractor appointed was reported in the annual performance report. This discrepancy highlights misalignment between approved plans and operations, while the incorrect reporting undermines transparency and accountability.

Various indicator

40. Measures taken to improve performance against underachieved targets were not reported in the annual performance report. Information was thus not provided to help with understanding the actions taken by the management to address performance gaps and for assessing the effectiveness of strategies to improve future performance against targets.

Indicator	Target
KPI 59: Number of EIA conducted	One EIA conducted
KPI 60: Number of Cemetery Management System to be installed	One Cemetery Management System to be installed

Other matters

41. I draw attention to the matters below.

Achievement of planned targets

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

43. The table that follow provides information on the achievement of planned targets and list the key service delivery indicators that were not achieved as reported in the annual performance report. The measures taken to improve performance are included in the annual performance report on pages 257 to 316.

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KPA 2: Basic Service Delivery and Infrastructure Development

Targets achieved: 0%

Budget spent: 0%

Key indicator not achieved	Planned target	Reported achievement
KPI 46- Percentage of paid water applications connected	100% of paid water applications connected by June 2024	78%
KPI 49 - Percentage of paid electricity applications connected	100% of paid electricity applications connected by June 2024	65%
KPI 59 - Number of EIA conducted	One EIA conducted	Advert not done
KPI 60 - Number of Cemetery Management System to be installed	One Cemetery Management System to be installed	Cemetery Management system not installed

Material misstatements

44. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for KPA 2: Basic Service Delivery and Infrastructure Development. Management did not correct the all the misstatements and I reported material findings in this regard.

Report on compliance with legislation

45. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipality's compliance with legislation.
46. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
47. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipality, clear to allow consistent measurement and evaluation, while also

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sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

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

Annual financial statements and annual reports

49. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of current assets, current liabilities, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving qualified audit opinion.
50. The 2022/23 annual report was not made public after being tabled in the council, as required by section 127(5)(a)(i) of the MFMA.
51. The local community was not invited to submit representations in connection with the 2022/23 annual report, as required by section 127(5)(a)(ii) of the MFMA.

Consequences management

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

Expenditure management

53. Money owed by the municipality was not always paid within 30 days as required by section 65(2)(e) of the MFMA.
54. Reasonable steps were not taken to prevent unauthorised expenditure, as required by section 62(1)(d) of the MFMA. The full extent of the unauthorised expenditure could not be quantified as indicated in the basis for qualification paragraph. The majority of the disclosed unauthorised expenditure was caused by overspending of budget on vote 3: technical services and vote 4: community services and social services.
55. 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. The majority of the disclosed irregular expenditure was caused by the non-compliance with the supply chain regulations.

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56. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R10 628 685, as disclosed in note 41 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest payable on bulk purchases.

Revenue management

57. Interest was not charged on all accounts in arrears, as required by section 64(2)(g) of the MFMA.
58. An adequate management, accounting and information system which accounts for debtors was not in place, as required by section 64(2)(e) of the MFMA.

Asset management

59. An adequate management, accounting and information system which accounts for assets was not in place, as required by section 63(2)(a) of the MFMA.
60. An effective system of internal control for assets (including an asset register) was not in place, as required by section 63(2)(c) of the MFMA.

Human resource management

61. Appropriate systems and procedures to monitor, measure and evaluate performance of staff were not developed and adopted, as required by section 67(1)(d) of the Municipal Systems Act.
62. The municipal manager did not develop the staff establishment and did not submit it to the municipal council for approval as required by section 66(1)(a) of the Municipal Systems Act.

Strategic planning and performance management

63. The performance management system and related controls were inadequate as it did not review and reporting processes should be conducted and managed, as required by municipal planning and performance management regulation 7(1).
64. A performance management system was not adopted, as required by municipal planning and performance management regulation 8.

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Procurement and contract management

- 65. Some of the invitations for competitive bidding were not advertised for a required minimum period of days, in contravention of SCM Regulation 22(1) and 22(2). This non-compliance was identified in the procurement processes.
- 66. Sufficient appropriate audit evidence could not be obtained that the performance of contractors or providers was monitored on a monthly basis as required by section 116(2) of the MFMA.
- 67. Sufficient appropriate audit evidence could not be obtained that contract performance and monitoring measures were in place to ensure effective contract management as required by section 116(2)(c)(ii) of the MFMA.

Other information in the annual report

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

Internal control deficiencies

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

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performance report and the material findings on compliance with legislation included in this report.

- Lack of oversight over financial reporting, compliance monitoring and related internal controls due to an overall ineffective control environment over reliance of consultants.
- Inadequate record keeping in a timely manner to ensure that complete, relevant and accurate information support the annual financial statements.

Material irregularities

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

Status of previously reported material irregularities

Full and proper records not kept

74. 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.

75. 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.

76. 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;

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- 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
77. 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.
78. 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 developed an action plan on 08 June 2022 with timelines to address poor record keeping 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 authorization 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.

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- 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.

79. 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;

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- Log of issues requiring management attention;
- Draft documents ; and
- Final deliverables and project close-up report.

80. 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.

81. The municipality began 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

82. 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.

83. The AO noted that the reconciliations of the valuation tolls are underway, and it is projected that this will go on until December 2022. It is contemplated that this will

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result in a more accurate valuation roll and this payment of rates without the system being over clogged with unresolved complaints.

84. Rates, Tariff review, and bench marking. The Municipality will appoint a service provider to look at assessment rates and tariffs review for the Municipality.
85. The accounting officer submitted a written responses and supporting evidence on the implementation of the recommendations on 8 June 2022 and 8 September 2022, respectively. Based on my assessment of the written response and supporting evidence submitted I concluded that the recommendations were not adequately implemented.
86. On 7 August 2023, I notified the accounting officer of the remedial to address the MI, which must be implemented within six (6) months from the date of the notification, with a progress report after three (3) months:
- a. The non-compliance with section 62(1)(b) of the Municipal Finance Management Act, 56 of 2003 ("MFMA") must be investigated further to determine the reasons and circumstances 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 must be taken to continue with the development and implementation of an action plan to address poor record keeping so that full and proper records of the financial affairs of the auditee are kept in accordance with any prescribed norms and standards, as required by section 62(1)(b) of the MFMA. The plan must include anticipated timeframes and address the following key areas as a minimum:
 - Maintain complete records of infrastructure assets;
 - 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
87. I further recommend that the accounting officer must take appropriate action to continue with the development and implementation of an action plan to address the financial problems of the auditee, as required by section 135(1) and 135(3)(a) of the

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MFMA. The plan must 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.

88. A progress report on the implementation of the remedial action was received on 7 November 2023.

89. I have duly considered the written response and substantiating documents submitted by the accounting officer on 7 March 2024 on the implementation of the remedial action and have concluded that appropriate actions have been taken to address the material irregularity.

90. I have notified the accounting officer and executive authority of the determination made on 19 June 2024.

91. I will continue to monitor the actions/steps implemented and the impact thereof during the subsequent audits.

Reasonable step not taken to ensure equivalent value obtained for payment made to consultants

92. Ramotshere Moiloa Local Municipality obtained a disclaimer audit opinion for the 2019-20 financial year mainly due to the poor record keeping and internal controls. Despite limited progress in enhancing internal controls and the municipality's record-keeping, the accounting officer engaged consultants to compile GRAP compliant financial statements for the 2020-21 financial year. This appointment also included the provision of necessary technical support, including skills transfer, over a 10-month period from 09 September 2021 to 30 June 2022. The total amount paid to the consultants under this contract was R3 698 540 inclusive of disbursements

93. The accounting officer was aware of the municipality's inadequate record-keeping prior to appointing a consultant for the preparation of financial statements. The lack of full and proper records of the financial affairs of the municipality, coupled with a lack of capacity in the finance unit, significantly impacted the quality of the financial statements produced by the consultants. Consequently, the failure of the accounting officer to ensure the maintenance of kept full and proper records of its financial affairs and address the capacity issue in the finance unit constitutes a failure to take reasonable steps to ensure the municipality's resources were used in accordance with

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the principles of effectiveness, efficiency, and economy as mandated by MFMA section 62(1)(a)

94. The accounting officer was notified of the material irregularity on 19 September 2022 and invited to make a written submission on the actions taken and that will be taken to address the matter, before the accounting officer could respond, his contract was terminated by council on 8 November 2022.
95. On 18 January 2023, I re-issued the MI notification to the acting accounting officer and he responded on 21 February 2023. The response indicated that the matter will be investigated by MPAC after the Municipal Council had resolved as such. I concluded that appropriate action is being taken to address the MI.
96. Progress of the appropriate action taken to address MI and follow-up on the MPAC's progress of the investigation, was made during the 2024 financial year. The request for MPAC to investigate the MI had not been started due to a lack of resources and capacity by MPAC. On 28 August 2024, I engaged the Mayor, Speaker, and chairperson of MPAC to bring to their attention the continued failure to address the material irregularities and the further action that I was considering taking. I request the Mayor, Speaker, and chairperson of MPAC for their, oversight and assistance as a key role player in the accountability ecosystem in ensuring that the accounting officer implements the appropriate action.
97. On 02 October 2024, the Council resolved through a council resolution that the accounting office should investigate the irregularity. The service provider to perform the investigation was appointed by the accounting officer on 3 November 2024, and anticipates that the investigation will be completed before the 90-day period to report back to the council.
98. I will follow up on the implementation of the recommendation of investigation during my next audit.

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Auditor-general

Rustenburg

30 November 2024



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

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Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

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

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

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report. However, future events or conditions may cause a municipality to cease operating as a going concern

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

Communication with those charged with governance

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

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

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Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003 (MFMA)	<p>Section 1 (a), (b) & (d) of the definition: irregular expenditure</p> <p>Section 1 Definition of SDBIP</p> <p>Sections 11(1); 13(2); 14(1); 14(2)(a); 14(2)(b); 15</p> <p>Sections 24(2)(c)(iv); 29(1); 29(2)(b); 32(2)</p> <p>Sections 32(2)(a); 32(2)(a)(i); 32(2)(a)(ii); 32(2)(b)</p> <p>Sections 32(6)(a); 32(7); 53(1)(c)(ii); 54(1)(c)</p> <p>Sections 62(1)(d); 62(1)(f)(i); 62(1)(f)(ii); 62(1)(f)(iii)</p> <p>Sections 63(2)(a); 63(2)(c); 64(2)(b); 64(2)(c); 64(2)(e)</p> <p>Sections 64(2)(f); 64(2)(g); 65(2)(a); 65(2)(b); 65(2)(e)</p> <p>Sections 72(1)(a)(ii); 95(a); 112(l)(iii); 112(1)(j)</p> <p>Sections 116(2)(b); 116(2)(c)(ii); 117; 122(1); 122(2)</p> <p>Sections 126(1)(a); 126(1)(b); 127(2); 127(5)(a)(i)</p> <p>Sections 127(5)(a)(ii); 129(1); 129(3); 133(1)(a)</p> <p>Sections 133(1)(c)(i); 133(1)(c)(ii); 170; 171(4)(a); 171(4)(b)</p>
LG: MFMA: Municipal budget and reporting regulations, 2009	Regulations 71(1); 71(2); 72
LG: MFMA: Municipal investment regulations, 2005	Regulations 3(1)(a); 3(3); 6; 7; 12(2); 12(3)
LG: MFMA: Municipal regulations on financial misconduct procedures and criminal proceedings, 2014	Regulations 5(4); 6(8)(a); 6(8)(b); 10(1)
LG: MFMA: Municipal supply chain management (SCM) regulations, 2017	<p>Regulations 5; 12(1)(b); 12(1)(c); 12(3); 13(b); 13(c); 13(c)(i)</p> <p>Regulations 16(a); 17(1)(a); 17(1)(b); 17(1)(c); 19(a)</p> <p>Regulations 21(b); 22(1)(b)(i); 22(2); 27(2)(a); 27(2)(e)</p> <p>Regulations 28(1)(a)(i); 28(1)(a)(ii); 29(1) (a) and (b)</p> <p>Regulations 29(5)(a)(ii); 29(5)(b)(ii); 32; 36(1)</p> <p>Regulations 38(1) (c); 38(1)(d)(ii); 38(1)(e); 38(1)(g)(i)</p> <p>Regulations 38(1)(g)(ii); 38(1)(g)(iii)</p> <p>Regulations 43; 44; 46(2)(e); 46(2)(f)</p>
Municipal Systems Act 32 of 2000 (MSA)	<p>Sections 25(1); 26(a); 26(c); 26(i); 26(h);</p> <p>Sections 29(1)(b)(ii); 29(3)(b); 34(a); 34(b);</p> <p>Sections 38(a); 41(1)(a); 41(1)(b); 41(1)(c)(ii); 42; 43(2)</p> <p>Sections 56(a); 57(2)(a); 57(4B); 57(6)(a)</p> <p>Sections 66(1)(a); 66(1)(b); 67(1)(d); 74(1)</p> <p>Sections 93B(a); 93B(b); 93C(a)(iv); 93C(a)(v); 96(b)</p>
LG: MSA: Municipal planning and	Regulations 2(1)(e); 2(3)(a); 3(3); 3(4)(b); 3(5)(a); 7(1); 8

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Legislation	Sections or regulations
performance management regulations, 2001	Regulations 9(1)(a); 10(a); 12(1); 15(1)(a)(i); 15(1)(a)(ii)
LG: MSA: Municipal performance regulations for municipal managers and managers directly accountable to municipal managers, 2006	Regulations 2(3)(a); 4(4)(b); 8(1); 8(2); 8(3)
LG: MSA: Regulations on appointment and conditions of employment of senior managers, 2014	Regulations 17(2); 36(1)(a)
LG: MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2); 5(3); 5(6); 8(4)
Annual Division of Revenue Act (DoRA)	Sections 11(6)(b); 12(5); 16(1); 16(3)
Construction Industry Development Board Act 38 of 2000 (CIDB)	Section 18(1)
CIDB regulations	Regulations 17; 25(7A)
Municipal Property Rates Act 6 of 2004 (MPRA)	Section 3(1)
Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA)	Sections 2(1)(a); 2(1)(f)
Preferential Procurement regulations (PPR), 2017	Regulations 5(1); 5(3); 5(6); 5(7) Regulations 6(1); 6(2); 6(3); 6(5); 6(6); 6(8) Regulations 7(1); 7(2); 7(3); 7(5); 7(6); 7(8) Regulations 8(2); 8(5); 9(1); 10(1); 10(2); 11(1)
Preferential Procurement regulations (PPR), 2022	Regulations 3(1) Regulations 4(1); 4(2); 4(3); 4(4) Regulations 5(1); 5(2); 5(3); 5(4)
Prevention and Combating of Corrupt Activities Act 12 of 2004 (PRECCA)	Section 34(1)

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AUDIT ACTION PLAN-HIGH LEVEL BASED ON AUDIT 2023/24 AUDIT REPORT

Area	QUALIFICATION: Par in the Final Audit Report	Responsible Department/ Directorate	Control/ Action Plan
Receivables from non-exchange transactions	I was unable to obtain sufficient appropriate audit evidence to substantiate the receivables from non-exchange transactions as the municipality did not have adequate systems to maintain records to support financial information. I was unable to confirm these receivables from non-exchange transactions by alternative means. In addition, the municipality did not have an adequate system in place to substantiate the adjustment of R26 596 824 (2023: R26 596 824). I was unable to confirm these receivables from non-exchange by alternative means. Consequently, I was unable to determine whether any further adjustment to receivables from non-exchange transactions of R8 023 456 (2023: R3 571 861) as disclosed in note 5 to the financial statements was necessary.	Budget and Treasury Office- Revenue Unit	<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.
Consumer debtors	I was unable to obtain sufficient appropriate audit evidence that consumer debtors had been properly accounted for due to the status of accounting records. I was unable to confirm these consumer debtors by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary for consumer debtors stated at R173 093 896 (2022: R152 087 250) and debt impairment stated at R25 656 163 as disclosed in note 6 and note 49 respectively, to the financial statements. In addition, the municipality did not correctly charge and account for interest on outstanding debtors for the current and prior years. As management did not quantify the full interest revenue, it was impracticable to calculate the understatement of	Budget and Treasury Office- Revenue Unit	<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 timeously. Further an audit file with supporting documents will be

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	consumer debtors.		<p>prepared and reviewed by internal audit and Audit and risk Committee.</p> <ul style="list-style-type: none"> Management will prepare an Information Tracking Record, update it and make sure that all outstanding information is submitted to the audit co-coordinators.
Property, plant and equipment	<p>The municipality did not meet the requirements of the financial reporting framework, as it did not correctly assess impairment for property plant and equipment with a carrying value of R690 859 034 in accordance with Standards of GRAP 17, <i>Property, plant and equipment</i>. I was unable to quantify the full extent of the misstatement on the property plant and equipment as disclosed in note 9, the depreciation and amortisation expense of R 30 640 254 as disclosed in note 28 as it was impracticable to do so.</p>	<p>Budget and Treasury Office- Assets Management Unit</p>	<ul style="list-style-type: none"> Management disagreed with the finding and is still standing by the disagreement based on the requirements of GRAP Management will ensure that a detailed report on how each asset was assessed will be provided to AGSA for review in addition to the normal verification report that is submitted yearly
Payables from exchange transactions	<p>I was unable to obtain sufficient appropriate audit evidence for unallocated deposits included in payables from exchange transactions as the municipality made an adjustment to prior year unallocated deposit balance that was not supported. I was unable to confirm unallocated deposit by alternative means. Consequently, I was unable to determine whether any further adjustments relating to unallocated deposits of R813 760 (2023: R455 729) in note 13 to the financial statements. In addition, the municipality did not correctly account for trade payables as differences between suppliers statements and age analysis were identified. Consequently fines, penalties and forfeits was understated and trade payables was overstated by R10 544 100. In contrary with requirements of GRAP 1, <i>Presentation of financial statements</i>.</p>	<p>Budget and Treasury Office- Expenditure Unit</p> <p>Technical Services- Project Management Unit</p>	<ul style="list-style-type: none"> Management will review and monitor compliance with applicable legislations to ensure that they account for their payables 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 timeously. Further an audit file with supporting documents will be prepared and reviewed by internal audit and Audit and risk Committee

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Consumer Deposits	Consumer deposits were not accounted for in terms of Standards of Generally Recognised Accounting Practice (GRAP) 104, <i>financial instruments</i> , as the municipality did not include deposits made by customers using conventional electricity in the consumer deposits age analysis. I was unable to quantify the full extent of the omitted disclosures, as it was impracticable to do so.	Budget and Treasury Office- Revenue Unit	<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
Net cash flows from operating activities	<p>The municipality did not correctly prepare and disclose the net cash flows from operating 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. I was unable to determine the full extent of the errors in net cash flows from operating activities, as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments to net cash flows</p> <p>from operating activities stated at R115 747 328 (2023: R112 409 202) in the financial statements were necessary</p>	Budget and Treasury Unit- Budget Unit	<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.
Net cash flows from investing activities	The municipality did not correctly prepare and disclose the 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 investing activities. I was unable to determine the full extent of the errors in net cash flows from investing activities, as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments to net cash flow from investing activities as stated at R105 741 555 (2023: R123 424 086) in the financial statements were necessary.	Budget and Treasury Unit- Budget Unit	<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.

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Statement of Changes in Net Assets	The municipality did not account for the statement of changes in net assets in terms of GRAP 1, <i>Presentation of financial statements</i> . The municipality did not accurately calculate the opening and closing balances in the statement of changes in net assets. Consequently, the closing balances as disclosed in the statement of changes in net assets are overstated by R6 077 123.	Budget and Treasury Unit- Budget Unit	<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
Statement of Comparison of Budget and Actual Amount	The municipality did not accurately prepare the statement of comparison of budget and actual amounts as required by GRAP 24, <i>Presentation of budget information in the financial statements</i> . The approved budgeted amounts as disclosed in the statement of comparison of budget and actual amounts in some instances did not agree with the final approved budget, and the municipality did not disclose the budget and actual expenditure relating to acquisition of assets and reasons for variances were not supported. I was unable to determine the extent of the misstatement related to, the differences between budgeted and actual revenue and expenditure and the related explanations of these differences as it was impracticable to do so. .	Budget and Treasury Unit- Budget Unit	<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	Commitments were not accounted for in terms of GRAP 17, <i>Property, plant and equipment</i> , as contracts values include awards made to consulting engineers, however the expenditure only included the amount paid to contractors. In addition we noted that not all contracts that should have been accounted for under commitments were accounted. I was unable to quantify the resultant impact/understatement of commitments as it was impracticable to do so.	Budget and Treasury Office- Assets Management Unit	<ul style="list-style-type: none"> Chief financial officer will ensure that the annual financial statements submitted agree to the underlying schedules Furthermore, management has in fact, already corrected the register to separate professional fees from the main contractor and accounted for the payments as well. In overall, management has added back all the professional consultants that were omitted from the schedule

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			<p>and adjust according to the transactions</p> <ul style="list-style-type: none"> Quality Annual Financial Statement will be prepared and subjected to Provincial Treasury, Internal Audit and audit committee review
Contingencies	<p>Contingent liabilities and contingent assets were not accounted for in terms of GRAP 19,</p> <p>Provisions, contingent liabilities and contingent assets. The nature and the amount of the</p> <p>contingent liabilities were not disclosed. I was unable to quantify the resultant</p> <p>impact/understatement of the omitted disclosure on the financial statements, as it was</p> <p>impractical to do so.</p>	Budget and Treasury Unit- Budget Unit	<ul style="list-style-type: none"> Chief financial officer will ensure that the annual financial statements submitted agree to the underlying schedules, registers and legal confirmations from the attorneys Quality Annual Financial Statement will be prepared and subjected to Provincial Treasury, Internal Audit and audit committee review
Unauthorised expenditure	<p>I was unable to obtain sufficient appropriate audit evidence for unauthorised expenditure disclosed due to non-submission of information. 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 R237 261 670 (2023: R394 356 015) as disclosed in note 40 to the financial statements was necessary.</p>	Budget and Treasury Unit- Budget Unit	<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 timeously. 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.

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Irregular expenditure	Section 125 of the MFMA requires the disclosure of irregular expenditure incurred. The municipality made payments of R89 791 227 (2023:R56 505 332) in contravention with the supply chain management requirements, which were not included in the irregular expenditure disclosed. As the municipality did not quantify the full extent of the irregular expenditure, it was impracticable to determine the resultant understatement of irregular expenditure as disclosed in note 42 to the financial statements.	Budget and Treasury Office- Supply Chain Management Unit.	<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 timeously. 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.
Prior period errors	Not all prior period errors were disclosed in note 46 to the financial statements, as required by GRAP 3, <i>Accounting policies, estimates and errors</i> . The nature and the amount of the correction for some financial statement items affected, and the amount of the correction at the beginning of the earliest previous period were not disclosed. In addition, I was unable to obtain sufficient appropriate audit evidence for those prior period errors disclosed in note 46 to the financial statements, as the supporting information was not provided. I was unable to confirm these disclosures by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the prior period errors disclosed in the financial statements.	Budget and Treasury Unit- Budget Unit	<ul style="list-style-type: none"> All supporting documents to prior period journals and all other journals will be filed, scanned and submitted to the auditors when needed.

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Distribution losses	The municipality did not disclose material distribution losses relating to water and electricity in terms of Section 125(2)(d)(i) of the MFMA. I was unable to quantify the full extent of the omitted disclosures, as it was impracticable to do so.	Technical Services- Water and Sanitation & Electricity Units	<ul style="list-style-type: none"> The municipality is still battling with the aging infrastructural upgrade to be able to monitor and account for these distribution losses. These are the installation of bulk water and electricity meters. The municipality will also look at purchasing of Smart grid solutions or telemetry system. There are also illegal connections due to informal settlements that do illegal connections for both electricity and water. Availability of budget is also a challenge to be able to accomplish the plans mentioned above.
Employee related costs	During 2023; the municipality did not correctly account for overtime payments as included in the employee related cost note 26, to the financial statements in accordance with GRAP 1, <i>Presentation of financial statements</i> , as overtime payments was not accounted for in the correct financial year, due to inadequate review in the payroll section. The municipality did not have adequate internal controls in place to ensure that overtime payments are accounted for in the correct period. I was unable to quantify the full extent of the misstatement, as it was impracticable to do so. My audit opinion on the financial statements for the period ended 30 June 2023 was modified accordingly. My opinion on the current year's financial statements is also modified because of the possible effect of this matter on the comparability of the overtime payments for the current year.	Corporate Services- Human Resources Unit	<ul style="list-style-type: none"> All overtime expenditure will be accounted for in the period it was incurred. Communication in this regard will be sent to all directorates to submit all overtime claims in time failure to which will be forfeited.

GLOSSARY

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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 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.

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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

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	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

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APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
D PITSO	F	MAYOR	PR	80	20
P LETSHUFI	F	SPEAKER	WARD	100	0
B KENOSI	PT	LED	WARD	80	20
K PISTO	PT	BTO	WARD	80	20
MONAMODI	PT	RULES COMMITTEE CHAIR	WARD	70	30
J KEEBINE	PT	MPAC	WARD	100	0
K TSILE	PT	COPERATE	WARD	100	0
D MOABI	PT	COPERATE	WARD	100	0
P MOKGATLHE	PT	CHIEF WHIP	WARD	100	0
V MOGALE	PT	BTO(CHAIR)	WARD	100	0
E MOTLOGELWA	PT	COPERATE	WARD	100	0
R MOGOROSI	PT	MPAC	WARD	100	0
I MALATSI	PT	MPAC	WARD	100	0
M ODISENG	PT	BTO	WARD	100	0

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R GAELASHWE	PT	MPAC(CHAIR)	WARD	100	0
T TLHAME	PT	TECHNICAL	WARD	100	0
O MOSEKI	PT	PLANNING	WARD	100	0
A THALE	PT	COMMUNITY SERVICES (CHAIR)	WARD	100	0
SEAKANTOA	PT	COMMUNITY SERVICES	WARD	100	0
J MOKATLHE	PT	TECHNICAL (CHAIR)	WARD	100	0
L SELEBOGO	PT	PLANNING CHAIR)	PR	100	0
I SULIMAAN	PT	MPAC	PR	80	0
DK MOSIANE	PT	MPAC	PR	100	
I MOARABI	PT	LED	PR	80	20
T SEBOLAO	PT	LED (CHAIR)	PR	80	0
A MOKGOKGOA	PT	COMMUNITY SERVICES	PR	80	20
O DIALE	PT	COMMUNITY	PR	80	20
K J LEDIKWA	PT	PLANNING	PR	90	10
T KATAMETSI	PT	PLANNING	PR	100	0
K VENTER	PT	BTO	PR	80	0
K MOLEFE	PT	BTO	PR	70	30
M KEEBINE	PT	TECHNICAL	PR	80	20
R KGAKATSI	PT	TECHNICAL	PR	100	0

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T KENA	PT	COPERATE (CHAIR)	PR	100	0
B CASANGA	PT	COPERATE	PR	80	20
M MOUMAKWE	PT	PLANNING	PR	80	20
T MOREBANTOA	PT	COMMUNITY SERVICES	PR	100	0
Note: * Councillors appointed on a proportional basis do not have wards allocated to them					T A

APPENDICES

*

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	

APPENDICES

APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Directorate	Director/Manager (State title and name)
Budget and Treasury Office	Mr Kagiso Noke
Technical Services	Mr Puiso Lepedi
Community Services	Mrs Boitshoko Madumo
Corporate Services	Mrs Karabo Masuku
Municipal Planning and LED	Vacant
Internal Audit	Vacant
<i>Use as a spill-over schedule if top 3 tiers cannot be accommodated in chapter 2 (T2.2.2).</i>	

APPENDICES

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

APPENDICES

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No) *	Function Applicable to Entity (Yes / No)
Constitution Schedule 4, Part B functions:		
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
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

APPENDICES

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No) *	Function Applicable to Entity (Yes / No)
Constitution Schedule 4, Part B functions:		
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		

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 10 WARD COMMITTEE MEMBERS	YES	12	12	3
WARD 02	CLLR E. PITSO 10 WARD COMMITTEE MEMBERS	YES	12	12	3
WARD 03	CLLR B.MONAMODI 10 WARD COMMITTEE MEMBERS	YES	12	12	3
WARD 04	CLLR J.T KEEBINE 10 WARD COMMITTEE MEMBERS	YES	12	12	3
WARD 05	CLLR K. TSILE 10 WARD COMMITTEE MEMBERS	YES	12	12	3
WARD 06	CLLR D. MOABI 10 WARD COMMITTEE MEMBERS	YES	12	12	3
WARD 07	CLLR P. MOKGATLHE 10 WARD COMMITTEE MEMBERS	YES	12	12	3
WARD 08	CLLR V.O. MOGALE 10 WARD COMMITTEE MEMBERS	YES	12	12	3
WARD 09	CLLR E .MOTLOGELWA 10 WARD COMMITTEE MEMBERS	YES	12	12	3
WARD 10	CLLR P.R MOGOROSI 10 WARD COMMITTEE MEMBERS	YES	12	12	3
WARD 11	CLLR I MALATSI 10 WARD COMMITTEE MEMBERS	YES	12	12	3
WARD 12	CLLR P. ODISENG	YES	12	12	3

APPENDICES

	10 WARD COMMITTEE MEMBERS				
WARD 13	CLLR T.P GAEALASHWE 10WARD COMMITTEE MEMBERS	YES	12	12	3
WARD 14	CLLR T.TLHAME 10 WARD COMMITTEE MEMBERS	YES	12	12	3
WARD 15	CLLR O.G MOSEKI 10 WARD COMMITTEE MEMBERS	YES	12	12	3
WARD 16	CLLR A.N THALE 10 WARD COMMITTEE MEMBERS	YES	12	12	3
WARD 17	CLLR D.A SEAKENTOA 10 WARD COMMITTEE MEMBERS	YES	12	12	3
WARD 18	CLLR L.P LETSHUFI 10 WARD COMMITTEE MEMBERS	YES	12	12	3
WARD 19	CLLR J.K MOKGATLHE 10 WARD COMMITTEE MEMBERS	YES	12	12	3

APPENDICES

APPENDIX F – WARD INFORMATION

Ward Title: Ward Name (Number)				
Capital Projects: Seven Largest in 2024 (Full List at Appendix O)				
				R' 000
No.	Project Name and detail	Start Date	End Date	Total Value
1	Upgrading of Dikokana Ward 10 Roads			5 334 582,00
2	Upgrading of Dikokana Ward 9 Roads			2 869 621,49
3	Upgrading of Mokgola Roads Ward			2 202 237,00
4	Upgrading of Dinokana Ward 11 Roads (Designs)			2 000 000,00
5	Fencing of Zeerust Land Fill Site (WARD 16			4 000 000,00
6	Upgrading of Lekgophung Roads (Designs)			2 000 000,00
7	Upgrading of Dinokana Ward 12 Roads (Designs)			2 000 000,00
				T F.1

APPENDICES

APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 0

AUDIT & RISK COMMITTEE RESOLUTIONS REGISTER 2023/2024 **CONCLUDED**

N o	Resolutio n No.	Resolution Taken	Target Date	Responsible Official	Progress/Challe nges/Interventi ons
1	ARC 01:17/08 /2023	ARCOM resolved to defer the approval of Internal Audit Plans to the next ARCOM Meeting.	Next ARCOM Meeting	ARCOM	Approved on the 22/08/2023
2	ARC 02:17/08 /2023	Risk Management Report and ICT Report were not submitted, it was agreed that those reports be presented in the next ARCOM Meeting	Next ARCOM Meeting	Risk Manager and Acting ICT Manager/Director Corporate Services	Done, presented on 22/08/2023
3	ARC 03:17/08 /2023	ARCOM requested MM to give the feedback/progress on capacitation of	Next ARCOM Meeting	MM	Done

APPENDICES

		the Internal Audit Unit.			
4	ARC 01:25/04 /2024	Advertising for vacancies that include Internal Audit Unit position should be done as planned by the MM Progress report to be presented in the next ARCOM Meeting.	Detailed progress Next ARCOM Meeting	MM/Director Corporate Services	Concluded
5	ARC 02:25/04 /2024	Progress report on the preparation of the audit file to be presented in the next ARCOM meeting.	Next ARCOM Meeting	CFO	Done
6	ARC 03:25/04 /2024	Acting CAE to prepare a written Internal Audit Report and present it in the next ARCOM Meeting.	Next ARCOM Meeting	Acting CAE	Done
7	ARC 04:25/04 /2024	AFS preparation Plan should be prepared and be available before	Before the next ARCOM Meeting	Manager Compliance	Done

APPENDICES

		the next ARCOM Meeting.			
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AUDIT & RISK COMMITTEE RESOLUTIONS REGISTER 2023/2024 IN PROGRESS

No	Resolution No.	Resolution Taken	Target Date	Responsible Official	Progress/Challenges/Interventions
2	ARC 01:22/08 /2023	ARCOM recommended that the issue of the hotline for the municipality be escalated to MM in order for ICT Unit to develop the hotline, tender to be appointed for management of the hotline.	Next ARCOM Meeting	Risk Manager	Telephones are advertised, structure is under review.
3	ARC 01:28/02 /2024	ARCOM requested the schedule be aligned with the corporate calendar to avoid clashing of activities.	Next ARCOM Meeting	Director Corporate Services	In progress

APPENDICES

8	ARC: 01/05/2024	ARCOM has advised that all the policies be submitted to LLF and also staff be workshopped on policies especially Anti-Fraud Prevention policies.	Next ARCOM Meeting	Manager Risk	In progress
9	ARC: 02/05/2024	ARCOM has requested management to develop a corporate calendar that is well aligned.	Next ARCOM Meeting	Director Corporate Services	Done

Abbreviations

ARCOM	: Audit and Risk Committee
CAE	: Chief Audit Executive
ICT	: Information, Communication and Technology
LLF	: Local Labour Forum

APPENDICES

APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

Long Term Contracts (20 Largest Contracts Entered into during 2023)					
					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 (PTY) LTD	Compilation of a new valuation roll in terms of the provision of the municipal property rates ACT 2004 (ACT No.6) of 2004 and the maintenance of such valuation roll by supplementary valuations in respect of the Ramotshere Moiloa Local Municipality for the period of 1 July 2024 to 30 June 2029	1-Dec-22	1-Dec-27	Manager Revenue	R1 413 333,00
					<i>TH.1</i>

APPENDICES

APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

Not applicable, the municipality does not have entities.

APPENDICES

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July to 30 June 2024		
Position	Name	Description of Financial interests* (Nil / Or details)
(Executive) Mayor	D. M. Pitso	N/A
Speaker	LP Letshufi	N/A
Member of MayCo / Exco	T.V. Kena	N/A
	J.K. Mokgatlhe	N/A
	A.N.Thale	N/A
	V.O. Mogale	N/A
	KJ SELEBOGO	N/A
	K. J. Ledikwa	N/A
Councillor	R.A. Kgakatsi	Abrapad Pty Ltd
	K. E. Pitso	Amara General Construction
		Kings Ben Cleaning and catering
		K2020261475 (Pty) Ltd
Municipal Manager	Lekgetho Mokgatlhe	N/A
Chief Financial Officer	Kagiso Noke	KayN Projects and Director
Other S57 Officials		
Director Cooperate services	Karabo Masuku	N/A
Director Community Services	Boitshoko Madumo	Rays Training Solutions and Projects
Director Technical Services	Puiso Lepedi	

APPENDICES

** Financial interests to be disclosed even if they incurred for only part of the year. See MBRR SA34A*
T J

APPENDICES

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	2022/23	Current: 2023/24			2023/24 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Vote 1 - Executive and Council	41 476				-	-
Vote 2 - Finance and Administration	161 399				-	-
Vote 3 - Technical Services	149 383				-	-
Vote 4 - Community and Social Services	59 374				-	-
Vote 5 - Planning and Development	10 918				-	-
	-					
	-					
	-					
	-					
	-					
	-					
	-					
	-					
Total Revenue by Vote	422 549	-	-	-	-	-
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3						

TK.1

APPENDICES

APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source						
R '000						
Description	2022/23	2023/24			2024 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	54 043	183 736	73 134	54 301	-238%	-35%
Property rates - penalties & collection charges	–				0%	0%
Service Charges - electricity revenue	54 837	76 515	76 515	56 759	-35%	-35%
Service Charges - water revenue	8 584	8 915	8 915	8 651	-3%	-3%
Service Charges - sanitation revenue	217	791	791	293	-170%	-170%
Service Charges - refuse revenue	11 695	15 255	15 255	12 252	-25%	-25%
Service Charges - other	–				0%	0%
Rentals of facilities and equipment	985	5	5	100	95%	95%
Interest earned - external investments	805	8	8	2 374	100%	100%
Interest earned - outstanding debtors	–				0%	0%
Dividends received	–				0%	0%
Fines	355	532	532	762	30%	30%
Licences and permits	3 476	7 424	7 424	3 592	-107%	-107%
Agency services	–				0%	0%
Transfers recognised - operational	263 461	273 011	286 611	280 462	3%	-2%
Other revenue	2 951	20 145	5 665	3 003	-571%	-89%
Gains on disposal of PPE	–				0%	0%
Environmental Protection	–				0%	0%
Total Revenue (excluding capital transfers and contributions)	401 409	586 336	474 854	422 549	-38,76%	-12,38%
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

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						
<i>Other Specify:</i>						
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	100.00%	0.00%	
Total	10,107	10,994	10,994			
<p>* 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.</p>						

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APPENDICES

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

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

Capital Expenditure - New Assets Programme*							
R '000							
Description	2022/23	2023/24			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Infrastructure - Total	57 943	50 380	53 600	57 943	64 490	66 817	67 000
Infrastructure: Road transport - Total	53 600	40 000	53 600	53 600	51 688	53 932	54 000
Roads, Pavements & Bridges	53 600	40 000	53 600	53 600	51 688	53 932	54 000
Storm water							
Infrastructure: Electricity - Total	–	–		–	–	–	–
Generation							
Transmission & Reticulation							
Street Lighting							
Infrastructure: Water - Total	–	–		–	–	–	–
Dams & Reservoirs							
Water purification							
Reticulation							
Infrastructure: Sanitation - Total	–	–		–	–	–	–
Reticulation							
Sewerage purification							
Infrastructure: Other - Total	4 343	10 380		4 343	12 803	12 884	13 000
Waste Management							
Transportation							
Gas							
Other	4 343	10 380	4 343	4 343	12 803	12 884	13 000
	–	–	–	–			
Community - Total	–	–		–	–	–	–
Parks & gardens							
Sportsfields & stadia							
Swimming pools							

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Community halls
Libraries
Recreational facilities
Fire, safety & emergency
Security and policing
Buses
Clinics
Museums & Art Galleries
Cemeteries
Social rental housing
Other

Table continued next page

Capital Expenditure - New Assets Programme*							
							R '000
Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
<u>Capital expenditure by Asset Class</u>							
<u>Heritage assets - Total</u>	-	-		-	-	-	-
Buildings							
Other							
<u>Investment properties - Total</u>	-	-		-	-	-	-
Housing development							
Other							
-							
<u>Other assets</u>	-	-		-	-	-	-
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							

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<u>Agricultural assets</u>	-	-		-	-	-	-
<i>List sub-class</i>							
<u>Biological assets</u>	-	-		-	-	-	-
<i>List sub-class</i>							
<u>Intangibles</u>	-	-		-	-	-	-
Computers - software & programming							
Other (<i>list sub-class</i>)							
Total Capital Expenditure on new assets	57 943	50 380	50 380	57 943	64 490	66 817	67 000
<u>Specialised vehicles</u>	-	-		-	-	-	-
Refuse							
Fire							
Conservancy							
Ambulances							
* Note: Information for this table may be sourced from MBRR (2009: Table SA34a)							T M.1

APPENDICES

APPENDIX N – CAPITAL PROGRAMME BY PROJECT YEAR 0

Capital Programme by Project: 2023/24					
R' 000					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
				8%	11%
Infrastructure: Road transport	40 000	53 600	53 600	0%	25%
Other (specify)	10 380	4 343	4 343	0%	-139%
				0%	0%
				0%	0%
				0%	0%
				0%	0%
T N					

APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD YEAR 0

Capital Programme by Project by Ward: 2023/24		
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

APPENDICES

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

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

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VOLUME II: ANNUAL FINANCIAL STATEMENTS



Ramotshere Moiloa Local Municipality
Annual Financial Statements
for the year ended 30 June 2024

VOLUME II

VOLUME II

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2024

General Information

Nature of business and principal activities	Provision of municipal services to communities within Zeerust, Lehurutshe and Groot Marico areas.
Mayor	DM Pitso
Speaker	LP Letshufi
Executive Council	AN Thale
	VO Mogale
	TV Kena
	JK Mokgatlhe
	TG Katametsi
Councillors	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 Tihame
	MIE Moarabi
	DA Seakentoa
	MA Makgokgoa
	IS Suliman
	TJ Morebantwa
	OO Diale
	RA Kgakatsi
	KD Molefe
	RA Moiloanyane
	M Mournakwa
	E Lof
	PM Keebine
	KJ Ledikwa
	KR Mosiane
	K Venter-Jacobs
Grading of local authority	Grade 3
Accounting Officer	L Mokgatlhe

VOLUME II

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2024

General Information

Chief Finance Officer (CFO)	K. Noke (effective 1 August 2023)
Business address	C/o President & Coetzee Street Zeerust 2865
Registered office	C/o President & Coetzee Street Zeerust 2865
Bankers	First National Bank Limited Absa Group Limited
Auditors	Auditor General of South Africa
Enabling legislation	Municipal Finance Management Act, (Act 56 of 2003) Municipal Systems Act, (Act 32 of 2000) Municipal Structures Act, (Act 117 of 1998) Municipal Property Rates Act, (Act 3 of 2017) Division of Revenue Act (Act 16 of 2019) Municipal Demarcation Act, (Act 27 of 1998)

VOLUME II

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2024

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

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Statement of Financial Performance	8
Statement of Changes in Net Assets	9
Cash Flow Statement	10
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Annual Financial Statements for the year ended 30 June 2024

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Abbreviations used:

AFSA	Arbitration Foundation Southern Africa
COID	Compensation for Occupational Injuries and Diseases
COVID-19	Corona Virus Disease -19
CPI	Consumer Price Index
DBSA	Development Bank of South Africa
FY	Financial Year
GAAP	Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
LM	Local Municipality
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MPAC	Municipal Public Accounts Committee
mSCOA	Municipal Standard Chart of Accounts
NMMDM	Ngaka Modiri Molema District Municipality
SALGA	South African Local Government Association
SARS	South African Revenue Service
UIF	Unemployment Insurance Fund
VAT	Value Added Tax
WWTP	Waste Water Treatment Plant

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2024

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

The accounting officer is responsible for the preparation of these annual financial statements in terms of Section 126(1) of the Municipal Finance Management Act, (Act 56 of 2003).

The accounting officer certifies that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 27 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act, (Act 20 of 1998) and the Minister of Provincial and Local Government's determination in accordance with this Act.

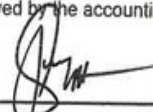
The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal 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 2025 and, in 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, he is 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 6 to 95, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2024 and were signed by:



L. Mokgathe
Accounting Officer

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2024.

1. Review of activities

Main business and operations

The municipality is engaged in provision of municipal services to communities within zeerust, lehurutshe and groot marico areas, and operates principally in South Africa.

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

Net surplus of the municipality was R 31 618 227 (2023: surplus R 38 184 275).

2. Going concern

I draw attention to the fact that at 30 June 2024, the municipality had an accumulated surplus of R 680 057 712 (2023: 627 376 850) and that the municipality's total assets exceed its liabilities by R 680 057 712 (2023: 627 376 850).

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

The municipality will continue to receive funding from government as evident from the equitable share allocation in terms of the Division of Revenue Act, (Act 4 of 2020).

3. Subsequent events

The accounting officer is 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 Accepted Accounting Practice (GAAP), 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 officer of the municipality during the year and to the date of this report is as follows:

Name	Nationality	Changes
L Mokgatle	South African	Appointed 01 July 2023

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.

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Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Position as at 30 June 2024

Figures in Rand	Note(s)	2024	2023 Restated*
Assets			
Current Assets			
Inventories	3	8 916 370	8 925 121
Receivables from exchange transactions	4	2 829 960	2 620 882
Receivables from non-exchange transactions	5	8 023 456	3 571 861
VAT receivable	14	1 034 381	1 043 754
Consumer debtors	6	173 093 896	152 087 250
Cash and cash equivalents	7	15 233 751	5 776 243
		209 131 814	174 025 111
Non-Current Assets			
Investment property	8	43 638 474	44 195 636
Property, plant and equipment	9	690 859 035	666 500 566
Intangible assets	10	15 121	22 681
Heritage assets	11	404 550	404 550
		734 917 180	711 123 433
Non-Current Assets		734 917 180	711 123 433
Current Assets		209 131 814	174 025 111
Total Assets		944 048 994	885 148 544
Liabilities			
Current Liabilities			
Other financial liabilities	12	407 882	376 589
Payables from exchange transactions	13	164 049 727	165 653 528
Consumer deposits	15	2 977 440	2 668 302
Employee benefit obligation	16	2 137 384	3 069 000
Provisions	18	5 570 053	4 138 634
		175 142 486	175 906 053
Non-Current Liabilities			
Other financial liabilities	12	1 087 517	1 635 782
Employee benefit obligation	16	46 680 969	42 771 000
Provisions	18	41 080 310	36 258 859
		88 848 796	80 665 641
Non-Current Liabilities		88 848 796	80 665 641
Current Liabilities		175 142 486	175 906 053
Total Liabilities		263 991 282	256 571 694
Assets		944 048 994	885 148 544
Liabilities		(263 991 282)	(256 571 694)
Net Assets		680 057 712	628 576 850
Accumulated surplus		680 057 712	628 576 850
Total Net Assets		680 057 712	628 576 850

* See Note 46

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Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Performance

Figures in Rand	Note(s)	2024	2023 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	20	105 617 319	77 954 546
Interest received (trading)		1 461 479	-
Licences and permits	21	6 582 271	3 592 383
Connections and disconnections		299 320	248 901
Rental income		104 593	99 605
Sundry income		655 694	2 711 199
Sale of land		72 103	25 761
Interest received - investment	22	4 187 548	2 374 282
Gain on disposal of assets and liabilities		859 776	-
Fair value adjustments		500	-
Total revenue from exchange transactions		119 840 603	87 006 677
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	23	63 118 934	60 108 211
Transfer revenue			
Government grants & subsidies	24	276 685 677	275 301 542
Public contributions and donations	17	7 221 765	5 282 820
Fines, Penalties and Forfeits	25	13 637 547	3 019 700
Total revenue from non-exchange transactions		360 663 923	343 712 273
		119 840 603	87 006 677
		360 663 923	343 712 273
Total revenue	19	480 504 526	430 718 950
Expenditure			
Employee related costs	26	(166 004 552)	(159 592 455)
Remuneration of councillors	27	(15 288 682)	(13 949 006)
Depreciation and amortisation	28	(30 640 254)	(52 302 098)
Finance costs	29	(18 845 579)	(15 348 658)
Lease rentals on operating lease	30	(1 377 072)	(1 542 606)
Debt impairment	49	(25 656 163)	-
Repairs and maintenance		(2 327 052)	(16 959 706)
Bulk purchases	31	(92 006 912)	(71 118 821)
Contracted services	32	(14 905 578)	(14 352 478)
Loss on disposal of assets and liabilities		-	(475 220)
General expenses	33	(81 717 866)	(65 898 338)
Total expenditure		(448 769 710)	(411 539 386)
		-	-
Total revenue		480 504 526	430 718 950
Total expenditure		(448 769 710)	(411 539 386)
Operating surplus/deficit		-	-
Surplus before taxation		31 734 816	19 179 564
Taxation		-	-
Surplus for the year from continuing operations		31 734 816	19 179 564
Actuarial valuation movement		(116 589)	19 004 711
Surplus for the year		31 618 227	38 184 275

* See Note 46

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Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	612 682 518	612 682 518
Adjustments		
Prior year adjustments	(22 289 943)	(22 289 943)
Balance at 01 July 2022 as restated*	589 192 575	589 192 575
Changes in net assets		
Deficit for the year	38 184 275	38 184 275
Total changes	38 184 275	38 184 275
Opening balance as previously reported	628 576 847	628 576 847
Adjustments		
Prior year adjustments	19 862 638	19 862 638
Restated* Balance at 01 July 2023 as restated*	648 439 485	648 439 485
Changes in net assets		
Surplus for the year	31 618 227	31 618 227
Total changes	31 618 227	31 618 227
Balance at 30 June 2024	680 057 712	680 057 712
Note(s)		

* See Note 46

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Annual Financial Statements for the year ended 30 June 2024

Cash Flow Statement

Figures in Rand	Note(s)	2024	2023 Restated*
Cash flows from operating activities			
Receipts			
Service charges & property rates		63 993 778	45 696 141
Grants and conditional receipts		337 291 711	319 809 977
Interest income		5 649 028	2 374 282
		406 934 517	367 880 400
Payments			
Employee costs		(184 508 799)	(161 656 950)
Suppliers		(91 971 445)	(78 465 590)
Finance costs		(14 706 945)	(15 348 658)
		(291 187 189)	(255 471 198)
Total receipts		406 934 517	367 880 400
Total payments		(291 187 189)	(255 471 198)
Net cash flows from operating activities	34	115 747 328	112 409 202
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(106 306 777)	(124 183 128)
Investment property	8	557 162	736 361
Intangible assets	10	7 560	22 681
Proceeds from sale of financial assets		500	-
Net cash flows from investing activities		(105 741 555)	(123 424 086)
Cash flows from financing activities			
Finance lease movements		(548 265)	66 365
Net increase/(decrease) in cash and cash equivalents		9 457 508	(10 948 519)
Cash and cash equivalents at the beginning of the year		5 776 243	16 724 762
Cash and cash equivalents at the end of the year	7	15 233 751	5 776 243

* See Note 46

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Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	122 397 474	52 021 764	174 419 238	105 617 319	(68 801 919)	47.1
Interest received (trading)	-	-	-	1 461 479	1 461 479	47.2
Licences and permits	10 000 000	4 000 000	14 000 000	6 582 271	(7 417 729)	47.3
Connections and disconnections	-	-	-	299 320	299 320	47.4
Rental income	12 000	-	12 000	104 593	92 593	47.5
Sundry income	18 360 156	(6 949 903)	11 410 253	655 694	(10 754 559)	47.6
Sale of land	-	-	-	72 103	72 103	47.7
Interest received - investment	8 120	767 452	775 572	4 187 548	3 411 976	47.7
Total revenue from exchange transactions	150 777 750	49 839 313	200 617 063	118 980 327	(81 636 736)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	108 935 501	15 020 194	123 955 695	63 118 934	(60 836 761)	47.8
Transfer revenue						
Government grants & subsidies	295 311 876	(3 823 000)	291 488 876	276 685 677	(14 803 199)	47.9
Public contributions and donations	-	-	-	7 221 765	7 221 765	47.10
Fines, Penalties and Forfeits	3 000 000	2 285 200	5 285 200	13 637 547	8 352 347	47.10
Total revenue from non-exchange transactions	407 247 377	13 482 394	420 729 771	360 663 923	(60 065 848)	
'Total revenue from exchange transactions'	150 777 750	49 839 313	200 617 063	118 980 327	(81 636 736)	
'Total revenue from non-exchange transactions'	407 247 377	13 482 394	420 729 771	360 663 923	(60 065 848)	
Total revenue	558 025 127	63 321 707	621 346 834	479 644 250	(141 702 584)	
Expenditure						
Personnel	(184 864 499)	14 650 421	(170 214 078)	(166 004 552)	4 209 526	47.11
Remuneration of councillors	(12 420 195)	(1 367 051)	(13 787 246)	(15 288 682)	(1 501 436)	47.12
Depreciation and amortisation	(45 121 466)	16 650 246	(28 471 220)	(30 640 254)	(2 169 034)	47.13
Finance costs	(1 000 000)	(5 053 189)	(6 053 189)	(18 845 579)	(12 792 390)	47.14
Lease rentals on operating lease	-	-	-	(1 377 072)	(1 377 072)	47.15
Debt Impairment	(38 180 781)	(41 371 377)	(79 552 158)	(25 656 163)	53 895 995	47.16
Repairs and maintenance	-	-	-	(2 327 052)	(2 327 052)	47.17
Bulk purchases	(92 400 646)	(34 036)	(92 434 682)	(92 006 912)	427 770	47.18
Contracted services	(26 550 000)	(26 613 393)	(53 163 393)	(14 905 578)	38 257 815	47.19
General expenses	(97 809 483)	22 499 477	(75 310 006)	(81 717 866)	(6 407 860)	47.20
Total expenditure	(498 347 070)	(20 638 902)	(518 985 972)	(448 769 710)	70 216 262	
	558 025 127	63 321 707	621 346 834	479 644 250	(141 702 584)	
	(498 347 070)	(20 638 902)	(518 985 972)	(448 769 710)	70 216 262	
Operating surplus	59 678 057	42 682 805	102 360 862	30 874 540	(71 486 322)	

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Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Gain on disposal of assets and liabilities	-	-	-	859 776	859 776	47.21
Fair value adjustments	-	-	-	500	500	
	-	-	-	860 276	860 276	
	59 678 057	42 682 805	102 360 862	30 874 540	(71 486 322)	
	-	-	-	860 276	860 276	
Surplus before taxation	59 678 057	42 682 805	102 360 862	31 734 816	(70 626 046)	
Deficit before taxation	59 678 057	42 682 805	102 360 862	31 734 816	(70 626 046)	
Taxation	-	-	-	-	-	
Surplus for the year from continuing operations	59 678 057	42 682 805	102 360 862	31 734 816	(70 626 046)	
Actuarial valuation movement	-	-	-	(116 589)	(116 589)	47.22
Actual Amount on Comparable Basis as Presented in the Budget and Actual Statement	59 678 057	42 682 805	102 360 862	31 618 227	(70 742 635)	

Refer to note 47 for material differences explanations between the final budget and the actual amounts.

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Annual Financial Statements for the year ended 30 June 2024

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1. Significant accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparations

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.

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

Management considers key financial metrics and approved medium-term budgets, MFMA Section 71 reports together with the municipality's dependency on grants from national and provincial government, to conclude that the going concern assumption used in the compiling of its annual financial statements, is appropriate. The COVID-19 disaster has not yet affected the going concern assumption, however management is continuously assessing any indicators of negative impact.

1.3 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

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. Significant judgements include:

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.

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.3 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. The recoverable service amount of non-cash-generating assets have been determined on the higher of value-in-use calculations and fair value less cost to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of 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. 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 production estimates, supply demand, together with economic factors such as exchange rates, inflation rates and interest rates.

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 18 - 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 16.

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.3 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.

1.4 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, 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.

Cost model

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	20 - 100 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).

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

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.5 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

Where an asset is acquired 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 are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

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Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.5 Property, plant and equipment (continued)

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
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

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

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

The depreciation 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.

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.6 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.

1.7 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

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

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

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1.7 Intangible assets (continued)

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

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

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Depreciation method	Average useful life
Computer software, other	Straight-line	1-5 years

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1.8 Heritage assets

Assets are resources controlled by an municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

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

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

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).

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Accounting Policies

1.9 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.

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.

Ramotshere Moiloa Local Municipality

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1.9 Financial instruments (continued)

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

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

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

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

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

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

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

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Other financial asset	Financial asset measured at fair value
Cash and cash equivalents	Financial asset measured at fair value
Receivables from exchange transactions	Financial asset measured at amortised cost

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Accounting Policies

1.9 Financial instruments (continued)

Receivables from non-exchange transaction

Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class

Trade and other payables from exchange transactions

Category

Financial liability measured at fair value

Initial recognition

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

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The municipality measures a financial asset and financial liability initially at its fair value plus, in the case of a financial instrument not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement of financial assets and financial liabilities

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

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, a municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

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Accounting Policies

1.9 Financial instruments (continued)

Where the entity cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

The entity assesses financial assets individually, when assets are individually significant, and individually or collectively for financial assets that are not individually significant. Where no objective evidence of impairment exists for an individually assessed asset (whether individually significant or not), an entity includes the assets in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised, are not included in the collective assessment of impairment.

For collective assessments of impairment, assets with similar credit risk characteristics are grouped together. The credit risk characteristics are indicative of the debtors' ability to pay all amounts due according to the contractual terms.

In making this assessment management may consider the following indicators as guidance for possible impairment:

- Significant financial difficulty experienced by the borrower/debtor
- Delays in payments (including interest payments) or failure to pay/defaults
- For economic or legal reasons, allowing disadvantaged customers who are experiencing financial difficulties to pay as and when they can. The entity would not otherwise have considered this concession. For example, allowing disadvantaged customers to pay their account when they can due to the fact that the water it supplies to the customer is a basic human right;
- It is probable that the borrower/debtor will enter sequestration (bankruptcy) or other financial reorganisation;
- The disappearance of an active market for the financial asset because of financial difficulties
- Observable data, for example historical data, indicating that there is a decrease in the estimated future cash flows that will be received (which can be measured reliably), from a group of financial assets (financial assets with similar credit risk characteristics grouped together) since the initial recognition of those assets. The decrease may not yet be identified for the individual financial assets in the group. These can include:
 - the payment status of borrowers/debtors in the group has deteriorated (e.g. an increased number of delayed payments); or
 - national or local economic conditions that are in line with non-payments in the group (e.g. an increase in the unemployment rate in the geographical area of the borrowers/debtors, or adverse changes in market conditions that affect the borrowers/debtors in the group)
- Accounts in arrears for a period longer than the initial estimated repayment period;
- Accounts with arrears of over 90 days showing no repayments in the last financial year
- Accounts handed over for collection;
- Any negative changes in the ability of debtors and borrowers to repay the amounts due to the entity (e.g. an increased number of late payments);
- A breach in contract, such as a default in interest or capital payments.

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1.9 Financial instruments (continued)

Management need not utilize all the indicators given above as guidance but only use the indicators to which management has sufficient information to make the assessment for possible or actual impairment.

Refer to notes 8 and 9 for the impact of the above application.

Financial assets measured at amortised cost:

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

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

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1.9 Financial instruments (continued)

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

the contractual rights to the cash flows from the financial asset expire, are settled or waived; the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:

- derecognises the asset; and
- recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continues to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

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Accounting Policies

1.9 Financial instruments (continued)

Financial liabilities

The entity derecognises a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

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Accounting Policies

1.10 Statutory receivables

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

The municipality recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

The municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

Accrued interest

Where the municipality levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

Other charges

Where the municipality is required or entitled in terms of legislation, supporting regulations, by-laws or similar means to levy additional charges on overdue or unpaid amounts, and such charges are levied, the entity applies the principles as stated in "Accrued interest" above, as well as the relevant policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers).

Ramotshere Moiloa Local Municipality

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Accounting Policies

1.10 Statutory receivables (continued)

Impairment losses

The municipality assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the municipality considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses is recognised in surplus or deficit.

In estimating the future cash flows, an municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk-free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

Derecognition

The municipality derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
 - derecognise the receivable; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

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Accounting Policies

1.11 Leases

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

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

Finance leases - lessee

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

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

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

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

Operating leases - lessor

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

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

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

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.

Ramotshere Moiloa Local Municipality

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Accounting Policies

1.12 Inventories

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

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

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

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

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

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

1.13 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.

1.14 Impairment of cash-generating assets

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

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

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.

Ramotshere Moiloa Local Municipality

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Accounting Policies

1.14 Impairment of cash-generating assets (continued)

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

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

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

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

Useful life is either:

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

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.

1.15 Impairment of non-cash-generating assets

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

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

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

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

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.

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Accounting Policies

1.15 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.

1.16 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.

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.16 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.

Ramotshere Moiloa Local Municipality

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Accounting Policies

1.17 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

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

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus.

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

1.18 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

Ramotshere Moiloa Local Municipality

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Accounting Policies

1.19 Revenue from exchange transactions

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

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

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

Measurement

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

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

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

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

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

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

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

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

Ramotshere Moiloa Local Municipality

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Accounting Policies

1.20 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset 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.

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.

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.20 Revenue from non-exchange transactions (continued)

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.

Taxation revenue are not grossed up for the amount of tax expenditures.

Government grants and subsidies

Government grants are recognised as revenue when:

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

The municipality assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised 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.

Ramotshere Moiloa Local Municipality

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Accounting Policies

1.20 Revenue from non-exchange transactions (continued)

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.

1.21 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.

1.22 Investment income

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

1.23 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.

1.24 Accounting by principals and agents

Identification

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

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

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

Identifying whether an entity is a principal or an agent

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

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

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.24 Accounting by principals and agents (continued)

Binding arrangement

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

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

Recognition

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

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

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

1.25 Comparative figures

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

1.26 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

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

Detailed disclosures are made in note 62 to the annual financial statements as required by the Municipal Finance Management Act, (Act No. 56 of 2003)

1.27 Fruitless and wasteful expenditure

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

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

Detailed disclosures are made in note 63 to the annual financial statements as required by the Municipal Finance Management Act, (Act No. 56 of 2003).

1.28 Irregular expenditure

Irregular expenditure as defined by the Municipal Finance Management Act, (Act No. 56 of 2003) is expenditure incurred by a municipality or municipal entity that is not in accordance with or in contravention of:

- a) the MFMA, and which has not been condoned in terms of sections 170
- b) the Municipal Systems Act (Act No. 32 of 2000),
- c) the Public Office Bearers Act (Act No. 20 of 1998)
- d) the requirements of the entity's supply chain management policy of the municipality or municipal entity or in or in accordance with the municipality's by-laws giving effect to such policy and which has not been condoned in terms of such policy or by-law.

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Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.28 Irregular expenditure (continued)

Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Detailed disclosures are made in note 64 to the annual financial statements as required by the Municipal Finance Management Act, (Act No. 56 of 2003).

Ramotshere Moiloa Local Municipality

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Accounting Policies

1.29 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

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

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

The approved budget covers the fiscal period from 01/07/2023 to 30/06/2024.

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

The Statement of comparative and actual information has been included in the annual financial statements as the recommended disclosure when the annual financial statements and the budget are on the same basis of accounting as determined by National Treasury. Explanatory comments to material differences are provided in note to the annual financial statements. Material differences are differences between final budget and actual with a variance of more than 10%.

1.30 Related parties

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

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

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

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

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

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

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the municipality.

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

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.

Ramotshere Moiloa Local Municipality

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Accounting Policies

1.31 Events after reporting date

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

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

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

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

1.32 Expenditure

Expenditure includes bulk purchases, contracted services, general expenses and repairs and maintenance. Expenses are decreases in economic benefits or service potential during the reporting period in the form outflows or consumption of assets or incurrences of liabilities that result in decreases in net assets, other than those relating to distributions to owners.

Expenses are recognised in the period in which they are incurred.

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2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has not adopted any standards and interpretations that are effective for the current financial year and that are relevant to its operations.

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 2024 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 103 (as revised): Heritage Assets	No effective date	Unlikely there will be a material impact
• Guideline: Guideline on the Application of Materiality to Financial Statements	No effective date	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact

3. Inventories

Consumable stores	8 916 370	8 925 121
Inventories consumables on hand: opening	8 925 121	9 686 823
Consumables purchased during the year	4 356 709	3 943 753
Consumables transfers / used during the year /expensed	(4 385 827)	(4 699 970)
Consumables write- offs	20 306	(5 485)

Inventory pledged as security

No inventory assets were pledged as security for liabilities.

4. Receivables from exchange transactions

Prepayments	682 673	798 723
Third party vendors	1 782 810	1 769 812
Motor fees	312 130	-
Rental debtors	52 347	52 347
	2 829 960	2 620 882

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	6 044 882	3 531 982
Employee advances	3 125	3 125
Sundry debtors	1 975 449	36 754
	8 023 456	3 571 861

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6. Consumer debtors		
Gross balances		
Rates	(121 724 789)	(88 012 334)
Electricity	476 874 354	450 875 296
Water	173 379 882	160 199 792
Sewerage	39 130 593	35 130 070
Refuse	109 024 034	97 484 604
Other services	(387 503 880)	(387 503 880)
	289 180 194	268 173 548
Less: Allowance for impairment		
Rates	(58 651 677)	(58 651 677)
Electricity	(31 884 079)	(31 884 079)
Water	(7 355 903)	(7 355 903)
Refuse and other	(18 194 639)	(18 194 639)
	(116 086 298)	(116 086 298)
Net balance		
Rates	(180 376 466)	(146 664 011)
Electricity	444 990 275	418 991 217
Water	166 023 979	152 843 889
Sewerage	39 130 593	35 130 070
Refuse	90 829 395	79 289 965
Other services	(387 503 880)	(387 503 880)
	173 093 896	152 087 250
Reconciliation of allowance for impairment		
Balance at beginning of the year	-	(116 086 298)

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Figures in Rand	2024	2023
7. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	1 494 009	1 931 683
Bank balances	6 876 547	1 630 223
Short-term deposits	6 863 195	2 214 337
	15 233 751	5 776 243

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 2024	30 June 2023	30 June 2022	30 June 2024	30 June 2023	30 June 2022
FNB BANK - 62200495960	423 896	150 665	49 534	423 896	150 665	49 534
FNB BANK - 62224998023	795 881	215 887	36 258	795 881	215 887	36 258
FNB BANK - 54351140693	983 168	249 945	5 903	983 168	249 945	5 903
(Secondary account)						
FNB BANK - 62063144431	4 673 602	1 013 725	247 196	4 673 602	1 013 725	247 196
(Main account)						
ABSA 20-5825-7453	61 246	55 970	52 779	61 246	55 970	52 779
ABSA 93 0488 7397	73 636	68 693	65 217	73 636	68 693	65 217
ABSA 93 0779 6777	346 729	323 131	306 035	346 729	323 131	306 035
FNB 62689530775	735 807	1 083 044	18 950	735 807	1 083 044	18 950
FNB 62738773151	1 495 745	11 531	10 795	1 495 745	11 531	10 795
FNB 62738772418	4 040 577	284 990	8 456	4 040 577	284 990	8 456
FNB 62738773614	109 455	386 978	13 688 220	109 455	386 978	13 688 220
Total	13 739 742	3 844 559	14 489 343	13 739 742	3 844 559	14 489 343

8. Investment property

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	45 621 950	(1 983 476)	43 638 474	46 095 229	(1 899 593)	44 195 636

Reconciliation of investment property - 2024

	Opening balance	Disposals	Depreciation	Total
Investment property	44 195 636	(473 279)	(83 883)	43 638 474

Reconciliation of investment property - 2023

	Opening balance	Disposals	Depreciation	Total
Investment property	44 931 997	(652 478)	(83 883)	44 195 636

Pledged as security

No investment property was pledged as security by the municipality.

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8. Investment property (continued)

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.

Amounts recognised in surplus or deficit

Rental revenue from Investment property	104 593	99 605
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9. Property, plant and equipment

	2024			2023		
	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	30 458 096	-	30 458 096
Buildings	78 029 594	(61 936 158)	16 093 436	78 029 594	(59 805 238)	18 224 356
Plant and machinery	10 565 597	(5 047 819)	5 517 778	5 534 702	(3 937 720)	1 596 982
Furniture and fixtures	1 593 986	(632 041)	961 945	610 061	(509 980)	100 081
Motor vehicles	15 206 244	(7 111 591)	8 094 653	12 896 497	(8 125 250)	4 771 247
Office equipment	4 726 425	(3 553 794)	1 172 631	3 577 530	(3 408 531)	168 999
IT equipment	3 323 289	(1 563 239)	1 760 050	2 620 207	(1 592 492)	1 027 715
Infrastructure	1 041 853 574	(461 495 691)	580 357 883	1 003 188 461	(441 495 220)	561 693 241
Community	139 885 251	(98 723 221)	41 162 030	139 885 251	(94 805 939)	45 079 312
Leased assets	2 823 539	(2 823 539)	-	2 823 539	(2 823 539)	-
Landfill sites	15 578 827	(10 331 282)	5 247 545	12 488 000	(9 190 993)	3 297 007
Other assets	2 924 715	(2 891 727)	32 988	3 152 384	(3 068 854)	83 530
Total	1 346 969 137	(656 110 102)	690 859 035	1 295 264 322	(628 763 756)	666 500 566

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9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Depreciation	Total
Land	30 458 096	-	-	-	30 458 096
Buildings	18 224 356	-	-	(2 130 920)	16 093 436
Plant and machinery	1 596 982	5 049 495	(508)	(1 128 191)	5 517 778
Furniture and fixtures	100 081	990 756	-	(128 892)	961 945
Motor vehicles	4 771 247	4 207 886	(4 781)	(879 699)	8 094 653
Office equipment	168 999	1 214 005	(4)	(210 369)	1 172 631
IT equipment	1 027 715	1 119 393	(2 346)	(384 712)	1 760 050
Infrastructure	561 693 241	39 749 266	(508 838)	(20 575 786)	580 357 883
Community	45 079 312	-	-	(3 917 282)	41 162 030
Landfill sites	3 297 007	3 090 828	-	(1 140 290)	5 247 545
Other assets	83 530	-	(16)	(50 526)	32 988
	666 500 566	55 421 629	(516 493)	(30 546 667)	690 859 035

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9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Other changes, movements	Depreciation	Total
Land	30 458 096	-	-	-	-	30 458 096
Buildings	17 618 017	2 887 926	-	162	(2 281 749)	18 224 356
Plant and machinery	1 750 806	188 374	-	48 715	(390 913)	1 596 982
Furniture and fixtures	58 055	64 952	-	9 186	(32 112)	100 081
Motor vehicles	2 632 957	2 727 790	-	177 827	(767 327)	4 771 247
Office equipment	385 101	5 120	-	27 910	(249 132)	168 999
IT equipment	1 364 964	27 500	(64 680)	19 433	(319 502)	1 027 715
Infrastructure	528 059 346	56 805 159	(424 252)	(2 018)	(22 744 994)	561 693 241
Community	49 681 741	-	-	-	(4 602 429)	45 079 312
Landfill sites	4 196 021	-	-	-	(899 014)	3 297 007
Other assets	140 474	-	-	23 943	(80 887)	83 530
	636 345 578	62 706 821	(488 932)	305 158	(32 368 059)	666 500 566

Pledged as security

No property, plant and equipment were pledged as security.

Reconciliation of Work-in-Progress 2024

	Included within Infrastructure	Total
Opening balance	36 893 062	36 893 062
Additions/capital expenditure	39 208 379	39 208 379
Transferred to completed items	(26 277 044)	(26 277 044)
	49 824 397	49 824 397

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9. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2023

	Included within Infrastructure	Total
Opening balance	31 697 558	31 697 558
Additions/capital expenditure	48 680 870	48 680 870
Transferred to completed items	(43 485 366)	(43 485 366)
	36 893 062	36 893 062

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

Repairs and maintenance	(2 327 052)	(16 959 706)
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A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

10. Intangible assets

	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	4 671 633	(4 656 512)	15 121	4 671 633	(4 648 952)	22 681

Reconciliation of intangible assets - 2024

	Opening balance	Amortisation	Total
Computer software, other	22 681	(7 560)	15 121

Reconciliation of intangible assets - 2023

	Opening balance	Amortisation	Total
Computer software, other	45 362	(22 681)	22 681

Pledged as security

No intangible assets were pledged as security.

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11. Heritage assets

	2024			2023		
	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 2024

	Opening balance	Total
Other	404 550	404 550

Reconciliation of heritage assets 2023

	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 assets were pledged as security.

12. Other financial liabilities

At amortised cost		
DBSA Loan 102400/1	832 467	1 131 204
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	255 050	504 578
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	407 882	376 589
	1 495 399	2 012 371
Total other financial liabilities	1 495 399	2 012 371
Non-current liabilities		
At amortised cost	1 087 517	1 635 782
Current liabilities		
At amortised cost	407 882	376 589

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Figures in Rand	2024	2023
13. Payables from exchange transactions		
Trade payables	126 424 095	129 355 004
Unallocated deposits	813 760	455 729
Accrued leave pay	13 860 488	14 269 037
Accrued bonus	4 879 660	3 552 451
Purchase accrual	2 408 560	93 424
Deposits received	164 494	167 092
Third party payables	41 309	4 461 660
Retentions	14 742 850	12 526 278
Net clearing salary	714 511	772 853
	164 049 727	165 653 528

14. VAT receivable

VAT receivable	1 034 381	1 043 754
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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 calculates 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.

15. Consumer deposits

Electricity	1 529 112	1 462 022
Water	1 448 328	1 206 280
	2 977 440	2 668 302

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16. Employee benefit obligations

Defined benefit plan

The defined benefit liability as disclosed below are represented by two different post - employment benefits. None of the benefits set out below are externally funded.

Post retirement medical aid plan

Active members receive a fixed subsidy of 60% of medical aid contributions during the current working year, up to a specified maximum employer contribution. The spouse or adult dependant of an active member is entitled to a 60% subsidy of their contributions. This proportion of the subsidy will continue to be paid in the event of the principal member's death.

Continuation members receive a fixed subsidy of 60% of medical aid contributions during the current working year, up to a specified maximum employer contribution. The spouse or adult dependant of a continuation member is entitled to a 60% subsidy of their contributions.

Long service awards

Long service awards are payable to qualifying in-service employees. The leave benefits are in accordance with paragraph 11 of the South African Local Government Bargaining Council (SALGBC) collective agreement on conditions of service for the Free State division of SALGBC.

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

Carrying value		
Present value of the defined benefit obligation-wholly unfunded	(48 818 353)	(45 840 000)
Non-current liabilities	(46 680 969)	(42 771 000)
Current liabilities	(2 137 384)	(3 069 000)
	(48 818 353)	(45 840 000)

The municipality has no further obligation to cover unfunded benefits.

Category

Current (in service) members	229	233
Continuation members (pensioners)	18	18

Medical Aid

Non-Current Liabilities	39 105 561	35 990 000
Current Liabilities	1 121 768	921 000
	40 227 329	36 911 000

Long Service Awards

Non-Current Liabilities	7 575 408	6 781 000
Current Liabilities	1 015 616	2 148 000
	8 591 024	8 929 000

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

Opening balance	45 840 000	52 970 000
Net expense recognised in the statement of financial performance	2 978 353	(7 130 000)
	48 818 353	45 840 000

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Figures in Rand	2024	2023
16. Employee benefit obligations (continued)		
Net expense recognised in the statement of financial performance		
Current service cost	2 604 000	3 188 000
Net expense recognised in the statement of financial performance	5 441 000	6 906 000
Actuarial (gains) losses	(1 997 647)	(15 529 000)
Benefits paid (expected)	(3 069 000)	(1 695 000)
	2 978 353	(7 130 000)

Amounts for the current and previous four years are as follows:

	2024	2023	2022	2021	2020
Defined benefit obligation - Medical aid	36 911 000	36 911 000	43 511 000	38 261 000	32 929 000

Key assumptions used

Assumptions used at the reporting date:

Discount Rate - Pension Fund	6.21 %	5.83 %
Discount Rate - Medical Aid	13.50 %	12.56 %
Discount Rate - Long Service Award	10.03 %	10.92 %
Expected increase in healthcare costs	8.16 %	8.16 %
Inflation rate - Medical Aid	7.40 %	6.66 %
Salary Inflation Rate - Long Service Awards	5.20 %	4.25 %
Expected retirement age(in years)	62 years	62 years

Health Care Cost Inflation Rate

A health care cost inflation rate of 6.57% has been assumed. This is 1.50% in excess of expected CPI inflation over the expected term of the liability, namely 5.07%.

A larger differential would be unsustainable, eventually forcing members to less expensive options. This implies a net discount rate of 3.73% which derives from $((1+10.54\%)/(1+6.57\%))-1$.

The expected inflation assumption of 5.07% was obtained from the differential between market yields on index-linked bonds consistent with the estimated term of the liabilities (4.72%) and those of fixed interest bonds (10.54%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%). This was therefore determined as follows: $((1+10.54\%-0.50\%)/(1+4.72\%))-1$.

Withdrawal rate assumptions

Generally observed in the South African market.

The withdrawal rates vary from 3% to 9% for the age group 20 - 50 years, while the estimated withdrawal rate from 55 years is calculated at 0%.

Other assumptions

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

17. Public contributions and donations

Ngaka Modiri Molema District Municipality	7 221 765	5 282 820
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18. Provisions

Reconciliation of provisions - 2024

	Opening Balance	Interest cost	Change in discount factor	Total
Environmental rehabilitation	40 397 493	4 138 634	2 114 236	46 650 363

Reconciliation of provisions - 2023

	Opening Balance	Change in discount factor	Total
Environmental rehabilitation	43 873 204	(3 475 711)	40 397 493
Non-current liabilities		41 080 310	36 258 859
Current liabilities		5 570 053	4 138 634
		46 650 363	40 397 493

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 2023. 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 2023 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 6.51% (2023: 6.51%).

The cost as at 30 June 2024 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.

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Figures in Rand	2024	2023
19. Revenue		
Service charges	105 617 319	77 954 546
Interest received (trading)	1 461 479	-
Licences and permits	6 582 271	3 592 383
Royalties received	299 320	248 901
Rental income	104 593	99 605
Sale of tender documents	655 694	2 711 199
Sale of land	72 103	25 761
Interest received - investment	4 187 548	2 374 282
Property rates	63 118 934	60 108 211
Government grants & subsidies	276 685 677	275 301 542
Public contributions and donations	7 221 765	5 282 820
Fines, Penalties and Forfeits	13 637 547	3 019 700
	479 644 250	430 718 950
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	105 617 319	77 954 546
Interest received (trading)	1 461 479	-
Licences and permits	6 582 271	3 592 383
Royalties received	299 320	248 901
Rental income	104 593	99 605
Sale of tender documents	655 694	2 711 199
Sale of land	72 103	25 761
Interest received - investment	4 187 548	2 374 282
	118 980 327	87 006 677
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	63 118 934	60 108 211
Transfer revenue		
Government grants & subsidies	276 685 677	275 301 542
Public contributions and donations	7 221 765	5 282 820
Fines, Penalties and Forfeits	13 637 547	3 019 700
	360 663 923	343 712 273
20. Service charges		
Sale of electricity	81 272 408	56 759 132
Sale of water	11 472 797	8 650 557
Sewerage and sanitation charges	230 396	292 581
Refuse removal	12 641 718	12 252 276
	105 617 319	77 954 546
21. Licences and permits		
Licences and permits	6 582 271	3 592 383
22. Investment revenue		
Interest revenue		
Bank	4 187 548	2 374 282
	4 187 548	2 374 282

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Figures in Rand	2024	2023
23. Property rates		
Rates received		
Residential	27 300 134	27 715 557
Commercial	24 430 692	21 127 837
State	602 898	612 866
Agriculture	10 785 210	10 651 951
	63 118 934	60 108 211

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	1 598 646 000	1 683 449 600
Commercial	879 605 000	892 706 000
State	1 757 185 600	1 684 981 000
Agriculture	2 378 758 125	2 336 794 125
Other	33 421 000	21 705 000
	6 647 615 725	6 619 635 725

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

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Figures in Rand	2024	2023
24. Government grants & subsidies		
Operating grants		
Equitable share	231 415 999	215 223 000
LG SETA	313 243	246 492
Financial Management Grant	2 300 435	2 300 000
Expanded Public Works Programme	1 715 000	1 383 000
	235 744 677	219 152 492
Capital grants		
Municipal Infrastructure Grant	40 941 000	56 149 050
	235 744 677	219 152 492
	40 941 000	56 149 050
	276 685 677	275 301 542
Conditional and Unconditional		
Included in above are the following grants and subsidies received:		
Conditional grants received	44 956 435	59 425 152
Restricted grants received	313 243	246 492
Non-Restricted	231 415 999	215 223 000
	276 685 677	274 894 644
Equitable Share		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		
Municipal Infrastructure Grant (MIG)		
Balance unspent at beginning of year	-	13 637 152
Current-year receipts	40 941 000	42 105 000
Conditions met - transferred to revenue	(40 941 000)	(55 742 152)
	-	-
Conditions still to be met - remain liabilities (see note).		
*Purpose of the grant is to provide specific capital finance for eradicating basic municipal infrastructure backlogs for poor households, microenterprises and social institutions servicing poor communities. And to provide specific funding for the development of asset management plans for infrastructure servicing the poor		
Financial Management Grant		
Current-year receipts	2 300 000	2 300 000
Conditions met - transferred to revenue	(2 300 000)	(2 300 000)
	-	-
Purpose of the grant is to provide direct support to municipalities to develop financial management and technical capacity for the implementation of the MFMA, its regulations and associated financial reforms		
LGSETA		
Current-year receipts	479 384	246 492
Transferred to revenue	(479 384)	(246 492)
	-	-

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24. Government grants & subsidies (continued)

Purpose of the grant is to aid in the development of a skilled and capable workforce supporting a responsive, accountable, efficient and effective local government system, through a range of learning programmes that focuses on scarce and critical skills in the respect of sectors covered by the LGSETA, the New Growth Path, the Industrial Development Action Plan, the National Skills Accord, the Green Accord, the Beneficiation Strategy of South Africa, the National Development Plan, Strategic Integrated Projects, the Rural Development Strategy, the Back to Basics Strategy, the Environmental Strategy and the Human Resource Development Strategy.

Expanded Public Works Programme

Current-year receipts	1 715 000	1 383 000
Conditions met - transferred to revenue	(1 715 000)	(1 383 000)
	-	-

The purpose of the grant is to expand work creation efforts through the use of labour incentives delivery methods in identified focus areas, in compliance with Expanded Public Works Programme (EPWP) guidelines.

25. Fines, Penalties and Forfeits

Court Traffic Fines	1 900	200
Municipal Traffic Fines	3 051 100	3 019 500
Eskom interest Write-off - Eskom Municipal Debt write-off	10 584 547	-
	13 637 547	3 019 700

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26. Employee related costs		
Basic	92 969 361	90 504 575
Bonus	7 387 271	6 997 141
Medical aid	12 526 387	11 579 243
UIF	657 512	671 276
SDL	1 345 116	1 279 569
Pension fund contributions	17 786 747	17 452 908
Travel allowances	7 010 032	6 705 151
Overtime payments	14 064 898	13 968 662
Long-service awards	1 915 607	876 132
Acting allowances	2 514 829	1 431 911
Housing benefits and allowances	886 327	876 851
Cellphone allowances	417 537	374 257
Bargaining council	38 429	37 800
Leave payout	2 430 111	1 465 894
Standby allowance	3 600 728	3 634 270
Bonus provision	1 327 209	(436 516)
Provision for employee benefit obligations	(465 000)	1 493 000
Leave pay provision	(408 549)	680 331
	166 004 552	159 592 455

Remuneration of the Acting Director Community Service (Status: Acting Director- Mr ME Mangope) acted on 31-05-2023 to 30-06-2023 and current year on 31-07-2023

Acting Allowance	7 340	59 734
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Remuneration of the Municipal Manager (Status: Municipal Manager - Mr LI Mokgathe) Appointed on 03-07-2023

Annual Remuneration	1 309 683	-
Car Allowance	290 889	-
Contributions to UIF, Medical and Pension Funds	2 125	-
SDL	15 664	-
Cellphone	24 000	-
	1 642 361	-

Remuneration of Director Technical Services - (Status: Director Technical Services - Mr M Mpshe) Terminated on 31-01-2024

Annual Remuneration	999 848	892 128
Car Allowance	192 901	286 673
Contributions to UIF, Medical and Pension Funds	1 417	2 125
SDL	11 662	11 395
Cellphone	12 000	18 000
	1 217 828	1 210 321

Remuneration of Director Community Services (Status: Director - Mr TM Seleka) Terminated on 31-01-2024

Annual Remuneration	1 098 438	892 128
Car Allowance	192 901	286 673
Contributions to UIF, Medical and Pension Funds	1 417	2 125
SDL	12 648	11 395
Cellphone	12 000	18 000
	1 317 404	1 210 321

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26. Employee related costs (continued)

Remuneration of the Director Local Economic Development (Status: Director-Local Economic Development Mr R Mojapelo) Terminated on 31-03-2024

Annual Remuneration	1 093 445	892 128
Acting Allowance (MM)	-	62 139
Car Allowance	216 790	286 673
Contributions to UIF, Medical and Pension Funds	1 594	2 125
SDL	11 661	10 382
Cellphone	13 500	18 000
	1 336 990	1 271 447

Remuneration of the Municipal Manager (Status: Municipal Manager - Mr F T Mabokela) Termination on 08-11-2022

Annual Remuneration	-	699 901
Contributions to UIF, Medical and Pension Funds	-	886
Other	-	7 085
Other	-	8 576
	-	716 448

Remuneration of the Chief Financial Officer (Status: CFO - Ms M Moloto) Termination on 31-10-2022

Annual Remuneration	-	547 282
Car Allowance	-	95 558
Contributions to UIF, Medical and Pension Funds	-	708
Other	-	6 297
Other	-	6 000
	-	655 845

Remuneration of the Director Community Service (Status: Director- Adv B G Selebogo) Termination on 15-10-2022

Annual Remuneration	-	570 005
Car Allowance	-	79 783
Contributions to UIF, Medical and Pension Funds	-	708
Other	-	6 391
Other	-	5 220
	-	662 107

Remuneration of the Acting Director Technical Services (Status: Acting Director Technical Services - Mr RT Mtshali) Acted on 30-11-2022 and from 01-03-2024 to 30-06-2024

Acting Allowance	169 713	5 327
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Remuneration of the Acting Director Local Economic Development (Status: Acting Director-Local Economic Development Mr OI Gasealahwe) acted on 30-11-2022 and from 01-04-2024 to 30-06-2024

Acting Allowance	128 320	5 211
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Remuneration of the Acting Chief Financial Officer (Status: Acting CFO - Mr OO Tofile) Acted on 30-11-2022 to 30-04-2023

Annual Remuneration	-	200 190
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Remuneration of the Acting Chief Financial Officer (Status: Acting CFO - Mr MS Lekaba) Acted on 31-05-2023 to 30-06-2023 and from 01-05-2024 to 31-05-2024

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26. Employee related costs (continued)		
Acting Allowance	35 184	59 734

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26. Employee related costs (continued)

Remuneration of the Acting Director Corporate Services (Status: Acting Director- Mr TE Merafe) Acting on 31-07-2022 and from 30-11-2022 to 30-04-2023

	2024	2023
Annual Remuneration	-	249 955

Remuneration of the Director Corporate Services (Status: Director - Ms ZK Masuku) Appointed on 10-07-2023

Annual Remuneration	1 014 894	-
Car Allowance	281 360	-
Contributions to UIF, Medical and Pension Funds	2 125	-
SDL	12 580	-
Cellphone	18 000	-
	1 328 959	-

Remuneration of the Chief Financial Officer (Status: CFO - Mr B K S Noke) Appointed on 01-08-2023

Annual Remuneration	982 262	-
Car Allowance	203 342	-
Contributions to UIF, Medical and Pension Funds	1 948	-
SDL	11 614	-
Cellphone	16 500	-
	1 215 666	-

27. Remuneration of councillors

Executive Mayor	1 018 257	941 029
Speaker	835 925	973 774
Councillors	13 434 500	12 034 203
	15 288 682	13 949 006

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 councillors 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	30 548 811	52 195 534
Investment property	83 883	83 883
Intangible assets	7 560	22 681
	30 640 254	52 302 098

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29. Finance costs		
Non-current borrowings	141 519	220 362
Trade and other payables	9 124 426	8 222 296
Landfill sites	4 138 634	-
Employee benefit obligations	5 441 000	6 906 000
	18 845 579	15 348 658
30. Lease rentals on operating lease		
Premises		
Contractual amounts	120 000	140 000
Equipment		
Contingent amounts	1 257 072	1 402 606
	1 377 072	1 542 606
31. Bulk purchases		
Electricity - Eskom	91 923 482	71 037 135
Water	83 430	81 686
	92 006 912	71 118 821
32. Contracted services		
Outsourced Services		
Meter Management	363 517	340 449
Security Services	14 542 061	14 012 029
Presented previously	-	-
Outsourced Services	14 905 578	14 352 478
Consultants and Professional Services	-	-
Contractors	-	-
	14 905 578	14 352 478

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33. General expenses		
Advertising	284 182	570 571
Auditors remuneration	6 194 868	2 987 417
Bank charges	747 715	612 444
Cleaning	482 646	883 815
Commission paid	2 393 532	-
Consulting and professional fees	33 552 806	29 522 543
Consumables	4 482 645	3 222 019
Discount allowed	2 434 011	-
Entertainment	46 800	2 550
Hire	326 926	3 168 230
Insurance	1 010 152	1 425 390
Community development and training	736 491	564 913
Conferences and seminars	29 802	17 610
Fuel and oil	3 706 290	3 851 353
Printing and stationery	2 593 385	1 980 664
Software expenses	6 219 867	1 251 685
Staff welfare	426 938	501 347
Subscriptions and membership fees	1 886 057	2 010 049
Telephone and fax	19 411	339 864
Training	478 560	372 771
Travel - local	1 686 745	1 432 627
Title deed search fees	9 578	9 498
Electricity	1 140 970	439 101
Uniforms	718 180	1 001 357
Inventory adjustment	111 390	38 539
Indigent subsidy	2 268 080	2 315 291
Tools	45 611	25 026
Extended public works program	1 214 131	1 277 850
Venue expenses	3 025 600	2 966 361
Other expenses	3 444 497	3 107 453
	81 717 866	65 898 338
34. Cash generated from operations		
Surplus	31 618 227	38 184 275
Adjustments for:		
Depreciation and amortisation	30 640 254	52 302 098
(Loss) gain on sale of assets and liabilities	(931 879)	449 459
Loss on disposal of assets and liabilities	79 324 334	65 898 338
Fair value adjustments	(500)	-
Debt impairment	25 656 163	-
Movements in retirement benefit assets and liabilities	2 978 353	(7 130 000)
Movements in provisions	6 252 870	(3 475 711)
Public contributions and donations	(7 221 765)	(5 282 820)
Changes in working capital:		
Inventories	8 751	6 569 101
Receivables from exchange transactions	(28 378 141)	3 357 906
Consumer debtors	(21 006 646)	(44 231 023)
Receivables from non-exchange transactions	(1 938 695)	9 800
Payables from exchange transactions	(1 263 371)	25 186 248
VAT	9 373	(5 791 317)
Unspent conditional grants and receipts	-	(13 637 152)
	115 747 328	112 409 202

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Figures in Rand	2024	2023
35. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	95 726 993	20 386 671
Total capital commitments		
Already contracted for but not provided for	95 726 993	20 386 671

This committed expenditure relates to plant and equipment and will be financed by available bank facilities, retained surpluses, existing cash resources and internally generated funds.

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.

Contingent liabilities

The following are contingent liabilities as at year end:

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36. Contingencies (continued)		
Mathe Stephen Modise // RMLM	-	320 000
Abasebenzi (Pty)Ltd // RMLM	2 200 000	2 200 000
Trustees from time to time of Ikageleng Community trust // RMLM	425 000	425 000
Martinus Sephanus Smit // RMLM	-	200 000
Danel Le Grande // RMLM	-	425 000
VimTsere Security and Protection Services // RMLM	5 442 819	-
Dominus Consulting // RMLM	4 533 760	-
Delanie Bezuidenhout // RMLM	385 220	-
	12 986 799	3 570 000

MATHE STEPHEN MODISE // RAMOTSHERE MOILOA LOCAL MUNICIPALITY

Demand

The other side withdrawn as attorneys of record

Uncertainty exists around the timing of the outflow, if any and possibility of reimbursement is unknown.

IVAN JOHN KLEYNHANS & SA KLEYNHANS t/a TAPOLOGO LODGE // RMLM Case no:589/2013

Application against RMLM for an urgent interdict pending reconciliation of account No. 9337

Matter has been postponed, instructed to find resolution out of court.

The claimant is disputing the account on bases that the Municipality is over-charging them.

Judgement granted against RMLM, judgement has been appealed against and appeal has not proceeded as RMLM instructed an out of Court Resolution be found, the matter is pending.

It was not practicable to estimate the contingent liability amount..

ABASEBENZI (PTY)LTD // RAMOTSHERE MOILOA LOCAL MUNICIPALITY Case no:1805/2022

Claim against RMLM for services rendered in terms of LGSETA agreement, the claimant was appointed to train the youth of RMLM, parties are still in the process exchanging pleadings / notices and preparing for trial.

Pleadings have been fully exchanged and closed and parties are to finalise pre-trial process and apply for trial date. Arrangements to be finalised with Mr Mothami for consultation with LGSETA's Thando Nolwaza to confirm position of LGSETA.

Uncertainty exists around the ultimate timing of the outflow,if any,as it will be determined by the outcome of the trial, the matter is on-going, estimated legal costs to be paid to the municipality attorneys, M.E Tlou is R306 160,36.

Possibility of reimbursement is unknown.

TRUSTEES FROM TIME TO TIME OF IKAGELENG COMMUNITY TRUST // RMLM

Claim against RMLM by beneficiaries of Ikageng Community Trust in respect of RDP houses erected on their property.

Matter was removed from the roll of 19/3/2021 by applicant.

Pleadings have been closed, discovery is done and Pre-trial in chambers has been postponed to 08/08/2023, currently preparing for trial.

Uncertainty exist around the timing of the outflow, the matter is on-going and estimated legal costs to be paid to M.E Tlou is R326 550,37.

Possibility of reimbursement is unknown.

MARTINUS SEPHANUS SMIT // RAMOTSHERE MOILOA LOCAL MUNICIPALITY

Malicious prosecution and unlawful arrest .

Matter is pending.

Uncertainty exists around the timing of the outflow, if any.

Possibility of reimbursement is unknown..

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36. Contingencies (continued)

DANEL LE GRANDE // RAMOTSHERE MOILOA LOCAL MUNICIPALITY

The matter relates to the recession of a default judgement.

Uncertainty exists around the timing of the outflow as the final decision lies with the judge handling the matter, the matter is still pending, estimated legal costs to be paid to Ntsamai Attorneys is R12 041,67
There is possibility of reimbursement.

DOMINUS CONSULTING(PTY)LTD // RAMOTSHERE MOILOA LOCAL MUNICIPALITY

Matter relate to termination of services by the then Municipal Manager and Dominus claims for damages.

The matter relates to unlawful termination of a contract of R4 533 760 to investigate UIF. Dominus Consulting was terminated on basis of the Municipality not having budget to pay them for the work done, Plaintiff has applied for a trial date.

Uncertainty exist around the timing of the outflow matter is on-going, estimated legal costs to be paid to Motshabi Incorporated is R80 000.

VIMTSERE SECURITY AND PROTECTION SERVICES // RAMOTSHERE MOILOA LOCAL MUNICIPALITY

Claim in the amount of R5 442 819.12 for unpaid services rendered, the matter is defended.

Uncertainty exist around the timing of the outflow, the matter is on-going and estimated legal costs to be paid to Motshabi Incorporated is R10 000.

DELANIE BEZUIDENHOUT // RAMOTSHERE MOILOA LOCAL MUNICIPALITY

Plaintiff has attached and removed Municipal assets, the attorney is in the process of drafting an application suspending execution. The plaintiff alleged that it suffered damages due to the negligent conduct of the Municipality.

Uncertainty exist around the timing of the outflow and the matter is on-going, estimated legal costs to be paid to Motshabi Incorporated is R40 000.

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37. Related parties

Relationships
Accounting Officer
Members of key management

Refer to accounting officers' report note
L Mokgathi (Municipal Manager)
T Seleka (Director Community Services)
R Mojapelo (Director Local Economic Development)
Adv B Selebogo (Director Corporate Services)
Mr M Mpshe (Director Technical Services)
Mr K Noke (Chief Financial Officer)
Mr K Masuku (Corporate Services Director)Mr ME
Mangope (Acting Director Community Service)
Mr RT Mtshali (Acting Director Technical Services)
Mr OI Gasealahwe (Acting Director Local Economic
Development)
Mr MS Lekaba (Acting Chief Financial Officer)

Refer to note 26 for related party transactions with members of key management

Remuneration of Councillors

Councillors

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37. Related parties (continued)

Name	Basic salary	Cell Phone Allowance	Travel Allowance	Backpay	Other allowances	Total
JG Pule	-	-	-	1 275	13	1 288
PR Mogorosi	216 451	45 453	72 150	26 553	3 029	363 636
MN Molokwane	-	-	-	1 275	13	1 288
RJ Mafora	-	-	-	1 275	13	1 288
MN Tshikovhi	-	-	-	1 275	13	1 288
BG Monamodi	216 450	45 453	72 150	24 084	3 004	361 141
SI Modibetsane	-	-	-	1 275	13	1 288
MP Moabi	145 633	23 502	-	25 405	1 727	196 267
SJ Rantwa	-	-	-	1 275	13	1 288
L Motsokwane	-	-	-	1 275	13	1 288
KP Madisa	-	-	-	1 275	13	1 288
IT Moloantsoa	-	-	-	1 275	13	1 288
RSB Phetwe	-	-	-	1 275	13	1 288
SF Ngweye	-	-	-	1 275	13	1 288
C Dreyer	-	-	-	1 275	13	1 288
PK Mothoagae	-	-	-	1 275	13	1 288
NT Sapala	-	-	-	1 275	13	1 288
KI Manthoko	-	-	-	1 275	13	1 288
NT Moroeng Sizane	-	-	-	1 275	13	1 288
LJ Selebogo	84 467	13 631	-	1 275	885	100 258
I Sayed Suliman	288 600	45 453	-	24 084	3 148	361 285
B Pheloane	-	-	-	1 275	13	1 288
TR Moiloa	-	-	-	1 275	13	1 288
KB Kenosi	216 450	45 453	72 150	24 984	3 013	362 050
L Selebogo	-	-	-	1 275	13	1 288
K Venter Jacobs	216 450	45 453	72 150	24 984	3 013	362 050
AN Nyamane	30 917	3 400	-	18 388	481	53 186
PJ Molefe	-	-	-	1 275	13	1 288
SS Thembo	-	-	-	1 275	13	1 288
TJ Morebantwa	222 296	45 453	66 304	24 984	3 025	362 062
LK Mosadi	-	-	-	1 275	13	1 288
AB Cassanga	84 467	13 631	-	1 275	885	100 258
OP Modirwa	-	-	-	1 275	13	1 288
UR Morake	-	-	-	1 275	13	1 288
GS Motswenyane	-	-	-	1 275	13	1 288
TB Sebolao	121 361	23 502	24 272	17 286	1 652	188 073
TE Modisane	-	-	-	1 275	13	1 288
Y Suliman	-	-	-	1 275	13	1 288
KE Pitso	288 600	45 453	-	23 709	3 145	360 907
TJ Keebine	216 450	45 453	72 150	23 709	3 000	360 762
KP Tsile	288 600	45 453	-	23 709	3 145	360 907
KP Lekwape	53 502	7 779	-	22 655	769	84 705
P Mokgatlhe	286 179	45 453	95 393	42 110	3 928	473 063
VO Mogale	286 179	45 453	95 393	41 585	3 923	472 533
E Motlogelwa	288 600	45 453	-	23 709	3 145	360 907
I Malatsi	216 450	45 453	72 150	23 709	3 000	360 762
MP Odiseng	288 600	45 453	-	23 709	3 145	360 907
TP Gaealashwe	279 531	45 453	77 588	39 686	3 732	445 990
TS Tihame	222 296	45 453	66 304	23 709	3 012	360 774
OG Moseki	216 450	45 453	72 150	27 032	3 034	364 119
AN Thale	286 179	45 453	95 393	41 585	3 923	472 533
DA Seakentsoa	216 450	45 453	72 150	23 709	3 000	360 762
LP Letshufi	547 174	45 453	182 391	29 269	6 584	810 871
JK Mokgatlhe	286 179	45 453	95 393	41 585	3 923	472 533
DM Modukanele	683 967	45 453	227 989	52 573	8 276	1 018 258
MIE Moarabi	216 450	45 453	72 150	23 709	3 000	360 762

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37. Related parties (continued)		
KR Mogotsi	-	24 806
TV Kena	286 179	41 585
LS Sekopamotse	-	2 100
O Diale	216 450	23 709
TG Katametsi	286 179	41 585
RA Kgakatsi	288 600	23 709
KD Molefe	288 600	23 709
RA Moiloanyane	142 967	23 784
M Moumakwa	216 450	23 709
E Lof	148 294	2 121
PM Keebine	216 450	23 709
KJ Ledikwa	274 204	33 977
KR Mosiane	216 450	23 709
MA Makgokgowa	288 600	8 434
BS Maleka	174 843	3 163
	10 055 644	15 288 687

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37. Related parties (continued)

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Name	Basic salary	Cellphone allowance	Travel allowance	Backpay	Pension, Medical allowances & Other	Total
PR Mogorosi	264 456	41 100	88 152	7 746	3 309	404 763
BG Monamodi	209 941	41 100	69 981	6 746	2 718	330 486
I Sayed Suliman	279 922	41 100	-	6 634	2 857	330 513
KB Kenosi	268 230	41 100	11 692	4 954	2 773	328 749
K Venter Jacobs	210 160	41 100	69 762	4 954	2 700	328 676
AN Nyamane	277 244	41 100	92 855	13 248	3 504	427 951
TJ Morebantwa	279 922	41 100	-	4 954	2 840	328 816
KE Pitso	279 922	41 100	-	3 334	2 824	327 180
TJ Keebine	233 155	41 100	46 767	3 334	2 730	327 086
KP Tsile	279 922	41 100	-	3 334	2 824	327 180
KP Lekwape	279 922	41 100	-	3 334	2 824	327 180
P Mokgatlhe	277 574	41 100	92 525	4 380	3 416	418 995
VO Mogale	277 574	41 100	92 525	5 070	3 422	419 691
E Motlogelwa	279 922	41 100	-	3 334	2 824	327 180
I Malatsi	279 922	41 100	-	3 334	2 824	327 180
MP Odiseng	279 922	41 100	-	3 334	2 824	327 180
TP Gaealashwe	279 922	41 100	-	3 334	2 824	327 180
TS Tlhome	279 922	41 100	-	3 334	2 824	327 180
OG Moseki	215 617	41 100	64 305	3 334	91 122	415 478
AN Thale	277 574	41 100	92 525	5 070	3 422	419 691
DA Seakentoa	239 001	41 100	40 921	3 334	2 786	327 142
LP Letshufi	288 086	41 100	96 777	3 334	3 519	432 816
JK Mokgatlhe	308 265	41 100	61 833	5 070	3 484	419 752
DM Modukanele	663 400	41 100	221 133	15 396	7 641	948 670
MIE Moarabi	209 941	41 100	69 981	3 334	2 684	327 040
KR Mogotsi	317 561	24 590	103 016	11 845	3 746	460 758
TV Kena	346 911	41 100	23 187	5 070	3 561	419 829
O Diale	215 617	41 100	64 305	3 334	2 695	327 051
TG Katametsi	339 182	41 100	30 917	5 070	3 546	419 815
RA Kgakantsi	279 922	41 100	-	3 334	2 824	327 180
PJ Molefe	-	-	-	1 620	16	1 636
KD Molefe	279 922	41 100	-	3 334	2 824	327 180
RA Moiloanyane	279 922	41 100	-	2 477	2 815	326 314
M Mounmakwa	274 076	41 100	5 846	3 334	2 812	327 168
E Lof	221 463	41 100	58 459	3 334	2 707	327 063
PM Keebine	221 463	41 100	58 459	3 334	2 707	327 063
KJ Ledikwa	279 922	41 100	-	3 334	2 824	327 180
KR Mosiane	209 941	41 100	69 981	3 334	2 684	327 040
JG Pule	-	-	-	2 552	26	2 578
MN Molokwane	-	-	-	1 620	16	1 636
RJ Mafora	-	-	-	1 620	16	1 636
MN Tshikovhi	-	-	-	1 620	16	1 636
SI Modibetsane	-	-	-	1 620	16	1 636
MP Moabi	-	-	-	1 620	16	1 636
SJ Rantwa	-	-	-	1 620	16	1 636
L Motsokwane	-	-	-	2 552	26	2 578
KP Madisa	-	-	-	1 620	16	1 636
IT Moloantsoa	-	-	-	1 620	16	1 636
RSB Phetwe	-	-	-	1 620	16	1 636
SF Ngweye	-	-	-	1 620	16	1 636
C Dreyer	-	-	-	2 552	26	2 578
PK Mothoagae	-	-	-	1 620	16	1 636

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37. Related parties (continued)						
NT Sapala	-	-	-	1 620	16	1 636
KI Manthoko	-	-	-	2 552	26	2 578
NT Moroeng Sizane	-	-	-	1 620	16	1 636
LJ Selebogo	-	-	-	7 872	79	7 951
B Pheloane	-	-	-	1 620	16	1 636
TR Moiloa	-	-	-	1 620	16	1 636
L Selebogo	-	-	-	1 620	16	1 636
SS Thembo	-	-	-	1 620	16	1 636
LK Mosadi	-	-	-	1 620	16	1 636
AB Cassanga	-	-	-	2 552	26	2 578
OP Modirwa	-	-	-	1 620	16	1 636
UR Morake	-	-	-	1 620	16	1 636
GS Motswenyane	-	-	-	1 620	16	1 636
TB Sebolao	-	-	-	2 552	26	2 578
TE Modisane	-	-	-	1 620	16	1 636
Y Suliman	-	-	-	1 620	16	1 636
LS Sekopametse	-	-	-	2 668	27	2 695
MA Makgokgowa	74 640	10 200	-	653	750	86 243
	10 359 980	1 514 390	1 625 904	244 083	204 660	13 949 017

Additional information

The salaries, allowances and benefits of councillors are within the upper limits of the framework envisaged in section 219 of the Constitution of South Africa.

38. 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.

Financial instruments carried at fair value at the end of the reporting period are further characterised by level of fair-value hierarchy. The different levels are based on the extent to which quoted prices are used in the calculation of the fair value of the financial instruments, and have been defined as follows:

Level 1: Fair values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

Level 2: Fair values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Fair values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data, and the unobservable inputs have a significant effect on the instrument's valuation. Also, this category includes instruments that are valued based on quoted prices for similar instruments, where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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38. Risk management (continued)

Liquidity risk

Liquidity risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation.

Liabilities are managed by ensuring that contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

Financial liabilities that the municipality is exposed to are as follows:

At 30 June 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Other financial liabilities - at amortised cost	396 021	278 374	632 792
Payables from exchange transactions - at amortised cost	145 264 037	-	-
Consumer deposits - at amortised cost	2 977 440	-	-
At 30 June 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Other financial liabilities - at amortised cost	153 011	396 021	911 166
Payables from exchange transactions - at amortised cost	147 379 126	-	-
Consumer deposits - at amortised cost	2 668 302	-	-

Credit risk

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

Receivables are amounts owing by consumers, and are presented net of impairment losses. The Entity has a credit risk policy in place, and the exposure to credit risk is monitored on an ongoing basis. The Entity is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services, without recourse to an assessment of creditworthiness. The objectives, policies and processes for managing and measuring the Entity's risk during the year in review have remained stable. The Entity's strategy for managing risk is inherent in its credit control and debt collection as well as tariff policy measures, which include encouraging residents to install prepaid electricity meters. In certain instances, a deposit is required for new service connections.

The Entity's maximum exposure to credit risk is represented by the carrying value of each financial asset in the statement of financial position. The Entity has no significant concentration of credit risk, with exposure spread over multiple consumers and not concentrated in any particular sector or geographic area. The Entity establishes an allowance for impairment that represents its estimate of anticipated losses in respect of receivables. Interest is charged on outstanding amounts. Receivables are provided for based on estimated irrecoverable amounts, as explained in the accounting policy. Additional information relating to the analysis of receivables is given in notes 4-6.

Payments on accounts of consumer debtors who are unable to pay due to an adverse change in their circumstances are renegotiated as part of an ongoing customer relationship. Traffic fines can be disputed in writing, which can lead to a renegotiated fine.

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

Financial instrument	2024	2023
Receivables from exchange transactions - at amortised cost	2 147 287	1 822 159
Receivables from non-exchange transactions - at amortised cost	8 023 456	3 571 861
Consumer debtors - at amortised cost	173 093 896	152 087 250
Cash and cash equivalents - at fair value (level 2)	15 233 751	5 776 243

Market risk

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38. Risk management (continued)

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

The municipality's interest rate risk arises from short term deposits. Short term deposits issued at variable rates expose the municipality to cash flow interest rate risk. On the other hand, short term deposits issued at fixed rates expose the municipality to fair value interest rate risk. As at 30 June 2024 and 30 June 2023, the municipality's deposits and bank balances at fixed rate were denominated in the Rand.

Bank

FNB BANK - 62200495960 (B)	423 896	150 665
FNB BANK - 62224998023 (B)	795 881	215 887
FNB BANK - 54351140693 (B)	983 168	249 945
FNB BANK - 62063144431 (B)	4 673 602	1 013 725
ABSA 20-5825-7453 (B)	61 246	55 970
ABSA 93 0488 7397 (B)	73 636	68 693
ABSA 93 0779 6777 (B)	346 729	323 131
FNB 62689530775 (B)	735 807	1 083 044
FNB 62738773151 (B)	1 495 745	11 531
FNB 62738772418 (B)	4 040 577	284 990
FNB 62738773614 (B)	109 455	386 979
Cash on hand	1 494 009	1 931 683
	15 233 751	5 776 243

Finance costs

Finance costs - Trade payables	9 124 426	8 222 296
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Finance income

Finance income - Cash and cash equivalents	4 187 548	2 374 282
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The municipality is not exposed to interest rate risk on borrowings as the municipality borrows funds at fixed interest rates.

39. Going concern

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

During the current year, the entity was placed under section 139(5)(a) & (c) of the Constitution due to financial constraints. A financial recovery plan has been put in place and is closely monitored by Provincial Government. Adjustments were made to the budget of the current and next three financial years to ensure that financial stability is reached and maintained.

We draw attention to the fact that at 30 June 2024, the municipality had an accumulated surplus of R 680 057 712 and that the municipality's total assets exceed its liabilities by R 680 057 712.

The entity experienced a positive cash movement during the current year, refer to the Cash Flow Statement on page 9

40. Unauthorised expenditure

Opening balance as previously reported	394 356 015	208 249 738
Correction of prior period error	(186 106 277)	-
Add: Unauthorised expenditure - current	29 011 932	92 832 243
Add: Unauthorised expenditure - prior period	-	93 274 034
Closing balance	237 261 670	394 356 015

Unauthorised expenditure : per vote level

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40. Unauthorised expenditure (continued)		
Community Services & Social Services	28 314 001	-
Planning and Development	697 931	-
	29 011 932	-
41. Fruitless and wasteful expenditure		
Opening balance as previously reported	42 232 197	33 784 557
Add: Fruitless and wasteful expenditure identified - current	10 628 685	8 447 640
Closing balance	52 860 882	42 232 197

Fruitless and wasteful expenditure is presented inclusive of VAT.

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41. Fruitless and wasteful expenditure (continued)

Details of fruitless and wasteful expenditure

	Disciplinary steps taken/criminal proceedings		
Interest and penalties on late payment	No consequence management followed	10 628 685	8 447 640

Waiving of Interest Charged on Eskom Account

On the 01 December 2023, National Treasury approved the Municipality's application for debt relief in terms of MFMA Circular 134. As per the above mentioned Circular, the interest waived is regarded as revenue from a non-exchange transaction for the reporting entity.

Derecognition of interest charged on Eskom Account from Fruitless and Wasteful expenditure amounted to R10,584,547

42. Irregular expenditure

Opening balance as previously reported	422 584 146	411 064 949
Add: Irregular expenditure - current	4 282 563	41 464 499
Less: Amount incorrectly deemed as irregular expenditure - prior period	-	(29 945 302)
Closing balance	426 866 709	422 584 146

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42. Irregular expenditure (continued)

Incidents/cases identified/reported in the current year include those listed below:

	Disciplinary steps taken/criminal proceedings		
No SCM procurement were followed	No disciplinary steps taken	4 282 563	8 550 797
Deviation not approved by Accounting Officer	No disciplinary steps taken	-	191 160
No declaration of interest attached	No disciplinary steps taken	-	155 918
No supporting information	No disciplinary steps taken	-	622 994
Request for quotation not sent out in the right period	No disciplinary steps taken	-	73 944
Three quotations not received	No disciplinary steps taken	-	260 697
Missing vouchers	No disciplinary steps taken	-	1 247 221
Services paid for but not rendered	No disciplinary steps taken	-	29 700
Advertisement not submitted	No disciplinary steps taken	-	74 750
Unjustifiable deviation	No disciplinary steps taken	-	312 016
		4 282 563	11 519 197

Cases under investigation

There were no council committee investigations

43. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Opening balance	-	303 491
Current year subscription / fee	1 959 234	1 654 089
Amount paid - current year	(1 959 234)	(1 957 580)
	-	-

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43. Additional disclosure in terms of Municipal Finance Management Act (continued)		
Audit fees		
Opening balance	-	2 846 435
Current year subscription / fee	6 876 440	3 586 263
Amount paid - current year	(6 737 311)	(6 432 698)
	139 129	-
PAYE, UIF and SDL		
Opening balance	2 214 666	2 199 551
Current year subscription / fee	29 887 910	27 726 662
Amount paid - current year	(32 102 576)	(25 511 996)
Amount paid - previous years	-	(2 199 551)
	-	2 214 666
Pension and Medical Aid Deductions		
Opening balance	3 578 577	3 415 119
Current year subscription / fee	44 148 577	42 333 367
Amount paid - current year	(47 727 154)	(38 745 545)
Amount paid - previous years	-	(3 424 364)
	-	3 578 577
VAT		
VAT receivable	928 738	367 978

VAT output payables and VAT input receivables are shown in note .

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

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2024:

30 June 2024	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor LP Leshufi	538	-	538
Councillor AN Thale	6 701	39 430	46 131
Councillor MI Moarabi	(6)	-	(6)
	7 233	39 430	46 663

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44. Accounting by principals and agents		
The municipality is a party to a principal-agent arrangement.		
Details of the arrangements are as follows:		
North West Department of Community Safety and Transport		
The Department of Community Safety and Transport management entered into an agreement/contact with the local municipality for performing of the motor vehicle registration and licencing function as well as the motor vehicle renewal licences on an agency basis.		
Entity as agent		
Revenue recognised		
North West Department of Community Safety and Transport	6 582 271	3 592 383
Expenditure incurred		
North West Department of Community Safety and Transport - Employee related costs	13 244 793	8 176 797
Liabilities		
North West Department of Community Safety and Transport	-	-
Assets		
North West Department of Community Safety and Transport - Licences and permits	312 130	-

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45. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

Deviations at 30 June 2024	Number of deviations	Rand value
Emergency	10	650 751
Sole supplier	11	292 973
Impractical	20	571 943
Urgent	1	288 600
		1 804 267

Reason	Month	Supplier	Amount	Description
Emergency	12/07/2023	NWK Beperk	4 520	Procurement of 25 kg heavy duty rope for borehole pumps.
Impractical to get three quotations due to strip and quote and that the car was already at the service provider for repairs.	15/09/2023	Nana Motors	7 271	Repairs on HNC613NW Toyota corolla. Other parts and services were needed when an engine was fitted in the vehicle
Impractical to get three quotations due to strip and quote and that the Refuse truck was not operational due to the front and rear brakes which had to be attended to for it to be operational.	15/09/2023	Nana Motors	35 500	Repairs on JNW 204 NW. Other parts and services were needed when an engine was fitted in the vehicle
Impractical to get three quotations due to strip and quote which had to be attended to urgently.	19/06/2023	Babcock Equipment	9 721	The front-end loader needed parts after strip and quote to replace bucket tooth washers' bolts nuts and shims.
Single Provider	10/08/2023	Truvelo	29 750	Training on speed machines
Impractical to get three quotations due to strip and quote and that the car was already at the service provider for repairs.	26/07/2023	Nana Motors	14 400	strip, quote and repair Toyota Hilux HMZ 494 NW

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45. Deviation from supply chain management regulations (continued)				
Emergency	05/07/2023	Serokolo construction	29 750	TLB hire for digging of seven graves in zeerust
Single Provider	10/08/2023	Esri South Africa	89 710	Renewal of arcgis liscence
Single Provider	20/10/2023	Truvelo Africa Electronics Division (Pty) Ltd	12 310	Calibration of speed machines
urgent	22/09/2023	Bra Clay	288 600	Accomodation for officials to participate on sports at Durban.
it is impractical to follow the official procurement process due strip and quote	19/12/2023	Nana Motors	26 410	The brake Cylinder is not functional Nissan refuse truck JNW 204 NW.
it is impractical to follow the official procurement process due to compliance with the regulation on appointment of senior managers.	12/12/2023	Basadzi Media and personnel (Pty) Ltd	65 168	Advertisement for appointment of Senior Managers
it is impractical to follow the official procurement process due strip and quote	18/12/2023	Nana Motors	13 150	Fuel pump not functional HMZ 507NW and radiator not operational and needed to be replaced for FTS 899 NW
it is impractical to follow the official procurement process due strip and quote	07/11/2023	Piet Lister Trading	76 000	Repair Bulldozer
Emergency	17/11/2023	J CAT Plant Hire	4 600	TLB Hire to repair electrical fault.
Emergency	02/11/2023	Botlhale re boneilwe Trading	42 550	Repair electrical fault and supply of electrical material
Emergency	26/10/2023	Botlhale re boneilwe Trading	208 000	Repair electrical fault and supply of electrical material
it is impractical to follow the official procurement process due to the corpse was already with the funeral palour.	15/10/2023	Ke Batho Botlhe Funeral Palour	2 500	Pauper burial Thekiso Tuna bettie
it is impractical to follow the official procurement process due to the corpse was already with the funeral palour.	18/10/2023	ke Batho Botlhe Funeral Palour	8 500	Pauper burial
Emergency	31/10/2023	HJC Naude t/a HJC Electrics	32 488	Repair electrical fault and supply of electrical material

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45. Deviation from supply chain management regulations (continued)				
it is impractical to follow the official procurement process due strip and quote	18/10/2023	Nana Motors	15 750	front and rear brakes were not functional refuse truck JNW 204 NW
it is impractical to follow the official procurement process due strip and quote	19/12/2023	Nana Motors	5 750	Repair of fuel tank for JMF 138 NW
it is impractical to follow the official procurement process due strip and quote	28/11/2023	Nana Motors	10 105	Repair the valve regulator and suction control for NP 300 JMF 138 NW
Emergency	19/12/2023	Taurus B Trading	15 600	TLB Hire for sewer spillage
it is impractical to follow the official procurement process due to the corpse was already with the funeral palour.	24/01/2024	ke Batho Botthe Funeral Palour	2 500	Pauper burial
Single provider	26/02/2024	Workshop Electronics	25 556	Caliberation of Equipment at
Single provider	06/03/2024	German motors	8 525	Excess fee
Single provider	01/03/2024	Ipeleng risk management services	52 000	Close specialised Training
Single provider	08/01/2024	Variprint systems	26 047	Drivers license score sheet books
Emergency	15/02/2024	Carboncor	190 900	Purchasing of Cold Asphalt
Impractical due to strip and quote	06/02/2024	Quick fix	5 600	Repair and service of aircorns in the server room
Emergency	06/02/2024	Nombokotho Trading and enterprise	20 000	Digging of graves in Groot Marico
Impractical due to strip and quote	08/02/2024	Quick fix	24 500	REpair and service of aircorns in the chamber, direct or corp and sec office of the speaker
it is impractical to follow the official procurement process due to the corpse was already with the funeral palour.	02/01/2024	ke Batho Botthe Funeral Palour	2 500	Puper Burial of Tebogo Victoria Phiri
Emergency	01/02/2024	Motshabi and Associates	102 344	Legal fees
Single provider	29/05/2024	Workshop Electronics	5 569	Repairs at vehicle testing station
Single provider	15/05/2024	Variprint system	26 047	Drivers lisencc test and score sheets books
service provider to do strip and quote	23/05/2024	Piet Lister Trading	75 500	Repair a bulldozer
Impractical due to strip and quote	02/05/2024	Palfinger Southern Africa	142 115	Service crane truck

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45. Deviation from supply chain management regulations (continued)				
Single Provider	06/06/2024	Truvelo Africa Electronics Division (Pty) Ltd	14 587	Calibration of speed machine
it is impractical to follow the official procurement process due strip and quote	16/04/2024	Piet Lister Trading	29 000	Repair a bulldozer
Single provider	09/05/2024	Lexis Nexis	2 874	
			1 804 267	

46. Prior period errors

Prior period errors were identified during the current year and corrected in line with GRAP 3 - Accounting Policies, Changes in Accounting Policies and Errors.

Below is a summary of the total effect that the prior period errors, changes in accounting policies and reclassification of comparatives had on the amounts disclosed in the annual financial statements, followed by a description of each of the individual prior period error with the amounts involved.

Statement of financial position	As previously reported	Correction of error	Restated
Accumulated surplus	(619 148 223)	28 755 645	(590 392 578)
Receivables from exchange transactions - Third party vendors	15 558 352	(13 788 540)	1 769 812
Receivables from exchange transactions - Housing debtors	4 113 570	(4 113 570)	-
Receivables from non-exchange transactions - Fines	4 128 410	(596 428)	3 531 982
Receivables from non-exchange transactions - Sundry debtors	46 554	(9 800)	36 754
Consumer debtors - Rates - Gross balance	(93 819 733)	5 807 399	(88 012 334)
Property, plant and equipment - Buildings	15 769 593	2 454 762	18 224 355
Property, plant and equipment - Plant and machinery	1 694 466	(97 485)	1 596 981
Property, plant and equipment - Furniture and fixtures	503 361	(403 279)	100 082
Property, plant and equipment - Motor vehicles	4 765 437	5 809	4 771 246
Property, plant and equipment - IT equipment	1 041 600	(13 884)	1 027 716
Property, plant and equipment - Infrastructure	541 827 232	(17 027 053)	524 800 179
Property, plant and equipment - Community	45 060 977	18 335	45 079 312
Property, plant and equipment - Work in progress	36 427 160	465 902	36 893 062
Property, plant and equipment - Other assets	86 816	(3 286)	83 530
Other financial liabilities - DBSA Loan 100702/1	(419 562)	(85 017)	(504 579)
Payables from exchange transactions - Unallocated deposits	(10 813 649)	10 357 920	(455 729)
Payables from exchange transactions - Third party payables	(2 435 392)	(2 026 268)	(4 461 660)
Payables from exchange transactions - Retentions	(11 973 649)	(552 629)	(12 526 278)
VAT receivable	367 979	675 776	1 043 755
Payables from exchange transactions - Trade payables	(122 672 587)	(6 682 417)	(129 355 004)
Unspent conditional grants and receipts - I.N.E.P Eskom Grant	(2 131 371)	2 131 371	-
Receivables from exchange transactions - Motor fees	2 421 380	(2 421 380)	-
	(189 601 279)	2 851 883	(186 749 396)

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46. Prior period errors (continued)			
Statement of financial performance	As previously reported	Correction of error	Restated
Property rates - Residential	(26 857 221)	(858 337)	(27 715 558)
Property rates - Commercial	(16 417 994)	(4 709 843)	(21 127 837)
Property rates - State	(683 407)	70 542	(612 865)
Property rates - Agriculture	(10 342 190)	(309 761)	(10 651 951)
Employee related costs - Overtime payments	14 133 912	(165 249)	13 968 663
Depreciation and amortisation - Property, plant and equipment - Buildings	2 596 290	505 904	3 102 194
Depreciation and amortisation - Property, plant and equipment - IT equipment	319 502	(3 483)	316 019
Depreciation and amortisation - Property, plant and equipment - Community	4 818 637	(72 740)	4 745 897
Finance costs - Non-current borrowings	135 345	85 017	220 362
Finance costs - Trade and other payables	8 048 081	174 215	8 222 296
General expenses - Advertising	553 696	16 875	570 571
General expenses - Consulting and professional fees	28 435 600	1 086 943	29 522 543
General expenses - Consumables	3 676 519	(454 500)	3 222 019
General expenses - Hire	2 053 550	1 114 680	3 168 230
General expenses - Fuel and oil	3 839 031	12 321	3 851 352
General expenses - Software expenses	1 163 164	88 521	1 251 685
General expenses - Subscriptions and membership fees	2 002 344	7 705	2 010 049
General expenses - Travel - local	1 444 073	(11 446)	1 432 627
General expenses - Title deed search fees	3 308	6 190	9 498
General expenses - Electricity	(84 310)	523 412	439 102
General expenses - Other expenses	3 066 303	41 150	3 107 453
	21 904 233	(2 851 884)	19 052 349

46.01 Other financial liabilities

In the prior year, the amount owing to the DBSA and the related interest incurred were misstated. The amounts recognised have been reconciled to the correct amounts, per the third party schedules. These errors have been corrected and the opening balances were adjusted with the effect thereof as follows:

Statement of Financial Position		
Increase in Other financial liabilities - DBSA Loan 100702/1	-	(85 017)
Decrease in Other financial liabilities - Short term portion of DBSA Loans	-	376 589
Accumulated surplus	-	(376 589)
Statement of Financial Performance		
Increase in Finance costs - Non-current borrowings	-	85 017
	-	-

46.02 Retentions

Retentions capitalised / not paid in the prior year were not correctly accounted for in the payables (retentions), as such, these amounts were revisited and accounted for appropriately to reflect the applicable effects on retentions payable as follows:

Statement of Financial Position		
Increase in Payables from exchange transactions - Retentions	-	(309 838)
Increase in VAT receivable	-	309 838
	-	-

46.03 Invoices omitted and incorrectly recognised

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46. Prior period errors (continued)

Invoices from various suppliers (e.g. Eskom, OS Holdings, Dep of Water Affairs, ABRAPAD BURIAL SERVICE, Nonki C Travels, ME Tlou Attorneys, Kgomo Attorneys, Manhattan, Ngwenya Hotel, Leadership Academy, Arena, Alumni Trading, Deeds Office, Algaamated Lebone, IYB Trading and Projects, SALGA, ...etc) relating to goods and services rendered in preceeding years were omitted and/or incorrectly recognised. Amounts incurred have been reconciled to supplier statements and other relevant third-party schedules. These errors have been corrected and the opening balances were adjusted with the effect thereof as follows:

Statement of Financial Position		
Increase in Payables from exchange transactions - Trade payables	-	(6 696 346)
Increase in VAT receivable	-	365 938
Decrease in Accumulated surplus	-	3 270 255
Statement of Financial Performance		
Increase in Finance costs - Trade and other payables	-	174 215
Increase in General expenses - Advertising	-	16 875
Increase in General expenses - Consulting and professional fees	-	1 086 943
Increase in General expenses - Hire	-	1 114 680
Increase in General expenses - Fuel and oil	-	12 321
Decrease in General expenses - Printing and stationery	-	(413)
Increase in General expenses - Software expenses	-	88 521
Increase in General expenses - Subscriptions and membership fees	-	7 705
Decrease in General expenses - Travel - local	-	(11 446)
Increase in General expenses - Title deed search fees	-	6 190
Increase in General expenses - Electricity	-	523 412
Increase in General expenses - Other expenses	-	41 150
	-	-

46.04 Commitments

Invoices to the sum of R2 198 832 were omitted in the project expenditure for the year ended 30 June 2023, and as such, transaction listing / population for the projects was for reconciliation purposes.

46.05 Motor fees write-off

In the prior year, amounts owing to the department were overstated. As at the end of the prior year, amounts owing between the parties were settled. These errors have been corrected and the opening balances were adjusted with the effect thereof as follows:

Statement of Financial Position		
Increase in Accumulated surplus	-	(2 421 380)
Decrease in Payables from exchange transactions - Motor fees control	-	2 421 380
	-	-

46.06 Expenditure recognised in balance sheet accounts

Expenditure recognised in the prior year were recognised in balance sheet accounts, as a result, expenditure was overstated with the rolled forward balances arising from preceeding years. These errors have been corrected and the opening balances were adjusted with the effect thereof as follows:

Statement of Financial Position		
Decrease in General expenses - Tools	-	(100 771)
Decrease in Property, plant and equipment - Work in progress	-	(406 898)
Decrease in Accumulated surplus	-	507 669
	-	-

46.07 Employee related costs - Overtime

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46. Prior period errors (continued)

Reclassification of hours worked by employee were incorrectly captured in the 2022/23 general ledger. The erroneous capturing of these overtime worked in the 2022/23 general ledger resulted in the following: Accumulated Surplus were understated by R 165 249.18 and Overtime were Overstated by R 165 249.18. These errors have been corrected and the opening balances were adjusted with the effect thereof as follows:

Statement of Financial Position		
Decrease in Accumulated surplus	-	165 249
Statement of Financial Performance		
Decrease in Employee related costs - Overtime payments	-	(165 249)
	-	-

46.08 Property, plant and equipment

The opening balance of property, plant and equipment was misstated. These errors have been corrected and the opening balances were adjusted with the effect thereof as follows:

- Motor vehicles accumulated depreciation decreased due to items previously fully depreciated and brought back to life
- Buildings cost increased due to a reclassification of assets from Infrastructure
- Buildings accumulated depreciation changed due to reassessment of asses with Nil CV and the reclassification of assets from Infrastructure.
- Community assets accumulated depreciation decreased due to items previously fully depreciated and were given back life as they still have service potential.
- Furniture and fixtures cost increase due to prior prior alignment of FAR and the trial balance which was in imbalance.
- Infrastructure cost changed due to transfer of assets to Buildings and additional cost on a previously capitalised project.
- Infrastructure accumulated depreciation movements were caused by assets cost previously not capitalised, reclassification of assets to buildings and assets given life back a they were previously at a Nil CV and have service potential.
- Work in progress increased due to invoices previously not capitalised.

Statement of Financial Position		
Decrease in Accumulated surplus	-	19 083 593
Increase in Property, plant and equipment - Buildings	-	2 454 762
Increase in Property, plant and equipment - Furniture and fixtures	-	3 619
Increase in Property, plant and equipment - Motor vehicles	-	5 809
Decrease in Property, plant and equipment - Infrastructure	-	(17 027 053)
Increase in Property, plant and equipment - Motor vehicles	-	18 335
Decrease in Property, plant and equipment - Work in progress	-	(4 517 730)
Statement of Financial Performance		
Increase in Depreciation and amortisation - Property, plant and equipment	-	433 164
Decrease in General expenses - Consumables	-	(454 499)
	-	-

46.09 Overstatement of Unspent grants

In the prior year, revenue recognised in preceeding years was not recognised. Resulting in the amounts remaining as unspent amounts payable. These errors have been corrected and the opening balances were adjusted with the effect thereof as follows:

Statement of Financial Position		
Increase in Accumulated surplus	-	(2 131 371)
Decrease in Unspent conditional grants and receipts	-	2 131 371
	-	-

46.10 Housing debtors

In the prior year, receivables relating to the sale of land were overstated. These errors have been corrected and the opening balances were adjusted with the effect thereof as follows:

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46. Prior period errors (continued)

Statement of Financial Position

Decrease in Accumulated surplus	-	4 113 570
Decrease in Receivables from exchange transactions - Housing debtors	-	(4 113 570)
	-	-

46.11 Write-off of traffic fines receivables

In the prior period, the municipality's council had resolved to write off receivables relating to traffic fines, however, these amounts and related impairments recognised were not written off in the books of the municipality. These errors have been corrected and the opening balances were adjusted with the effect thereof as follows:

Statement of financial position

Decrease in Accumulated surplus	-	596 428
Increase in Receivables from non-exchange transactions - Fines	-	(27 193 252)
Increase in Receivables from non-exchange transactions - Fines	-	26 596 824
	-	-

46.12 Write-off of Pamodzi receivables

Amounts receivable relating to Pamodzi recognised in the prior year have been deemed to not meet the recognition criteria for receivables. are in dispute through legal processes, as such, have been written-off. The municipality has instituted a legal case against Pamodzi for recoveries of amounts due. These errors have been corrected and the opening balances were adjusted with the effect thereof as follows:

Statement of financial position

Decrease in Accumulated surplus	-	13 788 540
Decrease Receivables from exchange transactions - Prepayments	-	(13 788 540)
	-	-

46.13 Unallocated Deposits

In the prior year, unallocated deposit relating were overstated. These errors have been corrected and the opening balances were adjusted with the effect thereof as follows:

Statement of financial position

Decrease in Payables from exchange transactions - Unallocated deposit	-	10 357 920
Increase in Accumulated surplus	-	(10 357 920)
	-	-

46.14 Third Party Payables

In the prior year, third party payables were overstated. These errors have been corrected and the opening balances were adjusted with the effect thereof as follows:

Statement of Financial Position

Increase in Payables from exchange transactions - Third Party Payables	-	(2 026 268)
Decrease in Accumulated surplus	-	2 026 268
	-	-

46.15 Property rates

During the 2023/24 financial year the municipality's management realised that property rates were being billed on incorrect market values that were not consistent with amount per the Valuation Roll. The error was corrected retrospectively.

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46. Prior period errors (continued)

Statement of Financial Performance

Revenue from exchange - Property rates - (5 807 399)

Statement of Financial Position

Receivables from non exchange - Property rates - 5 807 399

- -

46.16 Sundry debtors

In the prior years eskom account transactions incorrectly included as sundry debtors. These errors have been corrected and the opening balances were adjusted with the effect thereof as follows:

Statement of Financial Position

Decrease in Accumulated surplus - 9 800

Decrease in Receivables from non-exchange transactions - Sundry debtors - (9 800)

- -

47. Budget differences

Material differences between budget and actual amounts

47.1 Service charges

Services charges were budgeted with the anticipation of increased revenue from new residential settlements and increased commercial property, as a result of increased economic activity and growth. This growth did not occur as anticipated.

47.2 Licence and permit

47.3 Connections and disconnections

Variance caused as a result of under budgeting.

47.4 Rental income

Variance caused as a result of under budgeting

47.5 Sundry income

Variance caused as a result of overbudgeting.

47.6 Sale of land

The variance is due to the budget being understated.

47.7 Interest received - investment

The variances is due to interest earned on conditional grants ringfenced and investment in call accounts.

47.8 Property rates

Property rates were budgeted with the anticipation of increased revenue from new residential settlements and increased commercial property, as a result of increased economic activity and growth. This growth did not occur as anticipated.

47.9 Government grants & subsidies

The variance is due to the expected grant revenue from Ngaka Modiri Molema District Municipality (R12m) not being fully received as intended. The grant from Ngaka Modiri Molema District Municipality was instead received as an in-kind allocation of procurements on behalf of the municipality amounting to R5,3m.

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47. Budget differences (continued)

47.10 Fines, Penalties and Forfeits

Fines, penalties and forfeits were budgetted for based on an expectation of decreased traffic fines due to improved driver behaviour, in relation to promotion of safe driving campaigns (e.g. officer monitoring). However, the traffic monitoring activities as per these campaigns led to increased value of traffic fines.

47.11 Personnel

The variance is due to budgeted positions not filled.

47.12 Remuneration of councillors

Variance is due to implementation of upper limits.

47.13 Depreciation and amortisation

Variance is due to movement of work in progress in capital projects which were completed. This impacted the depreciation.

47.14 Finance costs

Variance is due to interest on overdue account on Eskom which were caused by non-payment.

47.15 Lease rentals on operating lease

Expenditure on lease rentals on operating leases was budgetted for as part of other (general expenditure).

47.16 Debt Impairment

Variance is due to impairment on debtors not completed due to receivables data not being cleansed.

47.17 Repairs and maintenance

Expenditure on repairs and maintenance was budgetted for as part of other (general expenditure).

47.18 Bulk purchases

No material variance between actual expenditure incurred and the budgeted amount. Utilisation of the budget is deemed to be as expected.

47.19 Contracted services

The variance is due to non-implementation of contracted mandates due to cashflow issues.

47.20 General expenses

The variance is due to under budgeting.

47.21 Loss on disposal of assets and liabilities

The variance is due to under budgeting for losses.

47.22 Actuarial valuation movement

Actuarial gains or losses were not budgeted for.

48. Segment information

General information

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48. Segment information (continued)

Identification of segments

The municipality is organised and reports to management on the basis of five major functional areas: Executive and Council, Finance and Administration, Community and Social Services, Planning and Development, Technical Department. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

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48. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2024

	Executive and Council	Finance and Administration	Community and Social Services	Planning and Development	Technical Department	Total
Revenue						
Service charges	-	105 617 319	-	-	-	105 617 319
Interest received (trading)	-	1 461 479	-	-	-	1 461 479
Licences and permits	-	-	6 582 271	-	-	6 582 271
Connections and disconnections	-	-	-	-	299 820	299 820
Rental income	-	104 593	-	-	-	104 593
Sundry income	-	556 332	99 361	-	-	655 693
Sale of land	-	-	-	72 103	-	72 103
Interest received - investment	-	4 187 548	-	-	-	4 187 548
Property rates	-	63 118 933	-	-	-	63 118 933
Government grants & subsidies	53 264 047	44 196 732	39 745 120	5 320 235	134 159 543	276 685 677
Public contributions and donations	-	-	-	-	7 221 765	7 221 765
Fines, Penalties and Forfeits	-	10 584 547	3 053 000	-	-	13 637 547
Total segment revenue	53 264 047	229 827 483	49 479 752	5 392 338	141 681 128	479 644 748
Entity's revenue						479 644 748

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	Executive and Council	Finance and Administration	Community and Social Services	Planning and Development	Technical Department	Total
48. Segment information (continued)						
Expenditure						
Employee related costs	19 153 154	41 627 921	39 785 145	10 206 446	55 231 888	166 004 554
Remuneration of councillors	15 288 683	-	-	-	-	15 288 683
Depreciation and amortisation	-	8 054 388	-	-	22 585 866	30 640 254
Finance costs	-	14 706 946	4 138 634	-	-	18 845 580
Lease rentals on operating lease	-	1 257 072	-	-	120 000	1 377 072
Debt Impairment	-	-	25 656 163	-	-	25 656 163
Repairs and maintenance	-	170 592	107 080	-	2 049 380	2 327 052
Bulk purchases	-	-	-	-	92 006 912	92 006 912
Contracted services	-	-	14 542 061	-	363 517	14 905 578
(Gain)/Loss on disposal of assets and liabilities	-	(859 776)	-	-	-	(859 776)
General expenses	16 950 595	48 826 358	1 924 719	1 904 868	12 111 325	81 717 865
Actuarial valuation movement	-	(1 997 647)	2 114 236	-	-	116 589
Total segment expenditure	51 392 432	111 785 854	88 268 038	12 111 314	184 468 888	448 026 526
Total segmental surplus/(deficit)	1 871 615	118 041 629	(38 788 286)	(6 718 976)	(42 787 760)	31 618 222

2023

	Executive and Council	Finance and Administration	Community and Social Services	Planning and Development	Technical Department	Total
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48. Segment information (continued)

Revenue

Service charges	-	(3 504 999)	34 527 943	-	46 931 601	77 954 545
Licences and permits	-	-	3 592 383	-	-	3 592 383
Connections and disconnections	-	(270 217)	-	-	519 118	248 901
Rental income	-	99 605	-	-	-	99 605
Sundry income	-	560 550	2 044 482	9 532	96 636	2 711 200
Sale of land	-	-	-	25 761	-	25 761
Interest received - investment	-	2 374 282	-	-	-	2 374 282
Property rates	-	60 108 210	-	-	-	60 108 210
Government grants & subsidies	57 466 051	52 976 577	58 925 182	11 443 939	94 489 793	275 301 542
Public contributions and donations	-	-	-	-	5 282 820	5 282 820
Fines, Penalties and Forfeits	-	-	3 019 700	-	-	3 019 700

Total segment revenue 57 466 051 112 344 008 102 109 690 11 479 232 147 319 968 430 718 949

Entity's revenue

430 718 949

Expenditure

Employee related costs	19 657 218	40 731 421	37 100 290	9 112 009	52 991 519	159 592 457
Remuneration of councillors	13 949 006	-	-	-	-	13 949 006
Depreciation and amortisation	-	9 531 818	-	-	42 770 280	52 302 098
Finance costs	-	15 348 659	-	-	-	15 348 659
Lease rentals on operating lease	-	1 402 606	-	-	140 000	1 542 606
Repairs and maintenance	-	327 533	689 040	-	15 943 133	16 959 706
Bulk purchases	-	-	-	-	71 118 821	71 118 821
Contracted services	-	14 012 029	-	-	340 449	14 352 478
Loss on disposal of assets and liabilities	-	475 220	-	-	-	475 220
General expenses	15 286 488	33 750 117	3 323 449	1 674 619	11 863 666	65 898 339
Actuarial valuation movement	-	(15 529 000)	(3 475 711)	-	-	(19 004 711)

Total segment expenditure 48 892 712 100 050 403 37 637 068 10 786 628 195 167 868 392 534 679

Total segmental surplus/(deficit) 8 573 339 12 293 605 64 472 622 692 604 (47 847 900) 38 184 270

Following a change in the composition of its reportable segments, the corresponding items of segment information for earlier periods has been restated.

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49. Debt impairment

Bad debts written off	25 656 163	-
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50. Financial instruments disclosure

Categories of financial instruments

2024

Financial assets

	At fair value	At amortised cost	Total
Receivables from exchange transactions	-	2 147 287	2 147 287
Receivables from non-exchange transactions	-	8 023 456	8 023 456
Consumer debtors	-	173 093 896	173 093 896
Cash and cash equivalents	15 233 751	-	15 233 751
	15 233 751	183 264 639	198 498 390

Financial liabilities

	At amortised cost	Total
Other financial liabilities	1 495 399	1 495 399
Trade and other payables from exchange transactions	145 264 037	145 264 037
Consumer deposits	2 977 440	2 977 440
	149 736 876	149 736 876

2023

Financial assets

	At fair value	At amortised cost	Total
Receivables from exchange transactions	-	1 822 159	1 822 159
Receivables from non-exchange transactions	-	3 571 861	3 571 861
Consumer debtors	-	147 379 126	147 379 126
Cash and cash equivalents	5 776 243	-	5 776 243
	5 776 243	152 773 146	158 549 389

Financial liabilities

	At amortised cost	Total
Other financial liabilities	2 012 371	2 012 371
Trade and other payables from exchange transactions	147 379 126	147 379 126
Consumer deposits	2 668 302	2 668 302
	152 059 799	152 059 799

RAMOTSHERE MOILOA LOCAL MUNICIPALITY



ANNUAL PERFORMANCE REPORT 2023/24

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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
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 2023/24 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 2023/24 Annual Performance Report, which will be incorporated into the 2023/24 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 2023/24 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

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. 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

3. 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)
- 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*

4. 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.*

5. 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.

6. 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 –

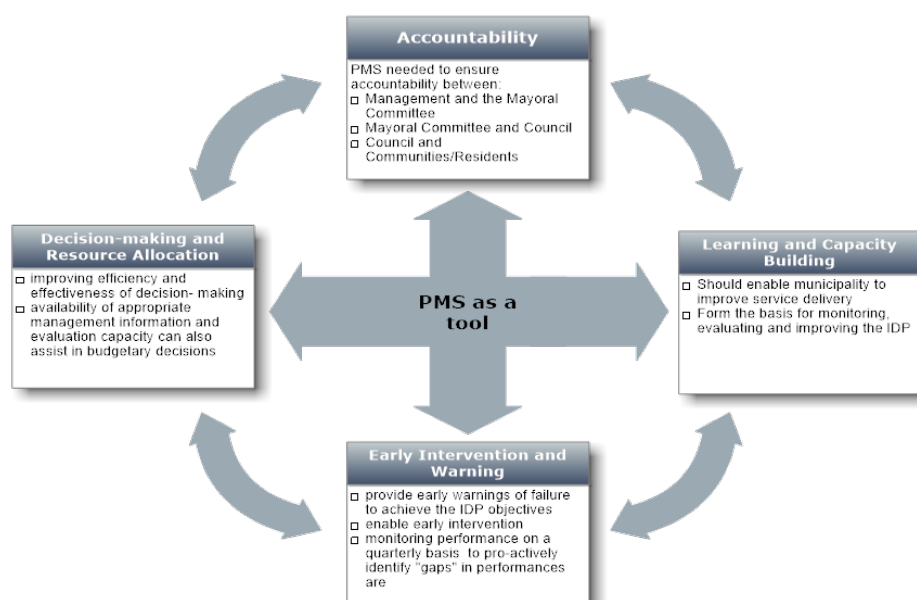
- (a) To provide a record of the activities of the municipality or municipal entity during the financial year to which the report relates.*
- (b) To provide a report on the performance against the budget of the municipality or municipal entity for that financial year; and*
- (c) To promote accountability 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.*

7. MUNICIPAL PERFORMANCE MANAGEMENT SYSTEM (PMS)

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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.

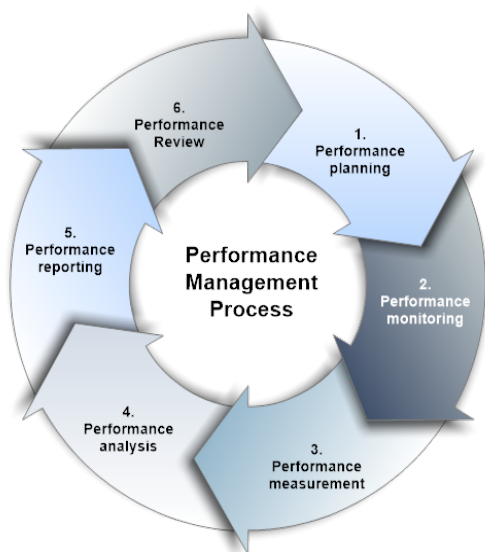


Adapted from the Balanced Scorecard by Robert S. Kaplan and Dave P. Norton, Harvard Business School Press, 1996.

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.

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. The diagram below demonstrates these links more clearly.

The long-term developmental results at societal level that is the logical consequence of

IMPACTS

What we aim to change?

The medium-term results for specific beneficiaries that are a direct consequence of

OUTCOMES

What we wish to

The final products, or goods and services produced for

OUTPUTS

What we produce or deliver?

The processes or actions that use a range of inputs to produce the desired

ACTIVITIES

What we

The resources that contribute to

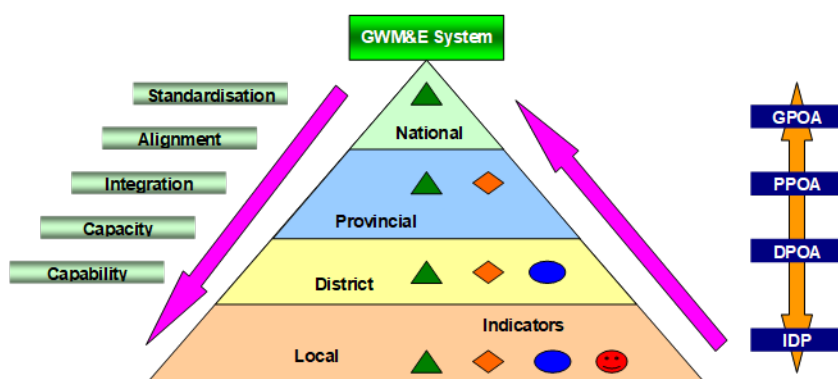
INPUTS

What we use to do the work?

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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.



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

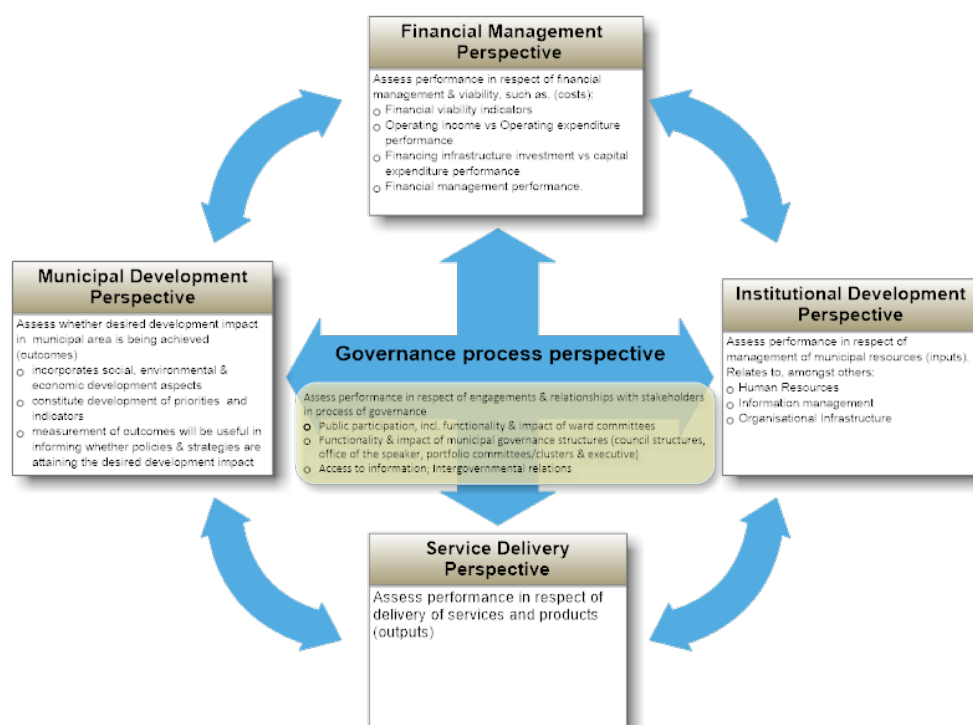
The RMLM has chosen the Municipal Scorecard (MS) as its preferred performance management model. In terms of the MS model all indicators are grouped together into five perspectives as depicted in the figure below e.g., inputs, process, outputs and outcomes.

¹ Draft Monitoring and Evaluation Framework in support of Cooperative Governance. Department of Cooperative Governance. October 2010

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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 2022/23 financial year on predetermined objectives and the management actions taken during 2023/24 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

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Constitutional Institutional 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.*

8. 2022/2023 REPORT OF THE AUDITOR-GENERAL

Audit Finding	Management actions taken to resolve findings
We could not confirm whether the indicators is well defined so that data can be collected consistently	The 2024/25 SDBIP has been crafted and approved by the Mayor, therein the indicators have been improved.
During the audit of performance against predetermined objectives it was noted that there are no formal standard operating procedures (SOPs) that predetermines how the key performance indicators' (KPIs) achievements.	<p>The Standard Operating Procedures are in the process of being developed.</p> <p>The technical indicator description is in the process of being developed</p>

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ASSESSMENT OF SERVICE PROVIDERS

Assessment of service providers 2023/24										
PROJECT NAME	NAME OF SERVICE PROVIDER	SOURCE OF FUNDING	START DATE	COMPLETION DATE	PROGRESS TO DATE	CHALLENGES AND INTERVENTIONS	Assessment of service provider			
							(Scale 1-5) 1 - Poor, 2 - Fair, 3 - Average 4, - Good, 5 - Excellent			
							Quarter 1	Quart er 2	Quart er 3	Quart er 4
PREPARATION OF AFS	MAINE MANAGEMENT CONSULTANTS	INTERNALL Y GENERATED FUNDING	01 06 2023	30 JUNE 2025	60% COMPLETION TOWARDS END OF CONTRACT	-FAILURE TO MEET DEADLINES -DISSATISFACTORY PRODUCT DELIVERY	3	3	3	3
COMPILATION OF FIXED ASSET REGISTER	PEZA CONSULTANTS	INTERNALL Y GENERATED FUNDING	01 06 2023	30 JUNE 2025	60% COMPLETION TOWARDS END OF CONTRACT	-FAILURE TO MEET DEADLINES -DISSATISFACTORY PRODUCT DELIVERY	3	3	3	3
VAT RECOVERY SERVICES	MAXIMUM PROFIT RECOVERY SOLUTIONS	INTERNALL Y GENERATED FUNDING	01 12 2022	31 12 2024	90% of contract executed	INADEQUATE SUPPORT DURING AUDIT	4	4	4	4
INDIGENT REGISTRATION AND MANAGEMENT	BTF FINANCIAL SERVICES	INTERNALL Y GENERATED FUNDING	02 12 2021	30 11 2024	100%	NONE	5	5	5	5
VALUATION ROLL COMPILATION	ACTIVA VALUATION SERVICES	INTERNALL Y GENERATED FUNDING	20 12 2022	30 06 2029	NEW VALUATION ROLL APPROVED AND IN PLACE	NONE	5	5	5	5

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Appointment of a service provider for supply of a standard transfer specification system (STS) compliant pre-payment electricity online vending and management system for a period of three (3) years.	MBL SMART SOLUTIONS	INTERNAL Y GENERATED FUNDING	19 10 2023	18 11 2026	TID ROLL OVER AT 95% COMPLETION	REFUSAL OF ACCESS TO METERS	4	4	4	4
Protective Clothing	TMS & PERFECT GILRS	OWN	08 January 2023	10 April 2024	DELIVERED	NONE	1	1	1	4
Printing machine	MCRIBEN	OWN	17 May 2021	16 May 2024	EXPIRED		1	1	1	1
Telephone	CATALYTIC	OWN	01 March 2014	Suspended	Suspended		1	1	1	1
Installation of software Licensing	REYAKOPELE ICT	OWN	04 November 2022	03 November 2025	In progress	NONE	3	4	4	4
Provision of Web, Email and Domain	Livity ICT (Pty) LTD	OWN	04 November 2022	03 November 2025	In progress	NONE	2	3	4	4
Driefontein High Mast Lights	Khumovusi	MIG	17 January 2024	23 May 2024	Completed	None	N/A	N/A	4	4
Motswedi High Mast Lights	Khumovusi	MIG	17 January 2024	23 May 2024	Completed	None	N/A	N/A	4	4
Upgrading of Lekgophung Roads and Storm Water	Thaka Holdings	MIG	22 Feb 2024	30 June 2026	35% Completed	Limited budget resulting in project been implemented in Multi Years.	N/A	N/A	3	3

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Upgrading of Masebudule Roads and Storm Water	KP Baikgaki Trading	MIG	29 April 2024	30 June 2025	85% Completed	Limited budget resulting in project been implemented in Multi Years.	N/A	N/A	N/A	5
Upgrading of Dinokana ward 11 Roads and Storm Water	Moredi Trading	MIG	22 Feb 2024	30 June 2025	55% Completed	Limited budget resulting in project been implemented in Multi Years.	N/A	N/A	3	3
Upgrading of Dinokana Ward 12 Roads and Storm Water	Dikgwetlo Trading	MIG	22 Feb 2024	30 June 2025	75% Completed	Limited budget resulting in project been implemented in Multi Years.	N/A	N/A	N/A	5
Upgrading of Moshana Roads and Storm Water	Gebza's Trasport	MIG	22 Feb 2024	30 June 2025	75% Completed	Limited budget resulting in project been implemented in Multi Years.	N/A	N/A	N/A	5
Upgrading of Ikageleng Roads and Storm Water	Mafoko Brothers	MIG	22 Feb 2024	30 June 2025	95% Completed	Limited budget resulting in project been implemented in Multi Years.	N/A	N/A	N/A	5
Fencing of Zeerust Landfill Site	Moilalehlaka Investment	MIG	17 January 2024	30 June 2024	100% Completed	None	N/A	N/A	3	
Appointment of Service Provider to Conduct Land	Ngoti Development	Own	02	31 October 2023	The draft Land Audit Report	Delayed response by the stakeholders such as	4	4	4	4

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Audit in Ikageleng, Henryville, Olienthout Park (Sandvlagte), Shalimar Park, Welbedaght (Lehurutshe) Groot Marico And Zeerust Town	Consultants		November20		has been noted by Council and currently under stakeholder engagement and public participation	Deeds Office				
Provision of physical Security for a period of 36 months	Fusion Tactical Group	Internal Funding	01 st October 2023	31 st September 2026	Compliance with Private Security Industry Regulation and the signed service level agreement	The only challenge is the late payment of monthly contract payment and this poses a security threat due to late coming of employees and absenteeism to work	N/A	4	4	4

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	Office of the MM	Corporate Services	Technical Services	Community Services	Financial Viability	Municipal Planning and Development	Internal Audit	Office of the Mayor	Office of the Speaker	Overall Performance	%
Number of planned indicators for Quarter 2	26	12	14	8	18	8	5	9	5	104	
Number of achieved planned indicators	15	10	12	6	16	3	2	6	3	7	68%
Number of not achieved planned indicators	12	3	3	2	2	5	3	3	2	35	32%
Number of planned Indicators not reported	-	-	-	-	-	.	-	-	-	-	-

1.1 KPA 1: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT

OFFICE OF THE MM													
FUNCTIONAL AREA	STRATEGIC OBJECTIVE	KPI NUMBER	BASELINE 2022/23			KEY PERFORMANCE INDICATOR	KPI TYPE	ANNUAL TARGET	BUDGET	Actual Performance	Reason for Deviation	Corrective Measure	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)	Demand (MFMA Circular 63)	Backlog (MFMA Circular 63)								
Office of the Municipal Manager	Efficient and Effective Administration	1	2023/24 Approved IDP and Budget Process Plan	2024/25 Approved IDP and Budget Process Plan	None	2024/25 Approved IDP and Budget Process Plan	Output	2024/25 Approved IDP and Budget Process Plan by 31 August 2023	OPE X	2024/25 IDP, Budget and PMS Process plan BY 31 August 2023	N/A	N/A	Approved 2024/25 IDP and Budget Process Plan, Council Resolution
Office of the Municipal Manager	Efficient and Effective	2	NEW	4 Meetings to Track Progress on PAAP	None	Number of meetings held to track progress on PAAP implementation		4 Meetings to Track Progress on PAAP by 30 June 2024	OPE X	Meetings were not held	N/A	N/A	Attendance Register and Report
Office of the Municipal Manager	Efficient and Effective Administration	3	1 IDP Rep Forum Meeting	4 IDP Rep Forum Meetings	None	Number of IDP Rep Forum Meetings held.	Output	4 IDP Rep Forum Meetings 30 June 2024	OPE X	1 Rep forum Meeting	N/A	N/A	Minutes and attendance register
Office of the Municipal Manager	Efficient and Effective Administration	4	3 IDP steering Committee meetings	12 IDP steering Committee meetings	None	Number of IDP steering Committee meetings	Output	12 IDP steering Committee meetings 30 June 2024	OPE X	9 IDP SC Meetings	None availability of key personalities	Adheres to the scheduled meetings	Minutes and Attendance Registers

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FUNCTIONAL AREA	STRATEGIC OBJECTIVE	KPI NUMBER	BASELINE 2022/23			KEY PERFORMANC E INDICATOR	KPI TYPE	ANNUAL TARGET	BUDGET	Actual Performance	Reason for Deviation	Corrective Measure	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)	Demand (MFMA Circular 63)	Backlog (MFMA Circular 63)								
Office of the Municipal Manager	Efficient and Effective Administration	5	2023/24 Approved IDP (Reviewed)	2024/25 Approved IDP (Reviewed)	None	Reviewed 2024/25 Approved IDP	Output	2024/25 Approved IDP (Reviewed) by 31 May 2024	OPE X	2024/25 IDP Approved	N/A	N/A	2023/24 Approved IDP (Reviewed), and Council Resolution
Office of the Municipal –Manager	Efficient and Effective Administration	6	2023/24 Approved SDBIP	2024/25 Approved SDBIP	None	2024/25 Approved SDBIP	Output	2024/25 Approved SDBIP by 28 June 2024	OPE X	2024/25 SDBIP Approved on 14 June 2024	N/A	N/A	Approved 2024/25 SDBIP
Office of the Municipal Manager	Efficient and Effective Administration	7	2022/23 Approved Mid-Year Term Performance Assessment Report	2023/24 Approved Mid-Year Term Performance Assessment Report	None	2023/24 Approved Mid-Year Term Performance Assessment Report		2023/24 Approved Mid-Year Term Performance Assessment Report approved by 25 January 2024	OPE X	Mid-Term Performance Assessment approved on 25 Jan	N/A	N/A	Mid-Year Budget and Performance Report
Office of the Municipal Manager	Efficient and Effective Administration	8	2022/23 Performance Agreements	6 2023/24 Performance Agreements	None	Number of 2023/24 Performance Agreements signed	Output	6 2023/24 Performance Agreements signed by 31 July 2024	OPE X	6 performance Agreements signed	N/A	N/A	6 Performance Agreements

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FUNCTIONAL AREA	STRATEGIC OBJECTIVE	KPI NUMBER	BASELINE 2022/23			KEY PERFORMANCE INDICATOR	KPI TYPE	ANNUAL TARGET	BUDGET	Actual Performance	Reason for Deviation	Corrective Measure	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)	Demand (MFMA Circular 63)	Backlog (MFMA Circular 63)								
Office of the Municipal Manager	Efficient and Effective Administration	9	2022/23 Amended Performance Agreements	6 2023/24 Amended Performance Agreements	None	Number of 2023/24 Amended Performance Agreements signed	Output	6 2023/24 Amended Performance Agreements signed by 30 th April 2024	OPE X	6 Amended Performance Agreements signed	N/A	N/A	Signed Amended Performance Agreement
Office of the Municipal Manager	Efficient and Effective Administration	10	Performance Reviews not conducted	2 Performance Reviews conducted	None	Number of Performance Reviews conducted	Output	2 Performance Reviews conducted by 30 June 2024	OPE X	2 Performance Review conducted	N/A	N/A	Performance Review Report
Office of the Municipal Manager	Efficient and Effective Administration	11	2021/2022 Tabled Annual Report	2022/2023 Tabling of the Annual Report	2022/23 Tabling of the Annual Report	Tabled Annual Report	Output	2022/23 Annual Report Tabled by 31 January 2024	OPE X	Annual Report tabled on 31 Jan 2024	N/A	N/A	Tabled Annual Report and Council Resolution
Office of the Municipal Manager	Efficient and Effective Administration	12	2022/23 MPAC Work plan not approved	2023/24 Approved MPAC Annual Work plan	None	2023/24 Approved MPAC Annual Work plan	Output	2023/24 Approved MPAC Annual Work plan By 30 June 2024	OPE X	Item deferred by Council	Workplan was deferred by Council	Workplan will be tabled in the next Council sitting	2024/25 Approved Work plan and Council Resolution
Office of the Municipal	Efficient and Effective	13	2022/2023 Quarterly MPAC	2023/2023 Quarterly MPAC	None	Quarterly Implementation of the MPAC	Output	Quarterly Implementation of the MPAC	OPE X	3 reports submitted	The report was not tabled in council as	Quarterly report to be taken to the	Reports and Council Resolution

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FUNCTIONAL AREA	STRATEGIC OBJECTIVE	KPI NUMBER	BASELINE 2022/23			KEY PERFORMANCE INDICATOR	KPI TYPE	ANNUAL TARGET	BUDGET	Actual Performance	Reason for Deviation	Corrective Measure	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)	Demand (MFMA Circular 63)	Backlog (MFMA Circular 63)								
Manager	Administration		Implementation submitted to Council	Implementation and submitted to Council		plan submitted to Council		plan submitted to Council by May 2024			the council pack had too many items	next council sitting	
Office of the Municipal Manager	Efficient and Effective Administration	14	2021/2022 Oversight Report not yet approved by Council	2022/2023 Oversight Report	None	Approved 2022/2023 Oversight Report	Output	Approved 2022/2023 Oversight Report by end of May 2024	OPE X	Oversight report approved	N/A	N/A	2022/23 Oversight Report and Council Resolution
Office of the Municipal Manager	Efficient and Effective Administration	15	2023/24 Risk Management Annual Work plan not yet approved	2024/25 Risk Management Annual Work plan	None	Approved 2023/24 Risk Management Annual Work plan	Output	Approved 2024/25 Risk management Annual Work plan by 30 June 2024	OPE X	Risk Management plan approved	N/A	N/A	2023/24 Risk Management Plan signed off by MM
Office of the Municipal Manager	Efficient and Effective Administration	16	Strategic Risk Assessment conducted	Annual Strategic Risk Assessment	None	2024/25 Strategic Risk Assessment	Output	2024/25 Strategic Risk Assessment by the end of Apr 2024	OPE X	Strategic Risk Assessment conducted	N/A	N/A	Strategic Risk Assessment signed off by the MM and attendance registers
Office of the Municipal Manager	Efficient and Effective Administration	17	Operational Risk Assessment	Conduct Operational Risk	None	2024/2-5 Operational Risk	Output	2024/25 Operational Risk assessment	OPE X	Operational Risk Assessment conducted	N/A	N/A	Operational Risk Assessment/Register Signed off by

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FUNCTIONAL AREA	STRATEGIC OBJECTIVE	KPI NUMBER	BASELINE 2022/23			KEY PERFORMANCE INDICATOR	KPI TYPE	ANNUAL TARGET	BUDGET	Actual Performance	Reason for Deviation	Corrective Measure	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)	Demand (MFMA Circular 63)	Backlog (MFMA Circular 63)								
Manager	n		t conducted	Assessment Sessions		Assessment Session		Sessions held by 30 June 2024					the Municipal Manager
Office of the Municipal Manager	Efficient and Effective Administration	18	NEW	Risk awareness Training	None	Risk awareness Training	Output	Risk awareness Training 30 June 2024	OPE X	Risk Awareness Training not conducted	The session was overtaken by other events	N/A	Attendance Register and Presentation
Office of the Municipal Manager	Efficient and Effective Administration	19	2018/19 Anti-corruption and Fraud awareness campaign (for municipal employees/councillors)	2023/24 Anti-corruption and Fraud awareness campaign (for municipal employees/councillors)	None	2023/24 Anti-corruption and Fraud awareness campaign (for municipal employees/councillors)	Output	2023/24 Anti-corruption and Fraud awareness campaign (for municipal employees/councillors) held by 30 June 2024	OPE X	Anti-corruption and fraud awareness campaign not done	The session was overtaken by other events	N/A	Attendance Registers, Presentation
Office of the Municipal Manager	Improved stakeholder satisfaction	20	4 Back to Basic Reports submitted to CoGTA	12 Back to Basic Reports submitted to CoGTA	None	Number of Back to Basic Reports submitted to CoGTA	Output	4 Back to Basic Reports submitted to CoGTA by 30 June 2024	OPE X	Reports not submitted	Reporting methodology and period of reporting changed.	A request was sent to Local Government to assist with the new reporting methodology	Proof of submission/Acknowledgment of receipt

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OFFICE OF THE MM													
FUNCTIONAL AREA	STRATEGIC OBJECTIVE	KPI NUMBER	BASELINE 2022/23			KEY PERFORMANCE INDICATOR	KPI TYPE	ANNUAL TARGET	BUDGET	Actual Performance	Reason for Deviation	Corrective Measure	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)	Demand (MFMA Circular 63)	Backlog (MFMA Circular 63)								
Office of the Municipal Manager	Improved stakeholder satisfaction	21	Approved Communication Strategy 2016-2020	Approved Communication Strategy 2023-2026	Approved Communication Strategy 2021-2024	Approved Communication Strategy 2023-2026	Output	Approved Communication Strategy 2023-2026 by 30 December 2023	OPE X	N/A	Waiting for councillors to be work shopped	Councillors to be work shopped	Approved Communication 2023-2026 Strategy and Council Resolution
Office of the Municipal Manager	Improved stakeholder satisfaction	22	Communication Policy not approved during 2019/20	Approved 2023/26 Communication Policy	None	Approved 2023-2026 Communication Policy	Output	Approved 2023-2026 Communication Policy by 30 December 2023	OPE X	N/A	Waiting for councillors to be work shopped	Councillors to be work shopped	Approved Communication Policy and Council Resolution
Office of the Municipal Manager	Improved stakeholder satisfaction	23	New	Develop 2023 – 26 Social Media Policy	None	Approved 2023 – 26 Social Media Policy	Output	Approved 2023 – 26 Social Media Policy by 30 December 2023	OPE X	N/A	Waiting for councillors to be work shopped	Councillors to be work shopped	Approved 2023 – 26 Social Media Policy and Council Resolution
Office of the Municipal Manager	Improved stakeholder satisfaction	24	10 external media statements issued	12 external media statements issued	None	Number of external media statements issued	Output	12 external media statements issued by 30 June 2023	OPE X	19 external media statements issued	N/A	N/A	3 Submission of Contributions issued

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OFFICE OF THE MM													
FUNCTIONAL AREA	STRATEGIC OBJECTIVE	KPI NUMBER	BASELINE 2022/23			KEY PERFORMANCE INDICATOR	KPI TYPE	ANNUAL TARGET	BUDGET	Actual Performance	Reason for Deviation	Corrective Measure	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)	Demand (MFMA Circular 63)	Backlog (MFMA Circular 63)								
Community Services	Improved public safety	25	12 2022/2023 Joint Security Operational Meetings	12 2023/2024 Joint Security Operational Meetings	None	Number of Joint Security Operational Meetings	Output	12 Joint Security Operational Meetings 30 June 2024	None	12 meetings held	N/A	N/A	3 Attendance Registers and minutes.
Community Services	Improved public safety	26	No meetings held	4 Community Safety Forum meetings	None	Number of Community Safety Forum meetings	Output	4 Community Safety Forum meetings held by 30 June 2024	None	3 meetings held	Non-attendance of stakeholders	Proper planning and development of a calendar of meetings (year-plan)	Attendance Registers, and signed minutes.

CORPORATE SERVICES

FUNCTIONAL AREA	STRATEGIC OBJECTIVE	KPI NUMBER	BASELINE 2022/23			KEY PERFORMANCE INDICATOR	KPI TYPE	ANNUAL TARGET	BUDGET	Actual Performance	Reason for deviation	Corrective measure	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)	Demand (MFMA Circular 63)	Backlog (MFMA Circular 63)								
Corporate Services	Efficient and Effective Administration	27	Compiled Council Agenda's and minutes for 8 Council meetings.	Compilation of Council Agenda's and minutes for 7 Council meetings	None	Number of compiled Council Agenda's and minutes	Output	7 compiled Council Agenda's and minutes by June 30 2024	OPEX	7 Council Agenda and minutes	N/A	N/A	Council Notice and minutes.
Corporate services+	Efficient and Effective Administration	28	100% of litigations handled	Percentage of litigation handled	Nil	Number of reports on litigations for and against the municipality handled	Output	4 reports on litigations for and against the municipality handled by the Municipality by 30 June 2024	300 000	4 Reports submitted	N/A	N/A	Pleadings/correspondences between the parties
Corporate Services	Efficient and Effective Administration	29	100 % on conciliation and arbitration handled	Percentage of conciliation and arbitration handled	None	Number of reports on conciliation and arbitration handled	Output	4 reports on conciliation and arbitrations handled by 30 June 2024	300 000	4 reports on conciliation and arbitration	N/A	N/A	Report, Notices of set down/Certificate of non-resolve/Arbitration awards
Corporate Services	Attract and retain best human Capital	30	15 positions filled.	10 vacant positions filled	10 critical positions vacant	Number of critical vacant positions filled by 30 June 2023	Output	10 Critical positions filled by 30 June 2024	OPEX	10 positions filled	N/A	N/A	Appointment letters and recruitment reports

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Corporate Services	Efficient and Effective Administration	31	Municipal facilities not adequately maintained	Municipal Facilities to be maintained	None	Number of maintenances done on Municipal Facilities	Output	4 quarterly facilities maintenance on Municipal Facilities by 30 June 2024	R1 500 000.00	4 maintenances completed	N/A	N/A	Reports of work done
Corporate Services	Efficient and Effective Administration	32	100% of disciplinary matters handled.	Percentage of disciplinary matters handled	None	Number of reports on disciplinary matters handled	Output	4 reports on disciplinary matters handled 30 June 2024	OPEX	3 reports on disciplinary matters handled	Disciplinary matters only received in 3 quarters	N/A	Charge sheet/DC's notices/DC's outcome/Notice
Corporate Services	Efficient and Effective Administration	33	3 Meeting held	4 Meetings	None	Number of Local Labour Forum meetings held	Output	4 Local Labour Forum Meetings by 30 June 2024	OPEX	4 LLF meetings held	N/A	N/A	Attendance Registers and Minutes of meeting
Corporate Services	Efficient and Effective Administration	34	6 learning interventions conducted	10 learning interventions to be conducted	10 learning intervention	Number of learning interventions conducted	Output	10 learning interventions conducted d by 30 June 2024	R250 000.00	10 Learning interventions conducted	N/A	N/A	Attendance Registers and Training Reports
Corporate Services	Attract and Retain best human Capital	35	2023/2024 employment equity plan submitted	Review of employment equity plan	None	Reviewed employment equity plan	Output	1 Reviewed employment equity plan submitted to Dept of Labour and Cogta by 30 October 2023	OPEX	1 EE plan submitted	N/A	N/A	Approved EE Plan
Corporate Services	Attract and Retain best human Capital	36	Organisational structure in place	Review of the Organizational Structure	None	Reviewed Organizational Structure	Output	Reviewed Organisational structure by 30 June 2024	OPEX	Organisational structure not reviewed	FRP to assist with the review of the structure	Review to be conducted during the second term	Reviewed Organizational Structure

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Corporate Services	Efficient and Effective Administration	37	194 of legible Employees provided with PPE	194 of legible Employees provided with uniform	None	Number of employees provided with PPE	Output	194 employees to be provided with PPE by 30 June 2024	R800 000.00	194 of legible employees to be provided with PPE	N/A	N/A	Signed acknowledgment of receipt (employees)
Corporate Services	Attract and Retain best human Capital	38	2022/2023 WSP submitted to LGSETA	Timeous submission of the WSP to LGSETA	None	WSP submitted to LGSETA	Output	WSP submitted to LGSETA by 30 April 2024	OPEX	WSP submitted to LGSETA 30 April 2024	N/A	N/A	Proof of submission/acknowledgment of Receipt.

6.2 KPAF 2: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

TECHNICAL SERVICES

FUNCTIONAL AREA	STRATEGIC OBJECTIVE	KPI NUMBER	BASELINE 2022/2023			KEY PERFORMANCE INDICATOR	KPI Type	ANNUAL TARGET	BUDGET	ACTUAL PERFORMANCE	REASON FOR DIVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)	Demand (MFMA Circular 63)	Backlog (MFMA Circular 63)								
SERVICE DELIVERY	Improved Access to Roads	39		2.5 km of Road paved in Lekgophung Villa Ward 1	None'	Number of kilometres of road designs completed and contractor appointed for road in Lekgopung ward 1	Output	2.5km of Road Designs completed and contractor appointed for Lekgophung Ward 1 by June 2024	R2M	2.5km Designs completed and contractor appointed	N/A	N/A	Appointment letter Consultant Design Report, Tender advert Appointment letter Contractor
SERVICE DELIVERY	Improved Access to Roads	40		1.3km of Road paved in Dinokana Ward 12	None	Number of kilometres of Road designs completed and contractor appointed for road in Dinokana, Ward 12	Output	1.3km of Road Designs completed and contractor appointed for Dinokana Ward 12 by June 2024	R2M	1.3km Designs completed and contractor appointed	N/A	N/A	Appointment letter Consultant Design Report, Tender advert Appointment letter Contractor

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TECHNICAL SERVICES

FUNCTIONAL AREA	STRATEGIC OBJECTIVE	KPI NUMBER	BASELINE 2022/2023			KEY PERFORMANCE INDICATOR	KPI Type	ANNUAL TARGET	BUDGET	ACTUAL PERFORMANCE	REASON FOR DIVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)	Demand (MFMA Circular 63)	Backlog (MFMA Circular 63)								
SERVICE DELIVERY	Improved Access to Roads	41		1.7km of Road paved in Moshana Village Ward 2	None	Number of kilometres of Road designs completed and contractor appointed for road in Moshana Village, Ward 2	Output	1.7km of Road Designs completed and contractor appointed for Moshana Ward 2 by June 2024	R2M	1.7km Designs completed and contractor appointed	N/A	N/A	Appointment letter Consultant Design Report, Tender advert Appointment letter Contractor
SERVICE DELIVERY	Improved Access to Roads	42	4.1.KM of Road paved during the 2021/2022 financial year.	2 km of Road paved in Masebudule Ward 17	None	Number of kilometres of Road designs completed and contractor appointed for road in Masebudule, Ward 17	Output	2 km of Road Designs completed and contractor appointed for Masebudule Ward 17 by June 2024	R5.4M	2km Designs completed and contractor appointed	N/A	N/A	Appointment letter Consultant Appointment letter Consultant Design Report, Tender advert

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TECHNICAL SERVICES

FUNCTIONAL AREA	STRATEGIC OBJECTIVE	KPI NUMBER	BASELINE 2022/2023			KEY PERFORMANCE INDICATOR	KPI Type	ANNUAL TARGET	BUDGET	ACTUAL PERFORMANCE	REASON FOR DIVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)	Demand (MFMA Circular 63)	Backlog (MFMA Circular 63)								
SERVICE DELIVERY	Improved Access to Roads	43		2km of Road paved in Ikageleng Ward 15	None	Number of kilometres of Road designs completed and contractor appointed for road in Ikageleng Ward 15	Output	2km of Road Designs completed and contractor appointed for Ikageleng Ward 15 by June 2024	R2M	2km Designs completed and contractor appointed	N/A	N/A	Appointment letter Consultant Design Report, Tender advert Appointment letter Contractor
SERVICE DELIVERY	Improved Access to Sanitation	44	NEW	1.6 km of Road paved in dinokana Ward 5	None	Number of kilometres of Road designs completed and contractor appointed for road in Dinokana Ward 5	Output	1.6 km of Road paved in Dinokana Ward 11 by June 2024	R2M	1.6km Designs completed and contractor appointed	N/A	N/A	Appointment letter Consultant Design Report, Tender advert Appointment letter Contractor

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TECHNICAL SERVICES

FUNCTIONAL AREA	STRATEGIC OBJECTIVE	KPI NUMBER	BASELINE 2022/2023			KEY PERFORMANCE INDICATOR	KPI Type	ANNUAL TARGET	BUDGET	ACTUAL PERFORMANCE	REASON FOR DIVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)	Demand (MFMA Circular 63)	Backlog (MFMA Circular 63)								
SERVICE DELIVERY	Improved Access to Sanitation	45	15 Completed connections	100% of 2023/24 paid sewer applications connected	None	Percentage of paid sewer applications connected	Output	100% of paid sewer applications connected by June 2024	OPEX	100% completed	N/A	N/A	Job Cards
SERVICE DELIVERY	Improved Access to Water	46	23 connections completed	100% of 2023/24 paid water applications connected	None	Percentage of paid water applications connected	Output	100% of paid water applications connected by June 2024	R3m (R1,5m out of R3m)	78% completed	Late Submission of proof of payment to Technical Services	Customers to submit proof of payment to Technical Services Immediately after payment	Job Cards, applications and receipts
SERVICE DELIVERY	Improved Access to Roads	47	3000 m2 of road patched	3000 m2 of road patched	None	Number of kilometres of road patched	Output	3000 m2 of road patched by June 2024	R 3.5m	8522.63m ²	N/A	N/A	Job Cards
SERVICE DELIVERY	Improved Access to Roads	48	512 Square meter of storm water maintained	1 000m2 of storm-water maintained	None	Number of kilometres of storm-water maintained	Output	1 000m2 of storm-water maintained by June 2024	OPEX	2730m ² of storm-water maintained	N/A	N/A	Job Cards
SERVICE DELIVERY	Improved Access to Electricity	49	46 connections	100% of 2023/24 paid electricity applications connected	None	Percentage of paid electricity applications connected	Output	100% of paid electricity applications connected by June 2024	OPEX	65%	Customer readiness	Customers to make applications after bee issued with COC Certificate	Job Cards applications and receipts

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TECHNICAL SERVICES

FUNCTIONAL AREA	STRATEGIC OBJECTIVE	KPI NUMBER	BASELINE 2022/2023			KEY PERFORMANCE INDICATOR	KPI Type	ANNUAL TARGET	BUDGET	ACTUAL PERFORMANCE	REASON FOR DIVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)	Demand (MFMA Circular 63)	Backlog (MFMA Circular 63)								
SERVICE DELIVERY	Facilitate the provision of electricity	50	4 Reports on Repairs and maintenance of electricity	100% of electricity repairs and maintenance conducted	None	Percentage of electricity repairs and maintenance conducted	Output	100% of electricity repairs and maintenance conducted by 30 June 2024	OPEX	4 reports	N/A	N/A	Job Cards applications and receipts
SERVICE DELIVERY	Facilitate the provision of electricity	51	NEW	high-mast lights installed by 30 June 2023	None	Number of high-mast lights installed	Output	4 high-mast lights installed in Driefontein by 30 June 2024 4 high-mast lights installed in Motshwedi by 30 June 2024	R4M	Practical Hand Over	N/A	N/A	Tender advert Appointment letter Progress Report, Site Meeting Minute Practical hand over Certificate

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TECHNICAL SERVICES

FUNCTIONAL AREA	STRATEGIC OBJECTIVE	KPI NUMBER	BASELINE 2022/2023			KEY PERFORMANCE INDICATOR	KPI Type	ANNUAL TARGET	BUDGET	ACTUAL PERFORMANCE	REASON FOR DIVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)	Demand (MFMA Circular 63)	Backlog (MFMA Circular 63)								
SERVICE DELIVERY	Facilitate the provision of a compliant Landfill site	52	NEW	Fencing of the Zeerust landfill Site	None	Fencing the Existing landfill site at Zeerust	Output	Fencing the Existing landfill site at Zeerust by 30 June 2024	R4M	Practical Hand Over	N/A	N/A	Tender advert Appointment letter Progress Report, Site Meeting Minute Practical hand over Certificate

COMMUNITY SERVICES

FUNCTIONAL AREA	STRATEGIC OBJECTIVE	KPI NUMBER	BASELINE 2022/23			KEY PERFORMANCE INDICATOR	KPI Type	ANNUAL TARGET	BUDGET	ACTUAL PERFORMANCE	REASON FOR DIVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)	Demand (MFMA Circular 63)	Backlog (MFMA Circular 63)								

COMMUNITY SERVICES

FUNCTIONAL AREA	STRATEGIC OBJECTIVE	KPI NUMBER	BASELINE 2022/23			KEY PERFORMANCE INDICATOR	KPI Type	ANNUAL TARGET	BUDGET	ACTUAL PERFORMANCE	REASON FOR DIVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)	Demand (MFMA Circular 63)	Backlog (MFMA Circular 63)								
Community Services	Improved public safety	53	12 Operational Roadblocks	12 2023/2024 operational roadblocks conducted	None	Number of operational roadblocks conducted	Output	12 operational roadblocks conducted by 30 June 2024	None	12 Operation Roadblocks Conducted	N/A	N/A	12 Reports
Community Services	Improved public safety	54	New	3 600 traffic fines issued	None	Number of traffic fines issued	Output	3 600 traffic fines issued by 30 June 2024	None	4163 traffic fines issued	N/A	N/A	Reports
Community Services	Improved public safety	55	4 traffic control services reports	4 traffic control services reports	None	Number of reports on traffic control services	output	4 reports on traffic control services reports by 30 June 2024	None	4 Reports submitted	N/A	N/A	Reports
Community Services	Improved public safety	56	4 reports submitted to Council on the enforcement of municipal by-laws	4 2022/23 Approved Municipal by-laws enforcement reports	none	Number of reports on the enforcement of Municipal by-law	Output	4 reports on the enforcement of Municipal by-laws by June 2024	None	4 Reports submitted	N/A	N/A	Reports

COMMUNITY SERVICES

FUNCTIONAL AREA	STRATEGIC OBJECTIVE	KPI NUMBER	BASELINE 2022/23			KEY PERFORMANCE INDICATOR	KPI Type	ANNUAL TARGET	BUDGET	ACTUAL PERFORMANCE	REASON FOR DIVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)	Demand (MFMA Circular 63)	Backlog (MFMA Circular 63)								
Community Services	Enhanced Sustainable Environmental Management and Social development	57	4 reports on utilization of library services submitted to council	Utilization of library services reports submitted to council	none	Number of reports on utilization of library services submitted to council	Output	4 reports on utilization of library services submitted to council by June 2024	OPEX	4 Reports submitted	N/A	N/A	Reports
Community Services	Enhanced Sustainable Environmental Management and Social development	58	57 EPWP beneficiaries appointed	EPWP Beneficiaries to be appointed	None	Number of EPWP beneficiaries appointed	Output	65 EPWP beneficiaries appointed by 30th June 2024	R1715000	99 EPWP beneficiaries appointed	N/A	N/A	Appointment letters
Community Services	Enhanced Sustainable Environmental Management and Social development	59	NEW	Environmental Impact Assessment for new Zeerust Cemetery to be conducted	None	Number of EIA conducted	Output	One EIA conducted	R 200 000	Advert not done	Awaiting land audit report to inform the identification of establishment of new cemetery	N/A	Specification Copy of Advert and Appointment letter ROD

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COMMUNITY SERVICES

FUNCTIONAL AREA	STRATEGIC OBJECTIVE	KPI NUMBER	BASELINE 2022/23			KEY PERFORMANCE INDICATOR	KPI Type	ANNUAL TARGET	BUDGET	ACTUAL PERFORMANCE	REASON FOR DIVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)	Demand (MFMA Circular 63)	Backlog (MFMA Circular 63)								
Community Services	Enhanced Sustainable Environmental Management and Social development	60	NEW	Installation of Cemetery Management system to be done	None	Number of Cemetery Management System to be installed	Output	One Cemetery Management System to be installed	R 150 000	Cemetery Management system not installed	Non availability of funds	N/A	Specification Copy of Advert and Appointment letter Copy of proof of installation

6.3 KPA 3: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

BUDGET AND TREASURY

FUNCTIONAL AREA	STRATEGIC OBJECTIVE	KPI NUMBER	BASELINE 2022/23			KEY PERFORMANCE INDICATOR	KPI Type	ANNUAL TARGET	BUDGET	ACTUAL PERFORMANCE	REASON FOR DIVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)	Demand (MFMA Circular 63)	Backlog (MFMA Circular 63)								
Budget and Treasury	Increased financial viability	61	2021/22 AFS submitted	2022/23 AFS submission to Auditor General	None	2022/23 AFS to Auditor General	Output	2022/23 AFS submitted to the AGSA by 31 August 2023	OPEX	Achieved: AFS submitted by 31 Aug 2023 to AG	N/A	N/A	2022/23 AFS, Proof of Submission and Acknowledgement from AG
Budget and Treasury	Increased Financial Viability	62	2022/23 Approved Adjustment budget tabled	2023/24 Approved Adjustment budget	None	2023/24 Approved Adjustment budget	Output	2023/24 Approved Adjustment budget by 28 February 2024	OPEX	2023/24 Adjustment budget approved	N/A	N/A	2023/24 Adjusted Budget and Council Resolution
Budget and Treasury	Increased Financial Viability	63	2023/24 Approved Budget	2024/25 Approved Draft budget	None	2024/25 Approved Draft budget	Output	2024/25 Approved Draft budget 31 March 2024	OPEX	2024/25 Draft Budget approved	N/A	N/A	2024/25 Approved Draft Budget, Council Resolution
Budget and Treasury	Increased Financial Viability	64	2023/24 Approved Budget	2024/25 Approved Budget	None	2024/25 Approved Budget	Output	2024/25 Approved Budget by 31 May 2024	OPEX	Achieved	N/A	N/A	2023/24 Approved Budget, Council Resolution

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BUDGET AND TREASURY

FUNCTIONAL AREA	STRATEGIC OBJECTIVE	KPI NUMBER	BASELINE 2022/23			KEY PERFORMANCE INDICATOR	KPI Type	ANNUAL TARGET	BUDGET	ACTUAL PERFORMANCE	REASON FOR DIVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)	Demand (MFMA Circular 63)	Backlog (MFMA Circular 63)								
Budget and Treasury	Increased Financial Viability	65	12 2022/2023 Sec 71 reports submitted	12 2022/23 Sec 71 Reports Submitted	None	Number of Sec 71 Reports Submitted	Output	12 Sec 71 Reports Submitted to the Mayor and PT by 30 June 2024	OPEX	12 Sec 71 Reports submitted	N/A	N/A	12 Proof of submission, Acknowledgement of Receipt
Budget and Treasury	Increased Financial Viability	66	4 physical verifications of assets conducted	4 physical verifications of assets conducted	None	Number of physical verification of assets conducted	Output	4 physical verifications of assets to be conducted by 30 June 2024	OPEX	4 physical verification report attached	N/A	N/A	Physical verification report
Budget and Treasury	Increased Financial Viability	67	12 MFMA sec 66 Reports submitted	12 MFMA sec 66 Reports submitted	None	Number MFMA sec 66 Reports submitted	Output	12 MFMA sec 66 Reports submitted Council by 30 June 2024	OPEX	12 sec 66 reports submitted	N/A	N/A	12 Reports
Budget and Treasury	Increased Financial Viability	68	4 MFMA Sec 11 Reports	4 MFMA Sec 11 Reports	None	Number of MFMA Sec 11 Reports submitted to Council	Output	4 MFMA Sec 11 Reports submitted to Council by 30 June 2024	OPEX	12 Reports submitted	N/A	N/A	12 Reports

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BUDGET AND TREASURY

FUNCTIONAL AREA	STRATEGIC OBJECTIVE	KPI NUMBER	BASELINE 2022/23			KEY PERFORMANCE INDICATOR	KPI Type	ANNUAL TARGET	BUDGET	ACTUAL PERFORMANCE	REASON FOR DIVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)	Demand (MFMA Circular 63)	Backlog (MFMA Circular 63)								
Budget and Treasury	Increased Financial Viability	69	4 SCM Reg 6(3)&(4) Report submitted	4 SCM Reg 6(3)&(4) Report submitted	None	Number of SCM Reg 6(3)&(4) Report submitted to Council	Output	4 SCM Reg 6(3)&(4) Reports submitted 30 June 2024	OPEX	Achieved: 4 quarterly Reports submitted	N/A	N/A	12 Reports
Budget and Treasury	Increased Financial Viability	70	2023/24 Approved Procurement Plan approved	2024/25 Approved Procurement Plan	None	2024/25 Approved Procurement Plan	Output	2024/25 Approved Procurement Plan 31 May 2024	OPEX	Achieved	N/A	N/A	Approved Procurement Plan and Council Resolution
Budget and Treasury	Increased Financial Viability	71	4 reports on management of contracts	4 reports on the management of contracts	None	Number of reports on management of contracts	Output	4 reports on the management of contracts by 30 June 2024	OPEX	4 Reports submitted	N/A	N/A	1 report and Council resolution
Budget and Treasury	Increased Financial Viability	72	12 Approved MPRA Compliance reports	12 Approved MPRA Compliance report	None	Number of MPRA Compliance reports submitted to Council	Output	12 MPRA Compliance reports by 30 June 2024	OPEX	12 MPRA Compliance reports	N/A	N/A	12 Reports

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BUDGET AND TREASURY

FUNCTIONAL AREA	STRATEGIC OBJECTIVE	KPI NUMBER	BASELINE 2022/23			KEY PERFORMANCE INDICATOR	KPI Type	ANNUAL TARGET	BUDGET	ACTUAL PERFORMANCE	REASON FOR DIVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)	Demand (MFMA Circular 63)	Backlog (MFMA Circular 63)								
Budget and Treasury	Increased Financial Viability	73	12 2022/23 Approved Billing Reports	12 2023/24 Approved Billing Reports	None	Number of Billing Reports submitted to Council	Output	12 Billing Reports by 30 June 2024	OPEX	12 Billing report submitted	N/A	N/A	3 Reports and Resolutions
Budget and Treasury	Increased Financial Viability	74	4 Reports on management of UIF&W	4 Reports on management of UIF&W	None	Number of reports on management of UIF&W	Output	4 Reports on management of UIF&W by 30 June 2024	OPEX	4 reports submitted	N/A	N/A	Report and Council Resolution
Budget and Treasury	Increased Financial Viability	75	12 Reports on debtors management	12 Rep-orts on debtors management	None	Number of Reports on debtors management	Output	12 Reports on debtors management submitted to Council by 30 June 2024	OPEX	12 debtors' management report	N/A	N/A	12 Reports and Council Resolutions
Budget and Treasury	Increased Financial Viability	76	4 2022/23 Approved MFMA Sec 52 Reports	4 2023/24 Approved MFMA Sec 52 Reports	None	Number of MFMA Sec 52 Reports	Output	4 MFMA Sec 52 Reports submitted to Council by 30 June 2024	OPEX	4 Sec 52 report submitted	N/A	N/A	1 Report and Council Resolution

BUDGET AND TREASURY

FUNCTIONAL AREA	STRATEGIC OBJECTIVE	KPI NUMBER	BASELINE 2022/23			KEY PERFORMANCE INDICATOR	KPI Type	ANNUAL TARGET	BUDGET	ACTUAL PERFORMANCE	REASON FOR DIVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)	Demand (MFMA Circular 63)	Backlog (MFMA Circular 63)								
Budget and Treasury	Increased Financial Viability	77	NEW	100% of audit findings addressed	None	Percentage of Audit findings addressed	Output	100% audit findings by 30 June 2024	OPEX	39% of findings were addressed	Revenue and Debtors findings will be addressed on the finalization of the current Annual Financial statements and other issue have serious financial implications to be addressed.	N/A	AIP implementation report
Budget and Treasury	Increased Financial Viability	78	NEW	Creditors paid within 30 days	None	Percentage of Creditors paid within 30 days	Output	100% of creditors paid within 30 days by 30 June 2024	OPEX	Target not achieved: Not all creditors were paid within 30 days.	Some creditors accounts were sitting with prior year errors and they have been addressed internally.	Creditors Age analysis has been corrected and updated to reflect current balances.	Creditors reports

6.4 KPA 4: LOCAL ECONOMIC DEVELOPMENT

MUNICIPAL PLANNING AND DEVELOPMENT

FUNCTIONAL AREA	STRATEGIC OBJECTIVE	KPI NUMBER	BASELINE 2022/23			KEY PERFORMANCE INDICATOR	KPI Type	ANNUAL TARGET	BUDGET	ACTUAL PERFORMANCE	REASON FOR DIVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)	Demand (MFMA Circular 63)	Backlog (MFMA Circular 63)								
Municipal Planning and Development	Enhanced Sustainable Environmental Management and Social development	79	Review of Land Use Scheme not completed	2022/23 Approved Review of Land Use Scheme (LUS)	Reviewed Land Use Scheme	2023/24 Approved Review of Land Use Scheme (LUS)	Output	2023/24 Approved Review of Land Use Scheme (LUS) by June 2024	None	4 Project Steering Committees was held	N/A	N/A	Attendance Registers Advert Council Resolution
Municipal Planning and Development	Enhanced Sustainable Environmental Management and Social development	80	Land Audit not done	2022/23 Approved Land Audit conducted	2022/23 Approved Land Audit conducted	2023/24 Land Audit conducted	Output	Land Audit conducted by 31 December 2024	R500k	Draft Land Audit Report was submitted	N/A	N/A	Progress Report Completed Land Audit Report and Council Resolution
Municipal Planning and Development	Enhanced Sustainable Environmental Management and Social development	81	3 Meetings held	1 2022/23 Municipal Planning and Tribunal Meeting	None	Number of Municipal Planning and Tribunal Meeting	Output	2 Municipal Planning and Tribunal Meeting by 30 June 2024	R200K	2 Municipal Planning Tribunal meeting held	N/A	N/A	Agenda and Attendance Register

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MUNICIPAL PLANNING AND DEVELOPMENT

FUNCTIONAL AREA	STRATEGIC OBJECTIVE	KPI NUMBER	BASELINE 2022/23			KEY PERFORMANCE INDICATOR	KPI Type	ANNUAL TARGET	BUDGET	ACTUAL PERFORMANCE	REASON FOR DIVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)	Demand (MFMA Circular 63)	Backlog (MFMA Circular 63)								
Municipal Planning and Development	Enhanced Sustainable Environmental Management and Social development	82	New	None	None	Pegging of Ikageleng Township new site	Output	Pegged Ikageleng new site by 30 June 2024		Appointment not done	Budget Constraints	Activity will be included in the scope of work for township establishment conducted by Ngaka Modiri Molema D.M	Specifications Appointment/purchase order Progress report Draft General Plan
Municipal Planning and Development	Increased Access to Housing	83	NEW	4 2022/23 Approved Reports on Facilitation of Human Settlement Projects	None	Number of reports on Facilitation of Human Settlement Projects	Output	4 Reports on Facilitation of Human Settlement Projects by 30 June 2024	None	Plan not drafted	There was no service provider appointed by the Department of Human Settlement to undertake township establishment	Assistance has been requested from Ngaka Modiri Molema D.M	Reports

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FUNCTIONAL AREA	STRATEGIC OBJECTIVE	KPI NUMBER	BASELINE 2022/23			KEY PERFORMANCE INDICATOR	KPI Type	ANNUAL TARGET	BUDGET	ACTUAL PERFORMANCE	REASON FOR DIVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)	Demand (MFMA Circular 63)	Backlog (MFMA Circular 63)								
Municipal Planning and Development	Increased Investment into the economy	84	Approved Re-commissioning of brickmaking plant through Public Private Partnership (PPP) was not completed	None	None	Leasing of brickmaking plant by 30 June 2023	Output	Leasing of brickmaking plant by 30 June 2024	None	Service provider appointed during the fourth quarter	Delays in appointment of the service provider.	Service provider appointed and SLA is in the process of signing	SLA Appointment letter(s) Adverts Report and Council Resolution
Municipal Planning and Development	Increased Investment into the economy	85	2 LED Forum	4 2022/23 Approved LED Forum Meetings	None	Number of LED Forum Meetings held	Output	4 LED Forum Meetings by 30 June 2024	None	4 LED Forum held	N/A	N/A	Minutes, Attendance, Registers

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MUNICIPAL PLANNING AND DEVELOPMENT

FUNCTIONAL AREA	STRATEGIC OBJECTIVE	KPI NUMBER	BASELINE 2022/23			KEY PERFORMANCE INDICATOR	KPI Type	ANNUAL TARGET	BUDGET	ACTUAL PERFORMANCE	REASON FOR DIVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)	Demand (MFMA Circular 63)	Backlog (MFMA Circular 63)								
Municipal Planning and Development	Increased Investment into the economy	86	NEW	2022/23 Approved Provision of Support to 2 SMMEs	None	2023/24 Approved Provision of Support to 2 SMMEs	Output	2023/24 Approved Provision of Support to 2 SMMEs 30 June 2024	350k	Not achieved	Budget constraints	Provide for the budget allocation	Advert for proposals, Appointment Letters of SMMEs, Advert for procurement, Delivery Notes for goods/services and Hand Over Report to Council

6.5 KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

OFFICE OF THE MAYOR

FUNCTIONAL AREA	STRATEGIC OBJECTIVE	KPI NUMBER	BASELINE 2022/23			KEY PERFORMANCE INDICATOR	KPI Type	ANNUAL TARGET	BUDGET	ACTUAL PERFORMANCE	REASON FOR DIVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)	Demand (MFMA Circular 63)	Backlog (MFMA Circular 63)								

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OFFICE OF THE MAYOR													
FUNCTIONAL AREA	STRATEGIC OBJECTIVE	KPI NUMBER	BASELINE 2022/23			KEY PERFORMANCE INDICATOR	KPI Type	ANNUAL TARGET	BUDGET	ACTUAL PERFORMANCE	REASON FOR DIVIATION	CORRDCTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)	Demand (MFMA Circular 63)	Backlog (MFMA Circular 63)								
OFFICE OF THE MAYOR	Improved stakeholder satisfaction	87	Mandela Day Event	Mandela Day Event	None	2022/23 Mandela Day Event	Output	Mandela Day Event held on 18 July 2023	OPEX	Mandela Day donations held on the 18 th July 2023	N/A	N/A	Invitation and Attendance Register
OFFICE OF THE MAYOR	Improved stakeholder satisfaction	88	NEW	Older persons and disability program	None	Older persons and disability program	Output	Older persons and disability program by 31 October 2023	OPEX	Program not held	No funds	Avail funds	attendance Registers and Minutes
OFFICE OF THE MAYOR	Improved stakeholder satisfaction	89	NEW	2022/23 Heritage Day event	None	Heritage Day event	Output	Heritage Day event by 30 September 2023	OPEX	Heritage event held	N/A	N/A	Invitation and Attendance Register
OFFICE OF THE MAYOR	Improved stakeholder satisfaction	90	NEW	GBV Awareness Program	None	GBV Awareness Program	Output	4 GBV Awareness Program by 30 June 2024	OPEX	4 GBV Program	N/A	N/A	Invitation and Attendance Register
OFFICE OF THE MAYOR	Improved stakeholder satisfaction	91	NEW	4 Mayoral Cleaning Campaigns	None	Number of Mayoral Cleaning Campaigns	Output	4 Mayoral Cleaning Campaigns by June 2024	OPEX	3 Cleaning Campaigns	N/A	N/A	Invitations and Attendance Register

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OFFICE OF THE MAYOR													
FUNCTIONAL AREA	STRATEGIC OBJECTIVE	KPI NUMBER	BASELINE 2022/23			KEY PERFORMANCE INDICATOR	KPI Type	ANNUAL TARGET	BUDGET	ACTUAL PERFORMANCE	REASON FOR DIVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)	Demand (MFMA Circular 63)	Backlog (MFMA Circular 63)								
OFFICE OF THE MAYOR	Improved stakeholder satisfaction	92	8 Exco Meetings	100% of Exco Meetings Conducted	None	Percentage of Meetings Conducted	Output	100% Exco Meetings Conducted by 30 June 2024	OPEX	100 % of Exco Meetings Conducted	N/A	N/A	4 Attendance Registers and Minutes
OFFICE OF THE MAYOR	Improved stakeholder satisfaction	93	Mayoral Imbizo	4 Mayoral Imbizo	None	Number of Mayoral Imbizos held	Output	4 Mayoral Imbizo held by 30 June 2024	OPEX	All 4 Imbizo's held in the third quarter as planned	N/A	N/A	Attendance Register
OFFICE OF THE MAYOR	Improved stakeholder satisfaction	94	Mayoral Cup Youth Tournament	4 Mayoral Youth Programs	None	Number of Mayoral Youth Programs held	Output	4 Mayoral Youth Programs held by 30 June 2024	OPEX	4 Youth Activity	N/A	N/A	Attendance Register

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OFFICE OF THE SPEAKER

FUNCTIONAL AREA	STRATEGIC OBJECTIVE	KPI NUMBER	BASELINE 2020/21			KEY PERFORMAN CE INDICATOR	KPI Type	ANNUAL TARGET	BUDGET	ACTUAL PERFORMANCE	REASON FOR DIVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)	Demand (MFMA Circular 63)	Backlog (MFMA Circular 63)								
OFFICE OF THE SPEAKER	Improved stakeholder satisfaction	95	New	4 2022/23 Ward Committee	None	Number of Ward Committee meetings	Output	4 Ward Committee Training by 30 June 2024	OPEX	4 ward committee meetings held	N/A	N/A	Minutes and Attendance Registers
OFFICE OF THE SPEAKER	Improved stakeholder satisfaction	96	4 2021/2022 public Participation campaigns	8 2022/2023 public Participation campaigns	None	Number of public Participation campaigns held	Output	8 public Participation campaigns by 30 June 2024	250 000	8 public participation campaigns held	N/A	N/A	Public Participation Reports and Attendance Registers
OFFICE OF THE SPEAKER	Improved stakeholder satisfaction	97	Community Satisfaction survey not done	Community satisfaction survey	None	Community satisfaction survey	Output	Community satisfaction survey by 30 June 2024	OPEX	Not Achieved	N/A	N/A	Community Satisfaction Survey Report
OFFICE OF THE SPEAKER	Improved stakeholder satisfaction	98	2021/2022 Community meetings	228 2022/23 community meetings	None	Number of community meetings held	Output	228 community meetings by 30 June 2024	OPEX	79 Meetings held	Meetings are held every quarter, as opposed to monthly	The kpi will be corrected in the new financial year.	Attendance Registers

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OFFICE OF THE SPEAKER

FUNCTIONAL AREA	STRATEGIC OBJECTIVE	KPI NUMBER	BASELINE 2020/21			KEY PERFORMANCE INDICATOR	KPI Type	ANNUAL TARGET	BUDGET	ACTUAL PERFORMANCE	REASON FOR DIVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)	Demand (MFMA Circular 63)	Backlog (MFMA Circular 63)								
OFFICE OF THE SPEAKER	Improved stakeholder satisfaction	99	Number of Council Meetings Conducted	100% of Council Meetings Conducted	None	Number of Council Meetings Conducted		7 Council Meetings Conducted by June 2024	OPEX	8 Council meetings conducted	N/A	N/A	Attendance Registers

INTERNAL AUDIT

FUNCTIONAL AREA	STRATEGIC OBJECTIVE	KPI NUMBER	BASELINE 2022/2023			KEY PERFORMANCE INDICATOR	KPI Type	ANNUAL TARGET	BUDGET	ACTUAL PERFORMANCE	REASON FOR DIVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)	Demand (MFMA Circular 63)	Backlog (MFMA Circular 63)								

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INTERNAL AUDIT

FUNCTIONAL AREA	STRATEGIC OBJECTIVE	KPI NUMBER	BASELINE 2022/2023			KEY PERFORMANCE INDICATOR	KPI Type	ANNUAL TARGET	BUDGET	ACTUAL PERFORMANCE	REASON FOR DIVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)	Demand (MFMA Circular 63)	Backlog (MFMA Circular 63)								
INTERNAL AUDIT	Efficient and Effective Administration	100	Approved Risk Based Internal Audit Plan	Approved Risk Based Internal Audit Plan	None	Approved Risk Based Internal Audit Plan	Output	Approved Risk Based Internal Audit Plan 30 June 2024	OPEX	Plan not yet approved, awaiting the conclusion of the risk register	N/A	The plan will be approved in the first quarter	Minutes of Audit Committee approving the plan. Approved Plan
INTERNAL AUDIT	Efficient and Effective Administration	101	Risk Based plan implemented	4 Reports Approved Risk Based Internal Audit Plan implementation	None	Number of Reports on Risk Based Internal Audit Plan implementation	Output	4 Reports Risk Based Internal Audit Plan implementation by 30 June 2024	OPEX	3 reports submitted	N/A	N/A	report signed off by MM
INTERNAL AUDIT	Efficient and Effective Administration	102	2022/2023 Internal Audit Charter	2023/24 Internal Audit Charter Reviewed	None	2023/24 Internal Audit Charter Reviewed	Output	2023/24 Internal Audit Charter Reviewed by 30 June 2024	OPEX	Internal Charter Reviewed	N/A	N/A	Internal Audit Charter
INTERNAL AUDIT	Efficient and Effective Administration	103	2022/23 Reviewed ARCOM Charter	2023/24 ARCOM Charter Reviewed	None	2023/24 ARCOM Charter Reviewed	Output	2023/24 ARCOM Charter Reviewed by 30 June 2024	OPEX	ARCOM Charter Reviewed.	N/A	N/A	ARCOM Charter and Council Resolution

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INTERNAL AUDIT													
FUNCTIONAL AREA	STRATEGIC OBJECTIVE	KPI NUMBER	BASELINE 2022/2023			KEY PERFORMANCE INDICATOR	KPI Type	ANNUAL TARGET	BUDGET	ACTUAL PERFORMANCE	REASON FOR DIVIATION	CORRECTIVE MEASURE	PORTFOLIO OF EVIDENCE
			Current status (Progress to date)	Demand (MFMA Circular 63)	Backlog (MFMA Circular 63)								
INTERNAL AUDIT	Efficient and Effective Administration	104	2 reports submitted to Council	4 2022/23 Approved ARCOM Reports	None	Number of 2022/23 ARCOM Reports submitted to Council	Output	4 2022/23 Approved ARCOM Reports by 30 June 2024	OPEX	3 reports submitted	N/A	N/A	Report and Council Resolution

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