



# DRAFT 2022/2023 Annual Report

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**Vision: A developmental people driven organization that serves its people**

**Mission: To provide essential and sustainable services in an efficient and effective manner**

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# Chapter 1

## CHAPTER 1: MAYORS FOREWORD AND EXECUTIVE SUMMARY

### COMPONENT A: MAYOR'S FOREWORD

#### 1. Introduction

The Annual report intends to give a comprehensive service delivery outcome for the implementation of the 2022/2023 Integrated Development Plan and the accompanying budget.

The IDP document for the financial year under review included projects implemented by Molemole Local Municipality as well as projects implemented by our sector departments as well as projects from Capricorn District Municipality. As Molemole local Municipality we have indeed embraced the notion of cooperative government by working together with other spheres of government to advance the service delivery to the communities we are mandated to serve.

#### 2. Public participation

Section 24 of the Municipal Systems Act, 200 (Act 32 of 2000 states that the planning undertaken by a municipality must be aligned with, and complement the development plans and strategies of other affected municipalities and other organs of state so as to give effect to the principles of co-operative government contained in section 41 of the Constitution. The municipality's IDP Rep Forum is a critical structure that serves to bring together all spheres of government (departments, Capricorn district municipality), Civil society, traditional authorities, Councillors and Ward Committees to discuss cross cutting service delivery imperatives that affect the municipality. The Municipality has successfully arranged three of these forum meetings during the year under review and wish that indeed our sector departments and the district can continue to work with us to attend service delivery needs that are within their powers and functions.

#### 3. Functionality/ of Council and its Committees

We are pleased to report that all Council committees (MPAC, Ward Committees, Portfolio Committees, Executive Committee and Council as well as Audit Committees) have continued to function as expected throughout the course of the financial year. We are happy with the work of our Ward Councillors for calling community meetings every month to update the community on their local service delivery needs and challenges.

The Municipal Public Accounts Committee has also conducted project site visits to help as part of their oversight duties to ensure the community gets full value for money on projects implemented by the Municipality.

All Council meetings are preceded by meetings of portfolio committees, which later report to Executive Committee.

Further details on the functionality of the Council committees will be reported elsewhere in this Annual report.

#### 4. Financial Viability and Sustainability

The Annual Revenue budgeted for 2022/23 financial year amounted to R 307 555 537. The actual annual revenue collected for the period ending 30 June 2023 was R 279 642 047 against the 12 months' budget. This translates into 91% of the budgeted revenue and represent an increase of two percentage points (or R 20,390,905) from the 2021/2022 financial year.

It's been thirty (30) since the dawn of democracy and we are mindful that community patience is wearing thin. The municipality has resolved to embarked on a concerted effort to find alternative revenue sources in order to help address the service delivery backlog within our community. This is done in recognition of the limited ability of the municipality to generate enough revenue from ratepayers.

# Chapter 1

As at 30 June 2022 the municipality had a cash and cash equivalent of over R 105 million compared to R 89 million recorded in the 2020/221 financial year. The table below outline the cash balances over the medium term:

The above statistics shows an improvement in closing cash balances over the past three years. This is a positive sign that the municipality's going concern is still very much on track, to the benefit of the communities.

	2020/2021	2021/2022	2022/2023
Cash balances at close of Financial year	R 89 543 789	R 105 278 542	R 112 262 025

## 5. Key service delivery achievements for 2022/2023

The table below outlines key capital projects that were implemented during the 2022/2023 financial year.

Project Name	Appointed service provider (consultant/contractor/supplier)	Total Project value	Project status quo	Project Start Date	Project End Date
Ramokgopa landfill site	RIXONGILE	R 1 550 000.00	100%	12 July 2022	30 June 2023
Planning, design and project management of 3.1km Ga-Maupye upgrading of internal streets from gravel to surfacing (multiyear)	MONT CONSULTING ENGINEERS	R 302 150.82	100%	03 August 2022	30 June 2023
Planning, design and project management of 3,0km Mokgehle upgrading of internal, streets from gravel to surfacing	EKS CONSULTING ENGINEERS	R 327,973.14	100%	11 August 2022	30 June 2024
Planning, design and project management of 3,7km Mogwadi upgrading of internal streets from gravel to surfacing(multiyear)	LIHUZU PROJECTS (PTY)LTD	R 267 750.00	100%	03 August 2022	30 June 2025
Implementations of revenue enhancement, credit control and debt collection strategies and the recovery of municipal debts for the period of twelve months	MASALA RAMABULA HOLDINGS	COMMISSION OF 15%	Ongoing	10 August 2022	09 August 2023
Supply and delivery of skip loader truck to Mogwadi	SESEEM PROPERTY	R2 170 000.00	100%	08 September 2022	08 December 2022
Mogwadi upgrading of 600km from gravel to surfacing	DIMACAY TRADING ENTERPRISE	R 3 575 233.83	100%	31 October 2022	30 June 2023




# Chapter 1

Project Name	Appointed service provider (consultant/contractor/supplier)	Total Project value	Project status quo	Project Start Date	Project End Date
Maupye upgrading of 3,1km from gravel to surfacing internal streets (multi-year)	SEF MOD PROJECTS	R 20 864 653.80	Ongoing	01 November 2022	30 June 2024
Mokgehle upgrading of 3,0km internal streets from gravel to surfacing (multi-year)	KOEPHU BUSINESS ENTERPRISE	R 19 972 741.27	Ongoing	02 November 2022	30 June 2024
Feasibility study for construction of Mogwadi DLTC	EKS CONSULTING	R 345 849.80	100%	07 November 2022	30 June 2023
Supply, delivery and installation of one mini substation and two power transformers	JUSBEN CONSULTING ENGINEERS	R 2 661 560.00	100%	15 November 2022	30 June 2023
Supply, delivery and installation of x3 energy saving high mast lights	RISIMA PROJECT MANAGEMENT	R1 680 950.00	100%	15 November 2022	30 June 2023
Supply, delivery and installation of culverts bridges	TOW AFRICA	R 2 816 781.83	100%g	07 November 2022	30 June 2023
Feasibility study for construction of Morebeng DLTC	TORONG CONSULT	R 379 500.00	100%	08 November 2022	30 June 2023

## SPENDING ON CAPITAL GRANTS

Molemole municipality managed to register 99% spending on MIG grants and this helped us to not forfeit the grants back to national revenue kitty. Below is a record of spending patterns over the five-year period.

2018/19 Spending %	2019/20 Spending %	2020/21 Spending %	2021/2022	2022/2023
97%	99%	99%	99%	99%



**Hon. Mayor  
Councillor M.E Paya**

# Chapter 1

## EXECUTIVE SUMMARY

### COMPONENT B: MUNICIPAL MANAGER'S OVERVIEW

#### 1. Introduction

This Annual report seeks to provide a comprehensive performance report of the municipality against service delivery commitments made in the 2022/2023 financial year. These commitments were outlined at the beginning of the financial year during the state of municipal address by the Mayor, Councillor M.E Paya in his state of the 2022/23 municipal address. The Annual report is the most important instrument through which the municipality accounts to its citizens about the use of financial resources allocated by the national government. It is a mechanism through which the municipal Councillors give a comprehensive feedback to their constituencies. Lastly, the Annual Report serves an important instrument that can be used by the municipality and the community to plan ahead.

#### 2. Legislative imperative

Molemole Local Municipality is obligated in terms of section 156 of the Constitution of South Africa, 1996 (Act 108 of 1996, as amended) to carry out the powers and functions as outlined in schedule 2B. These functions include amongst other things: provision of basic services like Water, Electricity, Refuse removal and Environmental Management. The Municipality does not have any entity and have worked with both the national and provincial spheres of government to carry out its constitutional mandate.

Section 121(1) of the Local Government: Municipal Finance Management Act 56 of 2003 (MFMA) stipulates that every municipality and municipal entity must for each financial year prepare an annual report in accordance with its guidelines. The purpose of the annual report is to provide a record of the activities for that year, to report on performance against the budget of the municipality for the financial year reported on, and to promote accountability to the municipal stakeholders. According to the MFMA, this Report should include:

- The annual financial statements of the Municipality, and consolidated annual financial statements, submitted to the Auditor-General for audit in terms of section 126 (1) of the MFMA;
- The Auditor-General's audit report in terms of section 126 (3) of the MFMA and in accordance with s45 (b) of the MSA; on the financial statements in (a) above;
- The annual performance report of the Municipality as prepared by the Municipality in terms of section 45(b) of the Local Government: Municipal Systems Act 32 of 2000 (MSA);
- An assessment of the arrears on municipal taxes and service charges;
- An assessment of the Municipality's performance against the measurable performance objectives referred to in Section 17 (3)(b) of the MFMA for revenue collection from each revenue source and for each vote in the Municipality's approved budget for the financial year;
- Corrective action taken in response to issues raised in the audit reports referred to in paragraphs (b) and (d); and
- Recommendations of the Municipality's Audit Committee.

This Annual report has been compiled in line with the above legislative framework. Stakeholders and residents are encouraged to study this document as it will give them a better understanding of the workings of the organisation.

We are pleased to report that the Municipality has once again obtained an unqualified Audit opinion on the 2022/2023 Annual Financial statements and Annual Performance report.

# Chapter 1

## 3. Summary of non-Financial Performance per Department during 2022/23- FY

No	Department	No. of planned targets	No of targets Discontinued/ Target not verifiable	Number of targets achieved	% targets achieved	No of targets not achieved	% targets not achieved
1	Local Economic Development & Planning	06	0	04	67%	02	33%
2	Technical Services	13	01	09	75%	03	25%
3	Community Services	07	02	04	80%	01	20%
4	Budget and Treasury	09	01	05	63%	03	37%
5	Municipal Manager's Office	16	0	11	69%	05	31%
6	Corporate Services	12	0	04	33%	08	67%
	<b>Total</b>	<b>63</b>	<b>4</b>	<b>37</b>	<b>65%</b>	<b>22</b>	<b>36%</b>

The overall performance on the Annual performance report for 2022/2023 has decreased from 73% in the prior year to 65% in the 2022/2023 financial year. This is concerning as we all agree that these may have negative service delivery implications, more so that the number of key performance indicators has decreased from 76 to 63 in current financial year. More still need to be done in order to improve on this performance in the 2023/2024 financial year.

The final draft of this Annual report will be tabled to Council by the Mayor in an official Council meeting and referred to MPAC to conduct oversight processes in line with section 127 of the Municipal Finance Management Act, 2003 (Act 56 of 2003). The public will be given an opportunity to comment and make further inputs on its contents as part of the legislated processes. We urge our communities to actively participate in the consultative processes to ensure the final outcome is fully representative of the views of the people. MPAC will present the oversight report to Council within two months after it has been referred to it by Council.



**Mr. K.E Makgatho**  
**Municipal Manager**

# Chapter 1

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## **MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW**

### **a) INTRODUCTION TO BACKGROUND DATA**

Molemole Local Municipality (MLM) is located in the Capricorn District Municipality (CDM) in the Limpopo Province. The neighboring Local Municipalities under the district are Blouberg, Lepelle-Nkumpi and Polokwane. Molemole Local Municipality head office is located in Mogwadi, which is 65 kilometers from the North of Polokwane along the R521. The municipality is bordered by:

- Polokwane Local Municipality to the South;
- Blouberg Local Municipality to the North West;
- Greater Letaba Local Municipality towards the South East; and
- Makhado Local Municipality in the Northern direction

Following the 2016 local government elections and revision of demarcations by the Municipal Demarcation Board (MDB) the total number of wards increased from 14 to 16. The subsequent increase in villages led to an increase of ward committees to 160.

### **b) DEMOGRAPHIC ANALYSIS.<sup>1</sup>**

According to Statssa census report of 2011 the total population for the municipality stood at 108,321, with an average growth rate of -0.1%. The total population has however increased to 125 327 after the incorporation of about sixteen villages from the former Aganang municipality following its disestablishment prior 2016 local government elections. According to the Municipal Capacity Assessment of the Municipal Demarcation Board (2018) the total population of Molemole municipality stands at 126 489, representing an increase of 0.93% or by 1162 more people.

The majority of the population is comprised of Black Africans at 98,4% with the remaining 1.6% made up of whites, Coloured, Indians and other (Statssa,2011). According to Municipal Capacity Assessment report (2018) the municipality has recorded a slight increase in the population of Black Africans to 98.6%. Molemole Local Municipality has a population density of 31.9 persons per square kilometer, which is lower than the district, provincial and national averages of 75.1, 43.2 and 40.9 persons per square kilometers respectively which infers that the municipality is sparsely populated relative to the district, province and South Africa. The Municipality covers an area of 3347km<sup>2</sup>. The total number of households has increased from 30,043 in 2011 to 34,642 in 2018. Furthermore 54% of the households are headed by women. This would require even more resources to provide service delivery infrastructure especially since most of the roads are mainly gravel and require continuous maintenance by the municipality.

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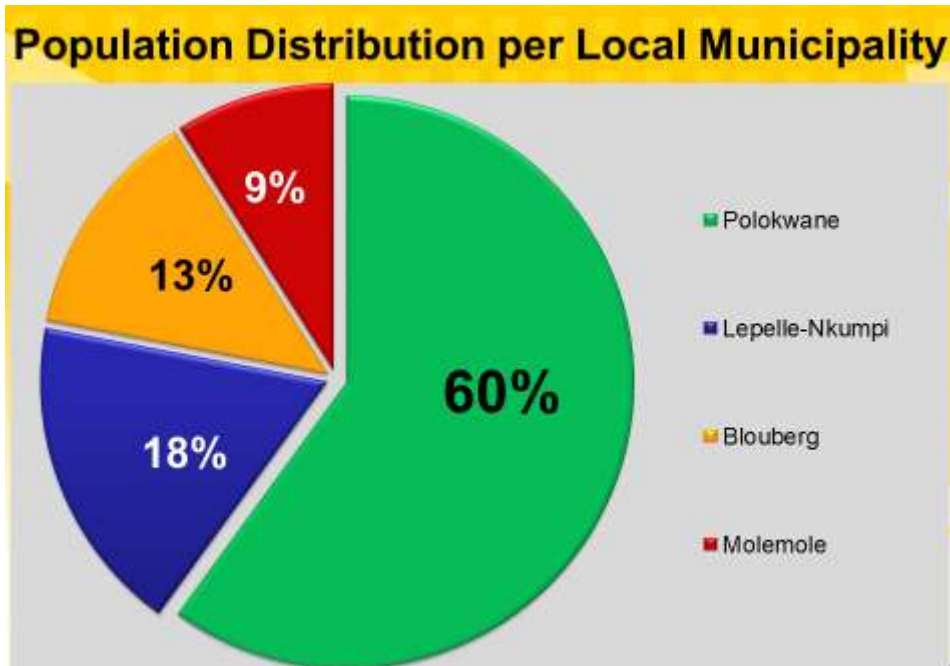
<sup>1</sup> The demographic analysis compared data from Statssa 2011, Statssa Community Survey and Municipal Capacity assessment (2018) from MDB. The MDB report (2018) was generated after an assessment of all municipalities to provide services and provides the latest population trends since 2016 Community Survey by Statssa.

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## c. POPULATION TRENDS

Demographic trends are key driving forces in any economic development strategy and hence must be considered in any planning process. The demographic profile influences the type and level of demand of goods and services and the pressure on provision of government services to the public. According to **Figure 1.1** below, it is clear that Molemole Municipality has the lowest (8.6%) of population in the CDM District as compared to other four Local Municipalities and only 2% of the population.

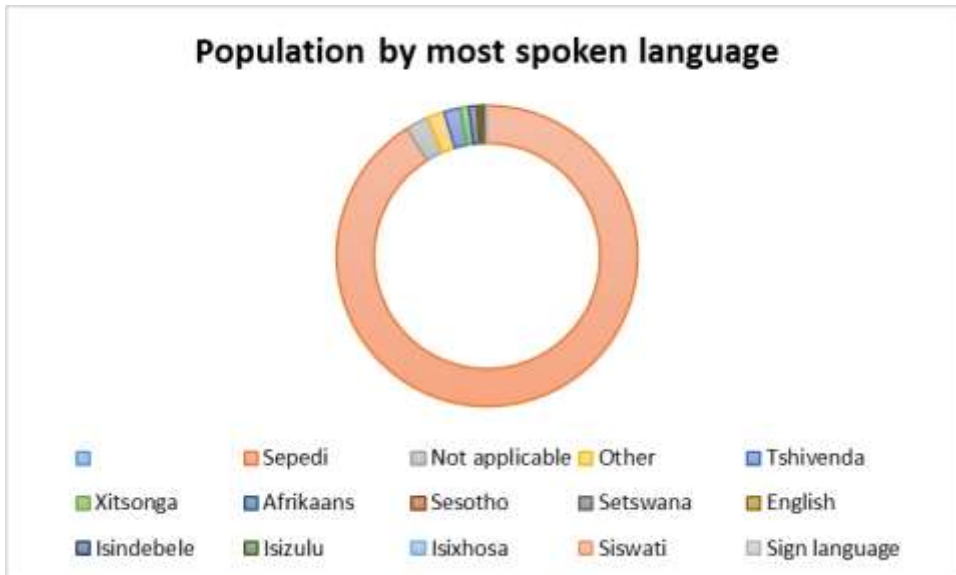


**Figure 1.1: Population Composition in the CDM**

## d. LANGUAGE DISTRIBUTION

The most spoken language in Molemole is Sepedi at 91% compared to 88.6% in the whole of Capricorn and more than 1.5 (54.71%) times the figure in Limpopo. The following figure shows statistics on spoken languages within the municipality.

# Chapter 1



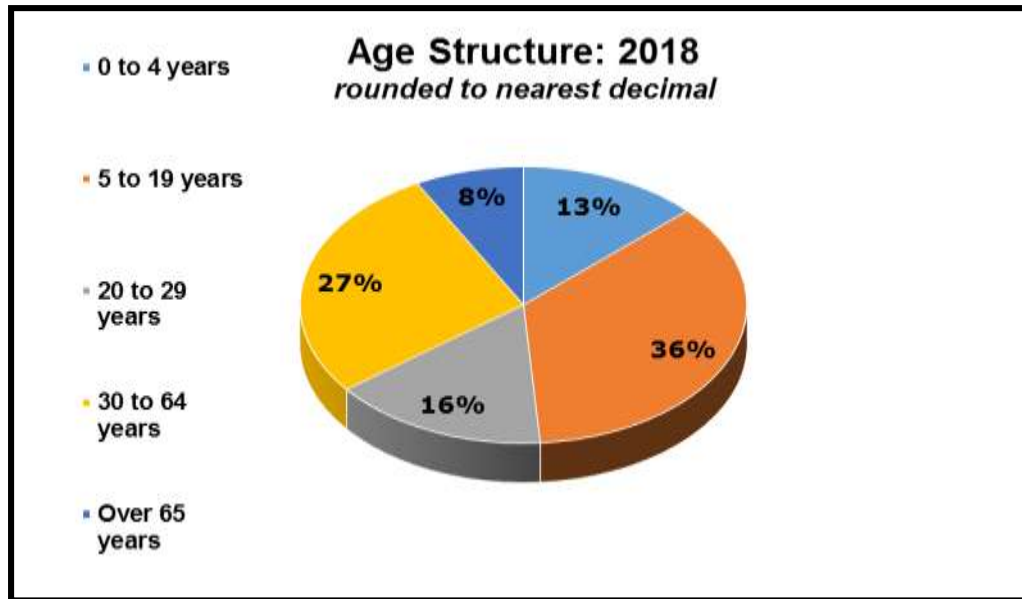
**Figure 1.2: Population by most spoken language community survey: 2016 survey**

## e. AGE DISTRIBUTION

The age structure of a population plays an equally vital role in influencing growth prospects, and will inform planning decisions for the provision of services such as basic services like water, sanitation, refuse removal, electricity infrastructure and transport. Table 1.1 and figure 1.3 below depicts the age distribution of the population as at 2018;

Totals	0 to 4 years	5 to 19 years	20 to 29 years	30 to 64 years	Over 65 years	Total
Total no.	16,570.06	45,156.57	19,858.77	34,910.96	9,992.63	126,489.00
Percentage	13.10%	35.70%	15.70%	27.60%	7.90%	

# Chapter 1



**Figure 1.4: Population by gender distribution: Community Survey: 2016**

Figure 1.3 depicts age distribution of Molemole population. It is evident from the figure that 51.4% of the population is of a school going age whilst 27.6% are of general working age. Almost 10 000 (7.9%) of the population are of over the age of 65. The intensity of poverty for the municipality has increased by 0.9 percentage points between 2011 and 2016 from 41.7% (21.4% poverty head count) to 42.6% (21.2% poverty head count). Unemployment and incidents of inequality are some of the causes of poverty. This place a burden on the municipality to divert a chunk of its budget on provision of free basic services.

**The composition of the population above can be attributed to the following factors:**

- Young adults and young couples are migrating to urban areas.
- Most wealthy people are also migrating to urban areas to access good basic services as compared to services at local municipalities.
- The decline in population size have negative impact on the investment opportunities and thus affects the economic potential of the municipality.
- Youth between the ages of 18 – 35 are also migrating to urban areas in order to access tertiary education and explore employment opportunities.

**f. GENDER DISTRIBUTION**

The ratio of Female to Male in 2016 is still high at 54.8% to 45.2% (Statssa, 2016), representing 0.7 percentage point increase compared to 2011 census report. This is more than the averages for National (51:49), Limpopo (52.8:47.2) and CDM (53:47), see figure 1.4 below:

# Chapter 1

## g. EDUCATIONAL PROFILE

The high proportion of people with no schooling for individuals 20 years or older (20.2%) is a very worrying factor as it may lead to an increase in social ills like teenage pregnancy, unemployability, low participation in economic activity, high incidences of substance and alcohol abuse and poor health. It is even more concerning as 95% of those with no schooling are black Africans reflecting past apartheid imbalances. The table below shows that as at 2016 only 53% of individuals 20 years and older have received some form of education from grade 10 up to PHD level. Improved educational levels can have many benefits for the municipality like ability to participate in the government work, understanding of important messages sent by the municipality, understanding health related messages from government and increased chance of getting employed or even starting your own business. Molemole is serviced by 82 schools comprising 51 primary schools, 30 secondary schools and one (1) combined school. There is one satellite FET College in Ramokgopa village.

Molemole has (2) functional community libraries at Mogwadi and Morebeng and six (6) mobile libraries at schools – four in the East (Sefoloko High School, Kgwadu Primary School, Itshumeleng Primary and Rakgasema Pre-School) and two (2) in the west (Seripa High School and Mangwato Primary School). The municipality also has two libraries in the village, Ramatjowe and Matseke libraries but due to staff shortages and limited resources, the libraries are not functional. There is currently construction of a community library at Ramokgopa village. Most of the schools are currently experiencing shortages of both classrooms and educators hence an imbalance in the teacher/learner ratio. There is also a need for refurbishment of some schools as they are in a dilapidated state.

Table 1.2 displays level of education for individuals 20 years and older within Capricorn district jurisdiction:

Level of education	Molemole	Lepelle-Nkumpi	Blouberg	Polokwane	Totals
Bachelor's degree	972	1188	614	14146	16920
Honours degree/Post-graduate diploma	795	1,235	945	6,528	9503
Master's degree	76	183	34	1474	1767
PHD	65	101	48	706	920
Post-Higher Diploma (Masters)	793	725	400	4378	6296
Higher Diploma	491	1,086	668	6373	8618
Higher/National/Advanced Certificate with Grade 12	578	1696	776	6884	9934
N4/NTC 4/Occupational certificate NQF Level 5	538	729	349	2,606	4222
N5/NTC 5/Occupational certificate NQF Level 5	215	325	203	1,819	2562
N6/NTC 6/Occupational certificate NQF Level 5	302	458	19	3355	4134
NTCIII/N3	204	401	117	2358	3080
NTCII/N2	208	173	93	1,053	1527
NTC I/N1	267	143	17	649	1076
Certificate with no Grade 12/Std 10	43	137	61	439	680
Diploma with Grade 12	914	2,199	634	14,932	18679
Diploma with no Grade 12	145	365	61	1,875	2446



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Level of education	Molemole	Lepelle-Nkumpi	Blouberg	Polokwane	Totals
Do not know	748	966	616	7,049	9379
Grade 0	68	146	83	207	504
Grade 10/Std 8/Form 3	6,355	13,537	9,126	41,863	70881
Grade 11/Standard 9/Form 4/NCV Level 3	7,836	14,197	11,010	51,774	84817
Grade 12/Form 5/Matric/NCV Level 4	13,524	32,281	15,235	154,749	215789
No schooling	12,885	19,151	15,838	42,862	90736
Grade 1/Sub A/Class 1	300	743	728	2,222	3993
Grade 2/Sub B/Class 2	404	1,144	983	2,898	5429
Grade 3/Standard 1/ABET 1	804	1,632	1,227	3,896	7559
Grade 4/Standard 2	857	2,105	1,764	5,804	10530
Grade 5/Standard 3/ABET 2	1,302	2,672	2,190	7,520	13684
Grade 6/Standard 4	1,691	2,725	2,508	8,133	15057
Grade 7/Standard 5/ABET 3	2,953	7,375	4,548	12,764	27640
Grade 8/Standard 6/Form 1	2,953	7,375	4,548	22,042	36918
Grade 9/Standard 7/Form 2/ABET 4/Occupational certificate NQF Level 1	4,202	7,635	6,074	23,873	41784
Other	916	688	345	6,282	8231
Unspecified	71	38	236	113	458

**Table 1.2: Level of Education in Molemole municipality for Individuals 20 years and older.**

*Source: Statssa 2016 Community Survey*

- The table below reflect educational levels by population group.

HIGHEST EDUCATIONAL LEVEL	Black African	Coloured	Indian or Asian	White	Other
Grade 0	4030	2	1	16	5
Grade 1 / Sub A	3166	4	-	14	1
Grade 2 / Sub B	3128	1	1	9	1
Grade 3 / Std 1/ABET 1Kha Ri Gude;SANLI	3617	2	2	9	4
Grade 4 / Std 2	3855	1	1	12	9
Grade 5 / Std 3/ABET 2	4112	2	2	21	11
Grade 6 / Std 4	4364	2	5	20	2
Grade 7 / Std 5/ ABET 3	5374	2	4	51	25
Grade 8 / Std 6 / Form 1	7139	15	5	49	22
Grade 9 / Std 7 / Form 2/ ABET 4	6620	7	1	38	16
Grade 10 / Std 8 / Form 3	8286	17	15	117	22
Grade 11 / Std 9 / Form 4	9084	6	6	48	42
Grade 12 / Std 10 / Form 5	10679	7	36	377	26
NTC I / N1/ NIC/ V Level 2	122	-	-	5	5
NTC II / N2/ NIC/ V Level 3	76	-	-	3	-
NTC III /N3/ NIC/ V Level 4	85	-	-	20	1
N4 / NTC 4	73	-	-	6	-
N5 /NTC 5	52	-	-	3	-
N6 / NTC 6	125	-	-	6	1

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Certificate with less than Grade 12 / Std 10	74	-	5	-	-
Diploma with less than Grade 12 / Std 10	119	-	1	3	-
Certificate with Grade 12 / Std 10	1014	1	3	24	-
Diploma with Grade 12 / Std 10	1021	-	-	30	-
Higher Diploma	971	2	2	59	-
Post Higher Diploma Masters; Doctoral Diploma	178	-	-	8	-
Bachelor's Degree	530	1	2	38	3
Bachelor's Degree and Post graduate Diploma	276	-	-	13	-
Honours degree	314	-	2	19	-
Higher Degree Masters / PhD	85	-	2	11	3
Other	147	-	3	10	10
No schooling	12290	5	8	36	49
Unspecified	-	-	-	-	-
Not applicable	15541	62	27	135	36

**Table 1.3: Level of Education by population group: Statssa 2016 Community Survey**

## h. EMPLOYMENT PROFILE.

Molemole has significant potential in terms of tourism, due to its rich heritage and cultural resources and its location advantage (the N1 links Molemole to Zimbabwe). It has a railway line and the provincial road that links Zimbabwe is always congested with trucks that transport goods between South Africa and Zimbabwe. The development and packaging of the Tropic of Capricorn, shopping Centres, the Motumo Trading Post, Machaka Game Reserve and other private game reserves have the potential to stimulate the influx of tourists and make Molemole a preferred tourism destination of choice (Statssa, 2011). According to Statssa 2011 census report 57% of the population is economically active. If we extrapolate the percentage to the 2018 population of 126 489 this means just over 72000 individuals are economically active. Job creation and poverty alleviation still remain important challenges to be addressed. Majority of the people are more concentrated in the public sector and agricultural farms, owing to the rural nature of the municipal economic sector. There are limited industrial areas which can be able to absorb the technical skilled employees.

## i. Molemole Employment Status

The percentage of economically active population increased significantly from 56.9% (61598) in 2011 to 56.9% (70 833) in 2016 (see **Table 1.5**).

Description	2011	2016	Percentage change
Employed	15225	16,399	7.7%
Unemployed	11344	12,540	10.5%

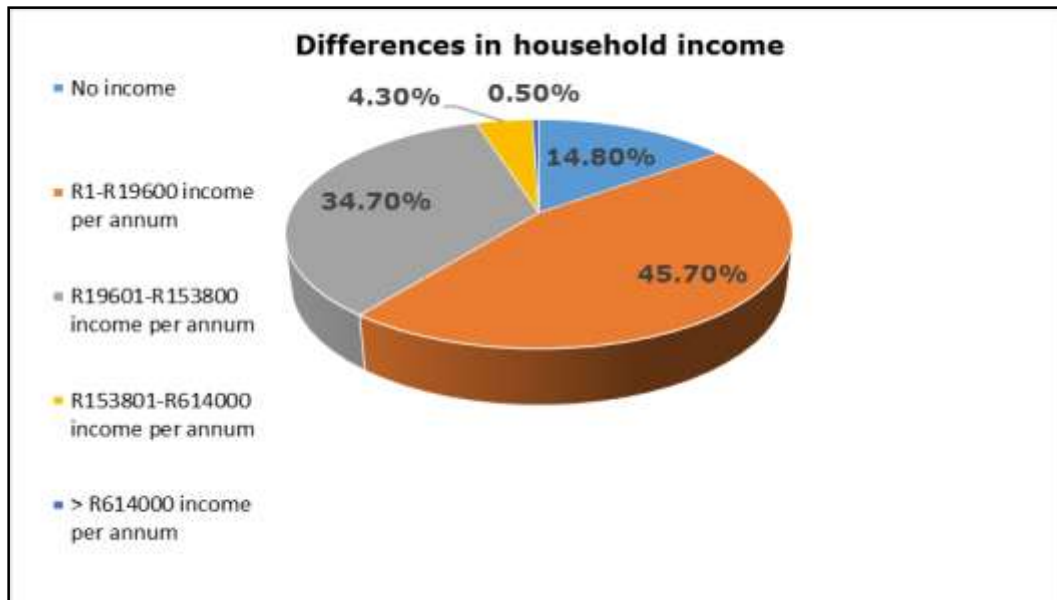
# Chapter 1

Economically Active	61598	70833 <sup>2</sup>	14.9%
Not Economically Active	46723	55656	19.1%

**Table 1.5: Employment Status per sector. Statssa 2011 and 2016**

## j. Molemole Income distribution levels

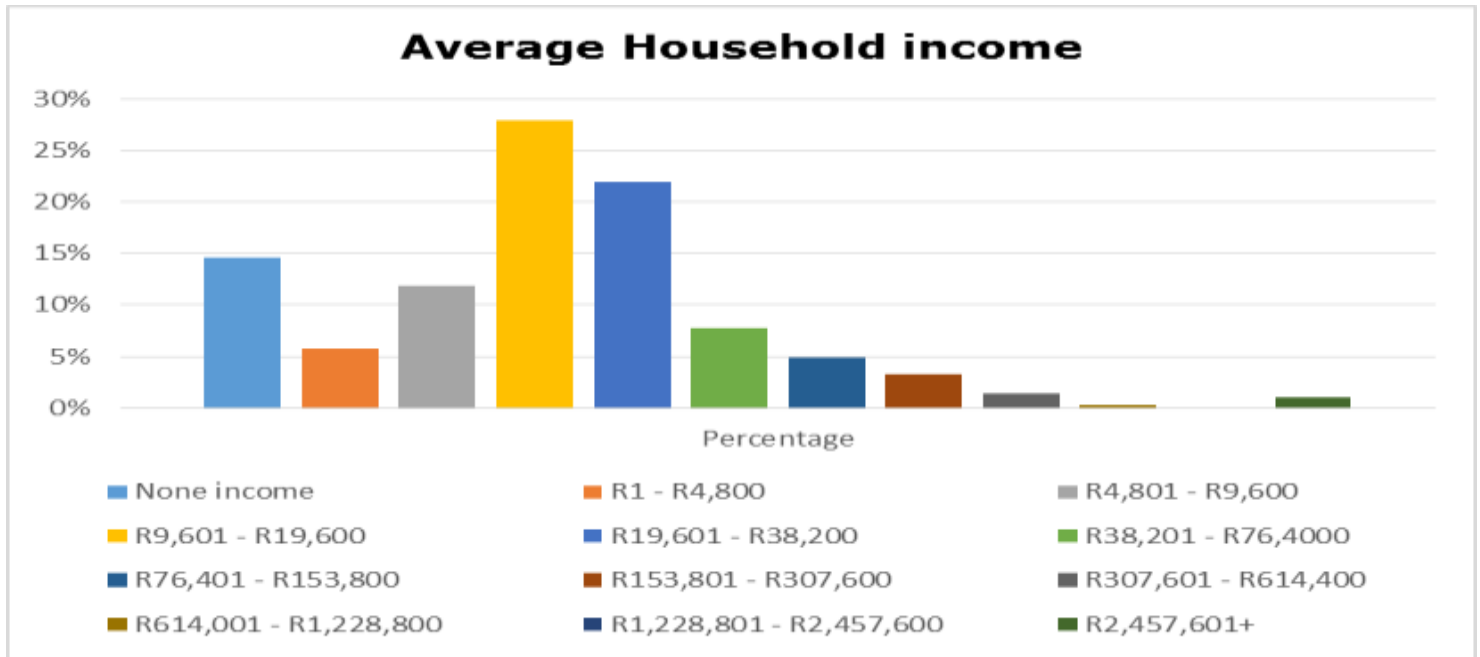
As with education levels, income levels are concentrated in the low income categories and decrease in the high income brackets. This is an indication of poverty levels or state of communities. Figure 1.5 highlight income disparities across five categories:



The above figures show a greater number of people are earning in the R 1 to 19600 income category. This reflects inequality level which undermine efforts to address poverty levels in the municipality. The figure below shows the average household income in 2011.

<sup>2</sup> Based on extrapolation of 56.9% of EAP to the 2018 MDB population statistic.

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**Figure 1.7: Average household income. Statssa 2016 Community Survey**

## k. UNEMPLOYMENT RATES.

Statistics SA (2011) reported an unemployment rate of 42.7% of the working age population (between 15 to 64 years old). Although this has reduced to 39.4% in 2016 as per Statssa Community Survey of 2016, the figure is still at an alarming rate. The main concern is the 52% of youth unemployment in the municipality. Something need to be done like job creation initiatives and promotion of youth entrepreneurship to address this crisis levels.

## 1.1. SERVICE DELIVERY OVERVIEW

### 1.2.1 SERVICE DELIVERY INTRODUCTION

#### A) NORMS AND STANDARDS ON WATER AND SANITATION PROVISION.

Water and sanitation provisions are guided by the Water Services Act (Act no. 108 of 1997) and National Water Act (Act no. 36 of 1998). The act provides for the rights to access to basic water supply and sanitation services, the setting of national standards and norms (relating to amount, quality, distance from point of use, etc.), protection of water resources, the accountability of the Water Services Providers, the monitoring of water supply and sanitation services. Capricorn District Municipality is still the Water Services Authority within Molemole municipality and as a result the service and maintenance of the water projects still lies with the District Municipality.

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## B) WATER SOURCES.

Like other locals in the district the Municipality's source of water is groundwater. The low yields of borehole water are unable to meet the continuous needs of the residents. It is critical that the municipality find alternative sources of water to stem the tide of water shortage in the area. According to Statistics South Africa (2016) the main sources of water in the municipality is as per the table below:

Source of Water	% of the population	Number of Households
Borehole in the yard	14.70%	18,423
Borehole outside the yard	0.60%	693
Flowing water/stream/river	0%	0
Neighbours tap	6.40%	8,067
Other	1.60%	1,977
Piped (tap) water inside the dwelling/house	5.40%	6,720
Piped (tap) water inside yard	47.30%	59,293
Piped water on community stand	14.90%	18,627
Public/communal tap	5.10%	6,388
Rain-water tank in yard	0.20%	234
Spring	0%	0
Water-carrier/tanker	3.90%	4,906
Well	0%	0
		125,328

*Source: Statssa: 2016 Community Survey*

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## 1.2. FINANCIAL HEALTH OVERVIEW

### a) FINANCIAL OVERVIEW

GRAP requires that management performs a brief assessment of the going concern of the institution. Going concern assumption is a fundamental principle in the preparation of financial statements. Under the going concern assumption, an entity is ordinarily viewed as continuing in business for the foreseeable future with neither the intention nor the necessity of liquidation or ceasing trading. Accordingly, assets and liabilities of Molemole Local Municipality are recorded on the basis that the entity will be able to realize its assets and discharge its liabilities in the normal course of business. Management of Molemole Local Municipality confirms that no uncertainties were noted in making its assessment. The Municipality is currently facing no cash flow challenges, only general resistance mainly resulting from unpaid services by the surrounding communities, however these is a reason.

# Chapter 1

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## THE CURRENT RATIO

The current ratio is a liquidity ratio that measures the municipality's ability to pay its short-term debt. To gauge this ability, the current ratio considers the current total assets of the municipality (both liquid and illiquid) relative to current total liabilities.

### NORM

The legislated norm ranges 1.5 to 2:1

The Current ratio:	2021/22	2022/23
Current assets	: R 178,937,736	R 193,937,736
Current liability	: R 34,595,810	R R35, 650,216
Ratio	<b>5:1</b>	<b>5:1</b>

## **b) INTERPRETATION OF RESULTS**

The ratio 5:1 is way above the norm which means that the municipality will be able to pay its short term obligations with the available current assets. When comparing the current year ratio to the prior year it is stable, thus no indication of uncertainties on the liquidity of the municipality.

The Going concern assessment took into account all available information for the foreseeable future. Other factors considered include the ones below;

## **c) FINANCIAL INTERPRETATION**

The Municipality's net assets amount of R 474 610 498 is positive; the Net working Capital of the Municipality is significantly in a healthy balance. The Municipality has been operating in a positive cash flow for the past financial year and it is envisaged that the trend will continue in the following financial year. All creditors were paid as per the goods and services offered. The Municipality does not have significant long term borrowings and do not have any loans with any 3rd party. There are no unplanned financial commitments with any party and priority is given to the already rolled over

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projects. All the projects listed on the commitments register were provided for on the approved municipal budget.

## d) CONTINGENT LIABILITIES

The pending contingent liabilities as at end of June 2023 amounted to R 2 678 304. This will not threaten the going concern of the municipality even if it may be required to be paid. All pending legal or regulatory proceedings against the municipality will be resolved and amount due paid if required by law.

## e) CASH FLOW ANALYSIS

There are no borrowings approaching maturity without realistic prospects of renewal or repayment; or excessive reliance on short-term borrowings to finance long-term assets. The municipal cash flow indicated a positive balance which it has been maintained for the previous three consecutive financial years. A healthy cash flow has helped the municipality to honour its short-term obligations hence the high current ratio. Lastly, it is pleasing to report that the municipality did not have overdraft facility or any other short/long term loan liability during the year under review.

## b) OTHER

The Municipality complied fully with statutory requirements. There are no pending legal or regulatory proceedings against the municipality that may, if successful, result in claims that the municipality is unlikely to be able to honour. There is no threat of any changes in law or regulation or government policy expected to adversely affect the municipality.

## c) CONCLUSION

Based on the assessment performed above, Management of Molemole Local Municipality believes that the Municipality will continue to be a going concern in the foreseeable future.

The tables below give overall financial overview for the year under review:

<b>Financial Overview: Year 2022/23</b>			
<b>R' 000</b>			
<b>Details</b>	<b>Original budget</b>	<b>Adjustment Budget</b>	<b>Actual</b>
Income:			
Grants	212,260,000.00	220,016,443.00	215,085,949.00
Taxes, Levies and tariffs	74,987,024.00	66,675,829.00	44,166,648.00
Other	15,481,232.00	20,863,265.00	20,389,451.00

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Financial Overview: Year 2022/23			
R' 000			
Details	Original budget	Adjustment Budget	Actual
Sub Total	302,728,256.00	307,555,537.00	279,642,048.00
Less: Expenditure	244,706,177.00	245,326,696.00	219,823,316.00
Net Total*	58,022,079.00	62,228,841.00	59,818,732.00
* Note: surplus/(deficit)			T 1.4.2

- **Operating Ratios**

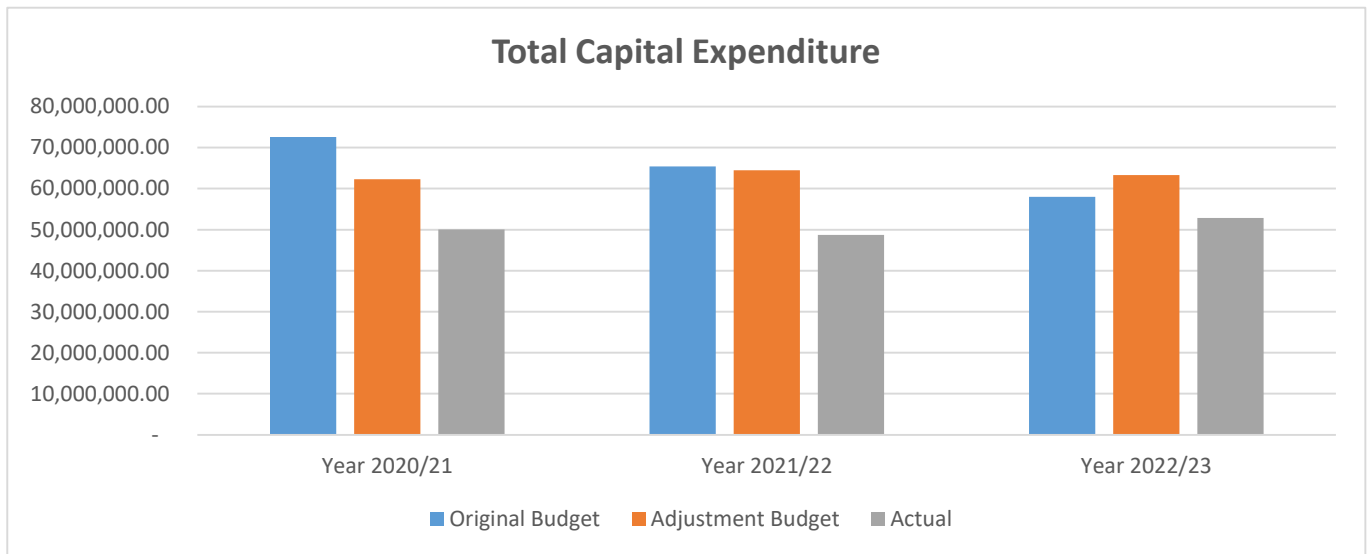
Operating Ratios	
Detail	%
Employee Cost	43
Repairs & Maintenance	6
Finance Charges & Impairment	1
T 1.4.3	

- **Three-year Capital expenditure**

Total Capital Expenditure: Year 2020/21 to Year 2022/23			
R'000			
Detail	Year 2020/21	Year 2021/22	Year 2022/23
Original Budget	72,616,548.00	65,393,793.00	58,022,400.00
Adjustment Budget	62,331,862.00	64,496,607.00	63,330,625.00
Actual	50,056,508.00	48,687,236.00	52,854,649.00
T 1.4.4			



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## 1.3. ORGANISATIONAL DEVELOPMENT OVERVIEW

### a) ORGANISATIONAL DEVELOPMENT PERFORMANCE

The municipality developed a Workplace Skills plan (WSP) to guide provision of training to employees and Councillors. A total of two Learnership programmes were coordinated for employees and one Learnership for Councillors. An annual training report is submitted to LGSETA as part of compliance to legislative requirements. Training programmes covered **for officials** included National Diploma (NQF Level 5) in Municipal Finance and Administration, Further Education and Training Certificate (NQF Level 4), Municipal Finance and Administration, and Public Administration Certificate (NQF Level 5) for Councillors. We hope the skills acquired through the training will diligently be applied in their day to day activities at work, prepare them for promotional opportunities and help enhance their performance. These interventions will also assist the municipality in its retention and succession planning strategies.

The following Human Resource Committee have been put in place to assist with HR Governance issues:

- a. Training Committee
- b. Employment Equity Committee
- c. Local Labour Forum
- d. Health & Safety Committee

### b) INTERNAL EMPLOYEE BURSARY PROGRAMME

- The following table outlines employees who benefitted from Municipal employee bursary scheme in the year under review:

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<b>N O</b>	<b>SURNAME INITIALS</b>	<b>DEPARTMENT</b>	<b>POSITION</b>	<b>COURSE</b>	<b>AMOUNT</b>
1	MC Matotoka	B&T	Assistant Accountant	Diploma in Real Estate	R 7 715.00
2	Letsoalo SS	Community Services	Traffic officer	Advance Diploma in Traffic Policing	R 19 670.00
3	Semosa K	B&T	Accountant Budget and Reporting	Advance Diploma in Accounting Science	R 16 921.00
4	Manyape NL	MM Office	PMS Coordinator	Bachelor of commerce HRM	R39 060.00
5	Wiso MP	B&T	Manager Budget and Reporting	Post graduate diploma in Financial management	R9 340.00
6	Mashiane MF	Community services	Traffic Officer	Diploma in Traffic and Metro police	R19 285.00
7	Makwala MD	Community services	Examiner	Bachelor of Administration in Licensing and practice	R19 395.00
8	Modika MA	Community services	Examiner	Bachelor of Administration in Licensing and practice	R19 395.00
9	Ntjana SK	Community services	Senior Licensing	Bachelor Administration: Licensing	R15 070.00

## c) INTERNSHIPS AND LEARNERSHIP

A total of three (3) internship and five (5) Learnership programs were coordinated during the 2022/23 financial year and were placed under Budget and treasury, Corporate services and Local Economic Development and Planning. Two Learnership programmes that started in 2022 will be completed during November 2023. The municipality has also created seven (7) opportunities for experiential training for students who need practical experience to qualify for their qualifications. During the year under review the municipality has given opportunities for learners in the areas of General Administration (3), Internal Audit (1) and Human Resource Management (3).

## 1.6 AUDITOR GENERAL REPORT B2021/2022

### 16.1 EXPLANATION TO CLARIFY MATTERS OF EMPHASIS IN THE 2021/2022 AUDIT PROCESS

#### a) Significant uncertainty

With reference to note 54 to the financial statements, the municipality is a defendant in a land claim amounting to R2 500 000. The ultimate outcome of the matter could not be determined and no provision for any liability that may result was made in the financial statements.

#### b) Material losses

As disclosed in note 65 to the financial statements, material electricity losses of R3 760 473 (2021: R2 149 130) were incurred, which represents 32% (2021: 20%) of total electricity purchased.

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## c) **Material impairments**

As disclosed in note 37 to the financial statements, material impairment of R3 258 960 was incurred as a result of providing for doubtful debts.

## d) **Underspending of conditional grants**

As disclosed in note 31 to the financial statements, the municipality underspent the budget by R2 616 442 on the Integrated National Electrification Programme (Municipal) Grant.

## e) **COMMENT ON THE OVERALL PERFORMANCE OF FINANCIAL SERVICES**

The Auditor General has concluded that the financial statements for the 2021/2022 financial year presented fairly, in all material respects, the financial position of the municipality, and its financial performance and cash flows in accordance with the standards of Generally Recognized Accounting Practice, the MFMA (2003) as well as Division of Revenue Act (2000).

### **1.7 STATUTORY ANNUAL REPORT PROCESS**

Molemole municipality has prepared the 2022/2023 Annual Report in line with a prescribed plan as per MFMA and Circular 63 of 2012. The first draft of the report is presented to Chief Audit Executive for review and ultimately submitted to Audit committee for 2<sup>nd</sup> review. The final draft will be tabled in an open Council and referred to MPAC to consult the public across all Wards on the performance of the municipality in the 2022/2023 financial year. Furthermore, the tabled draft Annual report will then be submitted to the office of Auditor General in line with subsection 127 (5) (b) of the Municipal Finance Management Act.

The Statutory process plan for the 2022/2023 Annual Report process is depicted in the table below:

<b>No.</b>	<b>Activity</b>	<b>Timeframe</b>
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
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise 4 <sup>th</sup> quarter Report for previous financial year	
4	Submit draft annual report ( Annual Financial Statements and Annual Performance 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 Annual financial statements and Annual performance report to Auditor General.	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	

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No.	Activity	Timeframe
11	Auditor General assesses draft Annual Report including Annual Financial Statements and Performance data	September - October
12	Municipalities receive and start to address the Auditor General's comments	November
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	January
14	Audited Annual Report is made public and representation is invited	February
15	Oversight Committee assesses Annual Report	February - March
16	Council adopts Oversight report	March
17	Oversight report is made public	April
18	Oversight report is submitted to relevant provincial councils	April
19	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input.	April

**Table 1.10: Annual report process plan**

## 1.8 COMMENT ON THE ANNUAL REPORT PROCESS

The municipality will be implementing the above process plan to ensure a credible and compliant final Annual report. The report is developed internally through the office of the Manager: Executive Support in the office of the Municipal Manager.

## CHAPTER 2 – GOVERNANCE

### COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

#### a) INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

The municipality has the following governance structures to oversee its administrative functions: Audit Committee, Risk Management Committee, Senior Management and Extended Management Committee. All the governance committees are functional and are able to hold meetings as scheduled. Subcommittees have also been established in various areas to assist high order committees to advance internal control systems. During the year under review the municipality had subcommittees for the following areas: Health and Safety, Local Labour forum, Information and Communication systems, employment equity and *Batho Pele*. The municipal council has established its political governance structures to play oversight role on Management administration. These structures are discussed in the following section.

### 2.1 POLITICAL GOVERNANCE

#### a) INTRODUCTION TO POLITICAL GOVERNANCE

The Municipal Council, its committees, i.e. Portfolio committees, Sect, Ethics Committee, Executive Committee as well as Municipal Public Accounts Committee (MPAC) are functional and held their meetings in line with council approved corporate calendar. Council has also established the Women cause as per the guidelines of Salga and comprises of all Women councillors. Its main function is to advance the interests of women within various social walks of life. Councillor Kgopane has been appointed as the current chairperson of the women caucus and the Speaker plays political oversight

over the caucus. The main challenge of the caucus is lack of budget allocation to can run its annual activities.

The portfolio committees held monthly meetings to consider issues within their key performance areas, e.g. Corporate Services, Technical services, Finance, Local Economic and Development as well as Community related issues. Generally, Portfolio committees consider reports of management and submit them for consideration by the Executive Committee for further adjudication. Ward Committees plays role of being local foot soldiers and advice Ward Councillors on service delivery issues affecting their villages within wards.

The Municipal Public Accounts committee played a critical oversight over Administrative activities. This involved project visits and monitoring and investigating matters referred to it by Council. In the year under review the MPAC has conducted project visits and monitoring as per table below:

Quarter	Number of projects visited	Projects visited and Wards
01	02	Fatima High Mast (Ward 11) Maponto High Mast (Ward 12)
02	0	None
03	04	Phaudi internal Street (Ward 16) Mogwadi Internal Street (Ward 10) Ga-Sako internal street (Ward 14) Botlokwa Ga Kgwadu Internal street (Ward 06)
04	03	Ga Phaudi Internal street (Ward 16) Mohodi Sports Complex (Ward 11) Ramokgopa and Sefoloko Bridge (Ward 04)

## b) Composition of Municipal Council

Total number of Council seats are 32 and compromises of the following political parties:

Political party	Total Seats
African National Congress	22
Economic Freedom fighters	06
Democratic Alliance	01
CICAF	02
Civic warriors	01
Total	22

**Table 1.9: Council composition**

## f) POLITICAL DECISION-TAKING.

All Council resolutions are signed by Speaker of Council and Management is expected to implement them. Council meetings for the year under review have progressed well without any incidents that threaten to disrupt the sittings. Resolutions on municipal performance are referred to the Municipal Public Accounts Committee for review and quality assurance to ensure the community is getting value for money on service delivery projects and to also check compliance to relevant legislative framework.

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The political executive structure of the municipality is depicted below:



**Cllr. M.E Paya  
Hon. Mayor**



**Cllr. D. Matlou  
Council Speaker**



**Cllr. M. E Rathaha  
Whip of Council**



**Cllr. B.M Hlapa  
Portfolio Chairperson:  
Finance**



**Cllr. N.F Rampyapedi  
Portfolio Chairperson:  
Technical Services**



**Cllr. M.L Moabelo  
Portfolio Chairperson:  
Corporate Services**



**Cllr. M.O Motolla  
Portfolio Chairperson:  
Community Services**



**Cllr. S.W Mafona  
Portfolio Chairperson:  
LED and P**



**Cllr. T.P Rathete  
Chairperson: Municipal  
Public Accounts Committee**

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## 2.2 ADMINISTRATIVE GOVERNANCE

### **a) INTRODUCTION TO ADMINISTRATIVE GOVERNANCE**

Other administrative subcommittees that assist Management in executing its functions are: Batho Pele committee, OHSa committee, Local Labour forum, Bid committees (Specification, Evaluation and Adjudication), Employment Equity committee and Training committee. The functionality of the above committees is key for the smooth functioning of the municipal administration.

We appreciate the indulgence of CDM for seconding an official to chair the Risk committee meetings whilst we were busy with recruitment processes for the chairperson. We wish that they can continue supporting the municipality and the current chairperson to continue with resolution of Risks and mitigating their possible effect on the long term sustainability of the Municipality. The strategic and operational risk registers for 2021/2022 financial year have been compiled and approved by Council with IDP. Emerging risk register was also updated owing to the Covid19 pandemic.

### **b) HOW THE MUNICIPAL MANAGER AND SENIOR MANAGERS WORK TOGETHER COOPERATIVELY IN THEIR THEMATIC AND SERVICE GROUP ROLES TO MAKE THE GREATEST IMPACT ON SERVICE DELIVERY**

All Senior Managers account to the Municipal Manager as head of administration. This is done through Management committee, comprising of Executive Management as well as Extended Management committee meetings. Management committee meetings are held in line with the approved corporate calendar. Decisions of management inform the agenda for the relevant portfolio committee meetings. The Senior Managers are responsible for communicating with their respective departments through middle Managers and ensure that matters discussed at Senior Management level are cascaded down for effective execution of the targets set-out for each department per the IDP with respective middle managers. Decisions approved by Council are binding and become obligatory for management to implement them. Departmental Managers hold general staff meetings to cascade management decisions to all levels of employees and for implementation.

### **c) TOP ADMINISTRATIVE STRUCTURE**

<b>DESIGNATION</b>	<b>INITIALS AND SURNAME</b>	<b>Key Performance Areas</b>
<b>Municipal Manager</b>	<b>Mr. K.E Makgatho (six months)</b>	Oversee overall administration of the municipality, interact with Mayor and Council committees, Implement Council resolutions and other Governance committees, Performance Management and Monitoring, Legal services, Enforce Internal Control systems, Risk Management, Implementation of IGR initiatives and Oversee functions of all municipal departments. N.B the contract for the Municipality came to an end by end of February 2022. Mr. Makgatho was appointed as Municipal Manager from 1 <sup>st</sup> January 2023.
<b>Chief Financial Officer</b>	<b>Ms. K. Zulu</b>	Budget and Reporting, Revenue Management, Expenditure Management and Supply chain management
<b>Senior Manager: Corporate Services</b>		Administration and Auxiliary services, Human Resources management and labour relations, Information and Communication Technology and Council Support services. N.B. Mr. Makgatho was appointed as Municipal Manager from January 2023 for a five year period.
<b>Senior Manager: Technical Services</b>	<b>Mr. Y. Wasilota</b>	Implementation of Service delivery projects/programmes, Electrical and Maintenance services, Oversee management of Municipal Infrastructure Grant (MIG), Provision and maintenance of water and sanitation services N.B. Contract for Mr. Wasilota came to an end from 1 <sup>st</sup> April 2023.
<b>Senior Manager: Community Services</b>	<b>Ms. M.F Mabuela</b>	Maintenance of social and public amenities, Implementation of EPWP programmes, Environmental management, Traffic and Law enforcement.
<b>Senior Manager: LED&amp;P</b>	<b>Ms. T.C.F Mahatlani</b>	Local economic development, Town and Regional planning services



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Senior Management Team



**Ms. K.W Zulu**  
**Chief Financial Officer**



**Mr. K.E MAKGATHO**  
**Municipal Manager**



**Mr. Y. Wasilota**  
**Technical Services**



**Ms. TCF Mahatlani**  
**LED & P**



**Ms. M.F Mabuella**  
**Community Services**

**VACANT**  
**Corporate Services**

## COMPONENT B: INTERGOVERNMENTAL RELATIONS

### INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

#### 2.3 INTERGOVERNMENTAL RELATIONS

##### a) NATIONAL, PROVINCIAL AND DISTRICT INTERGOVERNMENTAL STRUCTURES

The Municipality is participating in various intergovernmental structures across the province and the district. Specifically, the municipality ta

<b>Intergovernmental Structure</b>	<b>Sphere of Government</b>
Speakers' forum	District
Salga Working groups	Provincial
Chief whips forum	District
Salga MM's forum	Provincial
District MM's forum	District
MPAC forums	District & Provincial forums
District Mayors Forum	District
Premier's IGR	Provincial
Human Settlement forum	Provincial
Disaster forums	District
Library forum	District and Provincial
Sport forums	District and Provincial
IDP Representative forum	Local
IDP Management forum	District
Mscosa forum	District, Provincial and National
CFOs forum	District and Provincial
Service Complaints forum	District and Provincial
Inter-Sectoral Steering Committee	Local, District and Provincial
EPWP Environmental forum	District and Provincial
EPWP Infrastructural forum	District and Provincial
Premier's Youth forum	Provincial
Technical IGR forum (Electricity)	District
Municipal and Eskom engagement meeting	Local
District water and sanitation forum	District
MIG forum	District and Provincial
Local Aids Council	District and Provincial
Waste management officer forum	Provincial and Provincial
Internal Audit forum	District
Internal Audit and Risk forum	Provincial
Transport forum	District
Batho Pele forum	District
Gender forum	District
Older Persons forum	District and Provincial
LED forum	Provincial
Limpopo Tourism forum	Provincial
Local Committee	Local
LED forum	Local

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## **b) RELATIONSHIPS WITH MUNICIPAL ENTITIES**

The Municipality does not have any entity.

## **COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION**

### **a) OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION**

The continued success of a municipality is determined to a large extent, on the accountability of all key role players and stakeholders in the local governance process. The municipality public accountability is premised on the vision and mission that puts people at the forefront in all the developmental agenda. The IDP process plan is a tool used to involve the communities to undertake all the stages of IDP development. Public participation for this Annual report will be conducted to ensure the public is given an opportunity to comment as required by applicable legislation. Accordingly, a draft Annual report will be publicized after the Mayor has tabled it in Council meeting in January 2023. The Municipal Public Accounts Committee will also conduct oversight processes through public consultations on the draft Annual report and present the oversight report to Council within two months after the draft has been tabled.

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#### **2.4 PUBLIC MEETINGS**

##### **a) Communication, Participation and Forums**

Public engagements with communities is an important activity for the municipality as it is provided for in Chapter 7 of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996), as amended. The Municipality has engaged the public through the following forums in the year under review:

<b>Public participation event</b>	<b>Purpose of the event</b>	<b>Number of events held</b>
Mayoral Imbizo	Mid-year and Annual service delivery report	02
16 days of Activism for no violence against women and children	Annual awareness campaigns in support of national campaign against GBV	01
Annual Youth dialogue	To find practical ways to empower youth through job creation and entrepreneurship	02
LED forum	Support for Local Economic Development	04
IDP Rep forums	Meeting of local, district and provincial stakeholders on IDP	03

##### **b) Ward Committees**

Ward Committees are a structure of Council established in line with section 80 of the Municipal Structures Act, 1998 (Act 117 of 1998). They play an important role of serving as an important link between the community and the municipality. The term of all the Ward Committees came to an end

following the end of the term for the previous Council in November 2021. It is pleasing to report that Molemole Municipality is one of the few municipalities that managed to establish the Ward Committees and they are all functional. Appendix E outlines the number of meetings held by Ward Committees during the year under review.

## 2.5 IDP PARTICIPATION AND ALIGNMENT

<b>IDP Participation and Alignment Criteria*</b>	<b>Yes/No</b>
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes
* Section 26 Municipal Systems Act 2000	

## COMPONENT D: CORPORATE GOVERNANCE

### a) OVERVIEW OF CORPORATE GOVERNANCE

Molemole municipality consists of nine service points for the residents in both Mogwadi, Morebeng and Moletji Ga Phaudi, two Driver's License and Testing centers (DLTC). The municipal head office is stationed in Mogwadi where the Political Management team and three full time Councillors are based. There is also Technical Office and Library services in Mogwadi and Morebeng. There are two satellite offices located in Morebeng and Moletji (Ga-Phaudi village). The municipality has entered into a service level agreement with departments of Sports, Arts and Culture and Transport for the running of Library Services and Licensing Services, respectively. The Municipality is pleased to report that during the year under review an agreement was reached with the department of Transport to convert part of Moletji satellite office to provide traffic and licensing services. This will help communities from Ward 15 and 16 to renew motor and driver's licenses and learner's licenses. The office is currently

under upgrade to make sure it complies with regulatory requirements and should be operational from the 4<sup>th</sup> Quarter of the financial year.

## 2.6 RISK MANAGEMENT

The Municipality has a fully functional Risk Management committee, which is chaired by an independent person. Other members of the committee are all Senior Management team members and the Risk Officer is responsible for providing administrative support to the committee. The municipality is currently in the process of recruitment for the chairperson of Risk Committee as the contract for previous chairperson has expired. It is expected that the position will be filled in the third quarter of the 2023/2024 financial year.

The Municipality had developed Strategic and Operational Risk register to help in monitoring management of Risk within the municipality. The Strategic risk register is used by Internal Audit to develop an Annual Risk-based Audit Plan. The Risk management committee hold quarterly meetings to check progress in relation to mitigation and resolution of identified risks. The Chairperson of the committee submit quarterly reports to the Audit and Performance Committee.

Furthermore, the Risk Management committee has approved and continues to monitor implementation of Risk Management policies.

Below is a list of Strategic risks applicable during the 2022/2023:

No	Strategic objective	Risk description at Strategic Objective level	Risk category	Primary Cause (Risk at Operational level)	Secondary Cause (Risk at Business unit level)	Effect (Impact)
1	To increase the capability of the municipality to deliver on its mandate	Electricity Distribution Losses	Service delivery	Poor Monitoring of electricity connections	Theft and vandalism of electrical infrastructure	Illegal Connections
2	To increase the capability of the municipality to deliver on its mandate	Service Delivery Protest	Social environment	Inadequate provision of service delivery	Poor service delivery	Reputation risk
3	To promote sustainable basic services and infrastructure development	Inadequate revenue collection	Revenue Collection	Nonpayment of services	Municipality may not be financially sustainable	Downgrading of the municipality
4		Non adherence to SCM policy	Financial Viability	Noncompliance to SCM legislations	Unauthorized, irregular and fruitless expenditure may occur	Negative Audit opinion

No	Strategic objective	Risk description at Strategic Objective level	Risk category	Primary Cause (Risk at Operational level)	Secondary Cause (Risk at Business unit level)	Effect (Impact)
5	To ensure sound and stable financial management	Incomplete assets register	Financial Viability	Inadequate physical assets verification	Under or overstated assets register	Loss of municipal assets
6		Material misstatements in the Annual financial statements( AFS)		Non adherence to AFS process plan timeline and GRAP.	Misalignment of transactions and reporting items due to MSCOA implementation	Negative Audit Outcome
7	To -provide sustainable basic services and infrastructure development	Failure to implement projects in the IDP	Service Delivery	Poor planning and budgeting	Withdrawal of funds by National Treasury	Community unrest
8		Inability to provide service in case of disaster		Lack of business continuity plan	Business instability	Loss of municipal data
9	To ensure institutional structures and plans are properly resourced to respond transformational objectives	Inadequate provision of intergraded waste management services	Service Delivery	Insufficient budget allocations	Negative impact on environmental resources	Community unrest
10		Illegal land occupation and land use	Service Delivery	Dispute on ownership of land	Litigations and loss of revenue	Land invasion
11	To encourage good governance and public participation	Inability to enforce By-Laws	Compliance	Outdate by-laws	Litigations	Bad reputations
12	To increase the capacity of the municipal to deliver on its mandate	Abuse of subsistence and traveling allowance (S&T) subsistence	Performance management	Mismanagement of travelling allowances	Dishonesty in subsistence and traveling allowance (S&T)	Fraud within the municipality
13		Slow economic growth	Economic development	Inadequate economic activities	Deteriorating macro-economic conditions globally and nationally	High rate of unemployment

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## 2.7 ANTI-CORRUPTION AND FRAUD

### a) ANTI-FRAUD AND CORRUPTION STRATEGY

Legally, fraud is defined as the unlawful making of a misrepresentation with the intention to defraud, that causes prejudice or potential prejudice to another. The municipality has put internal control systems in place to ensure early detection of fraudulent activities. We acknowledge fraud and corruption rob our people of the quality of services they deserve. The Municipality continues to warn the members of the public to be aware of faceless people who claim to be working in the Supply Chain Management of the Municipality, promising unsuspecting service providers preference for municipal tender awards. The Municipality follows relevant legislation and policies when adjudication supply chain processes and does not request any kickbacks before awarding of tenders.

One fraud awareness campaign was conducted with the Councillors during the financial year. The Risk Unit has facilitated the signing of declaration of interest forms by the employees to avoid conflict of interest. Members of the community are therefore urged to report any incidents of fraud and corruption to the hotline number: 0800 205 053 or email to: [cdm@tip-offs.com](mailto:cdm@tip-offs.com) or [www.tip-offs.com](http://www.tip-offs.com).

### b) Internal Audit

The Internal Audit unit report directly to the office of the Municipal Manager and is responsible to assist the municipality to meet their objectives and to discharge their responsibilities by providing an independent appraisal of the adequacy and effectiveness of the controls developed by management. The Internal Audit is responsible for developing and implement Risk-based Audit plan as well as to monitor the Annual Audit Action Plan from the Auditor-General report. A total of four (04) Steering Committee meetings were coordinated during the year to monitor resolution of Audit findings (both Internal and AG action plans) as well as implementation of Audit Committee resolutions. The unit has further coordinated a total of four (11) Audit Committee meetings during the 2022/2023 financial year.

During the 2022/2023 financial year the Internal Audit unit has reviewed the following strategic documents:

- 2022/2023 Annual Financial Statements
- 2022/2023 Annual Performance Report
- 2021/2022 Annual Report
- 2022/2023 Quarterly SDBIP Performance reports
- 2022/2023 Mid-year SDBIP Performance reports

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## **2.8 SUPPLY CHAIN MANAGEMENT**

### **2.8.1 OVERVIEW SUPPLY CHAIN MANAGEMENT (SCM)**

Section 217(1) of the Constitution of South Africa requires that every organ of the state and all public institutions and related structures shall contract for goods and services in accordance with a system which is Fair, Equitable, Transparent, Competitive and Cost effective.

The above principles are ushered and are made alive through a range of legislation and supply chain management is governed and enforced in compliance with the constitutional principles through the Preferential Procurement policy framework Act of 2022) and associated regulations. The municipality applies SCM principles to procure goods and services for the municipality.

### **2.8.2 SCM POLICY**

The council of the Municipality approved the supply chain management policy together with the IDP in June 2021. The policy is in line with requirements of section 112 of the MFMA as well as principles outlined in Municipal Supply Chain Regulations (2005). The SCM practices are also guided by the various Circulars issued by Treasury from time to time. The provisions of these circulars are filtered in the SCM policy during Annual policy reviews. The policy review is also guided by shortcomings identified during Audit process, both internally and externally as well as during the implementation of the policy.

### **2.8.3 SCM UNIT**

The SCM unit falls under the Budget and Treasury Department and consists of the SCM Manager who reports directly to the Chief Financial Officer. There is also the Accountant Asset, Assistant Procurement Officer, Bid Assistant Officer and an Inventory Clerk. The CFO is the ultimate Accounting Officer for the department.

### **2.8.4 BID COMMITTEES**

All members of bid committees are delegated in writing by the Municipal Manager to serve on these respective committees. These delegations are accepted in writing by each appointed member who have to sign off the appointment. The Municipality has coordinated 01 training programmes for the Bid Committees to ensure they are kept abreast of latest changes in legislations and to learn best practices from other institutions. Each Bid Committee has got an SCM Official who serve as the resource person for the committee and to also advice on compliance issues during the sessions. The Bid Committees were constituted as follows during the 2022/2023 financial year:



**a. Bid Specification Committee Members**

Names	Official Position Held	Responsibility
Mr. Mashotja M.F	Manager: Town Planning and Regional	Chairperson
Ms Seema L.	Bid Officer	SCM Official
Mr. V Mabasa	Technician Roads	Member
Mr. MJ Mabetwa	Manager: Mechanical and Electrical	Member

**b. Bid Evaluation Committee Members**

Names	Official Position Held	Responsibility
Mr. N Modisha	Manager: Executive Support	Chairperson
Ms A. Kwakwa	Procurement Officer	SCM Official
Ms. M. Mogakane	Manager: PMS	Member
Mr. E. Kwata	PMU Technician	Member
Mr. A. Nkalanga	DCFO	Member

**c. Bid adjudication Committee Members**

The Bid Adjudication committee is composed of All Senior Managers except the Municipal Manager who will be receiving recommendations for tender awards.

A total of 6 tenders were cancelled during the year and review and about 28 were recommended for re-advertisement. In the section below we outline statistical information on tender awards.

**2.8.5 Tender Adverts and Awards**

Tenders are advertised on a municipal website and Tender documents are uploaded and downloadable on a municipal website. A total of 24 tenders were awarded during the 2022/23 financial year at a total value of R **54 128 547, 89**

Qtr.	RFQ	Tender	Totals
1st Q	8 620 874,52	9 303 593,52	17 924 468,04
2nd Q	11 465 614,66	44 824 954,37	56 290 569,03
3rd Q	6 088 681,87	0,00	6 088 681.87
4th Q	6 878 865.56	0,00	6 878 865.56
<b>Totals</b>	<b>33 054 036.61</b>	<b>54 128 547,89</b>	<b>87 182 584.50</b>

2022/2023 Procurement statistics					
Quarter	Total Procurement Bill	Bill spent on Local Suppliers	% of Local	% of District Suppliers	% outside district
1 <sup>st</sup>	17 924 468,04	3 405 648,93	19	54	27

2022/2023 Procurement statistics					
Quarter	Total Procurement Bill	Bill spent on Local Suppliers	% of Local	% of District Suppliers	% outside district
2 <sup>nd</sup>	56 290 569,03	16 887 170.71	30	64	6
3 <sup>rd</sup>	6 088 681.87	1 948 378,20	32	59	9
4 <sup>th</sup>	6 878 865.56	1 788 505,05	26	54	20
<b>Total</b>	<b>87 182 584.50</b>	<b>24 029 702,89</b>	<b>26,75</b>	<b>57,75</b>	<b>15,50</b>

## 2.9 BY-LAWS

### a) Introduction to By-laws

Capricorn District Municipality have developed Waste Management by-law for the municipality to help in managing waste management within the municipal jurisdiction. The municipality has developed two by-laws: Cemetery and outdoor advertising.

### b) COMMENT ON BY-LAWS:

The Local Economic division has developed draft by-laws for street trading, outdoor advertising. The by-laws will be presented to Council for approval and subsequently for public consultation.

## 2.10 WEBSITES

### a) COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS

Molemole municipality conforms to section 21 of the Municipal Systems Act, 2000 (Act 32 of 2000 as amended) and section 75 of the Municipal Finance Management Act, 2003 (Act 56 of 2003), whose main objective it is to notify the community about municipal events or any statutory matters which are of public interest. During the financial year the municipal website was used to publicise notices on Mayoral outreach programmes, section 71 reports, Quarterly reports, all budget related reports in the spirit of openness, accountability and transparency as espoused in section 195 of the Constitution of 1996, (Act 108 of 1996). The website is also used to publicize government wide reports as well as other service delivery programmes.

Municipal website: content and currency of material		
Documents published on the municipality`s /entity`s website	Yes/No	Publishing date
Current annual and adjustment budgets and all budget related documents	Yes	Annually
All current budget related policies	Yes	July 2021
The previous annual report (2019/20)	Yes	28 May 2021
The annual report for 2020/21 published / to be published	Yes	30 June 2022
All current performance agreements required in terms of section 57 (1) (b) of the MSA and resulting score cards	Yes	31 July 2021
All service delivery agreements (2020/21)	N/A	
IDP 2021/2022	Yes	30 September 2021
All long term borrowing contracts (2020/21)	N/A	
All supply chain management contracts above a prescribed value (give value)	N/A	

## Municipal website: content and currency of material

Documents published on the municipality`s /entity`s website	Yes/No	Publishing date
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)	Yes	Annually
Contracts agreed in 2021/2022 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	N/A	
PPP agreements referred to in section 120	N/A	
All quarterly reports tabled in the council in terms of section 52 (d) during (2021/22)	Yes	After approval by Council

### b) Communication with Internal stakeholders

Communication unit is responsible for communicating with Councillors, Employees, Molemole residents. Bulk sms, private mail accounts and WhatsApp are used to interact with these stakeholders on issues relating to municipal functions.

#### 2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

The municipality attends uses the following channels to afford the community to report on service delivery complaints and suggestions: -

- Presidential and premier hotlines
- Suggestions boxes
- Suggestion books.
- Through our social media, i.e. Facebook and Twitter.
- Community Protests
- Municipal Outreach programmes

The Municipality has seen an increase of reported complaint cases from seven (07) in the 20221/22 financial year to seventeen (17) in the 2022/2023 financial year. Although this is a huge increase we are pleased to report that all cases have been resolved. The table below outline cases per department and their status.

Division	Total cases received	Total cases resolved	Total outstanding cases
<b>Budget &amp; Treasury</b>	01	01	0
<b>LEDP</b>	01	01	0
<b>Technical department</b>	15		0
<b>Road</b>	04	04	0
<b>Water &amp; Sanitation</b>	11	11	
<b>TOTAL CASES</b>	17	17	0%

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## **a) CHALLENGES ON COMPLAINTS MANAGEMENT**

There are generally no challenges experienced with regard to the complaints management system. We however urge community members to first engage with their respective Ward Councillors on service delivery issues before reporting them in the Premier and presidential hotlines. Community members can also visit our offices to report their complaints in order for us to speedily resolve them. This however does not discourage members of the community to report complaints and comments on the Premier and Presidential hotlines.

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

# Chapter 3

## COMPONENT A: BASIC SERVICES

### a) INTRODUCTION TO BASIC SERVICES

Section 152 (1) (b) of the constitution of South Africa, 1996 (Act 108 of 1996), as amended obligates Molemole municipality to provide sustainable services to communities. Provision of basic services is the main constitutional mandate assigned to a local municipality. The basic services in the context of Molemole municipality include water, sanitation, electricity, waste management, free basic services to support the indigents. Provision of water remain the most critical basic service that a municipality can give to the communities.

### 3.1. WATER PROVISION

The overall responsibility to supply water is with the Capricorn district municipality, which is the water service Authority. The responsibility to provide a consistent supply of water is both in Mogwadi and Morebeng as well as in all the villages. Capricorn district has the responsibility to maintain the water infrastructure in all the areas of Molemole Municipality. However, the municipality, as the water services provider contribute through personnel to assist with delivery of water through water tankers and also for routine maintenance of water and sanitation infrastructure. There are about seven water tankers assigned to the municipality and five of the them are working. We hope that the other two will be serviced in order ensure we are able to cover all villages with water provision.

### a) COMMENT ON WATER SERVICES PERFORMANCE OVERALL:

The main challenge faced by communities is the continuous vandalism and theft of water infrastructure. This affect the ability of the municipality to provide a consistent supply of drinkable water to our communities. We call on the communities to report these incidents to the law enforcement authorities so that culprits can be brought to book.

### 3.2 WASTE WATER (SANITATION) PROVISION

### a) INTRODUCTION TO SANITATION PROVISION

Sanitation, or waste water services is also a function of the Capricorn District Municipality. It remains the responsibility of the district to provide sanitation facilities to the residents of Mogwadi, Morebeng as well as in all the villages of the municipality. Mogwadi and Morebeng have flush toilet systems while the other villages are using Pit latrines either provided by the district or the families are able to build one for themselves. Municipality continues to work with the district to provide Sanitation to the deserving family and help with identification of beneficiaries through the Ward Councillors. In the year under review a total of Five hundred and fifteen (515) sanitation units have been completed in Molemole. Two hundred and eighty units (280) for Marowe, Hundred and ten (110) for Sekuruwe and Hundred (100) for Ga-Kolopo village. Twenty-five were still under construction at Ga- Maribana village.

# Chapter 3

## b) COMMENT ON SANITATION SERVICES PERFORMANCE

Our engagement with the district will continue to ensure we cover as many deserving households as possible to reduce the sanitation backlog as identified by Statssa during the 2016 household survey.

Financial Performance Year 2022/23: Water Services					
Details	2021/22	2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	742790	459174	438143	270070	-70%
Expenditure:					
Employees	6835854	5188232	5188232	5269515	2%
Repairs and Maintenance					0%
Other	728606	771173	685652	559774	-38%
<b>Total Operational Expenditure</b>	7564460	5959405	5873884	5829289	-2%
<b>Net Operational Expenditure</b>	6821670	5500231	5435741	5559219	1%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
T 3.1.8					

Financial Performance Year 2022/23: Sanitation Services					
Details	2021/22	2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	0	297178	297178	439787	32%
Expenditure:					
Employees	2711010	653043	653043	395925	-65%
Repairs and Maintenance					0%
Other	24306	434848	9274596	3582	-12040%
<b>Total Operational Expenditure</b>	2735316	1087891	9927639	399507	-172%
<b>Net Operational Expenditure</b>	2735316	790713	9630461	-40280	2063%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
T 3.2.8					

# Chapter 3

## 3.3 ELECTRICITY

### a) INTRODUCTION TO ELECTRICITY

The main source of electricity within the municipality is Eskom. The municipality haven't as yet made investments on solar power supply services as an alternative to electricity. But in the year under review the municipality have received proposals from prospective investors on solar technology. It is our objective to embrace this type of technology given the disadvantages that come with a heavy reliance on electricity.

Currently the municipality is licensed to reticulate electricity in the two towns and one village, i.e. Mogwadi, Morebeng and Fatima extension respectively, however Fatima has not yet energized. All the necessary infrastructure for Fatima project has been installed and we are only waiting for Eskom to assist with Energizing. This is even more important considering that there is risk is vandalism of infrastructure by criminals. We are calling on the residents of Fatima extension to safeguard the infrastructure against vandalism to avoid further delays during energizing by Eskom. We will keep on engaging Eskom to ensure Energizing is done so that the people can enjoy the benefits of electricity in the area. The following capital projects were implemented in the 2022/2023 financial year:

Project Name/Village name	Ward number	Budget (R'000)	Number of connections	Status
Supply, delivery and installation of two power transformers and one mini substation	1 & 10	2 700 000	3	Completed and awaiting Energizing
Electrification of Maponto and construction of the bulk point supply in Fatima	11 & 12	10 000 000	400	Maponto electrification Completed, Bulk point awaiting energization
Supply, delivery and installation of x3 of high mast lights in Sekonye, Nyakelang and Mohodi Newstand B	5,9 & 13	1 850 000	3	Completed
High mast lights(Maponto, Sebone, Makwetja, Sekakene GA-Machaka, Fatima and Mabitsetla(Rolled over)	2,4,8,11,12&16	3 600 000	6	Completed

The municipality acknowledge the persistent electricity losses experienced year in year out and in the year 2022/23 the municipality managed to decrease the losses to 22%. It has been discovered that one of the causes of these losses are illegal connections in the two licensed areas. Another cause of this problem is the ageing and antiquated infrastructure. To address this problem, the municipality has made budget provision to install smart meters which will serve as an effective internal control to pick up illegal connections from the desktop. The one old Mini substation and two power transformers were replaced in the 2022/23 financial year and are awaiting energizing as reported in the table above. Below is a table showing financial performance for the 2022/23 under Electricity services:



# Chapter 3

Financial Performance Year 2022/23: Electricity Services					
					R'000
Details	2021/22	2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	15799013	23603514	26219957	11641237	-103%
Expenditure:					
Employees	3512372	4759962	4759962	4417875	-8%
Repairs and Maintenance	2546472	2078000	2578000	4638112	55%
Other	18628696	17956396	21622557	17831140	-1%
<b>Total Operational Expenditure</b>	24687540	24794358	28960519	26887127	8%
<b>Net Operational Expenditure</b>	8888527	1190844	2740562	15245890	92%
<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 3.6.1

- The table below outline capital project implemented in the 2021/22 financial year:

# Chapter 3

Capital Expenditure Year 2021/22: Electricity Services					
R' 000					
Capital Projects	2022/23				
	Original Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	4750000	8430151	5437876	13%	
Mini substation	2700000	2661560	2314400	-17%	0
High mast lights	1850000	2952148	909613	-103%	0
Equipment	200000	200000	0	#DIV/0!	
ELECTR 1350 HOUSEHLDs FATIMA VIL PHSE 1	0	2616443	2213863	100%	0
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					

T 3.3.8

Financial Performance Year 2022/23: Cost to Municipality of Free Basic Services Delivered					
Services Delivered	Year 2021/22	Year 2022/23			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Water	0				
Waste Water (Sanitation)	0				
Electricity	4937729	5123195	5123195	4376145	-17%
Waste Management (Solid Waste)					
Total	4937729	5123195	5123195	4376145	-17%

T 3.6.4

## 3.4 WASTE MANAGEMENT

### a) INTRODUCTION TO WASTE MANAGEMENT

Molemole municipality aims to achieve the target set by the National Government for refuse collection, disposal sites, street cleaning and recycling. Molemole has three licenses for waste disposal, the Mogwadi, Morebeng and Ramokgopa landfill sites but only two landfill sites (Mogwadi and Morebeng) are currently in use to dispose waste from the two towns and surrounding villages. The function for Waste management resides within the Community Service department and is led by Superintended Waste and Environmental Management. The Waste collection is rendered mainly in Morebeng Towns and Mogwadi Town. The municipality also receives EPWP grant from the department of Public works and has recruited a total number 79 beneficiaries in the 2021/2022 financial year under review to assist with Waste Collection services.

Currently, refuse collection is done consistently in Mogwadi and Morebeng towns and benefit about 2664 households. Refuse collection services in the residential areas is rendered once a week and twice a week for businesses. These includes residents qualifying for free basic services. The municipality has commenced with bulk refuse collection (garden waste and builders' rubble, etc.) and has purchased a further 10 6m3 bulk containers to continue the roll out. The Capricorn District municipality has donated 30x bulk refuse containers (Skip bins). The department of Community Services has developed a programme in 2021/2022 financial year of conducting a verification process for illegal dumping for the easy fair distribution of the skip bins to various wards. Waste collection for bulk refuse containers is done on a weekly basis. A Service level agreement was entered into with Property owners of Botlokwa shopping complex for bulk refuse removal, providing another revenue stream for the municipality

The municipality made provision for the development of Integrated Waste Management Plan. The project has been implemented and the service provider has submitted the final draft to serve as a guide to deal with the illegal dumping within our communities. The IWMP has been adopted by the municipal council and endorsed by the MEC for COGHSTA Limpopo. The IWMP will assist in identifying gaps in the current waste management practices within the municipality such that waste management planning can focus on addressing the major shortfalls in respect of current waste management practices. The Waste Management By-Laws have been developed and adopted by council. The by-laws will regulate the affairs of waste management and services within the jurisdiction of Molemole. The table below outline solid waste service delivery levels in the year under review:

# Chapter 3

<b>SOLID WASTE SERVICE DELIVERY LEVELS</b>		
<b>Description</b>	<b>2020/2 Actual No</b>	<b>2021/22 Actual No</b>
Solid waste removal: (minimum level)		
<i>Removed at least three times a week</i>	2664	2664
Removed less frequently than once a week	0	0
Using communal refuse dump	0	0
Using own refuse dump	0	0
Other rubbish disposal	0	0
No. of rubbish disposal sites	2	2
<i>Total number of households</i>	2664	2664
T 3.4.2		

- The employee statistics for waste management services are tabled below:

<b>Employees: Solid Waste Management Services</b>					
<b>Job Level</b>	<b>2020/21</b>		<b>2021/22</b>		
	<b>Employees No.</b>	<b>Posts No</b>	<b>Employees No.</b>	<b>Vacancies (full time equivalent) No.</b>	<b>Vacancies (as a % of total posts)</b>
0-3					
4-6	08	13	11	02	0%
7-9	03	05	05	0	0%
10-12	01	01	01	0	0%
13-15	01	01	01	0	0%
16-18	01	01	01	0	0%
19-20	0	0	0	0	0%
Total	14	21	19	02	
T3.4.5					

# Chapter 3

<b>Financial Performance Year 2022/23: Solid Waste Management Services</b>					
<b>R'000</b>					
<b>Details</b>	<b>Year 2021/22</b>	<b>Year 2022/23</b>			
	<b>Actual</b>	<b>Original Budget</b>	<b>Adjustment Budget</b>	<b>Actual</b>	<b>Variance to Budget</b>
<b>Total Operational Revenue</b>	3081305	2854204	2854204	2854032	0%
Expenditure:					
Employees	5129388	653043	653043	7518182	91%
Repairs and Maintenance					0%
Other	1603702	9567667	9274596	1803735	-430%
<b>Total Operational Expenditure</b>	6733090	10220710	9927639	9321917	-10%
<b>Net Operational Expenditure</b>	3933473	7366506	7073435	3933473	-87%
<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 3.4.7</i>					

The total capital expenditure for waste management services is as follows:

<b>Capital Expenditure Year 2021/22: Waste Management Services</b>					
<b>R' 000</b>					
<b>Capital Projects</b>	<b>Year 2021/22</b>				
	<b>Budget</b>	<b>Adjustment Budget</b>	<b>Actual Expenditure</b>	<b>Variance from original budget</b>	<b>Total Project Value</b>
Total All	0	0	0		
				0%	0
				0%	0
				0%	0
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					
<i>T 3.4.9</i>					

# Chapter 3

## 3.5 HOUSING

Molemole is not a housing implementation agency but depends on COGHSTA for provision of RDP houses. In the year under review the municipality was allocated 125 units for distribution to qualifying beneficiaries. The Municipality has worked with Ward Councillors to identify beneficiaries and it was allocated as follows:

Wards	Number of Beneficiaries
04 and 07	20 (10 per Ward)
01, 10 and 13	27 (09 per ward)
02, 03, 05, 06, 08, 09, 11, 12, 15 & 16	70 (07 per ward)
14	08
Total allocation	125

We appreciate the support of traditional authorities for allowing us to use their space for this project. As at the end of the financial year the municipality was awaiting COGHSTA to hand over the contractor for the construction of the allocated units.

### a) HOUSING CHALLENGES.

As at the end of the financial year the municipality was awaiting COGHSTA to hand over the contractor for the construction of the allocated units. There is a still a backlog for those qualifying to get the RDP houses which need to be addressed. We shall continue our engagement with COGHSTA to speed the process of increasing the allocation for the municipality.

Employees: Housing Services					
Job Level	2021/22	2022/23			
	Employees	Posts	Employees	Vacancies (fulltime equivalent)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	0	0	0	0	0%
10 - 12	0	0	0	0	0%

# Chapter 3

<b>Employees: Housing Services</b>					
<b>Job Level</b>	<b>2021/22</b>	<b>2022/23</b>			
	<b>Employees</b>	<b>Posts</b>	<b>Employees</b>	<b>Vacancies (fulltime equivalentents)</b>	<b>Vacancies (as a % of total posts)</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>%</b>
13 - 15	0	0	0	0	0%
16 - 18	01	01	01	0	0%
19 - 20	0	0	0	0	0%
Total	01	01	01	0	0%
					<i>T 3.5.4</i>

## 3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

### a) INTRODUCTION TO FREE BASIC SERVICES

The Free Basic Services Unit has rolled out much needed free basic services to indigent households in this financial year with great impact on free water, sewerage, sanitation and electricity. A total of 4907 households received free basic electricity in Mogwadi, Morebeng and Villages in all sixteen (16) wards. This is a decrease of 5% compared to the 5 168 beneficiaries for 2021/2022 financial year. The Municipality is also providing a rebate to about 56 households (out of 1200) in both Mogwadi and Morebeng on free basic water, refuse, sanitation and on sanitation services. We will continue with campaigns to locate more qualifying beneficiaries in order to extend the service to them. Members of the community are there urged to consult the municipality for further information on how to apply for the rebates.

The table below

# Chapter 3

- Furthermore, table T 3.6.3 below outlines number of households benefiting from free basic services in the year under review:

Free Basic Services To Low Income Households										
Financial Year	Number of households									
	Total	Households earning less than R3,500 per month								
		Free Basic Water			Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse	
		Total	Access	%	Access	%	Access	%	Access	%
Year 2019/20	4 762	56	56	4.5%	56	4.5%	4 706	91%	56	4.5%
Year 2020/21	5 224	56	56	4.5%	56	4.5%	5 168	100%	56	4.5%
Year 2021/22	5 017	56	56	4.5%	56	4.5%	4,961	100%	56	4.5%
Year 2022/23	4,963	56	56	4.5%	56	4.5%	4,907	100%	56	4.5%

T 3.6.3

- Financial performance for free basic services in the year under review is depicted in the table below:

Service Delivered	2021/22		2022/23		
	Actual	Budget	Adjustment Budget	Actual	Variance to Budgeted
Water	0				-
Waste Water (Sanitation)	0				-
Electricity	4 937 729.07	5 123 196.00	5 123 196.00	4 376 144.80	0.14%
Waste Management (Solid Waste)	0				-
<b>Total</b>	4 937 729.07	5 123 196.00	5 123 196.00	4 376 144.80	0.14%
					T3.6.4



# Chapter 3

## COMPONENT B: ROAD TRANSPORT

### 3.7 ROADS

#### a) INTRODUCTION TO ROADS

Molemole municipality relies mostly on the Municipal Infrastructure Grant (MIG) to implement road infrastructure projects to reduce the road infrastructure backlog within our communities. MIG allocation in the 2022/2023 financial year was R 39 000 000 R 37,000,000 compared to R 37,000 000 in the 2021/22 financial year. This represents an increase of 9.44 % (or R 2,067 000). Five percent (or R 1,950,000) of the allocation went to cover PMU overheads (salaries, furniture and office equipment). The funding was used to implement the following road infrastructure projects:

Item	Project Name	Ward(s) benefitted	Contract Amount	Expenditure	% Construction
1	Ga-Sako Upgrading of Internal Streets-1.7km	16	R 12 225 832,50	R 12 225 777,63	100%
2	Mokgehle upgrading of internal streets-1.6km	14	R 12 000 000,00	R 11 999 820,79	100%
3	Maupye upgrading of internal streets-1.5km	11	R 12 014 381,00	R 12 009 946,88	100%
4	Mogwadi upgrading of internal streets-0.6km	10	R 5 562 186,50	R 5 562 186,50	100%
5	Supply, Delivery and Installation of 10 Culvert Bridges	1,2,3,4,5,7,8,9	R 3 581 815,88	R 3 575 800.01	100%
6	Construction of 3 Culverts Bridges	11,12,13	R 2 816 781.83	R 2 816 781 .83	100%

# Chapter 3

Tarred Road Infrastructure					
Kilometers					
Year	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
2019/20	47.9	4	0	0	0
2020/21	52.1	4.2	0	0	0
2021/22	56.3	4.3	0	0	0
2022/23	61.7	5.4	0	0	0
					<i>T 3.7.3</i>
Gravel Road Infrastructure					
Kilometers					
Year	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained	
2019/20	596.1	0	4	617	
2020/2021	591.9	0	4.2	623	
2021/2022	587.6	0	4.3	623	
2022/23	582.2	0	5.4	603	
					<i>T 3.7.2</i>

- Road Maintenance and construction costs

Cost of Construction/Maintenance			
R' 000			
Year	Storm water Measures		
	New	Upgraded	Re-worked
2019/20	3500	2500	600
2020/221	0	0	500
2021/22	0	0	1000
2022/23	3000	1500	500
			<i>T 3.9.3</i>

# Chapter 3

Employees: Road Services					
Job Level	2020/21	2022/23			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	4	4	0	0	0
7 - 9	2	2	2	0	0
10 - 12	2	2	8	0	0
13 - 15	0	0	3	0	0
16 - 18	1	1	0	0	0
19 - 20			0	0	0%
Total	9	4	13	0	0%
<i>T3.7.7</i>					
<i>Financial Performance Year 2021/22: Road Services</i>					

- Below is a financial performance for road services during the 2022/2023 financial year:

Financial Performance Year 2022/23: Road Services					
Details	Year 2021/22	Year 2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	37991020	39792000	44292000	39786148	0%
Expenditure:					
Employees	6513398	4865940	4865940	8848998	45%
Repairs and Maintenance	9879711	10373697	10373697	9061561	-14%
Other	13837197	14463171	13809861	15602393	7%
<b>Total Operational Expenditure</b>	30230306	29702808	29049498	24451391	-21%
<b>Net Operational Expenditure</b>	-7760714	-10089192	-15242502	-15334757	34%
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 3.7.8</i>					

# Chapter 3

- Below is a Capital expenditure for road services during the 2021/2022 financial year:

<b>Capital Expenditure Year 2022/23: Road Services</b>					
<b>R' 000</b>					
<b>Capital Projects</b>	<b>Year 2022/23</b>				
	<b>Budget</b>	<b>Adjustment Budget</b>	<b>Actual Expenditure</b>	<b>Variance from original budget</b>	<b>Total Project Value</b>
Total All	45702400	50454174	48269720	5%	
MOGWADI INTERNAL STREET	4000000	4343517	3697831	-8%	
MUPYE PARK INTERNAL STREET	12014381	12014381	10334432	-16%	
MOKGEHLE INTERNAL STREET	12000000	12000000	10434627	-15%	
SAKO INTERNAL STREET	13788019	12225832	19631111	30%	
EQUIPMENTS	200000	0			
COMPUTER HARDWARE	700000	444849	440946		
MOREBENG ROAD		4500000	0		
20X CULVERT BRIDGES (CIRCULAR/BOX)	3000000	4925595	3730773	20%	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					<i>T 3.7.9</i>

## 3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

### a) INTRODUCTION TO TRANSPORT

Public transport forms a key part in the socio-economic development of our municipality. It also assists in providing communities with access to opportunities outside the local community. This is important to our Municipality as there are no opportunities for sustainable employment in most villages. The communities are mostly dependent on public transport to reach health care facilities, schools and other social facilities.

# Chapter 3

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The Limpopo's road network within the District consist of National, Provincial and District roads. The national roads are managed by SANRAL, Provincial and District road network is managed by Road Agency Limpopo and the Provincial Department of Public Works, Roads and Infrastructure. The municipality has Law Enforcement Officers and through concerted law enforcement and educational campaigns, we strive for the reduction of fatal crashes on our municipal roads especially along the N1 from Polokwane to Musina. The municipality is operating two Driver's License and Testing Centres operating in Mogwadi and Morebeng. There are plans underway to also convert Moletji Satellite office into a Licensing service. For the year under review the two Centres have processed a **total of 6060 driver's licenses and 4387 learner's licenses. A further 10 of received applications for vehicle registrations were processed.**

The railway line that runs between Musina and Johannesburg passes in our municipality with Morebeng as one of the stations. There is no landing strip in the municipal area. Apart from the road network, there is a railway line servicing the Molemole LM. This line links Polokwane to Makhado and other towns in the north and south via Molemole LM in a north-south direction. Currently this line only provides a freight service and long distance passenger service. There is a need to unearth economic activities emanating from this railway line. Being a municipality that its economy is mainly on agriculture, the railway could serve as a link to transport fruit and vegetables to the market.

The municipality now have eleven existing and functional scholar patrol points attended to within the municipality. Due to a skeletal traffic staff other scholar patrols are conducted by the Molemole Community Safety Forum (CSF). The patrol points are:

- Dendron primary school
- Deelkraal primary school
- Boduma primary school
- Lephale primary school
- Kgothloana primary school
- Nhlodimele primary school
- Nanedi primary school
- Phala primary school
- Lehaiwa secondary school
- Kgwadu primary school
- Makgato cross

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**b) CHALLENGES PERTAINING TO PUBLIC TRANSPORT.**

- Lack of efficient public transport accessibility due to poor road infrastructure;
- High taxi fare tariffs in areas where road infrastructure is poor;
- Increased motor vehicle ownership and reluctance to use public transport;
- None compliance with transport permits to public transport owners, especially the bus and taxi industry;
- Lack of access to, and within villages;
- Lack of storm water provision on most of our municipal roads;
- Lack of fencing on some of key strategic Municipal, Provincial and National Roads;
- Stray animals cause accidents which at some stage claims many lives and
- Lack of clear road markings and signage.

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**3.9 WASTE WATER (STORMWATER DRAINAGE)**

During the year under review maintenance of storm water infrastructure was done as per the table below:

<b>Storm water Infrastructure</b>				<b>Kilometers</b>
	<b>Total Storm water measures</b>	<b>New Storm water measures</b>	<b>Storm water measures upgraded</b>	<b>Storm water measures maintained</b>
2019/20	145	20	3	110
2020/21	165	20	5	130
2021/22	185	20	10	150
2022/23	205	20	25	160
				<i>T 3.9.2</i>

Cost of Construction/Maintenance			
R' 000			
Year	Storm water Measures		
	New	Upgraded	Re-worked
2019/20	2000	1500	300
2020/21	3000	2000	550
2021/22	3500	2500	600
2022/23	3000	2000	300

T 3.9.3

### Employees under Storm water services as at 30<sup>th</sup> June 2023

Employees: Storm water Services					
Job Level	2021/23	2022/23			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	0	1	0	0	0
7 - 9	6	1	1	0	0
10 - 12	2	1	2	0	0
13 - 15	0	0	1	0	0
16 - 18	0	0	0	0	0
19 - 20	0	1	0	0	0
20-21	0	0	0	0	0
21-22	0	0	0	0	0
22-23	0	0	0	0	0
Total	8	4	4	0	0

T3.9.6

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## COMPONENT C: PLANNING AND DEVELOPMENT

### 3.10 PLANNING

#### a) INTRODUCTION TO PLANNING

The municipality's planning strategy is to promote Spatial Transformation and development through the implementation of the Integrated Development Planning and Land Use Management Systems. The regional and local context analysis of Molemole has revealed a Municipality that is characterized by a fragmented spatial structure comprising of small, low density, spatially segregated settlements with limited economic and social opportunities which have created unviable and unsustainable settlements. Molemole Municipality is a rural municipality characterized by sparsely populated areas in which people predominately practice both subsistence and commercial farming, villages or informal settlements as well as small towns. The municipality comprises of 3 types of Land Tenure Systems Namely Private, Municipal and Traditional Authority. The municipality settlement hierarchy is characterized by first order (Hamlets), second order (Villages) and third order (Small towns) settlement patterns.

During the year under review the Municipality has implemented the following projects as part of the Municipal Development programme:

- Twelve (12) Locally based Emerging farmers were recruited and provided with Mentoring on Agricultural farming
- Two (2) smmes have been supported by Municipality for a period of three months.
- Sixty-four (64) assorted seeds were procured for distribution to identified beneficiaries who have got a passion for farming. The main objective is to generate interest among the youth and the Municipality committed through budget allocation to continue with the support

Budget allocation will be made in the 2023/024 financial year for the development of Growth and Development Strategy as well as Geographic Information System (GIS). The Municipality has experienced one incident of illegal occupation of vacant land. As at close of the financial year we were busy dealing with the matter. The tables below will give statistical information on applications for Land use Management. This is part of aiding development in the area.



Applications for Land Use Development						
Detail	Formalizations of Townships		Rezoning		Building plans	
	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023
Planning application received	0	0	15	12	20	60
Determination made in year of receipt	0	0	15	4	20	05
Determination made in following year	0	0	0	0	0	0
Applications withdrawn	0	0	0	1	1	0
Applications outstanding at year end	0	0	0	6		55

Employees: Planning Services					
Job Level	2020/2021	2022/23			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.		No.	%
0 - 3	1	1	0		0%
4 - 6	0	0	0	0	0%
7 - 9	1	1	1	0	0%
10 - 12	1	1	1	0	0%
13 - 15	0	0	0	0	0%
16 - 18	2	2	2	0	0%
19 - 20	0	0	0	0	0%
Total	5	5	4	0	0%

T 3.10.4

- Below is a table detailing financial performance for the planning services in the 20221/22 financial year:

<b>Financial Performance Year 2022/23: Road Services</b>					
<b>R'000</b>					
<b>Details</b>	<b>Year 2021/22</b>	<b>Year 2022/23</b>			
	<b>Actual</b>	<b>Original Budget</b>	<b>Adjustment Budget</b>	<b>Actual</b>	<b>Variance to Budget</b>
<b>Total Operational Revenue</b>	37991020	39792000	44292000	39786148	0%
Expenditure:					
Employees	6513398	4865940	4865940	8848998	45%
Repairs and Maintenance	9879711	10373697	10373697	9061561	-14%
Other	13837197	14463171	13809861	15602393	7%
<b>Total Operational Expenditure</b>	30230306	29702808	29049498	24451391	-21%
<b>Net Operational Expenditure</b>	-7760714	-10089192	-15242502	-15334757	34%
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 3.7.8</i>

- Capital Expenditure for planning services

<b>Capital Expenditure 2021/22: Planning Services</b>					
<b>R' 000</b>					
<b>Capital Projects</b>	<b>Year 2022/2023</b>				
	<b>Budget</b>	<b>Adjustment Budget</b>	<b>Actual Expenditure</b>	<b>Variance from original budget</b>	<b>Total Project Value</b>
<b>None</b>					
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					<i>T 3.10.6</i>

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### 3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

#### a) INTRODUCTION TO ECONOMIC DEVELOPMENT

The national local economic development framework defines LED as the process by which public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation with the objective of building up the economic capacity of a local area to improve its economic future and the quality of life for all”.

The purpose of local economic development (LED) is to build up the economic capacity of a local area to improve its economic future and the quality of life for all. It is a process by which public, business and nongovernmental sector partners work collectively to create better conditions for economic growth and employment generation. Some of the LED goals include:

- Ensuring that the local investment climate is functional for local businesses;
- Supporting small and medium sized enterprises;
- Encouraging the formation of new enterprises;

LED is never the business of some unit of the municipality alone. It’s a collaborative effort between government, business, civil society, labour, academia, State Owned Entities and the voluntary sector as well as individuals. Collaboration spans planning, funding, implementing, monitoring, reporting and review of programmes.

KEY PERFORMANCE AREA	LOCAL ECONOMIC DEVELOPMENT	
Priority Area	Strategic Objective for the KPA	Strategies per priority area
Local Economic Development	Ensure continuous stakeholder engagements for creation of conducive environment for new innovation and initiatives as stipulated in the LED Strategy	<ul style="list-style-type: none"><li>▪ To unlock economic potential by creating a conducive environment for investment to facilitate economic growth and sustainability.</li><li>▪ Ensure continuous stakeholders engagements for creation of conducive environment for new innovation and initiatives</li><li>▪ To continuously provide support to the SMME’s through formation of partnerships with key stakeholders</li></ul>

Molemole is rich and very active when it comes to agricultural activities. About 29,9% of all households practice livestock farming with 24,1% farming poultry, 13,5 planting vegetables, 21,8 planting other crops other than vegetable while 10,7% are practicing any other farming activities.

<b>Employment 15 years and Older</b>	
<b>Employment Status</b>	<b>Number</b>
Employed	15225
Unemployed	11344
Discouraged Work Seeker	2948
Not Economically Active	32080
<b>Total</b>	<b>61 597</b>

Source: Statssa 2022

#### **Job Creation through EPWP and CWP**

The municipality is pleased to announce that the CWP programme is still continuing in the current financial. The CWP is a government's initiative to provide a job safety net for unemployed people of working age. Beneficiaries of this programme help with community cleaning campaigns in the neighborhoods for a monthly stipend. At the beginning of the financial year the municipality had about 1 065 participants in the programme. To date more than 252 additional beneficiaries were recruited to increase the overall number of beneficiaries to 1 315. This is part of our commitment to contribute to job creation and enable more people to participate in the economic mainstream. Furthermore, a total of 60 job opportunities were created for EPWP programme deployed within the municipality. Summary of jobs created through EPWP and CWP Projects

<b>Job creation through EPWP projects</b>		
<b>Details</b>	<b>Jobs created through EPWP (Infrastructure &amp; Environment) projects No.</b>	<b>Jobs created through CWP projects No.</b>
2019/20	67	38
2020/21	89	52
2021/2022	60	250
2022/2023	60	252
Extended Public Works Programme		3.11.6

<b>Employees: : Local Economic Development Services</b>					
<b>Job Level</b>	<b>2020/21</b>	<b>2022/23</b>			
	<b>Employees</b>	<b>Posts</b>	<b>Employees</b>	<b>Vacancies (fulltime equivalents)</b>	<b>Vacancies (as a % of total posts)</b>
	<b>No.</b>	<b>No.</b>		<b>No.</b>	<b>%</b>
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	0	0	0	0	0%
10 - 12	0	0	1	0	0%
13 - 15	0	0	0	0	0%
16 - 18	1	1	1	0	0%
19 - 20	0	0	0	0	0%
20 - 21	2	3	0	0	
<b>Total</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>0%</b>

T 3.10.6

<b>Financial Performance Year 2022/23: Local Economic Development Services</b>					
					<b>R'000</b>
<b>Details</b>	<b>Year 2021/22</b>	<b>Year 2022/23</b>			
	<b>Actual</b>	<b>Original Budget</b>	<b>Adjustment Budget</b>	<b>Actual</b>	<b>Variance to Budget</b>
<b>Total Operational Revenue</b>	0	0	0	0	
Expenditure:					
Employees	3131495	2476141	2395860	3807433	35%
Repairs and Maintenance	0	0	0	0	0%
Other	1119998	1513	153732	208001	99%
<b>Total Operational Expenditure</b>	<b>4251493</b>	<b>2477654</b>	<b>2549592</b>	<b>4015434</b>	<b>38%</b>
<b>Net Operational Expenditure</b>					

*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

## COMPONENT D: COMMUNITY & SOCIAL SERVICES

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

#### a) LIBRARIES

The municipality has three functional libraries, Mogwadi, Ramokgopa and Morebeng. For extension of services to schools, there are seven mobile libraries at Rakgasema Pre-School in Eisleben, Kgwadu Primary School in Sekonye, Itshomeleng Primary School in Nthabiseng, Sefoloko High School in Mokomene, Mangwato Primary School in Mohodi and Seripa High School in Brussels. The Librarians visit these mobiles once a month for support and monitoring. Shortage of staff and furniture are challenges still identified in 2021/22 and also the consistent cut-off of electricity.

The municipality has a Service Level Agreement with the Department of Arts and Culture where issues pertaining to support from the department in terms of provision of personnel, equipment and maintenance of infrastructure are clearly outlined. The department of Arts Sports & Culture seconded two (2) additional officials to Molemole local municipality to assist the current staff compliment.

Job Level	Employees: Libraries, Archives, Museums, Galleries, Community facilities, Other				
	2020/21 Employees No.	Posts No	Employees No.	2022/22 Vacancies (full time equivalent) No.	Vacancies (as a % of total posts)
0-3	0	0	0	0	0%
4-6	0	0	0	0	0%
7-9	0	0	0	0	0%
10-12	01	01	01	0	0%
13-15	01	01	01	0	0%
16-18	0	0	0	0	0%
19-20	0	0	0	0	0%
Total	0	02	02	0	0%

T3.12.4

<b>Financial Performance Year 2022/23: Libraries; Archives; Museums; Galleries; Community Facilities; Other</b>					
<b>R'000</b>					
<b>Details</b>	<b>Year 2021/22</b>	<b>Year 2022/23</b>			
	<b>Actual</b>	<b>Original Budget</b>	<b>Adjustment Budget</b>	<b>Actual</b>	<b>Variance to Budget</b>
<b>Total Operational Revenue</b>	7492994	11114485	10444742	11541313	4%
Expenditure:					
Employees	21335052	25270644	25270644	23577157	-7%
Repairs and Maintenance	786016	851674	851674	751326	-13%
Other	3925047	3521279	3521279	3882401	9%
<b>Total Operational Expenditure</b>	26046115	29643597	29077004	28210884	-5%
<b>Net Operational Expenditure</b>	18553121	18529112	18529112	16669571	-11%
<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>					

Capital Expenditure for Libraries, Archives, Museums, Galleries and Community facilities:

<b>Capital Expenditure Year 2022/23: Libraries; Archives; Museums; Galleries; Community Facilities; Other</b>					
<b>R' 000</b>					
<b>Capital Projects</b>	<b>Year 2022/23</b>				
	<b>Budget</b>	<b>Adjustment Budget</b>	<b>Actual Expenditure</b>	<b>Variance from original budget</b>	<b>Total Project Value</b>
Total All	2300000	2470000	2170000	-6%	
SKIP LOADER	2200000	2170000	2170000	-1%	
EQUIPMENTS	100000	300000			
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					
<i>T 3.12.6</i>					

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### 3.13 CEMETORIES AND CREMATORIUMS

#### a) CEMETERIES

Molemole Local municipality is responsible for the maintenance and upkeep of the Mogwadi cemeteries because this is the area where the municipality is able to levy rates for burial purposes. The Morebeng burial site is under the custodianship of the community and therefore the municipality is no longer responsible for preparation during bereavement. The EPWP personnel has been assigned for the cleaning and maintenance of Mogwadi cemetery. The Municipality further deploy CWP personnel to clean burial sites at various villages as and when it is requested to do so.

#### b) SERVICE STATISTICS FOR CEMETERIES

Only eleven (11) burials were approved in the year under review.

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### 3.14 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

#### a) INTRODUCTION TO CHILD AND AGED CARE; SOCIAL PROGRAMMES

The special programmes office, which is under the office of the Mayor, is responsible for the coordination of activities relating to: HIV/AIDS, People living with Disabilities, Older Persons, Youth as well as Women and Children. Since two officials have been added to the Special Focus unit the municipality has recorded a marked improvement in the functionality of the special programmes activities.

The following forums have been established to assist with coordination of special programmes functions:

**Local Aids Council:** Five local aids Council meetings were coordinated during the 2021/22 financial year. The Local Aids Council meetings are preceded by the Wards Aids Council meetings, the technical meetings as well as Monitoring and Evaluation. We appreciate our sector departments and the district for providing the necessary support to ensure our Local Aids Structures are functional. Three Local aids council meetings were coordinated in the year under review instead of the planned four. The overall cost of coordinating the events was R 185 613.53, which was against an annual budget allocation amount of R 185 925. The municipality further participates in the district and provincial Aids Council activities.



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**Older Persons forum:** Only two Older persons support programmes were coordinated at an overall cost of R 55 000. Three support programmes were planned for the year but the last one could not be coordinated due to insufficient budget allocations.

**Disability forum:** Three support programmes were coordinated at a cost of R 57 365.00 during the year under review.

**Women and Children:** Three support programmes were organized during the year under review at a cost of R 238 975. The expenditure was incurred on organized the Annual women's day celebration, 16 days' campaign for No violence against women and children as well as Children's IDP public participation event to give them an opportunity to make inputs into the municipal planning documents. The objective was to create an environment and space where women are empowered about issues that directly affect them, either socially or economically and also given information and strategies on how to overcome them

**Youth Support activities:** Two youth support programmes were coordinated in the 2022/23 financial year to focus on youth dialogue to empower the youth through job creation and entrepreneurship. The total cost of the arranging youth programmes for the year under review was R 138 521.

#### **b) CHALLENGES OF SOCIAL PROGRAMMES FUNCTION**

The Municipality is happy with the progress of the special programmes activities. Other special programmes forum like Men's forum should play an active role in shaping the social fabric of society. We call on more participation of sector departments at a local level to ensure the vulnerable within our society are given an opportunity to enjoy their lives to the fullest, without being made to feel that they are subhuman.

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### **c) SERVICE STATISTICS FOR CHILD CARE AND SOCIAL PROGRAMMES**

Currently, the municipality has succeeded in establishing the local aids council, Youth forums, and Older Persons as well as Disability forums.

## **COMPONENT E: ENVIRONMENTAL PROTECTION**

### **3.15 POLLUTION CONTROL**

#### **a) INTRODUCTION TO POLLUTION CONTROL**

The district is the competent authority on air quality. The municipality provides a facilitation and coordination role on initiatives conducted within the municipal jurisdiction. The District has just finalized the air quality management plan (AQMP) in February 2018 which focus on the following aspects:

- Health impacts of key atmospheric pollutants
- Meteorological review
- Ambient air quality control and management
- Source identification and emission quantification
- Air quality management
- Emission reduction strategies and implementation
- Capacity Building and training.

The municipality will provide a supporting role during the implementation of the above within our area. The AQMP plan will guide the current state of air quality in an area, how it is changing over time and what can be done to ensure clean air is achieved and maintained.

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## COMPONENT F: HEALTH

### 3.17 **CLINICS**

The function is a key competency for the Department of Health. The municipality only plays a coordinating role by referring any community requests to the department of health. All requests raised during Mayoral Imbizos are accordingly forwarded and follow ups are made to give feedback to the community.

### 3.18 **AMBULANCE SERVICES**

The function is a key competency for the Department of Social development. The municipality only plays a coordinating role

### 3.19 **HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION; ETC**

The function is a key competency for the Capricorn District Municipality. The municipality only plays a coordinating role

## COMPONENT G: SECURITY AND SAFETY

The Community Safety Forum (CSF) in Molemole local municipality was established during 2010/11 financial year by the MEC of the department of Safety, Security and Liaison, the structure is still existing, and members serve on a five (5) year basis. The main aim of the CSF is to empower the community of Molemole on issues related to safety and security at their local areas. Molemole municipality has ten (10) CSF members.

### 3.20 **POLICE**

The function is a key competency for the South African Police Services (SAPS)

### 3.21 **FIRE**

The function is a key competency for the Capricorn District Municipality.

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### **3.22 OTHER (DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES AND OTHER)**

The functions are a key competency for the South African Police Services (SAPS) and Capricorn District Municipality.

## **COMPONENT H: SPORT AND RECREATION**

### **3.23 SPORT AND RECREATION**

#### **a) INTRODUCTION TO SPORTS AND RECREATION**

Sports and Recreation are key competencies of the Department of Sports, Arts and Culture. The municipality coordinates programmes from the department and Capricorn District Municipality. The Municipality however make budget allocations for the maintenance of our two sports complexes: Ramokgopa and Mohodi to ensure they continue to be first choice for recreational needs of the community.

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## COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

### 3.24 EXECUTIVE AND COUNCIL

#### a) INTRODUCTION TO CORPORATE POLICY OFFICES

The functions in this category are distributed amongst different Directorates within the Municipality. Corporate policy issues are handled on a departmental basis depending on the responsibility for the specific function. The Directorate Financial Services is responsible for the financial affairs of the Municipality. The Directorate Corporate Services is responsible for the Human Resources as well as Information Technology functions of the Municipality. The latter Directorate is also responsible for rendering general administrative services to the Municipality overall as well as administrative and support services to ensure the effective functioning of Council and its Committees. Specific support services are rendered to the Office of the Mayor, Executive Committee and the Office of the Speaker and Chief Whip.

#### b) THE EXECUTIVE AND COUNCIL

The municipal council consists of thirty-two (32) Councillors composed of five political parties, the ANC, the EFF, the Democratic Alliance, CICAf and CIVIC WARRIORS. Molemole municipality has constituted an Executive Committee led by the Mayor, Councillor Paya M.E. Corporate Services department is responsible to provide general administrative support to the office of the Speaker and Chief Whip whilst office of the MM is responsible to provide administrative support to office of the Mayor. The executive committee meet prior all Council meetings to consider matter referred to it by various Portfolio committees. The Executive committee recommend to Council on all matters affecting the Municipality.

**Financial Performance Year 2022/23: The Executive and Council**

Details	Year 2021/22	Year 2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>					
Expenditure:					
Employees	22,798,583.00	25,963,288.00	25,963,288.00	13,246,423.00	-96%
Repairs and Maintenance					
Other	12,094,370.96	10,174,948.00	12,210,859.00	27,808,671.00	63%
<b>Total Operational Expenditure</b>	35,367,263.00	41,946,713.00	40,524,510.00	41,055,094.00	-2%
<b>Net Operational Expenditure</b>	35,367,263.00	41,946,713.00	40,524,510.00	41,055,094.00	-2%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
					T 3.24.5

### 3.25 FINANCIAL SERVICES

Debt Recovery								
R' 000								
Details of the types of account raised and recovered	Year (2020-2021)			Year (2021-2022)			Year (2022-2023)	
	Billed in Year	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	20,174,331.54	9,708,430.84	48%	30,620,884.19	28,858,881.81	0.94	32,470,500.88	100%
Electricity	1,904,066.65	1,663,161.54	87%	343,863.31	759,780.26	2.21	622,875.68	100%
Water	1,246,632.07	429,024.84	34%	1,398,612.70	416,837.08	0.30	1,458,362.00	100%
Sanitation	757,785.00	253,743.91	33%	869,377.60	311,274.20	0.36	912,560.00	100%
Refuse	2,203,225.04	432,357.63	20%	2,750,397.53	493,520.53	0.18	2,522,979.40	100%
Other	1,203,695.48	366,261.83	30%	2,818,670.33	798,696.88	0.28	181,782,418.00	100%
								T 3.25.2

Financial Performance Year 2022/23: Financial Services					
					R'000
Details	Year 2021/22	Year 2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	193,892,922.00	224,212,259.00	221,938,184.00	212,637,083.00	-5%
Expenditure:					
Employees	16,267,041.00	16,399,000.00	16,399,000.00	16,316,983.00	-1%
Repairs and Maintenance	-	-	-	-	
Other	17,737,132.00	20,991,478.00	20,832,132.00	20,559,058.00	-2%
<b>Total Operational Expenditure</b>	34,004,173.00	37,390,478.00	37,231,132.00	36,876,041.00	-1%
<b>Net Operational Expenditure</b>	-	-	-	-	
	159,888,749.00	186,821,781.00	184,707,052.00	175,761,042.00	-6%
<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 3.25.5



<b>Employees: Financial Services</b>					
<b>Job Level</b>	<b>2020/2021</b>	<b>2021/22</b>			
	<b>Employees</b>	<b>Posts</b>	<b>Employees</b>	<b>Vacancies (fulltime equivalents)</b>	<b>Vacancies (as a % of total posts)</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>%</b>
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	2	8	6	2	25%
10 - 12	0	03	03	0	0%
13 - 15	0	04	04	0	0%
16 - 18	0	04	04	0	0%
19 - 20	0	0	0	0	0%
<b>Total</b>	<b>02</b>	<b>19</b>	<b>17</b>	<b>02</b>	<b>1%</b>

T 3.25.4

<b>Capital Expenditure Year 2022/23: Financial Services</b>					
					<b>R' 000</b>
<b>Capital Projects</b>	<b>Year 2022/23</b>				
	<b>Budget</b>	<b>Adjustment Budget</b>	<b>Actual Expenditure</b>	<b>Variance from original budget</b>	<b>Total Project Value</b>
Total All	-	-	-	-	

*Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.*

T 3.25.6

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## **3.26 HUMAN RESOURCE SERVICES**

### **3.26.1 INTRODUCTION TO HUMAN RESOURCE SERVICES**

Human Resources management and development is critical in building stability in a municipality and ensure that the municipality is appropriately resourced and capacitated with suitably qualified staff to fulfil its constitutional mandate. The Human Resource Unit is responsible to facilitate recruitment, selection, appointment, induction, training, promotion/transfers, labour relations and compensation of employees and political leadership. The unit reports directly to the Senior Manager: Corporate Services and consists of the following staff complements: Manager: Human Resources, HR Officer, OHS Officer and Assistant HR Officer. There were two Interns responsible to provide administrative support to the unit and also as part of giving graduates an opportunity to prepare for the demands of the job market. Over and above the intern the unit managed to place one Experiential Learner as a means to provide them with an opportunity to do practical work in order to qualify for their respective qualifications.

The HR Unit also recruit experiential learners for other municipal departments as a way to support skills development and practical work experience for graduates. The HR unit ensure a smooth operation by devising relevant HR policies which are in line with legislation for, among others, the following areas: time and attendance management, Overtime, Training and development, Employee bursary, Health and Safety. It does this through various Human Resource Committees as outlined in section 1.4 above.

### **3.26.2 SERVICE STATISTICS FOR HUMAN RESOURCE SERVICES**

#### **a) Employee Wellness Program**

The municipality continues to provide Employee Wellness Services to all employees who require such services. Employees are given time off every Wednesday afternoon to participate in various sporting activities. It is our believe that this will help our employees to socialize and appreciate team work and will also help enhance their health. Furthermore, our OHS Officer is tasked with the responsibility to monitor all our buildings to ensure they comply with the Occupational and Safety Standards. We don't want our workplaces to affect the wellbeing of our employees.

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### 3.26.3 Individual Performance Management

The Municipality has revised the Individual performance management policy to be in line with Chapter 4 of the new staff regulations as outlined in the Government Gazette number: 45181 (2021). The Municipality conducted awareness workshops to all employees in relation to the changes brought by the new staff regulations. Departmental and Municipal Moderation committees will be established to quality assure the scoresheets before a final decision is taken about payment of performance bonuses, where applicable. A total of one hundred and forty-three (143) employees were assessed for 2021/2022 financial year during the year under review. All assessed scoresheets were then subjected to a rigorous review by the PMS (first review), Internal Audit (2<sup>nd</sup> review) and lastly moderated by the Committee constituted by the Municipal Manager. The final reviewed report was submitted for oversight purposes to Audit Committee, which recommended to Council for approval. As committed in our 2021/22 Annual report the municipality is now ready to migrate our individual performance management to electronic version which will help us safeguard all performance related documentation for future reference and for any further scrutiny, should it be necessary.

### 3.26.4 Personnel Provisioning

- **Recruitment and retention of employees** – 11 Interns and 09 positions were filled in the 2022/23 financial year. The recruitment per department was as follows:

- 

Department	Total new recruits
LED & P	02
Technical Services	03
Community Services	05
Budget and Treasury	01
Municipal Manager	03
Corporate Services	06
<b>Total</b>	<b>20</b>

EMPLOYMENT EQUITY ALL EMPLOYEES	
Female	83 (44%)
Male	105 (56%)
<b>Grand Total</b>	<b>188</b>

- **Gender representatives** in respect of departments is outlined hereunder:

Department	Female	Male	Total
Community Services	28 (42%)	39 (58%)	67
Corporate Services	24 (73%)	09 (27%)	33
Local Economic Development & Planning	4 (57%)	3 (43%)	7
Budget and reporting	15 (56%)	13 (44%)	27
Technical Services	5 (12%)	36 (88%)	41
Municipal Manager's office	9 (69%)	3 (31%)	13
<b>Grand Total</b>	77 (46%)	103 (55%)	188

- **Disability** profile for the whole organization is represented hereunder.

Number of total employees = 188  
 Number of people with disability = 3  
 Percentage = 1.6% (Unchanged compared to previous financial year)

- **Equity Status** at managerial level as at end 2022/2023 Financial year.

Occupational Category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
15-17	10	0	0	0	5	0	0	0	15
Percentage	67%	0	0	0	33%	0	0	0	100%

- **Occupational Health and Safety** – Occupational Health and Safety committee is established and fully functional. The municipality has complied with the Collective Agreement by ensuring that legislated Committees that handle human resources related issues are established and active. OHS meeting were held in the 2021/22 financial year to address OHSA related issues in the workplace.
- **Human Resources Development** – The municipality continue to offer funding to employees to further their studies as part of support for career development. In the 2021/22 financial year the municipality has approved new bursaries for three (3) more employees at various levels to further their studies. Other employees were continuing with their studies from previous financial year. The total number

of employees benefiting from the bursary stood at nine (9) at a total cost of R 494 405 compared to R 392 982 in the 2020/2021 financial year. This is an increase of 25.8% percent.

- **Workplace Skills Plan (WSP) and the Annual Training Report (ATR) were developed and submitted to the Local Government SETA by the 30th of April 2023. The municipality has complied with the WSP by running interventions that were identified during the WSP compilation. For the year under review the municipality has spent significantly well on the annual budget on implementation of the Workplace skills plan.**
- **Leave Management** - The electronic leave management is now fully in place and all employees have been capacitated to use the system. The online system makes it easy to manage leave accurately. The Human resource division is conducting leave audits on a quarterly basis. Total Annual leave days taken for the year under review was 3108 and total sick leave days taken was 1312
- **Labour Relations** – The Municipality continued to facilitate Local Labour forum meetings during the 2021/22 financial year. This signals a good working relationship between Management and labour unions, hence there was no employee strike during the year under review. Only one (01) unfair labour practice dispute was referred to the SALGBC during the year under review and the matter is before the high court to pronounce on the legality of the decision that gave rise to the dispute.

<b>Employees: Human Resource Services</b>					
<b>Job Level</b>	<b>2020/21</b>	<b>2021/22</b>			
	<b>Employees</b>	<b>Posts</b>	<b>Employees</b>	<b>Vacancies (fulltime equivalents)</b>	<b>Vacancies (as a % of total posts)</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>%</b>
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	1	1	1	0	0%
10 - 12	2	2	3	0	0%
13 - 15	0	0	0	0	0%
16 - 18	1	1	1	0	0%
19 - 20	0	0	0	0	0%
Total	4	4	5	0	0%
					T3.26.4

- COMMENT ON THE PERFORMANCE OF HUMAN RESOURCE SERVICES OVERALL**

A total of 20 employed learners have benefited from the Learnership programs that were conducted during the year under review and the certificates of competency will be issued during the graduation ceremony which will be confirmed by the service provider and LGSETA.

<b>Financial Performance Year 2022/23: Human Resource Services</b>					
<b>R'000</b>					
<b>Details</b>	<b>Year 2021/22</b>	<b>Year 2022/23</b>			
	<b>Actual</b>	<b>Original Budget</b>	<b>Adjustment Budget</b>	<b>Actual</b>	<b>Variance to Budget</b>
<b>Total Operational Revenue</b>	178631	232488	872488	479330	51%
Expenditure:					
Employees	2999004	2972730	2972730	2977849	0%
Repairs and Maintenance		0	0		0%
Other	3624174	5501961	6290037	4241957	-30%
<b>Total Operational Expenditure</b>	6623178	8474691	9262767	7219806	-17%
<b>Net Operational Expenditure</b>	6444547	8242203	8390279	6740476	-22%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					<i>T 3.26.5</i>

<b>Capital Expenditure Year 2022/23: Human Resource Services</b>					
<b>R' 000</b>					
<b>Capital Projects</b>	<b>Year 2022/23</b>				
	<b>Budget</b>	<b>Adjustment Budget</b>	<b>Actual Expenditure</b>	<b>Variance from original budget</b>	<b>Total Project Value</b>
Total All	0	0	0	0	0
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					<i>T 3.26.6</i>

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### 3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

The municipality has procured 20 laptops, 20 bag packs, 02 10KVA Uninterrupted Power supplies, 10 multifunction colour printers, 02 servers and CCTV security cameras. CCTV cameras have been installed at all municipal offices. All ICT system licenses have been renewed. ICT Steering Committee meetings were conducted in line with the ICT Terms of reference. The process of fully migrating to MSCOA is well underway and the municipality has recently enlisted the Asset Management module, Supply Chain Management Module, Budget Module as well as Performance Management System. The municipality has extended the contract for Telkom for provision of VoIP Telephone Management system for three (03) years in terms of Section 116 (3) of the Municipal Finance Management Act, 2003 (Act 56 of 2003) and Section 110 (2) of the Municipal Finance Management Act, 2003 (Act 56 of 2003) which deals with contract amendments.

The project for installation of ICT infrastructure at Moletji satellite office was successfully completed. Three network towers has been installed and the office is fully functional. The ICT equipment like printers and telephone gadgets will be installed in 2023/24 Financial year. As reported elsewhere in the report that Moletji satellite office will be repurposed for the provision of licensing services we can safely report that the ICT infrastructure is ready to enable provision of the services.

There are five main municipal offices that require constant monitoring and support by the ICT division. Currently there are only two officials, the ICT Manager and Desktop Technician who are responsible for providing support in all the service sites. We are pleased to report that plans are underway to recruit an additional Technician in the 2023/2024 financial to cater for the envisaged increase in the workload.

The ICT unit manages a total of seven (07) physical Servers and ten (10) Virtual servers. A total of 154 users have been given access to the emails and internet services. All satellite offices are using wireless network connection to connect to the head office. There were no reports of serious system failures during the year under review and the municipality is happy with the level of professionalism displayed by the various service providers appointed to provide ICT services.

The municipality has entered into service level agreements with the following service providers for the provision of various ICT Services:

Name of service provider	Services offered
SITA	Server support and Maintenance, website support and maintenance and WAN support and maintenance
Business connection	Financial System
Telkom SA SOC	VOIP telephone system
Payday	Payroll system
CCG Systems	Performance Management System
XLP	Photocopier Machines
Batsibi Technologies	Implementation of Disaster Recovery Plan

## a) THE OVERALL PERFORMANCE OF ICT SERVICES

There were persistent downtimes with regard to internet connection which also affected emails in our service points. The SITA contract has been renewed for a further three years and we are hopeful that this challenge will be resolved once and for all. The downtime on the internet also affected the functionality of our systems which can have a negative impact on the generation of compliance reports for the municipality. The Municipality is considering installation of Wi-Fi in 2023/24 financial year at all municipal offices in order to provide fast and reliable internet access to municipal officials.

EMPLOYEES: ICT SERVICES					
Job Level	2021/22	2022/23			
	Employees No.	Posts No	Employees No.	Vacancies (full time equivalent) No.	Vacancies (as a % of total posts)
07-09	0	0	0	0	0
10-12	1	1	1	0	0%
13-15	0	0	0	0	0
16-18	1	1	1	0	0%
19-20	0	1	1	0	0
Total	2	3	3	0	

Financial Performance Year 2022/23: ICT Services						R'000
Details	Year 2020/21	Year 2022/23				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>		0	0		#DIV/0!	
Expenditure:			0			
Employees	1,938,091.00	1,902,658.00	1,902,658.00	2,025,462.00	6%	
Repairs and Maintenance	1,556,547.00	1,991,206.00	1,991,206.00	2,250,614.00	12%	



Financial Performance Year 2022/23: ICT Services					
R'000					
Details	Year 2020/21	Year 2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Other	2,118,425.00	4,080,783.00	3,360,665.00	2,709,717.00	-51%
<b>Total Operational Expenditure</b>	5,613,063.00	7,974,647.00	7,254,529.00	6,985,793.00	-14%
<b>Net Operational Expenditure</b>	5,613,063.00	7,974,647.00	7,254,529.00	6,985,793.00	-14%
<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					

Capital Expenditure Year 2022/23: ICT Services					
R' 000					
Capital Projects	Year 2022/23				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	2370000	2532000	1788005	-33%	
ICT EQUIPMENT	2370000	2532000	592069	-300%	0
					90
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					T 3.27.6

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### 3.28 **PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES**

Legal services and Risk Management services falls under Municipal Manager's office whilst Procurement services are under the jurisdiction of Budget and Treasury department. The municipality has appointed a panel of six Law firms for a period of three years to assist with legal advises and for representation in cases where the municipality institute or have to defend itself legally. The Legal Service Manager is responsible for coordinating and monitoring the law firms to ensure the municipality gets value for money on cases under their adjudication.

As at close of the financial year on the 30th June 2023 the total contingent liability on legal cases against the municipality was at R 2 678 304 (compared R 2 625 211 in the previous year) and contingent assets were at R 1 096 868 (compared to R 1 044 400 in the previous year). Currently the municipality has three active cases in the litigation register, i.e. two contingent liability cases and one contingent asset case.

Risk Management services is led by two Risk Officers which falls under the office of the Municipal Manager, reporting to the Manager: Executive Support. The unit plays a critical role of security management, insurance administration as well as providing risk management services in all municipal outreach events, serving as Safety Officer. The two Officers work with the Chairperson of Risk Management Committee to coordinate all the activities relating to Risk Management in the Municipality.

#### COMPONENT J: MISCELLANEOUS

- **None.**

## COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

### 1. FINANCIAL PERFORMANCE OF THE MUNICIPALITY FOR THE FINANCIAL YEAR 2022/2023

#### 1.1 Total Revenue and Expenditure by Source

Description	Original Budget	Adjusted Budget	Year To Date actual	Year To Date variance	Year To Date variance	REASONS FOR MATERIAL VARIANCES
<b>Revenue By Source</b>						
Property rates	49 396 847	41 085 652	32 723 525	- 8 362 127	-20	During the budget stage, the figures included on the budget schedules were exclusive of the rebates which lead to the increase on the budgeted amount.
Service charges - electricity revenue	22 986 341	22 986 341	9 084 367	- 13 901 974	-60	During the budget phase a consideration of Fatima electrification was taken into account based on the existing project, however the project execution was delayed due to energizing challenges. Load shedding also had a negative impact on the sales.
Service charges - refuse revenue	2 603 836	2 603 836	2 522 930	- 80 906	-3	No material variance
Rental of facilities and equipment	266 190	266 190	262 179	- 4011	-2	No material variance
Interest earned - external investments	3 000 000	7 750 000	8 167 646	417 646	5	The municipality had excess cash available to make investments and earned more interest.

Description	Original Budget	Adjusted Budget	Year To Date actual	Year To Date variance	Year To Date variance	REASONS FOR MATERIAL VARIANCES
Interest earned - outstanding debtors	1 588 031	1 762 066	1 330 481	- 431 585	-24	Collection rate improved hence Interest on long outstanding debtors decreased.
Fines, penalties and forfeits	1 402 949	718 907	804 392	85 485	12	The municipality traffic officers managed to implement more vehicle inspection procedures including roadblocks.
Licenses and permits	8 055 111	8 055 111	4 362 599	- 3 692 512	-46	System interruption due to load shedding led to a decline in number of customers.
Agency services	756 352	756 352	709 857	- 46 495	-6	The District process of disconnecting conversional meters and the installation of the prepaid meters led to the decrease in water billing.
Transfers and subsidies	212 260 000	220 016 443	217 035 949	- 2 980 494	-1	No material variance
Other revenue	412 599	1 554 639	2 858 559	1 303 920	84	The other income includes the gain on actuarial amounting to R 2 648 329 as per the actuarial report which was not budgeted for.
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>302 728 256</b>	<b>307 555 537</b>	<b>279 862 483</b>	<b>- 27 693 054</b>	<b>-9</b>	

The Annual Revenue budgeted for 2022/23 financial year amount to **R 307 555 537**. The actual annual revenue collected for the period ending 30 June 2023 amounts to **R 279 862 483** against the 12 months' budget. The municipality has collected 91% by end of June 2023. On average 100% of all allocated annual budget should be collected by end of June 2023.

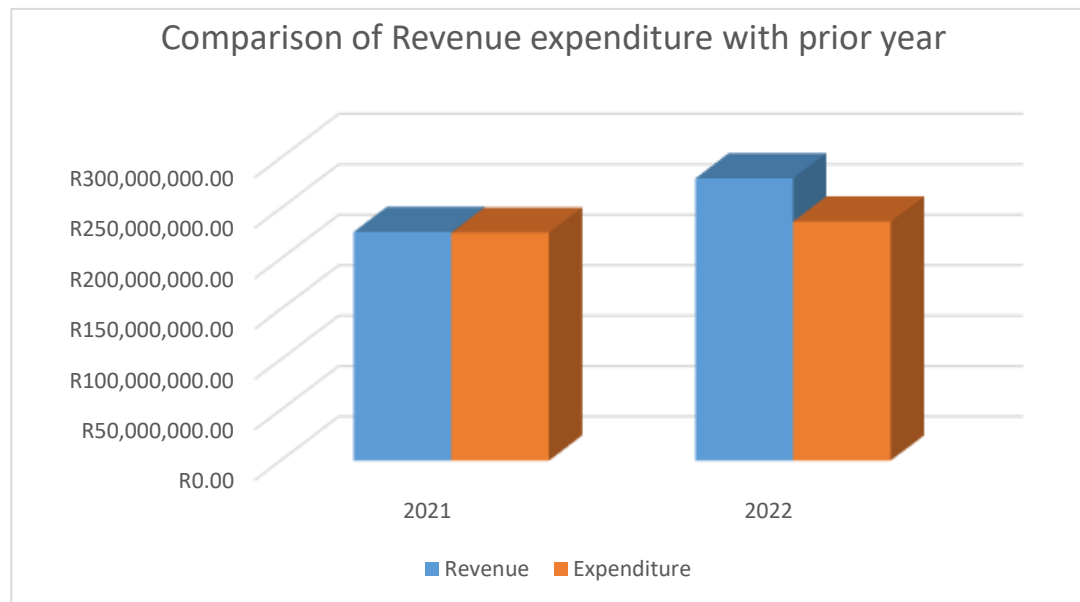
## 1.2 Operating Budget and Expenditure for the 2022/2023 financial year

Description	Original Budget	Adjusted Budget	Year TD actual	YTD variance	YTD variance	REASONS FOR MATERIAL VARIANCES
Employee related costs	104 547 620	103 525 816	100 714 091	2 811 725	3	No material variance
Remuneration of Councillors	13 973 932	14 477 932	13 208 745	1 269 187	9	No material variance
Debt impairment	3 497 872	3 797 872	499 020	3 298 852	87	Collection rate improved hence the debt impairment decreased.
Depreciation & asset impairment	19 813 041	19 813 041	19 847 571	34 530	0	The municipality budgeted based on the previous year assumptions.
Finance charges	116 842	126 442	26 394	100 048	79	The increase relates to finance cost as a result of revaluation performed on the rehabilitation of landfill site.
Bulk purchases - electricity	11 926 907	13 126 907	12 338 029	788 878	6	The municipality budgeted including the Fatima bulk point, however the projects was delayed.
Inventory consumed	7 803 884	7 159 395	6 703 081	-456 314	6	During the third quarter there were new regulation that required SCM policy to be reviewed, that resulted in some delays and affected procurement processes negatively.
Contracted services	42 102 799	40 001 343	37 597 530	2 403 813	6	During the third quarter there were new regulation that required SCM policy to be reviewed, that resulted in some delays and affected procurement processes negatively.
Other expenditure	40 923 280	42 196 343	37 371 255	4 825 088	11	During the third quarter there were new regulation that required SCM policy to be reviewed, that resulted

Description	Original Budget	Adjusted Budget	Year TD actual	YTD variance	YTD variance	REASONS FOR MATERIAL VARIANCES
						in some delays and affected procurement processes negatively.
<b>Total</b>	<b>244 706 177</b>	<b>245 326 696</b>	<b>229 407 322</b>	<b>-15 919 374</b>	<b>-6</b>	

The Annual operating budget for 202/23 financial year amounts to **R 245 326 696**. The actual annual expenditure for the period ending 30 June 2023 amounts to **R 229 407 322**. On average 100% of all allocated annual budget should be spent by end of June 2023, the municipality has spent 94% against the 12 months' budget on operating expenditure inclusive of staff benefits.

### 1.3 Chart: Revenue and Expenditure for 2022/2023



## 1.4 Capital Budget and Expenditure for the 2022/2023 financial year

Description	Original Budget	Adjusted Budget	Year To Date actual	Year to date variance	Year to Date variance (%)	REASONS FOR MATERIAL VARIANCES
<b>Capital Expenditure</b>						
Total Capital Expenditure	58 022 400	63 330 625	50 960 911	- 12 369 714	-20	The municipality incurred loss on transfer on asset to Eskom which affected the capital expenditure.

The Annual capital budget for 2022/23 financial year amounts to R 63 330 625. The actual annual capital expenditure for the period ending 30 June 2023 amounts to R 50 960 911. On average 100% of all allocated annual budget should be spent by end of June 2023, the municipality has spent 80% against the 12 months' budget.

## 1.5 COMPREHENSIVE ANALYSIS OF SERVICE DEBTORS

Detail	Current+ Vat	Previous +Vat	30 Days + Vat	60 Days + vat	90+ days + vat	Total Debt	Total Debt VAT	Total Service Debt
Electricity	-	14,401.40	18,201.79	14,768.14	3,364,082.86	3,169,851.89	241,602.30	3,411,454.19
Other service charges	-	6,665.23	6,630.11	6,597.62	915,105.24	873,682.77	61,315.43	934,998.20
Rates : Agricultural properties	-	124,675.44	123,950.77	123,792.23	13,244,856.07	13,617,274.51	-	13,617,274.51
Rates : Business and commercial	-	182,643.72	154,397.58	146,446.45	7,796,287.16	8,279,774.91	-	8,279,774.91

<b>Detail</b>	<b>Current+ Vat</b>	<b>Previous +Vat</b>	<b>30 Days + Vat</b>	<b>60 Days + vat</b>	<b>90+ days + vat</b>	<b>Total Debt</b>	<b>Total Debt VAT</b>	<b>Total Service Debt</b>
Rates : Farm properties	-	41.00	41.30	41.30	1,819.18	1,942.78	-	1,942.78
Rates : national government	-	1,734,861.71	1,729,768.84	1,719,441.16	48,996,073.77	54,180,145.48	-	54,180,145.48
Rates : Public service infrastructure	-	613.02	613.26	613.26	99,340.28	101,179.82	-	101,179.82
Rates : Residential development	-	272,688.15	255,391.30	248,420.86	13,174,003.54	13,950,503.85	-	13,950,503.85
Rates : Residential Vacant land	-	6,839.63	6,587.93	6,402.42	367,976.96	387,806.94	-	387,806.94
Waste		263,666.01	255,862.07	252,464.12	17,991,972.10	16,522,669.29	2,241,295.01	18,763,964.30
Waste water	-	107,625.52	99,015.03	96,718.84	4,192,125.18	4,015,359.00	480,125.57	4,495,484.57
Water	1,063.07	79,131.65	106,435.90	137,512.15	7,097,960.62	6,611,791.01	810,312.38	7,422,103.39
<b>Grand Total</b>	<b>1,063.07</b>	<b>2,793,852.48</b>	<b>2,756,895.88</b>	<b>2,753,218.55</b>	<b>117,241,602.96</b>	<b>121,711,982.25</b>	<b>3,834,650.69</b>	<b>125,546,632.94</b>



## 1.6 NON-FINANCIAL/SERVICE DELIVERY PERFORMANCE

### A. SUMMARY OF NON-FINANCIAL PERFORMANCE PER MUNICIPAL DEPARTMENTS: 2021/2022

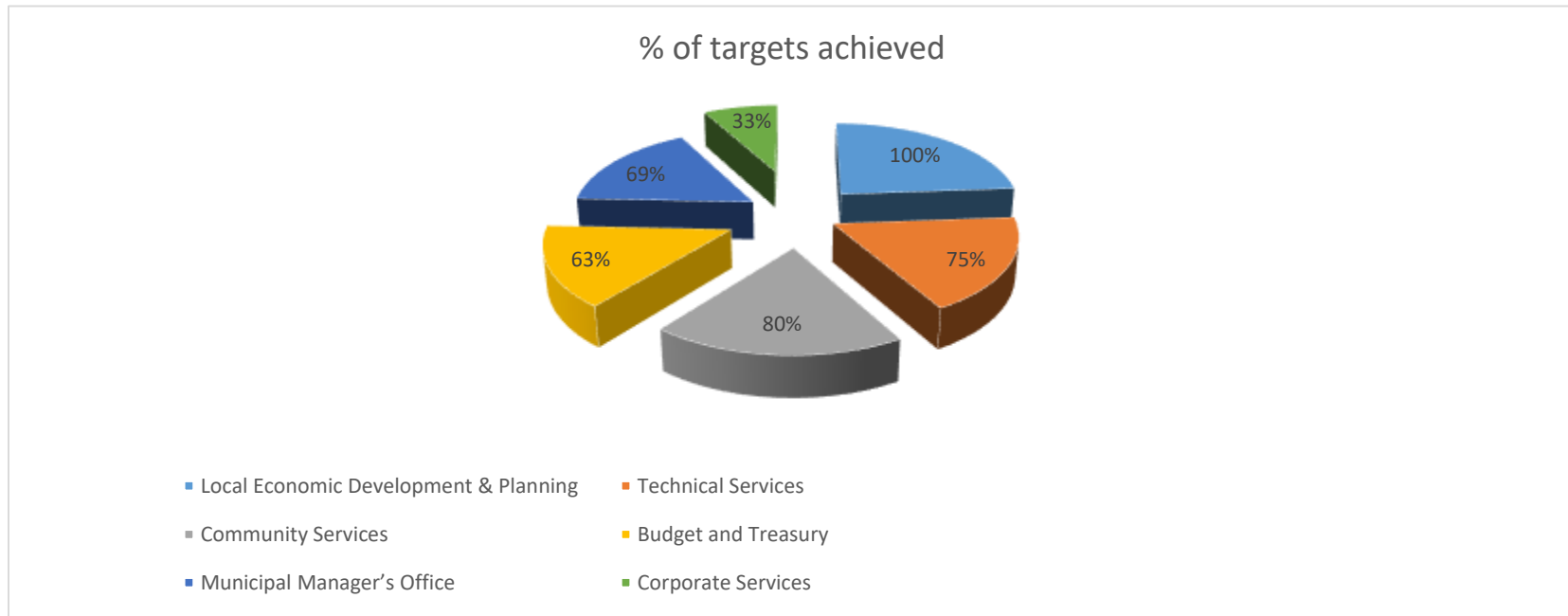
No	Department	No. of planned targets	No of targets Discontinued / Target not verifiable	No of targets achieved	% targets achieved	No of targets not achieved	% targets not achieved
1	Local Economic Development & Planning	17	02	13	87%	02	13%
2	Technical Services	15	02	09	69%	04	31%
3	Community Services	06	04	0	0%	02	100%
4	Budget and Treasury	12	0	07	58%	05	42%
5	Municipal Manager's Office	19	0	18	95%	01	5%
6	Corporate Services	11	01	08	80%	02	20%
	<b>Total</b>	<b>80</b>	<b>9</b>	<b>55</b>	<b>77%</b>	<b>16</b>	<b>23%</b>

### B. SUMMARY OF NON-FINANCIAL PERFORMANCE PER MUNICIPAL DEPARTMENTS DURING 2022/2023

No	Department	No. of planned targets	No of targets Discontinued/ Target not verifiable	Number of targets achieved	% targets achieved	No of targets not achieved	% targets not achieved
1	Local Economic Development & Planning	06	0	04	67%	02	33%
2	Technical Services	13	01	09	75%	03	25%
3	Community Services	07	02	04	80%	01	20%
4	Budget and Treasury	09	01	05	63%	03	37%
5	Municipal Manager's Office	16	0	11	69%	05	31%
6	Corporate Services	12	0	04	33%	08	67%
	<b>Total</b>	<b>63</b>	<b>4</b>	<b>37</b>	<b>65%</b>	<b>22</b>	<b>36%</b>

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**GRAPHICAL ILLUSTRATION: PERCENTAGE OF TARGETS**



**C. SUMMARY OF NON- PERFORMANCE OF SET TARGETS AND MEASURES TO IMPROVE PERFORMANCE: 2022/2023**





DESCRIPTION OF TARGETS NOT ACHIEVED	REASON FOR VARIANCE	CORRECTIVE MEASURES
<b>1. LED&amp;P DEPARTMENT</b>		
All KPIs achieved	Not applicable	Not applicable
<b>2. TECHNICALSERVICES</b>		
83% (5 of 6) AG Action plan implemented	Distribution loss is at 17% which is above 10% threshold	Ongoing Installation of smart meters
50% (1 OF 2) Risk register implemented	Distribution loss is at 17% which is above 10% threshold	Ongoing Installation of smart meters
0% (0 or 1) of Audit Committee resolutions implemented	Awaiting response from Eskom on the level of involvement in terms High mast Energizing	Follow up to be made in the 1st Quarter of 2023/2024 financial year
<b>3. COMMUNITY SERVICES</b>		
0% (0 of 1)Risk Register implemented	Non-responsive bids for tender on waste disposal site construction	Re-advertised in 2023/2024
<b>4. BUDGET AND TREASURY</b>		
Service Provider appointed. Awaiting unbundling of assets	Capital projects were finalized in June 2023 for unbundling	1st Quarter 2023/2024
88% of Internal Audit queries resolved		
AG findings not resolved (50%)	Most findings will be closed during AFS preparation	Most findings will be closed during AFS preparation
<b>5. OFFICE OF MUNICIPAL MANAGER</b>		
Service Provider appointed for supply and delivery of Newsletter	Awaiting delivery and distribution of newsletter	To be delivered and distributed in 1st quarter 2023/2024

<b>DESCRIPTION OF TARGETS NOT ACHIEVED</b>	<b>REASON FOR VARIANCE</b>	<b>CORRECTIVE MEASURES</b>
2 older persons programmes coordinated	1 older persons not coordinated due to budget constraints	To be implemented in 2023/2024 financial year
3 Local Aids Council meetings coordinated	1 meeting not coordinated due to budget constraints	To be implemented in 2023/2024 financial year
0% (0 of 1) AG findings resolved	Misalignment of expenditure between APR and General Ledger	Outstanding finding to be addressed during preparation of 2022/23 APR
40% (6 of 15) of Audit Committee resolutions	Outstanding resolutions relate to risk management	Resolutions will be implemented in the 2023/2024 Financial year
<b>6. CORPORATE SERVICES</b>		
2 Councillor Training programmes coordinated	2 training programmes coordinated due to budget constraints	Budget allocation in 2023/2024 financial year
2 Employee training programmes coordinated	2 training programmes due to budget constraints	Employee training budget to be allocated in 2023/2024
1 Ward Committee Training Programmes coordinated	1 training not coordinated due to budget constraints	Budget provision to be made in 2023/2024 financial year
0% (0 of 5) Internal Audit queries addressed	Outstanding queries from HR and ICT units	Outstanding queries to be resolved in 2023/2024
0% (0 of 1) of AG action plan implemented	1 finding on leave management outstanding	To be addressed in 1st Quarter 2023/24
0% (0 of 2) Risk Register implemented	Risks for abuse of travel claims and unstable network not addressed	1st Quarter 2023/2024
94% of Council resolutions implemented	Recruitment process for Senior Manager not finalized	1st Quarter 2023/2024
0% Audit Committee resolutions addressed	0/4 resolutions implemented	To be resolved 1st Quarter 2023/2024




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## 1.7 Departmental performance against planned targets as per the 2022/2023 SDBIP


The Departmental Scorecards (detailed SDBIP) capture the performance of each Department. Unlike the Municipal Scorecard, which reflects on the strategic performance of the Municipality, the Departmental SDBIP 2022/23 provides a comprehensive picture of the performance per Department. It consists of objectives, indicators and targets derived from the approved SDBIP.




Annual Outcome Legend	
	<b>Over achievement</b>
	<b>Achieved</b>
	<b>Not Achieved</b>
	<b>Not applicable</b>

A. LOCAL ECONOMIC DEVELOPMENT AND PLANNING

Key Performance Area (KPA) 1 & 3:				SPATIAL RATIONALE AND LOCAL ECONOMIC DEVELOPMENT									
Outcome 9:				Responsive, Accountable, Effective and Efficient Local Government System									
Outputs:				<ul style="list-style-type: none"> <li>Implement a differentiated approach to municipal financing, Planning and support</li> <li>Improving access to basic services</li> <li>Implementation of the community works programme</li> <li>Actions supportive of human settlement outcome;</li> </ul>									
Key Organizational Strategic Objective				To enhance conditions for economic growth and job creation To manage and coordinate spatial planning within the municipality									
IDP Ref no	KPI	Project name	Baseline	2022/23 Annual Target	2022/23 Revised Annual Target	2021/22 Actual Achievement	2022/23 Actual Achievement	Annual achievement	Reason for variance	Corrective measure	Budget	Expenditure	Means of verification
LED &P-001-2022/23	Number of settlements demarcated	Demarcation of sites	257 sites demarcated	230 sites demarcated	80 sites demarcated	257 sites demarcated	80 sites demarcated		Layout plan and Approval letter not completed	To be finalized and approved in the 2023 2024 1 <sup>st</sup> Quarter	200 000.00	198 547	Advert, Purchase Order, Layout plan, Approval letter.
LED &P-002-2022/23	Number of LED Forum meetings held	Coordination of LED forum meetings	4 LED forum meetings coordinated	Coordination of 4x LED Forum meetings	None	4 LED forum meetings coordinated	4 LED forum meetings coordinated		None	None	83 840.00	72 405	Invites, Attendance registers, agendas and minutes
LED &P-004-2022/23	Number of SMME's Supported	LED Support and SMME Development	New Indicator	2x SMME's Supported	None	None	2 SMME's supported		None	None	200 000	198 547	Advert, approved criteria & specification, report on goods & Services procured



Key Performance Area (KPA) 1 & 3:				SPATIAL RATIONALE AND LOCAL ECONOMIC DEVELOPMENT									
Outcome 9:				Responsive, Accountable, Effective and Efficient Local Government System									
Outputs:				<ul style="list-style-type: none"> <li>Implement a differentiated approach to municipal financing, Planning and support</li> <li>Improving access to basic services</li> <li>Implementation of the community works programme</li> </ul> <ul style="list-style-type: none"> <li>Actions supportive of human settlement outcome;</li> </ul>									
Key Organizational Strategic Objective				<p>To enhance conditions for economic growth and job creation</p> <p>To manage and coordinate spatial planning within the municipality</p>									
IDP Ref no	KPI	Project name	Baseline	2022/23 Annual Target	2022/23 Revised Annual Target	2021/22 Actual Achievement	2022/23 Actual Achievement	Annual achievement	Reason for variance	Corrective measure	Budget	Expenditure	Means of verification
													for 2 SMME's, Monitoring and Evaluation reports
LED &P-005-2022/23	Number of emerging farmers mentored	Agricultural skills development and mentorship	40 Emerging farmers mentored	40 Emerging farmers Mentored on Agricultural skills	12 Emerging farmers mentored on Agricultural skills	40 Emerging farmers mentored	12 emerging farmers mentored on Agricultural skills		None	None	100 000	99 250	Advert, Purchase Order, mentorship and agricultural skills development reports, Attendance register
LED &P-006 2022/23	Number of assorted seeds distributed	Procurement and distribution of assorted seeds	1500 households supplied with assorted seeds	Assorted seeds distributed to 500 beneficiaries	64 assorted seeds procured and distributed	1500 households supplied with assorted seeds	64 assorted seeds (6 x 5g per pack) procured		Seeds procured but not yet distributed by end of	To be distributed in 2023/2024 financial year	100 000	98 963	Advert, Purchase Order, distribution register, monitoring and evaluation reports



<b>Key Performance Area (KPA) 1 &amp; 3:</b>				<b>SPATIAL RATIONALE AND LOCAL ECONOMIC DEVELOPMENT</b>									
<b>Outcome 9:</b>				<b>Responsive, Accountable, Effective and Efficient Local Government System</b>									
<b>Outputs:</b>				<ul style="list-style-type: none"> <li>• Implement a differentiated approach to municipal financing, Planning and support</li> <li>• Improving access to basic services</li> <li>• Implementation of the community works programme</li> <li>• Actions supportive of human settlement outcome;</li> </ul>									
<b>Key Organizational Strategic Objective</b>				<b>To enhance conditions for economic growth and job creation</b> <b>To manage and coordinate spatial planning within the municipality</b>									
IDP Ref no	KPI	Project name	Baseline	2022/23 Annual Target	2022/23 Revised Annual Target	2021/22 Actual Achievement	2022/23 Actual Achievement	Annual achievement	Reason for variance	Corrective measure	Budget	Expenditure	Means of verification
									financial year				
LED &P-007-2022/23	Percentage of Job opportunities facilitated/coordinated	Job opportunities facilitated/coordinated	100% (236 of 236) job opportunities facilitated	100% Job opportunities facilitated/coordinated	None	100% (236 of 236) job opportunities facilitated	100% (252 of 252) job opportunities facilitated		None	None	Opex	Opex	Job opportunities report



<b>Summary of performance: LED &amp; Planning</b>		
	<b>Number of targets achieved</b>	<b>04</b>
	<b>Number of Targets Not achieved</b>	<b>02</b>
	<b>Targets Discontinued/Not verifiable</b>	<b>0</b>
<b>Total Number of KPIs</b>		<b>06</b>








## B. BASIC SERVICES – TECHNICAL SERVICES DEPARTMENT



Key performance area (KPA) 2:			Basic service delivery										
Outcome 9:			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs:			Improving access to basic services										
Key Strategic Organizational objectives:			To provide sustainable basic services and infrastructure development										
IDP Ref no	KPI	Project name	Baseline	2022/23 Annual Target	2022/23 Revised Annual Target	2021/22 Actual Achievement	2022/23 Actual Achievement	Annual achievement	Reason for variance	Corrective measure	Budget	Expenditure	Means of verification
TECH-001-2022/23	Number of Culvert Bridges Constructed	Construction of Culvert Bridges	0 Culvert bridges constructed (Site establishment, Earthworks and procurement of Units completed)	Construction of 3 Culvert bridges in Ramokgopa Cluster	Construction of 3 Culvert bridges in Cluster 3	0 Culvert bridges constructed (Site establishment, Earthworks and procurement of Units completed)	3 Culvert Bridges Constructed in Cluster 3		None	None	4 925 595	3 730 473	Approved Specification, Tender Advert, Appointment Letter, signed SLA, Monthly progress reports, Practical and completion certificate
TECH-002-2022/23 TECH-002-2022/23	Number of road kilometers upgraded from Gravel to Surface	Upgrading of Mogwadi Internal Street from Gravel to Surface	400 meters of Mogwadi Internal Street upgraded	Design for Upgrading of 3.7 km of Mogwadi internal streets and Upgrading of 600 m of Mogwadi Internal	None	400 meters of Mogwadi Internal Street upgraded	3.7km of Mogwadi Internal Streets designed and 600m of Mogwadi Internal Street upgraded from Gravel to Surfacing		None	None	4 343 517.00	3 697 831.46	Approved Specification, Tender Advert, Appointment Letter, Signed SLA, Monthly Progress Reports, Approved designs, Practical and

Key performance area (KPA) 2:			Basic service delivery										
Outcome 9:			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs:			Improving access to basic services										
Key Strategic Organizational objectives:			To provide sustainable basic services and infrastructure development										
IDP Ref no	KPI	Project name	Baseline	2022/23 Annual Target	2022/23 Revised Annual Target	2021/22 Actual Achievement	2022/23 Actual Achievement	Annual achievement	Reason for variance	Corrective measure	Budget	Expenditure	Means of verification
				Street from Gravel to Surface									Completion certificates
TECH - 03-2022/23	Number of road kilometers upgraded from Gravel to Surface	Upgrading of Maupye Internal Street from Gravel to Surface	New Indicator	Design for Upgrading of 3.1 km of Maupye internal streets and Upgrading of 1.5 km of Maupye internal streets from Gravel to Surface	None	None	3.1km of Maupye Internal Streets designed and 1.5km upgraded from Gravel to Surface		None	None	12 014 381	10 443 431.99	Approved Specification, Tender Advert, Appointment Letter , Signed SLA, Monthly Progress Reports, Approved designs, Practical and Completion certificates
TECH -004-2022/23	Number of road kilometers upgraded from Gravel	Upgrading of Ga-Sako internal streets from	2.1km of Sako Internal Streets designed and 400m of road	Upgrading of 1.7 km Ga-Sako internal streets	None	2.1km of Sako Internal Streets designed and 400m of	1.7km of Sako Internal Street upgraded from		None	None	12 225 832.00	10 631 111.19	Tender advert and approved specification Appointment letter and Signed SLA, Monthly




Key performance area (KPA) 2:			Basic service delivery										
Outcome 9:			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs:			Improving access to basic services										
Key Strategic Organizational objectives:			To provide sustainable basic services and infrastructure development										
IDP Ref no	KPI	Project name	Baseline	2022/23 Annual Target	2022/23 Revised Annual Target	2021/22 Actual Achievement	2022/23 Actual Achievement	Annual achievement	Reason for variance	Corrective measure	Budget	Expenditure	Means of verification
	to Surface	Gravel to Surface	upgraded from gravel to surfacing			road upgraded from gravel to surfacing	Gravel to Surfacing						progress reports, practical and completion certificate
TECH-005-2022/23	Number of road kilometers Upgraded from Gravel to Surface	Upgrading of Mokgehle internal streets from Gravel to Surface	New Indicator	Design for Upgrading of 3 km Mokgehle internal streets and Upgrading of 1.6km Mokgehle internal streets	None	None	3km of Mokgehle Internal Street designed and 1.6km upgraded from Gravel to Surfacing		None	None	12 000 000	10 434 626.77	Tender advert and approved specification Appointments letter and Signed SLA, Monthly progress reports, and practical, completion certificate
TECH-006-2022/23	Number of office blocks extended	Extension of Mogwadi office block	0 Office block extended	Construction of the extension of Mogwadi Office block	No Target	Not Achieved	Not Applicable		Target discontinued during adjustment due to budget constraints	None	0.00	0.00	Approved Specification, tender advert, Appointment letter and signed SLA, Completion certificate

Key performance area (KPA) 2:			Basic service delivery										
Outcome 9:			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs:			Improving access to basic services										
Key Strategic Organizational objectives:			To provide sustainable basic services and infrastructure development										
IDP Ref no	KPI	Project name	Baseline	2022/23 Annual Target	2022/23 Revised Annual Target	2021/22 Actual Achievement	2022/23 Actual Achievement	Annual achievement	Reason for variance	Corrective measure	Budget	Expenditure	Means of verification
TECH-007-2022/23	Number of High Mast Lights installed	Supply and Installation of High Mast Lights	Zero High mast lights Installed (Site establishment, Foundation, soil test, cube test, Plinth and Connection fees completed)	Supply and installation of 3 High Mast Lights	None	Zero High mast lights Installed (Site establishment, Foundation, soil test, cube test, Plinth and Connection fees completed)	3 High mast lights supplied and installed		None	None	2 952 148.00	2 371 308.80	Approved Specification, Tender Advert, Appointment Letter, Signed SLA, Monthly Progress Reports, Practical and Completion Certificates
TECH-008-2022/23	Number of Substation and power transformers Supplied and installed	Supply delivery and installation of Mini substation and power transformers	New Indicator	Supply delivery and installation of one Mini substation and two power transformers	None	None	One Mini substation and two power transformers supplied, delivered and installed		None	None	2 661 560.00	2 314 400	Approved Specification, Tender Advert, Appointment Letter, Signed SLA and completion certificate.





Key performance area (KPA) 2:			Basic service delivery										
Outcome 9:			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs:			Improving access to basic services										
Key Strategic Organizational objectives:			To provide sustainable basic services and infrastructure development										
IDP Ref no	KPI	Project name	Baseline	2022/23 Annual Target	2022/23 Revised Annual Target	2021/22 Actual Achievement	2022/23 Actual Achievement	Annual achievement	Reason for variance	Corrective measure	Budget	Expenditure	Means of verification
TECH OP-001-2022/23	Percentage of internal audit queries addressed	Internal Audit Action Plan	50% (1 of 2) Internal Audit Queries addressed	100% Internal Audit Queries addressed	None	50% (1 of 2) Internal Audit Queries addressed	100% (2 of 2) Internal Audit Queries addressed		None	None	Opex	Opex	Updated Internal Audit action plan
TECH OP-002-2022/23	Percentage of AG Action Plan implemented	Implementation of AG Action Plan	83% (5 of 6) AG Action plan implemented	100% AG Action plan implemented	None	83% (5 of 6) AG Action plan implemented	83% (5 of 6) AG Action plan implemented		Distribution loss is at 17% which is above 10% threshold	Ongoing Installation of smart meters	Opex	Opex	Updated AG Action plan
TECH OP-003-2022/23	Percentage of risk register implemented	Implementation of Risk register	50% (1 of 2) of risks identified in the Risk register implemented	100% Risk Register implemented	None	50% (1 of 2) risk register implemented	50% (1 of 2) of risks identified in the Risk register implemented		Distribution loss is at 17% which is above 10% threshold	Ongoing Installation of smart meters	Opex	Opex	Updated Strategic risk register

Key performance area (KPA) 2:			Basic service delivery										
Outcome 9:			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs:			Improving access to basic services										
Key Strategic Organizational objectives:			To provide sustainable basic services and infrastructure development										
IDP Ref no	KPI	Project name	Baseline	2022/23 Annual Target	2022/23 Revised Annual Target	2021/22 Actual Achievement	2022/23 Actual Achievement	Annual achievement	Reason for variance	Corrective measure	Budget	Expenditure	Means of verification
TECH OP-004-2022/23	Percentage of Council resolutions implemented	Implementation of Council resolutions	100% of Council resolutions implemented	100% of Council resolutions implemented	None	100% of Council resolutions implemented	100% (1 of 1) of Council resolutions implemented		None	None	Opex	Opex	Updated Council resolution register
TECH OP-005-2022/23	Percentage of Audit Committee resolutions implemented	Implementation of Audit Committee resolutions	No resolutions taken	100% of Audit Committee resolutions implemented	None	No resolutions taken	0% (0 or 1) of Audit Committee resolutions implemented		Awaiting response from Eskom on the level of involvement in terms High mast Energizing	Follow up to be made in the 1 <sup>st</sup> Quarter of 2023/2024 financial year	Opex	Opex	Updated Audit Committee resolution register




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<b>Summary of performance: Basic Service Delivery</b>		
	<b>Number of targets achieved</b>	<b>09</b>
	<b>Number of Targets Not achieved</b>	<b>03</b>
	<b>Targets Discontinued/Not verifiable</b>	<b>01</b>
<b>Total Number of KPIs</b>		<b>13</b>

### C. COMMUNITY SERVICES




Key performance area (KPA) 2:		Basic service delivery											
Outcome 9:		Responsive, Accountable, Effective and Efficient Local Government System											
Outputs:		Improving access to basic services											
Key Strategic Organizational objectives:		To promote social cohesion											
IDP Ref no	KPI	Project name	Baseline	2022/23 Annual Target	2022/23 Revised Annual Target	2021/22 Actual Achievement	2022/23 Actual Achievement	Annual achievement	Reason for variance	Corrective measure	Budget	Expenditure	Means of verification
COMM-01-2022/23	Number of feasibility studies compiled in Morebeng	Compilation of Feasibility study for Morebeng DLTC And VTS	New Indicator	1 Feasibility study of Morebeng DLTC And VTS compiled	None	None	1 feasibility study for Morebeng DLTC and VTS compiled		None	None	500 000	379 500	Approved Specification, Advert, Appointment Letter, Feasibility report
COMM-002-2022/23	Number of feasibility studies compiled in Mogwadi	Compilation of Feasibility study for Mogwadi DLTC	New Indicator	1 Feasibility study of Mogwadi DLTC compiled	None	None	1 Feasibility study for Mogwadi DLTC compiled		None	None	500 000	345 849.80	Approved Specification, Advert, Appointment Letter, Feasibility report
COMM-003-2022/23	Number of Skip Loader Trucks Procured	Procurement of Skip Loader Truck	New Indicator	1 Skip Loader Truck Procured	None	None	1 Skip Loader Truck procured		None	None	2 170 000	2 170 000	Approved Specification, Advert, Appointment Letter, Delivery note
COMM-OP-002-	Percentage of AG Action Plan	Implementation of AG Action Plan	No findings raised	100% AG Action plan	None	None	0% AG Action plan		No AG findings raised	None	Opex	Opex	Updated AG Action plan




Key performance area (KPA) 2:			Basic service delivery										
Outcome 9:			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs:			Improving access to basic services										
Key Strategic Organizational objectives:			To promote social cohesion										
IDP Ref no	KPI	Project name	Baseline	2022/23 Annual Target	2022/23 Revised Annual Target	2021/22 Actual Achievement	2022/23 Actual Achievement	Annual achievement	Reason for variance	Corrective measure	Budget	Expenditure	Means of verification
2022/23	implemented			implemented			implemented						
COMM-OP-003-2022/23	Percentage of risk register implemented	Implementation of Risk register	100% (1 of 1) of Risk register implemented	100% Risk Register implemented	None	100% (1 of 1)	0% (0 of 1) of Risks identified in the risk register implemented		Non-responsive bids for tender on waste disposal site construction	Project to be Re-advertised in the first quarter of 2023/2024	Opex	Opex	Updated Strategic risk register
COMM-OP-004-2022/23	Percentage of Council resolutions implemented	Implementation of Council resolutions	100% (2 of 2) of Council resolutions implemented	100% of Council resolutions implemented	None	100% (2 of 2) of Council resolutions implemented	100% (3 of 3) of Council resolutions implemented		None	None	Opex	Opex	Updated Council resolution register
COMM-OP-	Percentage of	Implementation of Audit	No Audit	100% of Audit	None	100% of Audit	0% of Audit		No Resoluti	None	Opex	Opex	Updated Audit Committee




<b>Key performance area (KPA) 2:</b>			<b>Basic service delivery</b>										
<b>Outcome 9:</b>			<b>Responsive, Accountable, Effective and Efficient Local Government System</b>										
<b>Outputs:</b>			<b>Improving access to basic services</b>										
<b>Key Strategic Organizational objectives:</b>			<b>To promote social cohesion</b>										
<b>IDP Ref no</b>	<b>KPI</b>	<b>Project name</b>	<b>Baseline</b>	<b>2022/23 Annual Target</b>	<b>2022/23 Revised Annual Target</b>	<b>2021/22 Actual Achievement</b>	<b>2022/23 Actual Achievement</b>	<b>Annual achievement</b>	<b>Reason for variance</b>	<b>Corrective measure</b>	<b>Budget</b>	<b>Expenditure</b>	<b>Means of verification</b>
005-2022/23	Audit Committee resolutions implemented	Committee resolutions	committee resolutions taken	Committee resolutions implemented		Committee resolutions implemented	Committee resolutions implemented		ons taken				resolution register




### Summary of performance: Basic Service Delivery: Community Services



	Number of targets achieved	04
	Number of Targets Not achieved	01
	Targets Discontinued/Not verifiable	02
<b>Total Number of KPIs</b>		<b>07</b>




#### D. BUDGET AND TREASURY DEPARTMENT

<b>Key performance area</b>		<b>KPA 4 - MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT</b>											
<b>Outcome</b>		<b>Responsive, Accountable, Effective and Efficient Local Government System</b>											
<b>Outputs</b>		<b>- Deepen democracy through a refined ward committee model - Administrative and financial capability</b>											
<b>Key Organizational Strategic Objective</b>		<b>Ensure compliance with accounting standards and legislation</b>											
IDP Ref no	KPI	Project name	Baseline	2022/23 Annual Target	2022/23 Revised Annual Target	2021/22 Actual Achievement	2022/23 Actual Achievement	Annual achievement	Reason for variance	Corrective measure	Budget	Expenditure	Means of verification
BNT-001-2022/23	Number of General Valuation rolls developed	Development of the General valuation roll	1 valuation Roll developed	1 valuation Roll developed	None	Not achieved	Final Valuation Roll Developed and uploaded		None	None	468,000	463 666.95	Draft valuation roll , Public notices and Final Valuation Roll


Key performance area		KPA 4 - MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT											
Outcome		Responsive, Accountable, Effective and Efficient Local Government System											
Outputs		- Deepen democracy through a refined ward committee model - Administrative and financial capability											
Key Organizational Strategic Objective		Ensure compliance with accounting standards and legislation											
IDP Ref no	KPI	Project name	Baseline	2022/23 Annual Target	2022/23 Revised Annual Target	2021/22 Actual Achievement	2022/23 Actual Achievement	Annual achievement	Reason for variance	Corrective measure	Budget	Expenditure	Means of verification
BNT-002-2022/23	Percentage of infrastructure assets Revaluated and Unbundled	Revaluation and Unbundling of all Infrastructure Assets	New Indicator	100% of infrastructure Assets revaluated and unbundled	None	None	Service Provider appointed. Unbundling of Assets in progress		Capital projects were finalized in June 2023 for unbundling	To be unbundled in the 1st of Quarter 2023/2024	1 000 000	0	Approved Specification, Advert, Appointment letter, Unbundling report
BNT-003-2022/23	Number of Asset verification systems to conduct asset verification for movable and immovable assets procured	Procurement of asset verification system to conduct asset verification for movable and immovable assets	New Indicator	1 x Asset verification system procured	No Target	None	None		Target discontinued during adjustment	None	0	0	Approved Specification, Advert, Appointment letter, delivery note
BNT-004-2022/23	Number of Annual Financial Statements (AFS) compiled	Compilation of Annual Financial Statements	2020/2021 Annual Financial Statements	1 2021/2022 Annual Financial Statements	None	2020/2021 Annual Financial Statements compiled	1 2021/22 Annual Financial statements compiled		None	None	878 000	872 673	Signed 2021/22 Annual Financial Statements, Acknowledgement letter




Key performance area			KPA 4 - MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT										
Outcome			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs			- Deepen democracy through a refined ward committee model - Administrative and financial capability										
Key Organizational Strategic Objective			Ensure compliance with accounting standards and legislation										
IDP Ref no	KPI	Project name	Baseline	2022/23 Annual Target	2022/23 Revised Annual Target	2021/22 Actual Achievement	2022/23 Actual Achievement	Annual achievement	Reason for variance	Corrective measure	Budget	Expenditure	Means of verification
			nts compiled	nts compiled									
BNTOP-001-2022/23	Percentage of internal audit queries addressed	Implementation of Internal Audit action plan	73% (41 of 56) of Internal Audit queries addressed	100% Internal Audit Queries addressed	None	73% (41 of 56) of Internal Audit queries addressed	88% (69 of 78) of Internal Audit queries addressed		Awaiting for retesting of findings	To be addressed during AFS compilation	Opex	Opex	Updated Internal Audit action plan
BNTOP-002-2022/23	Percentage of AG Action Plan implemented	Implementation of AG Action Plan	57% (8 of 14) of AG Action plan addressed	100% AG Action plan implemented	None	57% (8 of 14) of AG Action Plan addressed	71% (15 of 21) AG Action plan implemented		Most findings will be closed during AFS preparation	Most findings will be closed during AFS preparation	Opex	Opex	Update AG Action plan
BNTOP-003-2022/23	Percentage of risk register implemented	Implementation of Risk register	75% (3 of 4) of Risk register implemented	100% Risk Register implemented	None	75% (3 of 4) of Risk register implemented	100% (4 of 4) of risks identified in the Risk register implemented		None	None	Opex	Opex	Updated Strategic risk register

Key performance area			KPA 4 - MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT										
Outcome			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs			- Deepen democracy through a refined ward committee model - Administrative and financial capability										
Key Organizational Strategic Objective			Ensure compliance with accounting standards and legislation										
IDP Ref no	KPI	Project name	Baseline	2022/23 Annual Target	2022/23 Revised Annual Target	2021/22 Actual Achievement	2022/23 Actual Achievement	Annual achievement	Reason for variance	Corrective measure	Budget	Expenditure	Means of verification
BNTO P-004-2022/23	Percentage of Council resolutions implemented	Implementation of Council resolutions	100% of Council resolutions implemented	100% of Council resolutions implemented	None	100% of Council resolutions implemented	100% (3 of 3) of Council Resolutions implemented		None	None	Opex	Opex	Updated Council resolution register
BNTO P-005-2022/23	Percentage of Audit Committee resolutions implemented	Implementation of Audit committee resolutions	100% (6 of 6) of Audit Committee resolutions implemented	100% of Audit Committee resolutions implemented	None	100% (6 of 6)	100%(10 of 10) of Audit Committee resolutions implemented		None	None	Opex	Opex	Updated Audit Committee resolution register



Summary of performance: Financial Viability		
	Number of targets achieved	05
	Number of Targets Not achieved	03
	Targets Discontinued/Not verifiable	01
Total Number of KPIs		09




#### E. MUNICIPAL MANAGER'S OFFICE




Key Performance Area (KPA) 5:				GOOD GOVERNANCE & PUBLIC PARTICIPATION									
Outcome 9:				Responsive, Accountable, Effective and Efficient Local Government System									
Outputs :				<ul style="list-style-type: none"> <li>Deepen democracy through a refined ward committee model</li> <li>Administrative and financial capability</li> </ul>									
Key Strategic Organizational Objectives				To ensure that institutional arrangements are transparent efficient and effective To ensure that good governance and public participation is sustained and enhances transparency and accountability.									
IDP Ref no	KPI	Project name	Baseline	2022/23 Annual Target	2022/23 Revised Annual Target	2021/22 Actual Achievement	2022/23 Actual Achievement	Annual achievement	Reason for variance	Corrective measure	Budget	Expenditure	Means of verification
MM-001-2022/23	number of diaries procured and distributed	Procurement and Distribution of Municipal Diaries	800 Diaries printed	1000 Diaries Procured and distributed	None	800 Diaries printed	1000 Diaries Procured and distributed		None	None	152 302.00	152 000.00	Order, Diaries, advert, Delivery Note, distribution register




Key Performance Area (KPA) 5:				GOOD GOVERNANCE & PUBLIC PARTICIPATION									
Outcome 9:				Responsive, Accountable, Effective and Efficient Local Government System									
Outputs :				<ul style="list-style-type: none"> <li>Deepen democracy through a refined ward committee model</li> <li>Administrative and financial capability</li> </ul>									
Key Strategic Organizational Objectives				To ensure that institutional arrangements are transparent efficient and effective To ensure that good governance and public participation is sustained and enhances transparency and accountability.									
IDP Ref no	KPI	Project name	Baseline	2022/23 Annual Target	2022/23 Revised Annual Target	2021/22 Actual Achievement	2022/23 Actual Achievement	Annual achievement	Reason for variance	Corrective measure	Budget	Expenditure	Means of verification
MM-002-2022/23	Number of Calendars procured and distributed	Procurement and Distribution of Municipal Calendars	1200 Calendars printed	2000 Calendars procured and distributed	None	1200 Calendars printed	2000 Calendars procured and distributed		None	None	156 256	155 920.00	Order, Advert, Delivery Note, distribution register
MM-003-2022/23	Number of Newsletters procured and distributed	Procurement and Distribution of Newsletters	3000 Newsletters procured and distributed	1500 Newsletters procured and distributed	None	3000 Newsletters procured and distributed	Service Provider appointed.		Awaiting delivery and distribution of newsletter	To be delivered and distributed in 1 <sup>st</sup> quarter 2023/2024	200 000	180 492.50	Order, Advert, Delivery Note, distribution register
MM-004-2022/23	Number of IDP documents procured and distributed	Procurement and Distribution of IDP documents	300 IDP Documents printed	300 IDP documents procured and distributed	None	300 IDP Documents printed	300 IDP documents procured and distributed		None	None	169 587	169 383.00	Order, Advert, Delivery Note, distribution register







Key Performance Area (KPA) 5:				GOOD GOVERNANCE & PUBLIC PARTICIPATION									
Outcome 9:				Responsive, Accountable, Effective and Efficient Local Government System									
Outputs :				<ul style="list-style-type: none"> <li>Deepen democracy through a refined ward committee model</li> <li>Administrative and financial capability</li> </ul>									
Key Strategic Organizational Objectives				To ensure that institutional arrangements are transparent efficient and effective To ensure that good governance and public participation is sustained and enhances transparency and accountability.									
IDP Ref no	KPI	Project name	Baseline	2022/23 Annual Target	2022/23 Revised Annual Target	2021/22 Actual Achievement	2022/23 Actual Achievement	Annual achievement	Reason for variance	Corrective measure	Budget	Expenditure	Means of verification
MM-005-2022/23	Number of Annual Reports documents procured and distributed	Procurement and distribution of Annual Reports documents	300 Annual reports printed	300 Annual Report documents procured and distributed	None	300 Annual reports printed	300 Annual Report documents procured and distributed		None	None	190 000	164 347.83	Order, Advert, Delivery Note, distribution register
MM-006-2022/23	Percentage of municipal activities and notices publicized	Publication of Municipal Activities and Notices	100% Municipal Activities and notices marketed, advertised and publicised	100% municipal activities and notices publicised	None	100% Municipal Activities and notices marketed, advertised and publicised	100% municipal activities and notices publicised		None	None	279 680	267 765	Order, Invoice, Copy of Advert

Key Performance Area (KPA) 5:				GOOD GOVERNANCE & PUBLIC PARTICIPATION									
Outcome 9:				Responsive, Accountable, Effective and Efficient Local Government System									
Outputs :				<ul style="list-style-type: none"> <li>Deepen democracy through a refined ward committee model</li> <li>Administrative and financial capability</li> </ul>									
Key Strategic Organizational Objectives				To ensure that institutional arrangements are transparent efficient and effective To ensure that good governance and public participation is sustained and enhances transparency and accountability.									
IDP Ref no	KPI	Project name	Baseline	2022/23 Annual Target	2022/23 Revised Annual Target	2021/22 Actual Achievement	2022/23 Actual Achievement	Annual achievement	Reason for variance	Corrective measure	Budget	Expenditure	Means of verification
MM-007-2022/23	Number of youth support programmes coordinated	Coordination of Youth Support Programmes	2x youth support programmes coordinated	2 Youth programmes coordinated	None	2x youth support programmes coordinated	2 Youth programmes coordinated		None	None	138 521	138 521	Attendance register, Invitation Report Concept document
MM-008-2022/23	Number of women and children programmes coordinated.	Coordination of Women and Children programmes	3 women and children programmes coordinated	3 women and children programmes coordinated	None	3 women and children programmes coordinated	3 women and children programmes coordinated		None	None	245 195.00	238 975.00	Attendance register, Invitation Report Concept document
MM-009-2022/23	Number of disability programmes coordinated.	Coordination of Support programmes for People living with Disabilities	4 disability support programmes coordinated	3 disability programmes coordinated	None	4 disability support programmes coordinated	3 disability programmes coordinated		None	None	57 697	57 365.00	Attendance register, Invitation Report, Report Concept document




Key Performance Area (KPA) 5:				GOOD GOVERNANCE & PUBLIC PARTICIPATION									
Outcome 9:				Responsive, Accountable, Effective and Efficient Local Government System									
Outputs :				<ul style="list-style-type: none"> <li>Deepen democracy through a refined ward committee model</li> <li>Administrative and financial capability</li> </ul>									
Key Strategic Organizational Objectives				To ensure that institutional arrangements are transparent efficient and effective To ensure that good governance and public participation is sustained and enhances transparency and accountability.									
IDP Ref no	KPI	Project name	Baseline	2022/23 Annual Target	2022/23 Revised Annual Target	2021/22 Actual Achievement	2022/23 Actual Achievement	Annual achievement	Reason for variance	Corrective measure	Budget	Expenditure	Means of verification
MM-010-2022/23	Number of older persons programmes coordinated	Coordination of Older persons Support programmes	3 older persons programme coordinated	3 older persons programmes coordinated	None	3 Older Persons Programmes coordinated	2 older persons programmes coordinated		1 older persons not coordinated due to budget constraints	To be implemented in 2023/2024 financial year	73 360.00	55 500.00	Attendance register, Invitation Report Concept document
MM-011-2022/23	Number of Local AIDs Council meetings coordinated	Coordination of Local AIDs Council meetings	05 Local AIDs Council meetings coordinated	4 Local AIDs Council meetings coordinated	None	05 Local AIDs Council meetings coordinated	3 Local AIDs Council meetings coordinated		1 meeting not coordinated due to budget constraints	To be implemented in 2023/2024 financial year	185 925.00	185 613.53	Attendance register, Minutes
MMOP - 001-2022/23	Percentage of internal audit queries addressed	Implementation of Internal Audit action plan	90% (9 of 10)	100% Internal Audit Queries addressed	None	90% (9 of 10)	100% Internal Audit Queries addressed		None	None	Opex	Opex	Updated Internal Audit action plan





Key Performance Area (KPA) 5:				GOOD GOVERNANCE & PUBLIC PARTICIPATION									
Outcome 9:				Responsive, Accountable, Effective and Efficient Local Government System									
Outputs :				<ul style="list-style-type: none"> <li>Deepen democracy through a refined ward committee model</li> <li>Administrative and financial capability</li> </ul>									
Key Strategic Organizational Objectives				To ensure that institutional arrangements are transparent efficient and effective To ensure that good governance and public participation is sustained and enhances transparency and accountability.									
IDP Ref no	KPI	Project name	Baseline	2022/23 Annual Target	2022/23 Revised Annual Target	2021/22 Actual Achievement	2022/23 Actual Achievement	Annual achievement	Reason for variance	Corrective measure	Budget	Expenditure	Means of verification
MMOP-002-2022/23	Percentage of AG Action Plan implemented	Implementation of AG Action Plan	100% (3 of 3)	100% AG Action plan implemented	None	100% (3 of 3)	0% (0 of 1) AG findings resolved		Misalignment of expenditure between APR and General Ledger	Outstanding finding to be addressed during preparation of 2022/23 APR	Opex	Opex	Updated AG Audit action plan
MMOP-003-2022/23	Percentage of risk register implemented	Implementation of Risk register	50% (1 of 2)	100% Risk Register implemented	None	50% (1 of 2)	100% (2 of 2) of risks identified in the Risk register implemented		None	None	Opex	Opex	Updated Strategic risk register
MMOP-004-2022/23	Percentage of Council resolutions implemented	Implementation of Council resolutions	100%(27 of 27)	100% of Council resolutions implemented	None	100%(27 of 27)	100% (6 of 6) of Council resolutions implemented		None	None	Opex	Opex	Updated Council resolution register




Key Performance Area (KPA) 5:				GOOD GOVERNANCE & PUBLIC PARTICIPATION									
Outcome 9:				Responsive, Accountable, Effective and Efficient Local Government System									
Outputs :				<ul style="list-style-type: none"> <li>Deepen democracy through a refined ward committee model</li> <li>Administrative and financial capability</li> </ul>									
Key Strategic Organizational Objectives				To ensure that institutional arrangements are transparent efficient and effective To ensure that good governance and public participation is sustained and enhances transparency and accountability.									
IDP Ref no	KPI	Project name	Baseline	2022/23 Annual Target	2022/23 Revised Annual Target	2021/22 Actual Achievement	2022/23 Actual Achievement	Annual achievement	Reason for variance	Corrective measure	Budget	Expenditure	Means of verification
MM OP-0005 - 2022/23	Percentage of Audit Committee resolutions implemented	Implementation of Audit Committee resolutions	81% (30 of 37)	100% of Audit Committee resolutions implemented	None	81% (30 of 37)	40% (6 of 15) of Audit Committee resolutions		9 AC resolutions outstanding	To be implemented in 2023/2024	Opex	Opex	Updated Audit Committee resolution register

Summary of performance: Good Governance & Public Participation		
	Number of targets achieved	11
	Number of Targets Not achieved	05
	Targets Discontinued/Not verifiable	0
Total Number of KPIs		16



## F. CORPORATE SERVICES




Key Performance Area (KPA) 6:			Municipal Transformation and Organizational Development										
Outcome 9:			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs:			Administrative and financial capacity										
Key Strategic Organizational Objectives			Provide an accountable and transparent municipality through sustained public participation, coordination of administration and council committees Ensure administrative support to municipal units through continuous institutional development and innovation										
IDP Ref no	KPI	Project name	Baseline	2022/23 Annual Target	2022/23 Revised Annual Target	2021/22 Actual Achievement	2022/23 Actual Achievement	Annual achievement	Reason for variance	Corrective measure	Budget	Expenditure	Means of verification
CORP-001-2022/23	Number of municipal buildings deployed with Security personnel	Provision of Security services	24/7 Security provided in 08 Municipal buildings	Provision of 24/7 security services in 17 municipal buildings	None	24/7 Security provided in 08 Municipal buildings	24/7 Security provided in 08 Municipal buildings		None	None	7 514 975	7 168 884.78	Quarterly reports
CORP-02-2022/23	Percentage of required office furniture items procured	Procurement of Office Furniture	100% of required office furniture items procured	100% of required furniture items procured	None	100% of required office furniture items procured	100% (29 of 29) of required office furniture items procured		None	None	157 300	157 300	Approved Specification, Appointment Letter, Delivery Note
CORP-004-2022/23	Number of Councillor training programmes coordinated	Training of Councillors	4 Councillor Training programmes coordinated	4 Councillor Training programmes coordinated	None	Not Achieved	2 Councillor Training programmes coordinated		2 training programmes coordinated due to budget constraints	Budget allocation in 2023/2024 financial year	400 000	390 525.73	Training Report, Attendance Register

Key Performance Area (KPA) 6:			Municipal Transformation and Organizational Development										
Outcome 9:			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs:			Administrative and financial capacity										
Key Strategic Organizational Objectives			Provide an accountable and transparent municipality through sustained public participation, coordination of administration and council committees Ensure administrative support to municipal units through continuous institutional development and innovation										
IDP Ref no	KPI	Project name	Baseline	2022/23 Annual Target	2022/23 Revised Annual Target	2021/22 Actual Achievement	2022/23 Actual Achievement	Annual achievement	Reason for variance	Corrective measure	Budget	Expenditure	Means of verification
CORP-005-2022/23	Number of Employees training programmes coordinated	Training of Employees	5 Employees Training programmes coordinated	5 Employees Training programmes coordinated	None	5 Employee training programmes coordinated	2 Employee training programmes coordinated		2 training programmes due to budget constraints	Employee training budget to be allocated in 2023/2024	524 000	517 894.44	Training Report, Attendance Register
CORP-006-2022/23	Number of fire extinguishers serviced and maintained	Service and maintain the fire extinguishers	30 Fire Extinguishers serviced	30 fire extinguishers serviced and maintained	None	30 Fire Extinguishers serviced	30 Fire Extinguishers serviced		None	None	31 388	30 880	Purchasing order
CORP-007-2022/23	Number of ward committee training programmes coordinated	Training of ward committee members	Training of 160 ward committee members	Coordination of 2 Ward Committee Training Programmes	None	Not Achieved	1 Ward Committee Training Programmes coordinated		1 training not coordinated due to budget constraints	Budget provision to be made in 2023/2024 financial year	523 000	512 177.88	Appointment letter, Advert, Specification, Training report
CORP-008-2022/23	Number of Ward committee	Ward committee	1 Ward committee	1 Ward committee	None	1 Ward committee	1 Ward committee conference held		None	None	880 200	870 944.87	Concept document, Attendance register

Key Performance Area (KPA) 6:			Municipal Transformation and Organizational Development										
Outcome 9:			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs:			Administrative and financial capacity										
Key Strategic Organizational Objectives			Provide an accountable and transparent municipality through sustained public participation, coordination of administration and council committees Ensure administrative support to municipal units through continuous institutional development and innovation										
IDP Ref no	KPI	Project name	Baseline	2022/23 Annual Target	2022/23 Revised Annual Target	2021/22 Actual Achievement	2022/23 Actual Achievement	Annual achievement	Reason for variance	Corrective measure	Budget	Expenditure	Means of verification
	conferences held	conference	conference held	conference held		conference held							
CORP OP-001-2022/23	Percentage of internal audit queries addressed	Implementation of Internal Audit action plan	0% (0 of 5) Internal Audit queries addressed	0% (0 of 5) Internal Audit queries addressed	None	0% (0 of 5) Internal Audit queries addressed	0% (0 of 5) Internal Audit queries addressed		Outstanding queries from HR and ICT	outstanding queries to be resolved in 2023/2024	Opex	Opex	Updated Internal audit action plan
CORP OP-002-2022/23	Percentage of AG Action Plan implemented	Implementation of AG Action Plan	100% (2 of 2) of AG action plan implemented	100% AG Action plan implemented	None	100% (2 of 2) of AG action plan implemented	0% (0 of 1) of AG action plan implemented		1 finding on leave management outstanding	To be addressed in 1st Quarter 2023/24	Opex	Opex	Updated AG Action Plan
CORP OP-003-2022/23	Percentage of risk register implemented	Implementation of Risk register	100% Risk Register implemented	100% Risk Register implemented	None	100% Risk Register implemented	0% (0 of 2) of risks identified in the Risk register implemented		Risks for abuse of travel claims and unstable network not addressed	To be addressed in 1st Quarter 2023/24	Opex	Opex	Risk register



Key Performance Area (KPA) 6:			Municipal Transformation and Organizational Development										
Outcome 9:			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs:			Administrative and financial capacity										
Key Strategic Organizational Objectives			Provide an accountable and transparent municipality through sustained public participation, coordination of administration and council committees Ensure administrative support to municipal units through continuous institutional development and innovation										
IDP Ref no	KPI	Project name	Baseline	2022/23 Annual Target	2022/23 Revised Annual Target	2021/22 Actual Achievement	2022/23 Actual Achievement	Annual achievement	Reason for variance	Corrective measure	Budget	Expenditure	Means of verification
CORP OP-004-2022/23	Percentage of Council resolutions implemented	Implementation of Council resolution	100% of Council resolutions implemented	100% of Council resolutions implemented	None	100% of Council resolutions implemented	82%(14 of 17) of Council resolutions implemented		Recruitment process for Senior Manager not finalized	1st Quarter 2023/2024	Opex	Opex	Updated Council Resolution register
CORP OP-005-2022/23	Percentage of Audit Committee resolutions implemented	Implementation of Audit Committee resolution	50% (3 of 6) of Audit Committee resolutions	100% of Audit Committee resolutions implemented	None	50% (3 of 6) of Audit Committee resolutions	0% of Audit Committee resolutions implemented		0/4 resolutions implemented	1st Quarter 2023/2024	Opex	Opex	Updated Audit Committee resolution register

Summary of performance: Municipal Transformation And Organizational Development		
	Number of targets achieved	04
	Number of Targets Not achieved	08
	Targets Discontinued/Not verifiable	0
Total Number of KPIs		12

### C. KEY CHALLENGES DURING THE YEAR UNDER REVIEW – 2022/2023

- During the year under review the municipality was confronted with the following challenges which affected service delivery performance:

DESCRIPTION OF CHALLENGE	PROPOSED INTERVENTION
1. Unwillingness by property owners into complying with Molemole Land Use Management Systems.	Introduction of Spatial Planning Awareness workshops.
2. Lack of Spatial, growth and Development which affects the overall Spatial transformation of the towns and villages.	Through the intergovernmental relations with the other organs of state the municipality has managed to secure funding in order to facilitate the formalization of villages and the establishment of Townships.
3. Disinclination by property owners into the submission of Building plans prior to the inception of building construction.	Introduction of Spatial Planning Awareness workshops to the community members.
4. Business Owners who are operating illegally without registering their businesses due to the registering offices being far from where the businesses are operating.	The municipality applied with LEDET to transfer the function of business registration to the municipality and function have been transferred.
5. Lack of interest into the mentorship of aspiring and emerging farmers by established and successful farmers.	The municipality engaged established Business Owners through the Local Economic Development Forums and other platforms to venture into skills development and training of emerging farmers.

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

### **COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL**

The Skills Development Act and Municipal Systems Act require employers to supply employees with the necessary training in order to develop its human resource capacity. With the requirements of the Skills Development Act and Municipal Systems Act as motive the Human Resource unit, under Corporate Services will ensure policies and procedures are effective and efficient to ensure a productive workforce at all times. We strive to ensure a smooth succession planning by creating an organizational structure that ensure there is always someone to perform the task in the event of illness, resignation and absenteeism for whatever reason of the another employee.

Training is implemented in line with the Workplace Skills Plan and closely monitored by the duly constituted Municipal Training committee.

The municipality continues to appropriate the budget for a continuous human capital investment through training and development as well as support through employee wellness programmes. We believe this is the only way for continued functionality and sustainability of the municipality

#### 4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees					
Description	2021/22	2022/23			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Budget & Treasury	24	29	27	01	10%
Municipal Manager's Office	26	22	13	02	15%
Technical services	15	35	41	0	10%
Local Economic Development and Planning	5	8	7	01	15%
Community & Social Services	35	59	67	3	15%
Corporate Services	34	40	33	2	10%
<b>Totals</b>	<b>164</b>	<b>193</b>	<b>188</b>	<b>09</b>	<b>100%</b>
					<b>T 4.1.1</b>

<b>Vacancy rate: 2022/23</b>			
<b>Designations</b>	<b>Total Approved Posts</b>	<b>Vacancies (fulltime equivalent)</b>	<b>Vacancies (as a percentage of total posts in each category)</b>
Municipal Manager	1	1	0%
CFO	1	0	0%
Other S57 (excl. Finance)	3	0	33%
Managers (Excl. Finance)	11	0	0%
Managers: Finance	4	0	0%
Supervisors/Specialized skills	10	0	0%
			T 4.1.2

<b>Turnover Rate as at 30 June 2022</b>			
<b>Details</b>	<b>Total appointments as of beginning of financial year</b>	<b>Terminations during the Financial year</b>	<b>Turnover rate</b>
2019/20	179	13	7%
2020/21	187	9	4.8%
2022/23	188	7	3.2%
			T4.1.3

## COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

### a. Introduction to Managing Municipal Workforce

The municipality has developed Human resource management and labour relations policies that aid management of employees to ensure an acceptable behaviour and practice by all employees. Policies are reviewed on an annual basis to cater for the changes in the management of human resources, legislative framework and overall trends in the labour market.

Advertisements, recruitment, selection, promotions and transfers all form part of staff provisioning policy. Management, Line Managers, Human Resources, Council and Trade Unions are involved in the entire policy development process and the policy endeavours to enable such role-players to perform their allocated responsibilities as effectively and efficiently as possible.

#### 4.2 HR POLICIES

HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
	Leave policy	100%	Yes	29 May 2022
	Transfer and Placement policy	100%	Yes	29 May 2022
	Medical incapacity policy	100%	Yes	29 May 2022
	Car Allowances	100%	Yes	29 May 2022
	Cell phone Allowance	100%	yes	29 May 2022
	Health and Safety	100%	yes	29 May 2022
	Employee Bursary	100%	yes	29 May 2022
	Overtime policy	100%	yes	29 May 2022
	Staff Provisioning and Recruitment policy	100%	yes	29 May 2022
	Standby policy	100%	yes	29 May 2022
	Laptop policy	100%	yes	29 May 2022
	Travel and subsistence policy	100%	yes	29 May 2022
	Sexual Harassment	100%	yes	29 May 2022
	HIV and Aids	100%	yes	29 May 2022
	Employee assistance program	100%	yes	29 May 2022
	Employee Relations	100%	yes	29 May 2022
	Employment Equity	100%	yes	29 May 2022

HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
	Dress code	100%	yes	29 May 2022
	Code of conduct	100%	yes	29 May 2022
	Absenteeism and attendance	100%	yes	29 May 2022
	Emergency and evacuation	100%	yes	29 May 2022
	Training and development	100%	yes	29 May 2022
	Covid-19 Danger Allowance	100%	yes	29 May 2022
	Municipal wide danger allowance			29 May 2022
	Staff Retention			29 May 2022
	Bereavement policy			29 May 2022

T 4.2.1

### 4.3 INJURY ON DUTY

Number and Cost of Injuries on Duty 2022/23					
Type of Injury	Injury leave taken (days)	Employees using injury leave No.	Proportion of employees using sick leave (%)	Average injury leave per employee (days)	Total estimated cost (R 000)
Required basic medical attention only	0	0	0	0	0
Temporary total disablement	0	0	0	0	0
Permanent disablement	0	0	0	0	0
Fatal	0	0	0	0	0
<b>Total</b>	0	0	0	0	0

T4.3.1

Number of Sick leave (excluding Injury on duty) as at 30 June 2023						
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
General Assistants/Cleaning staff	300	0%	40	100	3.24	
Officers/ Technicians	55	0%	25	52	0.84	
Superintendents/Accountant/ Management Rep	95	0%	2	12	0.28	
Managers	40	0%	2	18	0.30	
MM and S57	80	0%	3	5	0.11	
<b>Total</b>	<b>570</b>	<b>0%</b>	<b>72</b>	<b>187</b>	4.77	
						<i>T 4.3.2</i>

Number and Period of Suspensions as at 30 June 2021				
Position	Nature of alleged Misconduct	Date of Suspension	Status of Case	Date Finalized
None				

## PERFORMANCE REWARDS

The municipality has budgeted a maximum of 1.5% of the overall salary bill for payment of performance rewards in the 2022/2023 financial year. The 1.5% is in line with the Government gazette on staff regulations as well as the approved Performance Management policy and is applicable to employees below section 56 Managers. Furthermore, the municipality has budgeted a maximum of 14% of the total remuneration package for Senior Managers for performance rewards. The Municipality will further establish the departmental and Municipal moderation committees for the moderation of 2022/2023 Annual Assessments.



## COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

### a. Introduction

Section 68 (1) of The Local Government: Municipal Systems Act No. 32 of 2000 requires municipalities to develop their human resource capacity to a level that enables them to perform their functions and exercise their powers in an economical, effective, efficient and accountable way. For this purpose, the human resource capacity of a municipality must comply with the Skills Development Act and the Skills Development Levies Act. The table below outlines the training interventions during the year under review.

#### 4.5 SKILLS DEVELOPMENT AND TRAINING

SKILLS MATRIX														
Management Level	Gender	Employee s at post at 30 June 2020/21 No.	Number of skilled employees required and actual as at 30 June 2021/22											
			Learnership			Skills Programmes Short Courses			Other forms of training			Total		
			Actual 20/21	Target 21/22	Actual 21/22	Actual 21/22	Target 21/22	Actual 21/22	Actual 21/22	Target 21/22	Actual 21/22	Actual 21/22	Target 21/22	Actual 21/22
Councillors	Male	17	4	0	0	7	17	16	17	17	0	28	17	16
	Female	15	6	0	0	8	15	15	15	15	0	29	15	16
MM and S57	Male	0	0	0	0	0	2	2	0	3	0	03	2	0
	Female	0	0	0	0	0	1	1	0	2	0	0	1	0
Managers	Male	12	3	0	0	0	10	0	0	12	0	03	10	02
	Female	6	0	0	0	0	6	0	0	6	0	0	6	1
Technicians	Male	3	0	0	0	0	2	0	0	3	0	0	2	2
	Female	0	0	0	0	0	0	0	0	0	0	0	0	0
Professionals	Male	18	5	0	0	18	4	0	0	8	0	23	4	0
	Female	5	0	0	0	0	7	2	0	5	0	0	7	2
<b>Totals</b>		71	18			33	64	36	46	71	0	86	64	36

T4.5.1

- **Skills Development Expenditure**

**N.B. Training is derived from one vote which serves as a pool for all employees**

Employee Level	Gender	Actual (No.)	Original Budget R	Actual R
MM & S57	Male	2	R 600 000	R 599,756
	Female	1		
Managers	Male			
	Female	0		
Plant and Machine Operators	Male	2		
	Female	0		
Technicians	Male	0		
	Female	0		
Sales & Services Workers	Male	0		
	Female	0		
Officers	Male	0		
	Female	0		
Clerks	Male	0		
	Female	0		
General Assistants	Male	5		
	Female	15		
		<b>Totals</b>		
		%		0
				T4.5.3

Financial Competency Development: Progress report						
Description	A Total no of officials employed by municipality Regulation 14 (4) (a) & (c)	B Total no of officials employed by municipal entity Regulation 14 (4) (a) & (c)	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A & B Regulation 14 (4) (a) & (d)	Consolidated: Total no of officials whose performance agreements is in line with Regulation 14 (4) (f)	Consolidated: Total no of officials that meet prescribed competency levels Regulation 14 (4) (e)
Finance Officials	7	0	7	7	0	0
Accounting Officer	1	0	1	1	1	1
Chief Financial Officer	1	0	1	1	1	1
Senior Managers	4	0	4	4	4	4
Any Finance officials	2	0	2	2	0	0
Head of Supply chain units	1	0	1	1	0	2
<b>Total</b>	16	0	16	16	5	8

## COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

### 4.6 EMPLOYEE EXPENDITURE

Number of employees whose salaries were increased due to their positions being upgraded		
Beneficiaries	Gender	Total
MM & S57	Male	0
	Female	0
Managers	Male	0
	Female	0
Officers and Supervisors	Male	0
	Female	0
Clerical	Male	0
	Female	0
General Assistants/Cleaners	Male	0
	Female	0
<b>Total</b>		0

T4.6.2

Employees Whose Salary Levels Exceed The Grade Determined By Job Evaluation				
Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
None	None	None	None	None

T 4.6.3

Employees appointed to posts not approved				
Department	Level	Date of appointment	No. appointed	Reason for appointment when no established post exist
None	None	None	None	None

T 4.6.4

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**DISCLOSURES OF FINANCIAL INTERESTS:**

**See Appendix J below.**

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## CHAPTER 5 – FINANCIAL PERFORMANCE

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

### 5.1 INTRODUCTION TO FINANCIAL STATEMENTS

The Municipality has fulfilled its responsibility for the preparation of the financial statements in accordance with Generally Recognised Accounting Practice and the MFMA and DORA, in particular that the financial statements were fairly presented in accordance to all the required legislations. All known instances of non-compliance or suspected non-compliance with legislation, which the municipality was aware of where considered during the preparation of the annual financial statements and brought to the attention of the auditor. The identity of all related parties, the related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of GRAP.

All known actual or possible litigation and claims were accounted for and disclosed in accordance with GRAP. All events subsequent to the date of the financial statements and for which GRAP requires adjustment or disclosure have been adjusted or disclosed. The going concern assumption was appropriately applied in the preparation of the financial statements and there were no significant uncertainties identified by Auditor General which can impact the municipality's ability to continue as a going concern.

#### a) Reconciliation of A1 Budget Summary

Description	Year 2022/23											
	R thousands	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
<b>Financial Performance</b>												
Property rates	49,397	(8,311)	41,086	-	-	41,086	32,724		8,362	80	66	
Service charges	25,590	-	25,590	-	-	25,590	11,443		14,147	45	45	

Description	Year 2022/23										
	R thousands	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget
Investment revenue	3,000	4,750	7,750	-	-	7,750	8,168		(418)	105	272
Transfers recognised - operational	174,458	640	175,098	-	-	175,098	174,739		358	100	100
Other own revenue	12,481	632	13,113	-	-	13,113	10,468		2,646	80	84
<b>Total Revenue (excluding capital transfers and contributions)</b>	264,926	(2,289)	262,637	-	-	262,637	237,541	-	25,095	90	90
Employee costs	104,548	(452)	104,096	-	-	104,096	104,087	-	9	100	100
Remuneration of Councillors	13,974	(66)	13,908	-	-	13,908	13,651	-	257	98	98
Debt impairment	3,498	300	3,798	-	-	3,798	2,385	-	1,413	-	68
Depreciation & asset impairment	19,813	-	19,813			19,813	18,587	-	1,226	94	94
Finance charges	117	10	126	-	-	126	26	2,442	100	21	23
Materials and bulk purchases	11,927	1,200	13,127	-	-	13,127	12,837	-	290	98	108
Transfers and grants	-	-	-	-	-	-	-	-	-		
Other expenditure	90,830	(371)	90,459	-	-	90,459	73,021	8,634	17,437	81	80



Description	Year 2022/23										
	R thousands	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget
<b>Total Expenditure</b>	244,706	621	245,327	-	-	245,327	224,594	11,076	20,733	92	92
<b>Surplus/(Deficit)</b>	20,220	(2,910)	17,310	-	-	507,963	462,135	11,076	45,829	91	
Transfers recognised - capital	37,802	7,116	44,919	-		44,919	40,347	-	4,572	90	107
Contributions recognised - capital & contributed assets			-			-	1,894		1,894	-	
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>										-	
Share of surplus/ (deficit) of associate	-	-	-	-		-	-		0	-	
<b>Surplus/(Deficit) for the year</b>	58,022	4,207	62,229	-	-	62,229	55,188	11,076	10,828	89	95
<b>Capital expenditure &amp; funds sources</b>											
<b>Capital expenditure</b>											

Description	Year 2022/23										
	R thousands	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget
Transfers recognised - capital	37,802	-	37,802	-		37,802	42,525		(4,722)	112	112
Public contributions & donations						-	-		-	-	-
Borrowing	-		-			-	-		-	-	-
Internally generated funds	27,591	705	26,886	-		26,886	6,163		20,724	23	22
<b>Total sources of capital funds</b>	65,394	705	64,689	-	-	64,689	48,687	-	16,002	75	74
<b>Cash flows</b>											
Net cash from (used) operating	75,025	9,074	84,099	-		84,099	56,977		27,123	68	76
Net cash from (used) investing	(58,022)	(5,308)	(63,331)	-		(63,331)	(49,993)		(13,338)	79	86
Net cash from (used) financing	-	-	-			-			-	#DIV/0!	#DIV/0!
Net increase/(decrease) in cash and cash equivalents	17,003	3,766	20,769	-	-	20,769	6,983	-	13,785	34	41

Description	Year 2022/23										
	R thousands	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget
Cash/cash equivalents at the beginning of the year	89,549	15,719	105,268			105,268	105,279		(11)	100	118
Cash/cash equivalents at the year end	106,552	19,485	126,036	-	-	126,036	112,262	-	13,774	89	105
T 5.1.1											

**b) FINANCIAL PERFORMANCE: OPERATING SERVICES**

Financial Performance of Operational Services						
						R '000
Description	Year 2021/22	Year 2022/23			Year 2022/23 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
<b>Operating Cost</b>						
Water	-	-	-	-		
Waste Water (Sanitation)	-	-	-	-	0.00%	0.00%
Electricity	24,688	24,644	28,961	26,887	8.34%	-7.71%
Waste Management	6,733	10,221	16,960	9,322	-9.64%	-81.93%
Housing	-	-	-	-	0.00%	0.00%
Component A: sub-total	31,421	34,864	45,920	36,209	3.71%	-26.82%
Waste Water (Stormwater Drainage)		-	-		0.00%	0.00%
Roads	30,230	29,170	29,049	24,451	-19.30%	-18.81%
Transport	-	-	-	-	0.00%	0.00%
Component B: sub-total	30,230	29,170	29,049	24,451	-19.30%	-18.81%
Planning						
Local Economic Development						
Component B: sub-total	-	-	-	-	-	-
Planning (Strategic & Regulatory)	4,583	4,955	5,578	4,414	0.00%	0.00%
Local Economic Development	4,251	4,072	2,550	4,015	0.00%	0.00%

### Financial Performance of Operational Services

R '000						
Description	Year 2021/22	Year 2022/23			Year 2022/23 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Component C: sub-total	8,835	9,028	8,128	8,429	0.00%	0.00%
Community & Social Services	26,046	29,644	29,077	28,211	-5.08%	-3.07%
Environmental Protection		-	-		0.00%	0.00%
Health		-	-		0.00%	0.00%
Security and Safety		-	-		0.00%	0.00%
Sport and Recreation		-	-		0.00%	0.00%
Corporate Policy Offices and Other	123,291	142,001	133,152	147,003	3.40%	9.42%
Component D: sub-total	149,337	171,644	162,229	175,214	2.04%	7.41%
<b>Total Expenditure</b>	<b>219,823</b>	<b>244,706</b>	<b>245,327</b>	<b>244,304</b>	-0.16%	-0.42%
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

### c) COMMENT ON FINANCIAL PERFORMANCE

THE LIQUIDITY RATIOS FOR 2021/22 FINANCIAL YEAR ARE AS FOLLOWS:

- Current ratio = 5.1:1
- Acid test ratio = 3.3:1
- Net Assets/Working Capital = 474 610 498

The municipal ratios indicate clearly that the financial capacity of the municipality is stable. The municipality will be in a position to operate in the coming financial year and meet all its financial obligations.

### 5.2 GRANTS PERFORMANCE

Grant Performance							R' 000
Description	2021/22	2022/23			2022/23 Variance		
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)	
<b>Operating Transfers and Grants</b>							
<b>National Government:</b>	<b>159,491</b>	<b>173,051</b>	<b>173,051</b>	<b>173,042</b>			
Equitable share	155,513	168,761	168,761	168,761	0	0	
Municipal Systems Improvement	-	-	-	-	-	-	
Department of Water Affairs	-	-	-	-	-	-	
Levy replacement	-	-	-	-	-	-	
Financial Management Grant	2,128	2,300	2,300	2,292	0	0	
Municipal Infrastructure Grant	1,850	1,990	1,990	1,988	0	0	
Municipal Disaster Relief Grant	-	-	-	-			

Grant Performance							R' 000
Description	2021/22	2022/23			2022/23 Variance		
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)	
<b>Provincial Government:</b>	<b>1,420</b>	<b>1,407</b>	<b>1,407</b>	<b>1,396</b>	1	1	
Health subsidy	-	-	-	-			
Housing	-	-	-	-			
Ambulance subsidy	-	-	-	-			
Sports and Recreation	-	-	-	-			
Expanded Public Works Programme	1,420	1,407	1,407	1,396	1	1	
<b>District Municipality:</b>	-	-	-	-			
CDM	-	-	-	-			
<b>Other grant providers:</b>	-	-	-	-			
<i>[insert description]</i>							
<b>Total Operating Transfers and Grants</b>	<b>160,911</b>	<b>174,458</b>	<b>174,458</b>	<b>174,438</b>	0	0	
<i>Variations are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national grants available from published gazettes.</i>						T 5.2.1	

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#### **d) COMMENT ON OPERATING TRANSFERS AND GRANTS:**

The financial Management grant got allocation of R 2 300 000 at the beginning of the 2022/23 financial year. The municipality used this money to recruit Finance Interns and to also fund their training on Municipal Finance Management Programme. The grant is also used to purchase working tools for the Interns during the Internship period. The total amount spent was R 2 292 235 or 100 percent. The remaining unspent amount of R 7,764 was returned to National Revenue Fund.

Total MIG allocation for the year under review was R 37 792 000 and the overall expenditure as at 30<sup>th</sup> June 2023 was R 37 797 732 which is 100% of the allocation. It is for this reason that the municipality did not return any monies to National Revenue Fund as spending pattern was in line with the submitted business plan.

The Municipality applied for INEP grant rollover and was granted approval to rollover the remaining total amount of R 2,616,442 as it was committed before end of the financial year. The Municipality spent R 2 548 942 which is 97% and the remaining amount of R67 500 was returned to the National Revenue Fund.

#### **e) GRANTS RECEIVED FROM SOURCES OTHER THAN DIVISION OF REVENUE ACT (DORA)**

- The municipality did not receive any grants other than the one from DORA.

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### **5.3 ASSET MANAGEMENT**

#### **a) INTRODUCTION TO ASSET MANAGEMENT**

The Accounting Officer of the municipality is required to ensure that the assets of the municipality are utilized effectively and efficiently should put in place controls to safeguard them. This makes asset management a crucial function for the municipality because they play a critical role in helping the municipality to discharge its service delivery responsibilities. The Municipality has entered into a three-year agreement with an insurance company to insure all the assets of the municipality, including employees. During the year under review the municipality has successfully conducted two asset verifications to check the status of the assets and to help the Accounting Officer in determining which assets are obsolete for the purpose of disposing them. A total of twenty-four (24) assets were identified as obsolete and the necessary processes were followed to dispose them through a private Auctioneer appointed by the municipality. The Municipality has also compiled a Fixed Asset register for auditing by the Auditor-General of South Africa. The total Asset value for the Municipality in the 2022/2023 financial year was R 1 282 357,30

The following table outline the treatment of the seven largest assets acquired in the year under review:



<b>TREATMENT OF THE LARGEST ASSETS ACQUIRED YEAR 2022/23</b>	
<b>Asset 1</b>	
Name	Maupye Internal Street (Access to Main Road)
Description	Upgrading of gravel road to tar
Asset Type	Infrastructure Asset (Roads)
Key Staff involved	Asset Managers and Technical Manager
Staff Responsibilities	Physical and Financial Management of Asset
Asset Value	R10,443,431.99
Capital Implications	Yes
Future Purpose of Asset	Provision of Road and Storm-water Maintenance
Describe key Issues	Upgrading of roads and storm water infrastructure for effective access to communities
Policies in Place to Manage Asset	Yes
<b>Asset 2</b>	
Name	Mokgehle Internal Street (Access Road from Main Road)
Description	Upgrading of gravel road to tar
Asset Type	Infrastructure Asset (Roads)
Key Staff involved	Asset Managers
Staff Responsibilities	Physical and Financial Management of Asset
Asset Value	R10,434,626.77
Capital Implications	Yes
Future Purpose of Asset	Provision of Road and Storm-water Maintenance
Describe key Issues	Upgrading of roads and storm water infrastructure for effective access to communities
Policies in Place to Manage Asset	Yes
<b>Asset 3</b>	
Name	Sako Internal Street (Main Road to Existing Tared Road)
Description	Upgrading of gravel road to tar

<b>TREATMENT OF THE LARGEST ASSETS ACQUIRED YEAR 2022/23</b>	
Asset Type	Infrastructure Asset (Roads)
Key Staff involved	Asset Managers
Staff Responsibilities	Physical and Financial Management of Asset
Asset Value	R9,641,513.78
Capital Implications	Yes
Future Purpose of Asset	Provision of Road and Storm-water Maintenance
Describe key Issues	Upgrading of roads and storm water infrastructure for effective access to communities
Policies in Place to Manage Asset	Yes
<b>Asset 4</b>	
Name	Construction of Mogwadi Internal street on Presidents Street
Description	Upgrading of gravel road to tar
Asset Type	Infrastructure Asset (Roads)
Key Staff involved	Asset Managers
Staff Responsibilities	Physical and Financial Management of Asset
Asset Value	R 3,697,832.06
Capital Implications	Yes
Future Purpose of Asset	Provision of Road and Storm-water Maintenance
Describe key Issues	Upgrading of gravel road to tar for effective transport system
Policies in Place to Manage Asset	Yes
<b>Asset 5</b>	
Name	Construction Culvert Bridges
Description	Construction of Culvert bridges for access roads to be usable during rainy seasons.
Asset Type	Infrastructure Asset (Roads)
Key Staff involved	Asset Managers
Staff Responsibilities	Physical and Financial Management of Asset

<b>TREATMENT OF THE LARGEST ASSETS ACQUIRED YEAR 2022/23</b>	
Asset Value	R3,701,261.78
Capital Implications	Yes
Future Purpose of Asset	Ensuring access roads are not impacted by storm water.
Describe key Issues	Alleviating flooding that prevents commuters from using access roads during rainy seasons.
Policies in Place to Manage Asset	Yes
<b>Asset 6</b>	
Name	Supply, Delivery and Installation of Mini-Sub and two Transformers.
Description	Supply, Delivery and Installation of Mini-Sub and two Transformers.
Asset Type	Infrastructure Asset (Electricity)
Key Staff involved	Asset Managers
Staff Responsibilities	Physical and Financial Management of Asset
Asset Value	R2,314,400.00
Capital Implications	Yes
Future Purpose of Asset	To ensure the electricity network is capacitated to handle existing customers and new customers
Describe key Issues	Alleviating outages due to overloading of the electricity network thus ensuring uninterrupted power supply and extension of capacity to connect new customers.
Policies in Place to Manage Asset	Yes
<b>Asset 7</b>	
Name	High Mast Lights
Description	Provision, installation and configuration of 2x High Mast Lights
Asset Type	Infrastructure Assets (Electricity)
Key Staff involved	Asset Managers
Staff Responsibilities	Physical and Financial Management of Asset

<b>TREATMENT OF THE LARGEST ASSETS ACQUIRED YEAR 2022/23</b>	
Asset Value	R 1,461,695.65
Capital Implications	Yes
Future Purpose of Asset	Infrastructure Asset (Electricity)
Describe key Issues	Provide high mast lights in communities for the reduction of crime and the provision of well-lit streets.
Policies in Place to Manage Asset	Yes

<b>Repair and Maintenance Expenditure: 2022/23</b>				
				<b>R' 000</b>
	<b>Original Budget</b>	<b>Adjustment Budget</b>	<b>Actual</b>	<b>Budget variance</b>
Repairs and Maintenance Expenditure	15,629,086.00	16,491,244.00	13,076,015.00	21
<i>T 5.3.4</i>				

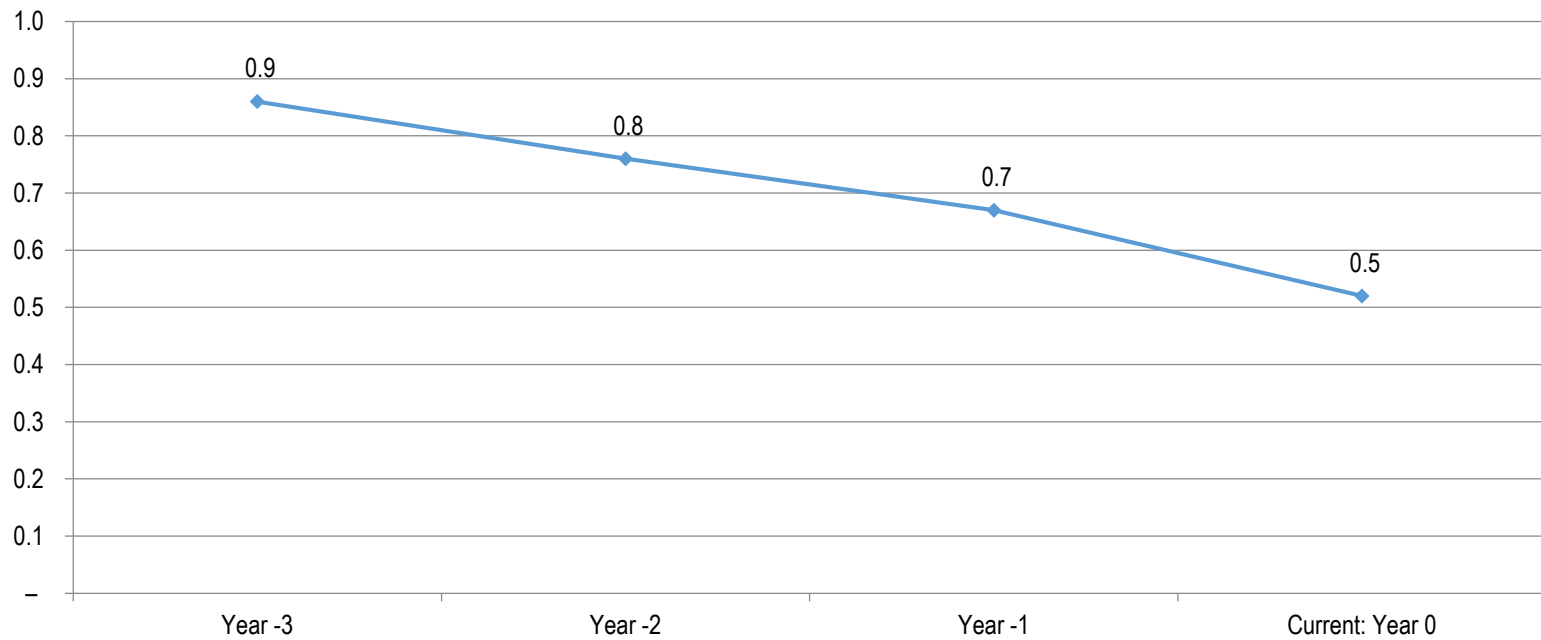
### **c) COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE**

During the year under review the municipality had budget allocation of R 16,491,244.00 or repair and maintenance of municipal assets. The total expenditure Repair and Maintenance for 2022/23 was R 13,076,015.00. The proportion of Repair and Maintenance to the budget stood at 7% which is below the required 8% as per circular 71. The municipality will work hard to ensure there is improvement in the coming financial years to ensure all procured assets are able to be maintained to extract the expected service delivery benefits from such assets.

## **5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS**

Financial ratios for the 2022/23 as described under financial overview above are illustrated hereunder in a graphical display

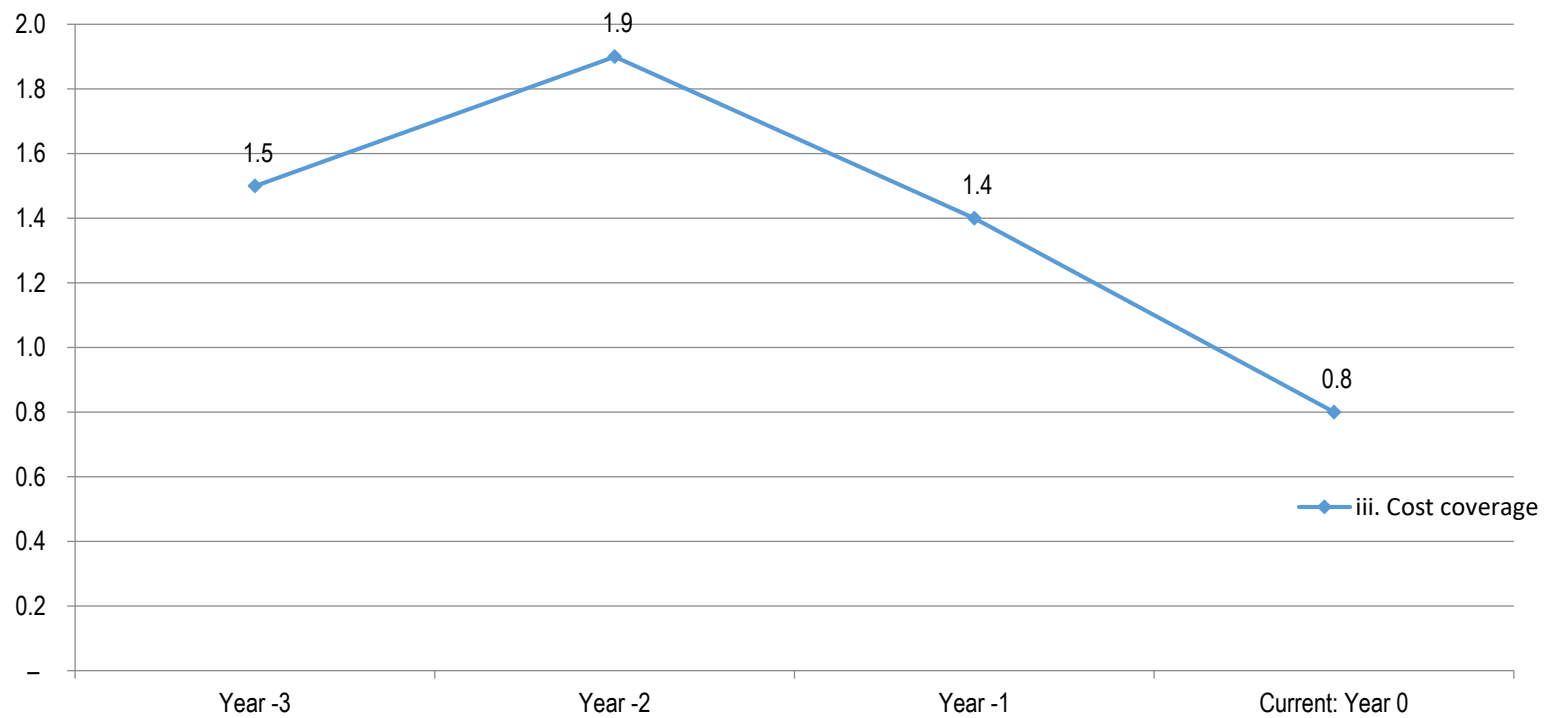
## Liquidity Ratio



Liquidity Ratio – Measures the municipality's ability to pay its bills and is calculated by dividing the monetary assets (due within one year ) by the municipality's current liabilities. A higher ratio is better.

Data used from MBRR SA8

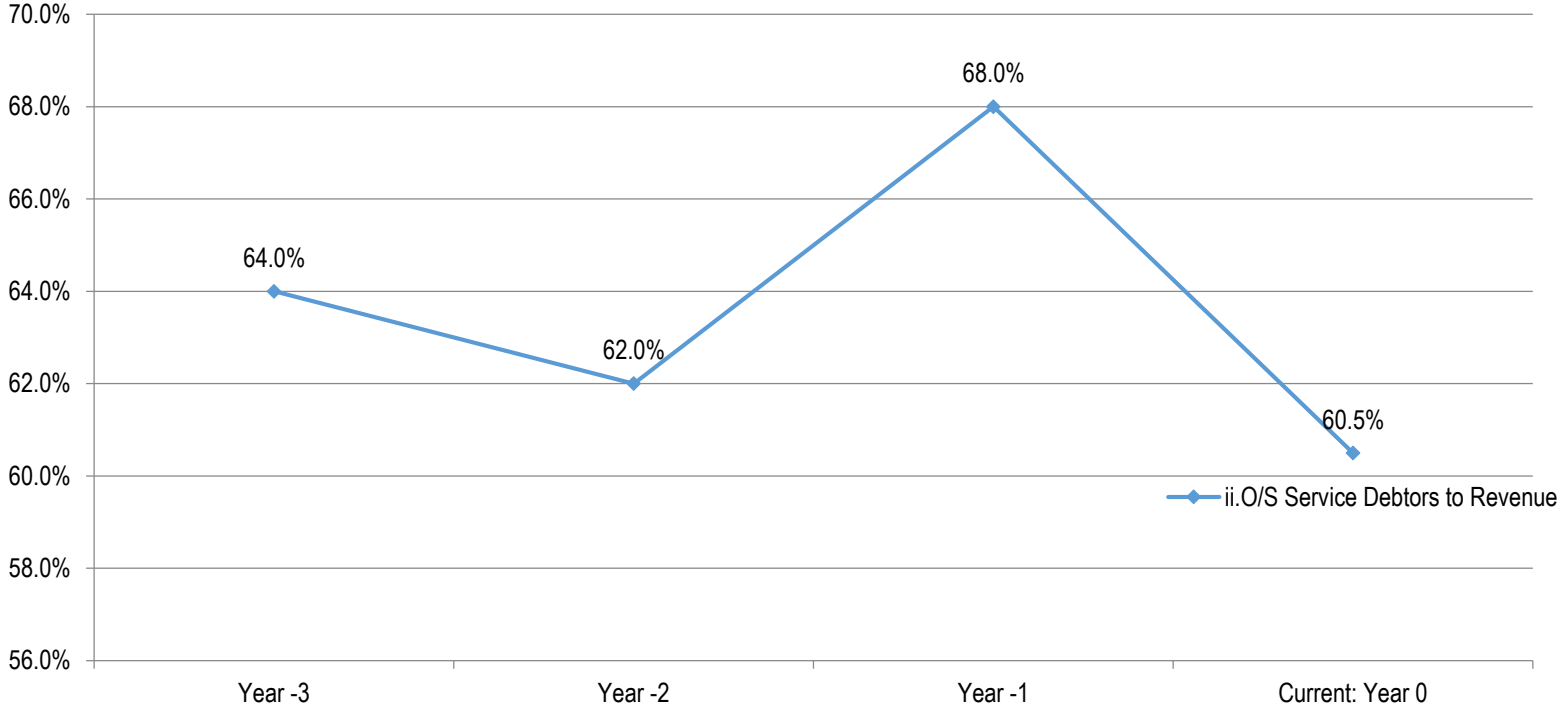
## Cost Coverage



Cost Coverage– It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated

Data used from MBRR SA8

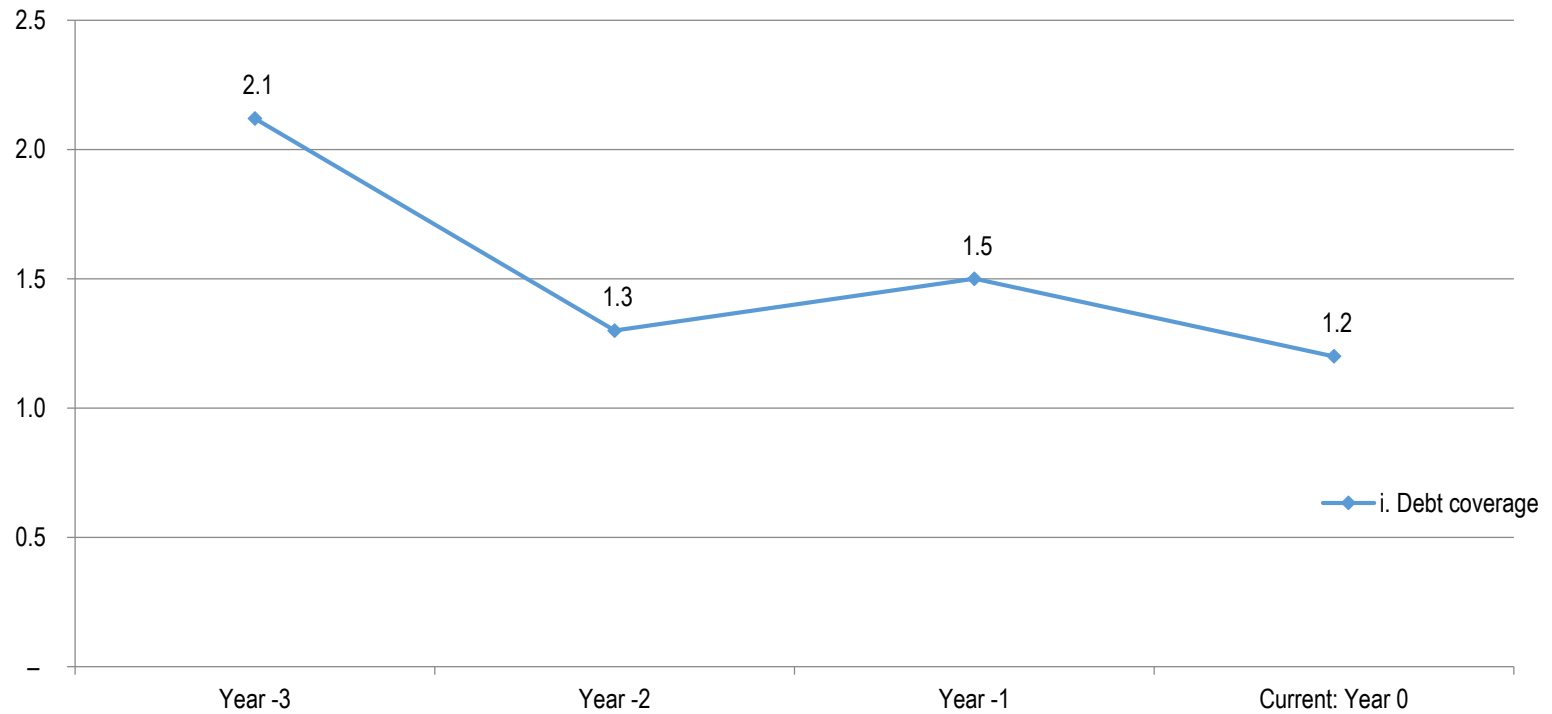
# Total Outstanding Service Debtors



Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower score is better.

Data used from MBRR SA8

## Debt Coverage

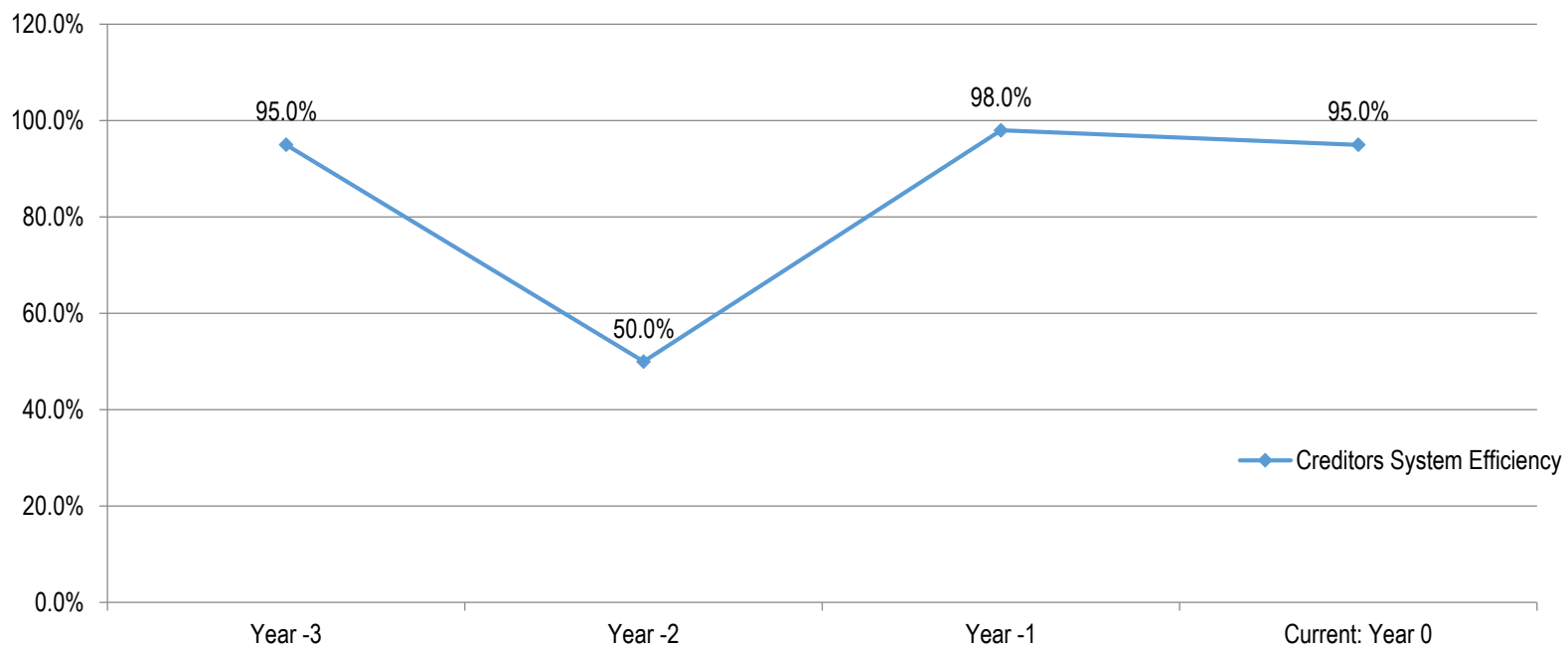


Debt Coverage— The number of times debt payments can be accommodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accommodated by the municipality

Data used from MBRR SA8



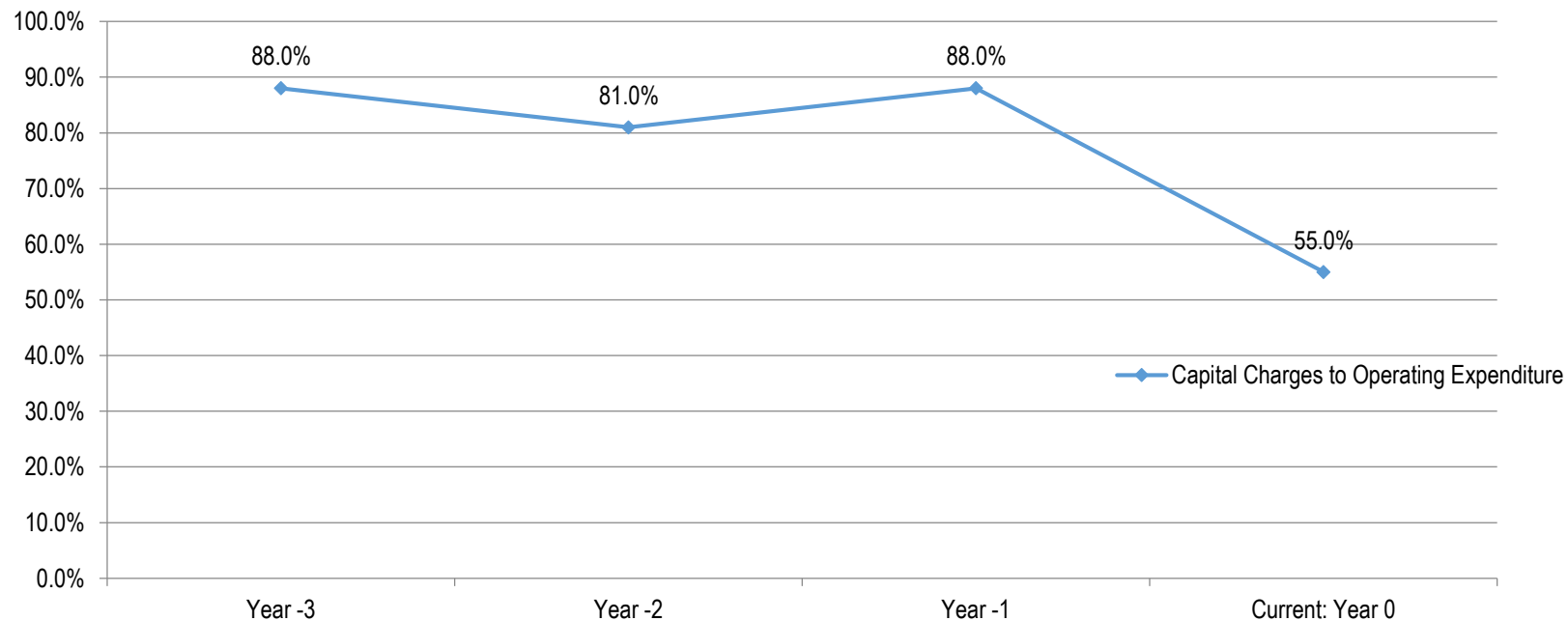
## Creditors System Efficiency



Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases

Data used from MBRR SA8

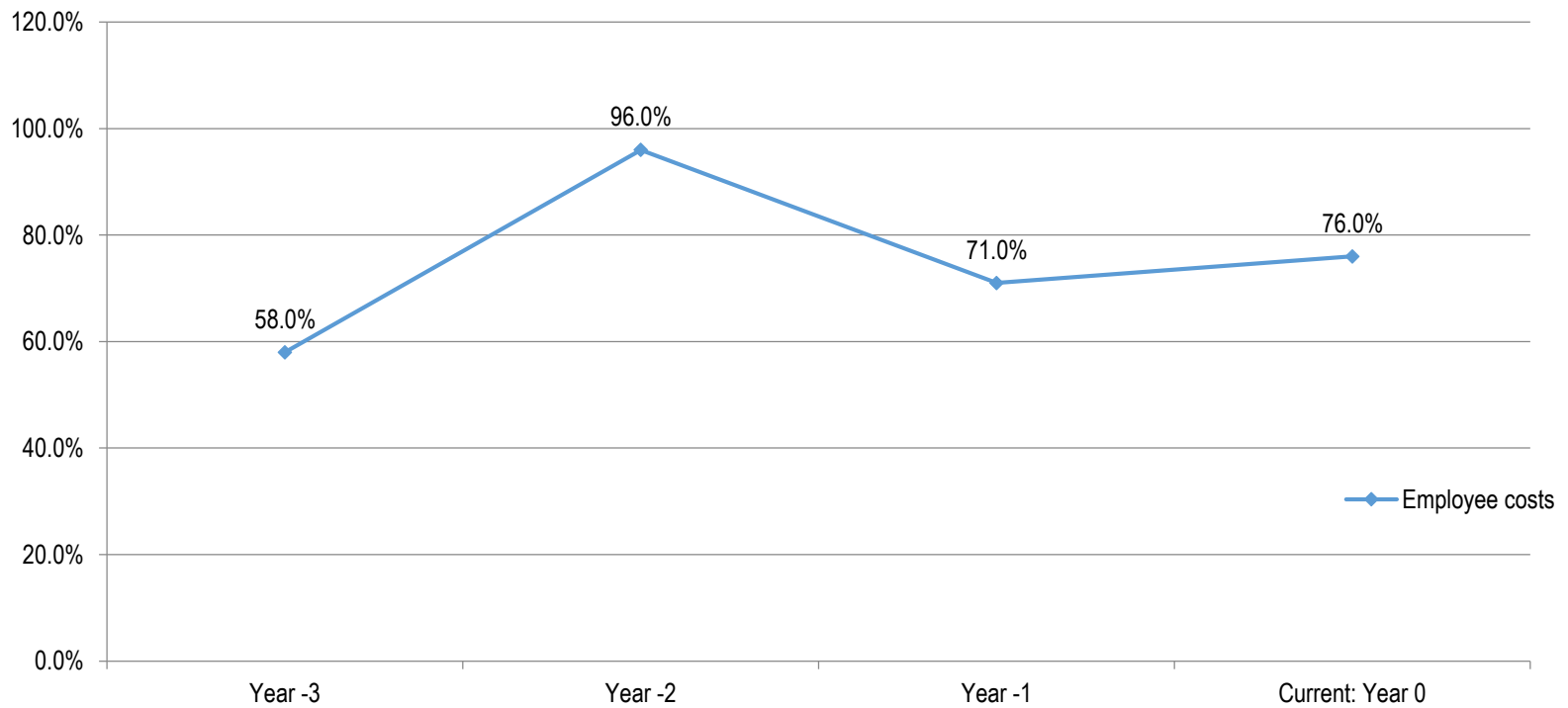
## Capital Charges to Operating Expenditure



Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

Data used from MBRR SA8

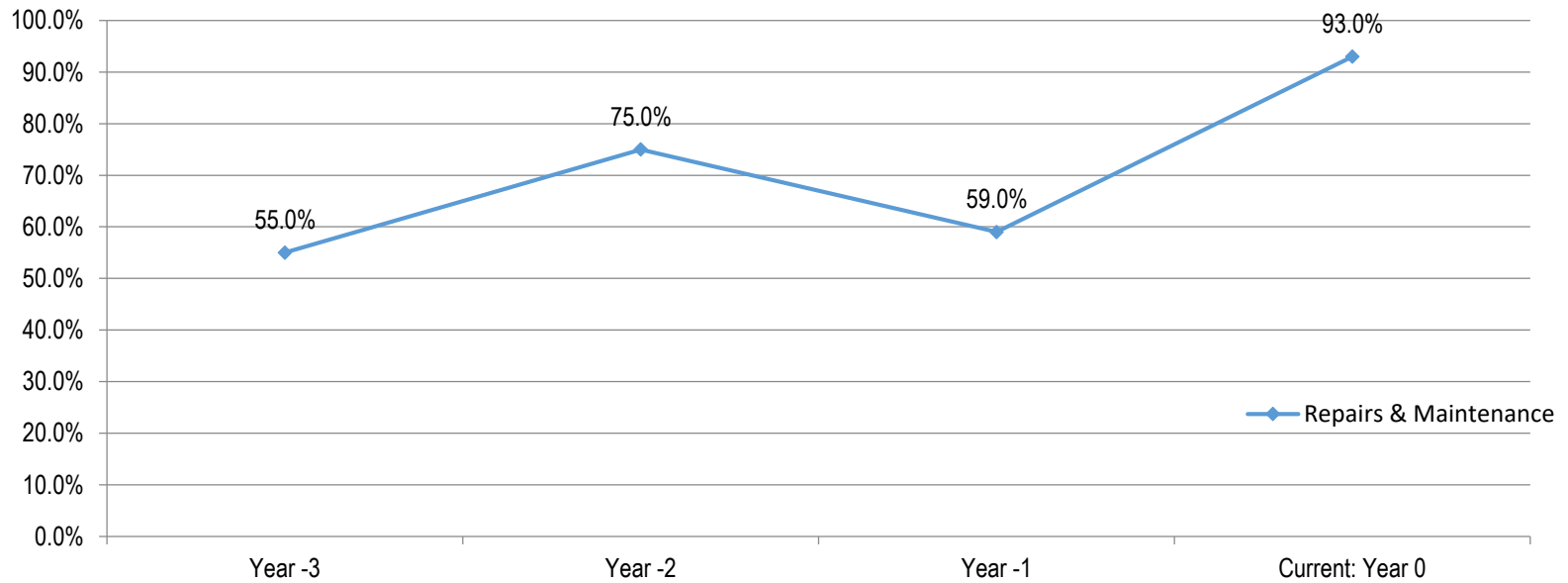
## Employee Costs



Employee cost – Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.

Data used from MBRR SA8

## Repairs & Maintenance



Repairs and Maintenance – This represents the proportion of operating expenditure spent and is calculated by dividing the total repairs and maintenance.

Data used from MBRR SA8

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### **COMMENT ON FINANCIAL RATIOS:**

The ratio 5:1 is above the norm which means that the municipality will be able to pay its short term obligations with the available current assets. When comparing the current year ratio to the prior year it is stable, thus no indication of uncertainties on the liquidity of the municipality. The Municipality's net assets amount of R 474 610 498.

## **COMPONENT B: SPENDING AGAINST CAPITAL BUDGET**

### **a) INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET**

Capital expenditure relates mainly to construction projects that will have lasting value over many years. Molemole municipality fund Capital projects via grants and funds generated from own user fees. 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 spend. 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 programmes), **N** (relating to the full programme of full capital projects, and **O** (relating to the alignment of projects to wards).

## A. SOURCES OF FINANCE

Capital Expenditure - Funding Sources: Year 2021/22 to Year 2022/23							R' 000
Details	Year 2021/22	Year 2022/23					
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)	
<b>Source of finance</b>							
	External loans	0	0	0	0		
	Public contributions and donations	0	0	0	0		
	Grants and subsidies	204435319	212260000	220016443	215085949	3.65%	
	Other	54944849	90468256	87539094	64556099	-3.24%	
<b>Total</b>		<b>259380168</b>	<b>302728256</b>	<b>307555537</b>	<b>279642048</b>	1.59%	
<b>Percentage of finance</b>							
	External loans	0.0%	0.0%	0.0%	0.0%		
	Public contributions and donations	0.0%	0.0%	0.0%	0.0%		
	Grants and subsidies	78.8%	70.1%	71.5%	76.9%	229.2%	
	Other	21.2%	29.9%	28.5%	23.1%	-203.0%	
<b>Capital expenditure</b>							
	Water and sanitation					0.00%	
	Electricity	8766417	4750000	8430151	5437876	77.48%	
	Housing						
	Roads and storm water	34516616	45702400	50454174	48269720	10.40%	
	Other	5404203	7570000	4446300	9077472	-41.26%	
<b>Total</b>		<b>48687236</b>	<b>58022400</b>	<b>63330625</b>	<b>62785068</b>		
<b>Percentage of expenditure</b>							

Capital Expenditure - Funding Sources: Year 2021/22 to Year 2022/23							
R' 000							
Details		Year 2021/22	Year 2022/23				
		Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
	Water and sanitation	0.0%	0.0%	0.0%	0.0%		
	Electricity	18.0%	8.2%	13.3%	8.7%		
	Housing	0.0%	0.0%	0.0%	0.0%		
	Roads and storm water	70.9%	78.8%	79.7%	76.9%		
	Other	11.1%	13.0%	7.0%	14.5%		
<i>T 5.6.1</i>							

Capital Expenditure of 5 largest projects*					
R' 000					
Name of Project	Current: Year 22/23			Variance: Current Year 22/23	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
MAUPYE INTERNAL STREET	12,014,381	12,014,381	10,334,432	-16%	-16%
GA SAKO INTERNAL STREET	13,788,019	12,225,832	19,631,111	30%	38%
MOKGEHLE INTERNAL STREET	12,000,000	12,000,000	10,434,627	-15%	-15%
MOGWADI INTERNAL STREET	4,000,000	4,343,517	3,697,831	-8%	-17%
CULVERT BRIDGES	3,000,000	4,925,595	3,730,773	20%	-32%
<i>T 5.7.1</i>					

## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

### a) INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

The municipality has a favorable bank balance of R 112 262 025 (compared to R 105 278 542 in 2021/22) at year end as per table.

#### 5.9 CASH FLOW

Cash Flow Outcomes				
R'000				
Description	2021/22	Current: 2022/23		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Ratepayers and other	44,699	81,160	69,788	42,678
Government - operating	161,911	174,458	175,098	176,587
Government - capital	44,702	37,802	49,419	40,347
Interest	4,709	3,000	7,750	8,168
Dividends				
<b>Payments</b>				
Suppliers and employees	(191,611)	221,395	(213,455)	(210,802)
Finance charges	-	-	-	-
Transfers and Grants	-	-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>64,409</b>	<b>517,815</b>	<b>88,599</b>	<b>56,976</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Receipts</b>				
Proceeds on disposal of PPE	-	-	-	-
Decrease (Increase) in non-current debtors	-	-	-	-



<b>Cash Flow Outcomes</b>				
<b>R'000</b>				
<b>Description</b>	<b>2021/22</b>	<b>Current: 2022/23</b>		
	<b>Audited Outcome</b>	<b>Original Budget</b>	<b>Adjusted Budget</b>	<b>Actual</b>
Decrease (increase) other non-current receivables	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-
Purchase of intangibles	-	-	-	-
<b>Payments</b>				
Capital assets	(48,687)	(58,022)	(63,331)	(49,993)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(48,687)</b>	<b>(58,022)</b>	<b>(63,331)</b>	<b>(49,993)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Receipts</b>				
Short term loans				
Borrowing long term/refinancing	-			
Increase (decrease) in consumer deposits				
<b>Payments</b>				
Repayment of borrowing	-		-	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>15,722</b>	<b>459,792</b>	<b>25,269</b>	<b>6,983</b>
Cash/cash equivalents at the year begin:	<b>89,546</b>	<b>89,546</b>	<b>89,546</b>	<b>105,279</b>
Cash/cash equivalents at the year-end:	<b>105,268</b>	<b>549,338</b>	<b>114,814</b>	<b>112,262</b>
<i>Source: MBRR A7</i>				<i>T 5.9.1</i>

## 5.10 MUNICIPAL INVESTMENTS

### A) INTRODUCTION TO INVESTMENTS

Municipal Decisions on Investments are guided by the Council approved Investment policy as well as the Municipal Finance Management Act, 2003 (Act 56 of 2003).

Description	2021/2022	2022/2023
Bank balances	R 14 643 697	R 4 054 721
Short / long -term Investment	R 90 634 845	R 108 207 304
<b>TOTAL</b>	<b>R 105 278 542</b>	<b>R 112 262 025</b>

- The table below gives a detailed overview of investments during the 2022/23 financial year.

Municipal and Entity Investments			
			R' 000
Investment* type	Year 2020/21	Year 2021/22	Year 2022/23
	Actual	Actual	Actual
<b>Municipality</b>			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank	60,211,426.00	90,634,845.00	108,207,304.00
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			

<b>Municipal and Entity Investments</b>			
			<b>R' 000</b>
<b>Investment* type</b>	<b>Year 2020/21</b>	<b>Year 2021/22</b>	<b>Year 2022/23</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Municipal Bonds			
Other			
<b>Municipality sub-total</b>	60,211,426.00	90,634,845.00	108,207,304.00
<b>Municipal Entities</b>			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank			
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Other			
<b>Entities sub-total</b>	0	0	0
<b>Consolidated total:</b>	60,211,426.00	90,634,845.00	108,207,304.00
<i>T 5.10.4</i>			

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### **a. PARTNERSHIPS**

The municipality did not have any official partnerships

## **COMPONENT D: OTHER FINANCIAL MATTERS**

### **5.12 GRAP COMPLIANCE**

GRAP is an acronym for **G**enerally **R**ecognized **A**ccounting **P**ractice and it provides the rules for 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 the National Treasury to assess the pace of progress and to consider the implications if not adhered to. Molemole Municipality followed the directives issued by the Accounting Standards Board in compiling the 2022/2023 Annual Financial Statements. Molemole municipality's Asset management policy and Asset register are in compliance with GRAP.

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## CHAPTER 6: AUDITOR-GENERAL AUDIT FINDINGS

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2021/2022

6.1 AUDITOR GENERAL REPORTS YEAR -1 (PREVIOUS YEAR)

<b>Financial year</b>	<b>2021/22</b>
<b>Municipality name</b>	<b>Molemole</b>
<b>Audit opinion</b>	<b>Unqualified</b>
<b>Reporting period</b>	<b>Jun-2021</b>

- **A SUMMARY OF AUDIT FINDINGS FOR THE 2021/22 FINANCIAL YEAR IS TABLED BELOW**

<b>Auditor-General Report on Financial Performance 2021/2022</b>	
Audit Report status*:	Unqualified
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
<p>1. 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.</p> <p>Material misstatements of general expenses and principal and agents identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.</p>	<p>Timely preparation of the Annual Financial Statement process plan.</p> <p>Monthly Audit Steering Committee meetings to monitor implementation of the audit action plans on issues raised by the Auditor General and Internal Audit.</p>
2. Expenditure management	Preparation of accurate and complete financial statement that are supported and evidenced by reliable information

<b>Auditor-General Report on Financial Performance 2021/2022</b>	
Reasonable steps were not taken to prevent irregular expenditure amounting to R2 477 091 as disclosed in note 63 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by incorrect application of the pre-qualification criteria.	
Note:* The report`s status is supplied by the Auditor – General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse) T6.1.1	
<b>Auditor-General Report on Service Delivery Performance 2021/22</b>	
Audit Report status*:	Unqualified
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
No material findings on the usefulness and reliability of the reported performance information for the following development priority: <b>KPA 2: Basic service delivery</b>	Unqualified
<p><b>b) COMMENTS ON AUDITOR-GENERAL’S OPINION 2021/22</b></p> <p>There was a marked improvement in the resolution of issues raised by Auditor-General for the 2021/22 financial year. As at 30 June 2022 the municipality has resolved 100% of audit findings raised by Auditor-General as well as 55% issues raised by Internal Audit. These efforts have helped our cause to maintain the unqualified audit opinion in the current financial year.</p>	

COMPONENT B: AUDITOR-GENERAL OPINION YEAR (2022/2023)

6.2 AUDITOR GENERAL REPORT YEAR 2022/2023

<b>Financial year</b>	<b>2022/23</b>
<b>Municipality name</b>	<b>Molemole</b>
<b>Audit opinion</b>	<b>Unqualified</b>
<b>Reporting period</b>	<b>Jun-2023</b>

- A SUMMARY OF AUDIT FINDINGS FOR THE 2022/23 FINANCIAL YEAR IS TABLED BELOW

<b>Auditor-General Report on Financial Performance 2022/2023</b>	
Audit Report status*:	Unqualified
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
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 cash flow statement and segment information identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.	Timely preparation of the Annual Financial Statement process plan. Monthly Audit Steering Committee meetings to monitor implementation of the audit action plans on issues raised by the Auditor General and Internal Audit.
<b>Expenditure management</b>	Preparation of accurate and complete financial statement that are supported and evidenced by reliable information



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**Auditor-General Report on Financial Performance 2022/2023**

Reasonable steps were not taken to prevent unauthorised expenditure amounting to R11 075 924, as disclosed in note 61 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by the municipality not budgeting for the loss of transfer of assets. Unauthorised expenditure amounting to R8 634 348 was incurred on the electrification of Maponto village.

**Procurement and contract management**

The invitation to tender for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as required by the 2017 preferential procurement regulation 8(2). This non-compliance was identified in the procurement processes for the supply, delivery and installation of culverts bridges.

The commodities designated for local content and production, were procured from a supplier who did not submit a declaration on local production and content as required by the 2017 preferential procurement regulation 8(5). This non-compliance was identified in the procurement processes for the supply, delivery and installation of culverts bridges.

The commodities designated for local content and production, were procured from a supplier who did not meet the prescribed minimum threshold for local production and content, as required by the 2017

<b>Auditor-General Report on Financial Performance 2022/2023</b>	
preferential procurement regulation 8(5). This non-compliance was identified in the procurement processes for the supply, delivery and installation of culverts bridges.	
Note:* The report`s status is supplied by the Auditor – General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse) T6.1.1	
<b>Auditor-General Report on Service Delivery Performance 2022/23</b>	
Audit Report status*:	Unqualified
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
<b>KPA 2: Basic service delivery</b> No material findings on the usefulness and reliability of the reported performance information for the following development priority:	Unqualified with no material findings
<b>KPA 1: Spatial planning and rational</b> The performance management system and related controls were not maintained as it did not describe how the performance measurement, review and reporting processes should be conducted and managed, as required by municipal planning and performance management regulation 7(1).	Unqualified
<p><b>COMMENTS ON AUDITOR-GENERAL’S OPINION 2022/23</b></p> <p>As at 30 June 2023 the municipality has resolved 65% of audit findings raised by Auditor-General as well as 100% issues raised by Internal Audit. These efforts have helped our cause to maintain the unqualified audit opinion in the current financial year. The total number of findings for the year under review were nineteen (19) which is an improvement on the twenty four (24) from the previous financial year.</p>	

# GLOSSARY

## GLOSSARY

<b>Accessibility indicators</b>	Explore whether the intended beneficiaries are able to access services or outputs.
<b>Accountability documents</b>	Documents used by executive authorities to give " <i>full and regular</i> " 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.
<b>Activities</b>	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe " <i>what we do</i> ".
<b>Adequacy indicators</b>	The quantity of input or output relative to the need or demand.
<b>Annual Report</b>	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.
<b>Approved Budget</b>	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
<b>Baseline</b>	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.
<b>Basic municipal service</b>	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.
<b>Budget year</b>	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
<b>Cost indicators</b>	The overall cost or expenditure of producing a specified quantity of outputs.
<b>Distribution indicators</b>	The distribution of capacity to deliver services.
<b>Financial Statements</b>	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.
<b>General Key performance indicators</b>	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
<b>Impact</b>	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
<b>Inputs</b>	All the resources that contribute to the production and delivery of outputs. Inputs are " <i>what we use to do the work</i> ". They include finances, personnel, equipment and buildings.
<b>Integrated Development Plan (IDP)</b>	Set out municipal goals and development plans.
<b>National Key performance areas</b>	<ul style="list-style-type: none"> <li>• Service delivery &amp; infrastructure</li> <li>• Economic development</li> <li>• Municipal transformation and institutional development</li> <li>• Financial viability and management</li> <li>• Good governance and community participation</li> </ul>

# GLOSSARY

<b>Outcomes</b>	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".
<b>Outputs</b>	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.
<b>Performance Indicator</b>	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)
<b>Performance Information</b>	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
<b>Performance Standards:</b>	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.
<b>Performance Targets:</b>	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
<b>Service Delivery Budget Implementation Plan</b>	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.
<b>Vote:</b>	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. Section 1 of the MFMA defines a "vote" as: <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> <i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i>

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## APPENDICES

## APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

### A1:F13 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			%	%
1. Masilo Edward Paya	FT	Mayor	ANC	100%	N/A
2. Matlou Dikeledi	FT	Speaker	ANC	100%	N/A
3. Emmanuel Masilo Rathaha	PT	Chief Whip	ANC	80%	20%
4. Ngaletjane Frank Rampyapedi	FT	Ward Councillor MAYORAL COMMITTEE	ANC	100%	N/A
5. Moabelo Letta Moloko	FT	Ward Councillor MAYORAL COMMITTEE	ANC	90%	10%
6. Hlapa Boitumelo moyahabo	PT	Ward Councillor MAYORAL COMMITTEE	ANC	80%	20%
7. Motolla Matome Oscar	PT	Ward Councillor MAYORAL COMMITTEE	EFF	90%	10%
8. Mafona Shobane Wilson	PT	PR Councillor	CICAF	70%	30%
9. Rahlana Mokgadi Elizabeth	PT	PR Councillor	ANC	70%	30%
10. Moyahabo Paulina Makgato	PT	PR Councillor	ANC	100%	N/A
11. Rathete Tshepiso Paul	PT	Ward Councillor	ANC	90%	10%
12. Moloko Calvin Matjee	PT	PR Councillor	DA	60%	40%
13. Kgopane Thabitha Olga	PT	Ward Councillor	ANC	90%	10%
14. Letlalo Selina Matlou	PT	Ward Councillor	ANC	100%	N/A
15. Nakana Sewatlalene Robert	PT	PR Councillor	ANC	90%	10%
16. Ngobene Mashilo Simon	PT	Ward Councillor	ANC	100%	N/A
17. Nong Molema Corncious	PT	Ward Councilor	ANC	100%	N/A
18. Poopedi Mohlala Joyce	PT	PR Councillor	EFF	80%	20%
19. Ramarutha Maropene Evans	PT	Ward Councillor	CICAF	100%	N/A
20. Mapholletja Tshimanki Marcus	PT	PR Councilor	EFF	50%	50%
21. Modiba Godfrey Molema	PT	Ward Councillor	ANC	100%	N/A%
22. Ramusi Moshaba Victor	PT	Ward Councillor	ANC	100%	N/A

Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT				
				%	%
23. Sekgota Ntata Jeffrey	PT	PR Councillor	EFF	100%	N/A
24. Selabe Machale Martha	PT	PR Councillor	EFF	80%	20%
25 Senamolela Mohlatlego Yvonne	PT	PR Councillor	EFF	100%	N/A
26, Kubjana Jonathana Mokete	PT	PR Councillor	CIVIC WARRIORS	70%	30%
27. Phuti Stanford Masoga	PT	<i>Ward Councillor</i>	ANC	80%	20%
28. Malebana Tlou Granny	PT	<i>PR Councillor</i>	ANC	100%	N/A
29. Chepape Sedupe Portia	PT	<i>Ward Councillor</i>	ANC	100%	N/A
30. Machaka sina Matsheba	PT	<i>Ward Councillor</i>	ANC	100%	N/A
31. Mabitsela Ramaru Isaac	PT	<i>Ward Councillor</i>	ANC	90%	10%
32. Machete Matlala Elizabeth	PT	<i>Ward Councillor(5)</i>	ANC	100%	N/A

## APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

MUNICIPAL COMMITTEES	NAMES AND INITIALS OF CHAIRPERSON	PURPOSE OF COMMITTEE
Executive Committee	Paya M.E	Recommend to the municipal council strategies, programmes and services to address priority needs
Finance department	Hlapa B.M	Provides political oversight over Financial management for sound financial sustainability
Technical department	Rampyapedi N.F	Provides political oversight over the Basic Services & Infrastructure development
Community department	Motolla M.O	Provides political oversight over the Basic Services & Public and Social Amenities
Corporate services	Moabelo M.L	Provides political oversight over Municipal Transformation & Organizational Development
Local economic development & planning	Mafona S.W	Provides political oversight over the Spatial Rationale & Local Economic Development

<b>Committees (other than Mayoral / Executive Committee) and Purposes of Committees</b>				
<b>Municipal Committees</b>	<b>Members</b>	<b>No. of meetings attended</b>	<b>No of meetings not attended</b>	<b>Purpose of Committee</b>
MUNICIPAL PUBLIC ACCOUNTS COMMITTEE  TOTAL MEETINGS HELD: 11	Rathete P.T	11	0	To perform an oversight function on behalf of the Council over the executive functionaries of the Council
	Modiba M.G	11	0	
	Nong M.C	11	0	
	Nakana S.R	07	04	
	Machaka C.M	11	0	
	Matjee M.C	05	06	
	Ramarutha E.M	11	0	
	Kubyana M.J	04	07	
	Sekgota N.J	11	0	
AUDIT & PERFORMANCE AUDIT COMMITTEE  TOTAL MEETINGS HELD: 07	Mr. Ngobeni	11	0	Established in terms of Section 166 of the MFMA. Committee established per Council resolution 5.1/11/08/2014 dated 11 August 2014.
	Mr. Nevhutalu T	7	04	
	Mr. Lekoloane T	11	0	
	Adv. Monobe TE	11	0	
	Mr. Ngobeni	11	0	
ETHICS & INTERGRITY COMMITTEE TOTAL MEETINGS HELD:04	Cllr Nakana S.R	04	04	Enforcement of Councillor code of conduct
	Cllr Modiba G.M	04	04	
	Cllr Nong M.C	04	04	
	Cllr Kgopane T.O	04	04	
	Cllr Selabe M	01	03	
RISK MANAGEMENT COMMITTEE TOTAL MEETINGS HELD:04	Chairperson: Mathibela K	01	04	Appointed by the Accounting Officer / Authority to review the Institution's system of risk management
	Senior Managers And Risk Officer Chief Audit Executive	04	04	
ICT STEERING COMMITTEE  TOTAL MEETINGS HELD:04	Makgatho K.E	04	02	To ensure the application, management and review of the ICT systems are consistent with the goals and objectives of the municipality
	Manyelo M.F	04	04	
	Wiso P	04	02	
	Moloto J : CAE	04	04	
	Ralephenya T	04	04	
	Mashatola D	04	02	
	Bernady J (SITA)	04	01	
	Mamabolo H (CDM)	04	0	
	Mabuela MF	04	03	
	Zulu K	04	02	
	Mahatlani T	04	03	
	Wasilota Y	04	04	



## APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Directorate	Director/Senior Manager
Municipal Manager's Office	Mr. K.E Makgatho
Budget and Treasury	Ms K Zulu
Corporate Services	Vacant
Community Services	Mrs. MF Mabuela
Technical Services	Mr. Y Wasilota
LED and Planning	Ms. T.C.F Mahatlani

## APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

The municipality does not have an entity and as result some functions are performed by the Capricorn district municipality. The table below outlines functions performed by the municipality.

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	YES	N/A
Child Care facilities	NO	N/A
Electricity and gas reticulation	YES	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	YES	N/A
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related	NO	N/A
Storm water management systems in built up areas	NO	N/A
Trading regulations	YES	N/A
Water and sanitation services limited to potable water supply systems and domestic waste water and sewage disposal systems	YES	N/A
<i>Continued next page</i>		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

<b>Municipal Functions</b>	<b>Function applicable to Municipality (Yes/No)*</b>	<b>Function applicable to Entity (yes/no)</b>
Control of public nuisance	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	NO	N/A
Local sport facilities	NO	N/A
Markets	NO	N/A
Municipal abattoirs	NO	N/A
Municipal parks and recreation	YES	N/A
Municipal roads	NO	N/A
Noise pollution	YES	N/A
Pounds	NO	N/A
Public places	YES	N/A
Refuse removal, refuse dumps and solid waste disposal	YES	N/A
Street trading	YES	N/A
Street lighting	YES	N/A
Traffic and parking	YES	N/A

## APPENDIX E – WARD REPORTING

WARD COMMITTEE FUNCTIONALITY 2022/2023					
Ward No.	Name of ward Councillor & elected ward committee members	Committee established (/No/Yes)	Number of ward committee meetings held during the year	Number of monthly reports submitted to Speakers office on time	Quarterly public ward meetings held during the year
1.	Cllr Rathete T	YES	12 meetings held	12 reports submitted	04 ward public meetings held
	Sebone M				
	Nakana MA				
	Serakwasna NC				
	Sedima MA				
	Chabalala JM				
	Ramaila KS				
	Baloyi MS				
	Lebepe MJ				
	Manaka TS				
	Mutsusi TS				
2.	Cllr Rampyapedi N	Yes	12 meetings held	12 reports submitted	07 ward public meetings held
	Monyeseale MC				
	Ramaphakela SM				
	Phalakatshela LE				
	Monyepao MP				
	Ramotlou MA				
	Sediela ML				
	Hamise MM				
	Hamese MC				
	Makganyoha MS				
	Mapokgole Jm				
3.	Cllr Chepape S	Yes	12 meetings held	12 reports submitted	04 ward public meetings held
	Mukwevho MD				
	Saasa KC				
	Modiba MC				
	Makaepea AM				
	Lekgetha SA				
	Mamotheti DR				
	Ramaboea MO				
	Ramokgopa MP				
	Mantji MA				
	Matjehe NP				
4.	Cllr Rathaha M	Yes	12 meetings held	12 reports submitted	11 ward public meetings held
	Thobakgale MT				
	Seshibedi KJ				
	Mashilompana MY				
	Mokgawa Mj				
	Lefofane MM				
	Ngaka MD				
	Phooko MM				
	Ratema MJ				
	Phosa PP				

<b>WARD COMMITTEE FUNCTIONALITY 2022/2023</b>					
<b>Ward No.</b>	<b>Name of ward Councillor &amp; elected ward committee members</b>	<b>Committee established (/No/Yes)</b>	<b>Number of ward committee meetings held during the year</b>	<b>Number of monthly reports submitted to Speakers office on time</b>	<b>Quarterly public ward meetings held during the year</b>
	Leshabana MS				
5.	Cllr Ramarutha ME	Yes	12 meetings held	12 reports submitted	04 ward public meetings held
	Mailula KP				
	Mohale M				
	Matlala BM				
	Mohale DA				
	Mogale MM				
	Phosa SE				
	Thepa MC				
	Matlala MY				
	Chohledi MJ				
	Rakumako MP				
6.	Cllr Machaka MS				
	Pheena MP				
	Maleka QM				
	Makwala MH				
	Monchela MD				
	Rapholo MJ				
	Rapholo IM				
	Mokgokong RL				
	Sekgota RS				
	Machete MC				
	Mailula MS				
7.	Cllr Machethe ME	Yes	12 meetings held	12 reports submitted	04 ward public meetings held
	Baloyi MH				
	Raphadu DM				
	Ramakgolo MS				
	Racheku MC				
	Ramonenyiwa MM				
	Sebone TB				
	Phooko MB				
	Ramalatswa LM				
	Kgopane LN				
	Malema MJ				
8.	Cllr Ramusi M				
	Mokgawa ML				
	Ramahlelo MJ				
	Matsapola KS				
	Matjutla MI				
	Matsapola TG				
	Makwela SM				
	Maake MN				
	Rapudi MM				
	Thobakgale TG				
	Sebola MJ				
9.	Cllr Modiba M	Yes	12 meetings held		

<b>WARD COMMITTEE FUNCTIONALITY 2022/2023</b>					
<b>Ward No.</b>	<b>Name of ward Councillor &amp; elected ward committee members</b>	<b>Committee established (/No/Yes)</b>	<b>Number of ward committee meetings held during the year</b>	<b>Number of monthly reports submitted to Speakers office on time</b>	<b>Quarterly public ward meetings held during the year</b>
	Motlalamobi T Ramadisa IC Makgobatlou DSP Pheeha MN Pheeha MH Ramanala MC Ramapuputla SS Masipa ME Machaka MD Kganakga TH			12 reports submitted	04 ward public meetings held
10.	Cllr Moabelo ML Ramachela MM Morokolo SC Morifi LC Manthose MJ Machabaphala MS Sebone NJ Phukubye MC Masalesa MP Tsoke SM Kabe TM	Yes	12 meetings held	12 reports submitted	04 ward public meetings held
11.	Cllr Ngobeni M Mashapa SM Ntlatla MS Mothemela MJ Moningi SE Matjea MJ Maupye(Kobe) MS Mabala MJ Chuene SM Manthata MV Selamolela MM	Yes	12 meetings held	12 reports submitted	06 ward public meetings held
12.	Cllr Letlalo MS Maluleke CM Molele SC Mokgota MB Mohlabeng TA Sebola N Mokwena MA Manthata JS Molemisi KM Manetshe MP Morata MJ	Yes	12 meetings held	12 reports submitted	04 ward public meetings held

<b>WARD COMMITTEE FUNCTIONALITY 2022/2023</b>					
<b>Ward No.</b>	<b>Name of ward Councillor &amp; elected ward committee members</b>	<b>Committee established (/No/Yes)</b>	<b>Number of ward committee meetings held during the year</b>	<b>Number of monthly reports submitted to Speakers office on time</b>	<b>Quarterly public ward meetings held during the year</b>
13.	Cllr Kgotane	Yes	12 meetings held	12 reports submitted	10 ward public meetings held
	Motimele PK				
	Moeketsi MP				
	Matjee TC				
	Matlhadisa SJ				
	Raphiri MJ				
	Manokwane NC				
	Mokgomme MW				
	Masasane MA				
	Makobela MC				
	Mapanda PC				
14.	Cllr Mabitsela RI	Yes	12 meetings held	12 reports submitted	5 ward public meetings held
	Tau MS				
	Ramaphala MR				
	Matsapola MP				
	Maphoto KP				
	Seliti MN				
	Thupana PJ				
	Mathopa ME				
	Kgatla MR				
	Dipela MJ				
	Kgare MM				
15.	Cllr Masoga PS	Yes	12 meetings held	12 reports submitted	05 ward public meetings held
	Moitsi ME				
	Matsebane TT				
	Maupye KP				
	Mashishi TL				
	Mabitsela MO				
	Nkoana MS				
	Lamola LS				
	Sebata MM				
	Mothapo MF				
	Buthane MS				
16.	Nong M.C	Yes	12 meetings held	12 reports submitted	04 ward public meetings held
	Mabetoa NR				
	Tsiri RD				
	Hlakola TP				
	Maboya KJ				
	Machabaphala JM				
	Moholola MA				
	Nkoana DB				
	Machaba MM				
	Mamabolo DM				
	Makgoka ML				

**APPENDIX F – WARD SERVICE DELIVERY INFORMATION**

<b>Project Name</b>	<b>Appointed service provider (consultant/contractor/supplier)</b>	<b>Total Project value</b>	<b>Project achieved /not achieved /Term contract</b>	<b>Project status</b>	<b>Reason for variance</b>	<b>Mitigation measure</b>	<b>Project Start Date</b>	<b>Project End Date</b>	<b>Rating Score</b>
<b>BASIC SERVICE AND INFRASTRUCTURE DELIVERY</b>									
Ramokgopa landfill site	RIXONGILE	R 1 550 000.00	Achieved	100%	None	None	12 July 2022	30 June 2023	3
Unbundling of Moletji office cluster 3 electrification of 273 households	THETE PROJECTS	R 471 580.50	Achieved	100% /	None	None	01 August 2022	31 August 2022	3
Planning, design and project management of 3.1km Ga-Maupye upgrading of internal streets from gravel to surfacing (multiyear)	MONT CONSULTING ENGINEERS	R 302 150.82	Achieved	100%	None	None	03 August 2022	30 June 2023	3
Planning, design and project management of 3,0km Mokgehle upgrading of internal streets from gravel to surfacing	EKS CONSULTING ENGINEERS	R 327,973.14	Achieved	100%	None	None	11 August 2022	30 June 2024	3
Planning, design and project management of 3,7km Mogwadi upgrading of internal streets from gravel to surfacing(multi year)	LIHUZU PROJECTS (PTY)LTD	R 267 750.00	Achieved	100%	None	None	03 August 2022	30 June 2025	3
Supply and delivery of skip loader truck to Mogwadi	SESEEM PROPERTY	R2 170 000.00	Achieved	100%	None	None	08 September 2022	08 December 2022	3
Mogwadi upgrading of 600km from	DIMACAY TRADING ENTERPRISE	R 3 575 233.83	Achieved	100%	None	None	31 October 2022	30 June 2023	3

Project Name	Appointed service provider (consultant/contractor/supplier)	Total Project value	Project achieved /not achieved /Term contract	Project status quo	Reason for variance	Mitigation measure	Project Start Date	Project End Date	Rating Score
gravel to surfacing									
Maupye upgrading of 3,1km from gravel to surfacing internal streets (multi-year)	SEF MOD PROJECTS	R 20 864 653 .80	Term Project	Ongoing	None	None	01 November 2022	30 June 2024	3
Mokgehle upgrading of 3,0km internal streets from gravel to surfacing (multi-year)	KOEPHU BUSINESS ENTERPRISE	R 19 972 741.27	Term Project	Ongoing	None	None	02 November 2022	30 June 2024	3
Feasibility study for construction of Mogwadi DLTC	EKS CONSULTING	R 345 849.80	Achieved	100%	None	None	07 November 2022	30 June 2023	3
Supply, delivery and installation of one mini substation and two power transformers	JUSBEN CONSULTING ENGINEERS	R 2 661 560.00	Achieved	100%	None	None	15 November 2022	30 June 2023	3
Supply, delivery and installation of x3 energy saving high mast lights	RISIMA PROJECT MANAGEMENT	R1 680 950.00	Achieved	100%	None	None	15 November 2022	30 June 2023	3
Supply, delivery and installation of culverts bridges	TOW AFRICA	R 2 816 781.83	Achieved	100%	None	None	07 November 2022	30 June 2023	3
Feasibility study for construction of Morebeng DLTC	TORONG CONSULT	R 379 500.00	Achieved	100%	None	None	08 November 2022	30 June 2023	3
<b>FINANCIAL VIABILITY</b>									
Implementations of revenue enhancement, credit control and debt collection strategies and the recovery of	MASALA RAMABULA HOLDINGS	COMMISSION OF 15%	Term Project	Ongoing	None	None	10 August 2022	09 August 2023	N/A



Project Name	Appointed service provider (consultant/contractor/supplier)	Total Project value	Project achieved /not achieved /Term contract	Project status quo	Reason for variance	Mitigation measure	Project Start Date	Project End Date	Rating Score
municipal debts for the period of twelve months									

## APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 2022/23

### 1. Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 166 of the Municipal Finance Management Act and Circular 65 issued by National Treasury. The Audit Committee also reports that it 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, except that we have not reviewed changes in accounting policies and practices.

### 2. Audit Committee members and attendance

The Audit Committee, consisting of independent outside members, meets at least four times per annum as per its approved terms of reference, although additional special meetings may be called as the need arises. In the year under review there were Eleven (11) Audit Committee meetings held. The table below illustrates the number of meetings attended by members of the Audit Committee during the 2022/2023 financial year.

Surname and Initial	Ordinary meeting	Special meetings	Total
<b>Ngobeni SAB</b>	<b>4</b>	<b>7</b>	<b>11</b>
<b>Monobe T</b>	<b>4</b>	<b>7</b>	<b>11</b>
<b>Lekoloane T</b>	<b>4</b>	<b>7</b>	<b>11</b>
<b>Nevhutalu T*</b>	<b>3</b>	<b>4</b>	<b>07</b>

### 3. The Effectiveness of Internal Control

Internal control environment system has improved significantly. However, there were several deficiencies in the system of internal control and/or deviations there were reported by the internal auditors and the Auditor-General.

### 4. In-Year Management and Monthly/Quarterly Report

The municipality does have an effective monthly and quarterly reporting system to the Council as required by the Municipal Finance Management Act (MFMA).

## **5. Performance Management**

The AC reviewed functionality of the performance management system and it appears to be functional, however there is a room for improvement in so far as achievement of planned targets is concerned and capacitating the Performance Management Unit.

## **6. Risk Management**

The AC is of the opinion that municipality's risk management appears to be effective for the better of the year in material respect, and the municipality did implement a comprehensive risk management strategy and related policies. Management has sound and effective approach has been followed in developing strategic risk management plans and there is a sense of appreciation of the impact of the municipality's risk management framework on the control environment. However, there is a room for improvement in so far as implementation of hotline as part of fraud prevention strategy.

## **7. Compliance with laws and regulations**

Compliance management system appears to be working considering no material incidents of non-compliance were reported by Internal Audit.

## **8. Internal Audit**

The AC is satisfied with the effectiveness of Internal Audit and commend Management and Council for capacitating this unit. However, there is a need to fast-track the implementation of Combined Assurance Model.

## **9. Progress in implementation of Internal Audit and AGSA findings from prior year**

AGSA and Internal Audit recommendations were not 100% implemented by management at the time of this report.

## **10. Implementations of Audit Committee Recommendations by management**

A material number of Audit Committee recommendations to management were implemented which is commendable.

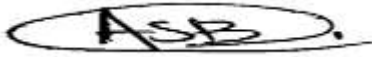
## **11. Draft Annual Financial Statements and Annual Performance Report**

Audit Committee reviewed the draft unaudited 2022/23 Annual Financial Statements and 2022/23 draft Annual Performance report before submission to AGSA for audit and concur with the submission subject to all the inputs being factor in by management.

## **12. Conclusion**

The Audit Committee wishes to acknowledge the commitment from Council, management and staff of the municipality. The stability in terms of the political and administrative leadership of the municipality has contributed to these improvements reported above. We would also like to thank the

Mayor for his support, Councillors, senior management for their efforts and internal audit for their contribution.

A handwritten signature in black ink, appearing to read 'SAB', enclosed within a hand-drawn oval.

---

**SAB Ngobeni (Mr)**  
**Chairperson of the Audit Committee**  
**Molemole Local Municipality**  
**August 2021**

# AUDIT COMMITTEE SCHEDULE OF RESOLUTIONS 2022/23

AGENDA ITEM	RESOLUTION	RESPONSIBILITY	TIMEFRAME	PROGRESS	STATUS	REVISED DATE
<b>MINUTES OF THE ORDINARY AUDIT COMMITTEE MEETING 27 OCTOBER 2020</b>						
Significant Litigation Matters report	(a) That management should consider the vacancy of the officer with Litigation experienced to enhance knowledge in the division. (a) That there is a lack of adequate and secure storage facilities for files and documents	Senior Manager Corporate Services	Jun-21	a)The vacancy to be considered for 2021/22 organogram  b)Alternative spacious office to be considered	In Progress	
<b>MINUTES OF THE ORDINARY AUDIT COMMITTEE MEETING 28 JULY 2021</b>						
1. Litigation report	Have a summary of costs incurred for each case which will assist the municipality to track the spending on legal costs for each case.	Legal Manager	Oct-21	A legal fees column will be added to the upcoming presentation to display how much money is being spent on these cases.	In progress	
<b>MINUTES OF THE ORDINARY AUDIT COMMITTEE MEETING 26 JANUARY 2022</b>						
2. Risk Management	The risk implementation strategy will be distributed to members of the Audit Committee.	Risk Officer	Immediately		Completed	
<b>MINUTES OF THE SPECIAL AUDIT COMMITTEE MEETING 22 FEBRUARY 2022</b>						
4. ICT Report	The column for progress should be added onto the resolution register	Senior Manager Corporate Services	Apr-22		In progress	
<b>MINUTES OF THE ORDINARY AUDIT COMMITTEE MEETING 26 APRIL 2022</b>						
1. Risk Management	The risk management should be coordinated seven days before the Audit Committee Meeting.	Risk Officer	Next meeting		In progress	
<b>MINUTES OF THE SPECIAL AUDIT COMMITTEE MEETING 06 JULY 2022</b>						
<b>AFS process plan</b>	MFMA disclosures required to be included in the process plan to avoid omissions during the preparation of financial statements.	CFO	01-Jul-22	Updated AFS process plan has been included in the agenda	Completed	
Revised internal audit plan 2022/23	The committee recommended that a summary be included in the plan to show the changes made to the previously approved plan in order to make it easier to reconcile or link	CAE	Jul-22	the paragraph on the changes of the approved budget has been included in the plan	Completed	

AGENDA ITEM	RESOLUTION	RESPONSIBILITY	TIMEFRAME	PROGRESS	STATUS	REVISED DATE
	the two documents for more context and clarity.					
Revised internal audit plan 2022/24	Check with CDM to see if they can capacitate our staff on IT audits and the use of CAATS if they have them.	CAE	May-24	We've spoken with CDM, and they indicated that they'll help us in that regard. However, we don't currently have enough hours to cover the demand; we'll make sure to set aside hours in the upcoming financial year.	In progress	
Revised internal audit plan 2022/25	In Quarter 3, the Audit Committee will follow up on the quality assurance improvement plan for internal audit staff.	CAE	Jan-23	The quality assurance and improvement will be developed for monitoring by Audi Committee	Completed	
Litigation reports	In order to clearly demonstrate how long, the case has been pending, dates should be included in the reports to illustrate when litigation-related issues were first brought up.	Legal Manager	Jul-22	Litigation reports which includes dates submitted to the Audit Committee.	Completed	
Litigation reports	On our note of contingent liability, Legal Manager should disclose cases where the financial liability cannot be reasonably estimated as required by accounting standards.	Legal Manager	Jul-22	Contingent liability disclosing cases where the financial liability cannot be reasonably estimated as required by accounting standards submitted to the Audit Committee.	Completed	
<b>MINUTES OF THE SPECIAL AUDIT COMMITTEE MEETING 27 JULY 2022</b>						
Section 71 and 52 reports	The section 71 and 52 reports should be accompanied by the narrative reports which shows areas	CFO	01-Oct-22	Performance reports with explanations has been prepared	Completed	

AGENDA ITEM	RESOLUTION	RESPONSIBILITY	TIMEFRAME	PROGRESS	STATUS	REVISED DATE
	where there` are variances/ Challenges					
AFS process plan	GRAP standard on segment reporting to be included in the AFS process plan as a separate item	CFO	01-Aug-22	Included in the Updated AFS process plan and the disclosure requirements were considered on the AFS.	Completed	
Risk Management	Distribute the risk management implementation plan to all Audit Committee members	Risk Officer	Aug-22	Risk implementation plan included in the pack	Completed	
Internal Audit	Plan for Internal Audit Staff Capacity building	CAE	Aug-22	Draft training schedule has been developed	Completed	
Risk Management	Conduct the POPIA awareness/ training in the upcoming quarter	Risk Officer	Oct-22	the training awareness was planned for the second quarter and could not be conducted. The training will be conducted in the next quarter	In Progress	
Risk Management	Risk management Close out report to be submitted in the next meeting	Risk Officer	Oct-22	Risk management close out report included in the pack	Completed	
Legal Services	Provide Cost incurred on the legal services	Manager legal Services	Aug-22	Report on legal costs incurred submitted to the Audit Committee.	Completed	
Risk Management	The risk department should discuss project risks in the next meeting when they present their risk register	Risk Officer	Oct-22	Project risks will be discussed in the next meeting.	In Progress	
Internal audit	The Audit Committee will follow up on the quality assurance improvement plan for internal audit staff.	CAE	Oct-22	The quality assurance and improvement has been developed for monitoring by Audit Committee	Completed	
<b>MINUTES OF THE ORDINARY AUDIT COMMITTEE MEETING AUGUST 2022</b>						

AGENDA ITEM	RESOLUTION	RESPONSIBILITY	TIMEFRAME	PROGRESS	STATUS	REVISED DATE
2021/22 Draft Annual Financial Statements	The mitigation strategy on the interest risk should be disclosed.	CFO	31-Aug-22	Mitigation strategy on interest risk was disclosed.	Completed	
2021/22 Draft Annual Financial Statements	All statutory receivables must be disclosed in accordance with GRAP 108 e.g.: vat receivables.	CFO	31-Aug-22	All statutory receivables were disclosed in accordance to GRAP 108.	Completed	
2021/22 Draft Annual Financial Statements	Segments should be looked into and also consider the disclosure on prior period as it was not disclosed in the previous year.	CFO	31-Aug-22	Segments were reviewed and prior period error for the previous year were disclosed.	Completed	
2021/22 Draft Annual Financial Statements	Disclosure on subsequent events should be disclosed	CFO	31-Aug-22	Disclosure on subsequent events was done	Completed	
2021/22 Draft Annual Financial Statements	Fixed Asset Register should be checked if there were any reassessments and change in estimates should be disclosed	CFO	31-Aug-22	Inspection on Fixed asset register was done and change in estimates was disclosed.	Completed	
2021/22 Draft Annual Financial Statements	Actuarial report valuation should be reviewed	CFO	31-Aug-22	Actuarial valuation report has been reviewed.	Completed	
2021/22 Annual Performance Report	Variances between budgeted and actual amounts must be correctly interpreted	Manager Executive support	Aug-22	Corrections on interpretations were done	Completed	
2021/22 Annual Performance Report	Where variances exceed 10%, the report should be updated with relevant reasons.	Manager Executive support	Aug-22	Reasons were highlighted where variances exceed 10% and the report was updated.	Completed	
2021/22 Annual Performance Report	Where actions are not completed, reasons should be provided	Manager Executive support	Aug-22	Reasons were provided where actions were not completed.	Completed	
2021/22 Annual Performance Report	The municipality must ensure that financial information is accurate and that it is consistent with the Annual Financial Statements.	Manager Executive support	Aug-22	Alignment on the Annual Performance report and Annual Financial Statement was done	Completed	



AGENDA ITEM	RESOLUTION	RESPONSIBILITY	TIMEFRAME	PROGRESS	STATUS	REVISED DATE
<b>MINUTES OF THE ORDINARY AUDIT COMMITTEE MEETING 15 SEPTEMBER 2022</b>						
Engagement Letter and Audit Strategy	The phrase "work of internal auditors is not relevant" in the paragraph on the use of internal auditors' work should be changed.	CAE	Sep-22	The phrase has been amended	Completed	
Engagement Letter and Audit Strategy	To ensure the audit strategy is complete, AGSA should include a paragraph 39 indicating that internal audit work will be used for risk identification on projects completed by internal audit.	CAE	Sep-22	Paragraph 39 has been included in the Audit Strategy	Completed	
Engagement Letter and Audit Strategy	In paragraph 31, it is stated that the date for the Annual Report will be November 15th, but the table of projected dates shows a different date. Dates should be synchronized	CAE	Sep-22	Paragraph 31 has been amended	Completed	
Engagement Letter and Audit Strategy	To avoid confusion, the projected dates should be listed in chronological order.	CAE	Sep-22	Dates were listed in a chronological order.	Completed	
Engagement Letter and Audit Strategy	The projected date for the issuance of Final report is not on the list of projected dates.	CAE	Sep-22	The date for the issuance of the Final Report has been included in the Audit Strategy	Completed	
Engagement Letter and Audit Strategy	The variances on hours should be indicated in the audit strategy.	CAE	Sep-22	Variance on hours were indicated in the Audit strategy	Completed	
Engagement Letter and Audit Strategy	The dispute mechanism should be included in the engagement letter.	CAE	Sep-22	The dispute mechanism has been highlighted in the engagement letter.	Completed	
<b>MINUTES OF THE ORDINARY AUDIT COMMITTEE MEETING 25 OCTOBER 2022</b>						
Risk Management	Consider the internal audit finding to be an emerging risk and include it in the emerging risk register	Risk Officer	Jun-23	The internal audit action plan has been included in the emerging risk register	completed	

AGENDA ITEM	RESOLUTION	RESPONSIBILITY	TIMEFRAME	PROGRESS	STATUS	REVISED DATE
Risk management	Circulate the update risk register to the members of the Audit Committee	Risk Officer	Jun-23	the risk register has been included in the pack	completed	
Risk management	Add a column on the risk management implementation plan and provide and update on what has been done	Risk Officer	Jun-23	the risk implementation plan has been included in the pack	completed	
Strategic Risk and Operational Risk	Distribution of the updated strategic risk register and risk management implementation plan to the Audit Committee Members	Risk Officer	Immediately	Risk Register and implementation plan has been distributed to Audit Committee Members	Completed	
<b>MINUTES OF THE ORDINARY AUDIT COMMITTEE MEETING 21 NOVEMBER 2022</b>						
2021/22 Draft Management Report	The MR that was distributed, under the financial viability, the high level commentary paragraph should be aligned with the table on page 19.		Nov-22	The final MR has been presented to the Audit Committee with the amendments made	Completed	
2021/22 Draft Management Report	Full MR should include clarity on the misclassification on the loss of disposal specifically on how it was classified		Nov-22	The final MR has been presented to the Audit Committee with the amendments made	Completed	
<b>MINUTES OF THE ORDINARY AUDIT COMMITTEE MEETING 27 JANUARY 2023</b>						
Quality assurance and improvement program	Submit the draft quality assurance report to the Audit Committee in the next meeting.	CAE	Apr-23		Completed	
Internal Audit quarterly Project	The reasons for exceeding hours should be included in the summary report on the internal audit report, as well as the methodology used during the audit.	CAE	Apr-23	Reasons for exceeding hours has been included in the summary report in the internal audit report	Completed	
Draft Annual Report	Distribute the draft annual report to the Audit Committee for review	Manager executive support		Draft annual report was shared with the Audit Committee Members for review.	Completed	

AGENDA ITEM	RESOLUTION	RESPONSIBILITY	TIMEFRAME	PROGRESS	STATUS	REVISED DATE
Draft Annual Report	Inclusion of an item on annual report in an upcoming special Audit Committee meeting for the consideration of the adjustment budget and revised SDBIP	Manager executive support	Feb-23	Annual Report has been included in the special audit committee meeting convened in February 2023.	Completed	
Risk management	Risk unit to consider the adjusted budget and the revised SDBIP	Risk Officer	Feb-23		In progress	
Internal Audit	Invite the legal Manager in our in committee meeting with the internal audit in the upcoming meeting	CAE	Apr-23	Legal Manager was part of the in committee meeting.	Completed	
Audit Committee	Audit Committee will further provide the additional information for the ICT report.		Apr-23		In progress	
<b>MINUTES OF THE ORDINARY AUDIT COMMITTEE MEETING 24 APRIL 2023</b>						
Risk Management	Submission of the strategic risk register for 2023/24 in the next special audit Committee meeting	Risk Officer	May-23	The strategic risk register was submitted in the special audit committee held on the 29 May 2023	Completed	
Internal Audit	To report on the Revenue audit and SCM audit in the next special audit committee meeting.	CAE	May-23	The internal audit projects have been completed and will be included in the agenda meeting to be held on the 26th of May 2023.	Completed.	
Audit Committee	Submission of the inputs on the ICT governance report by Tuesday, 02 May 2023.	CAE	May-23		In progress	
Audit Committee	Consultation with the Auditor General to discuss the roadmap for a customized clean audit	CAE	May-23	The meeting with AG was held on the 12th of May 2023	Completed	
Litigation Matters Report	Legal Manager to contact adv. Monobe to address legal issues.	Legal Manager	May-23	Legal Manager contacted Adv. Monobe to address legal issues	Completed	

AGENDA ITEM	RESOLUTION	RESPONSIBILITY	TIMEFRAME	PROGRESS	STATUS	REVISED DATE
Project status report	The level of involvement between the municipality and Eskom on the energization of the high mast lights must be reflect in the project report	Acting Senior Technical Services			In - Progress	
Ad hoc	Submission of the human resource plan in the next Special Audit Committee meeting	Senior Manager Corporate Services	May-23	The HR plan was presented in the meeting	Completed	
Supply Chain Management and Capital Projects	Submission of procurement plan in the next special audit Committee meeting	CFO	31-May-23	Consolidated Procurement plan of both Capital and Operational expenditure as per the IDP and SDBIP projects was prepared and submitted to Council together with IDP, Annual Budget, SDBIP and related policies. Refer to the Attached Procurement plan.	Completed	
<b>MINUTES OF SPECIAL AUDIT COMMITTEE MEETING 29 MAY 2023</b>						
Risk Management	Risk Management Officer to align the risk management policies for 2023/23 with the new local government risk management framework	Risk Officer	May-23		In progress	
Risk Management	Risk Management Officer to develop the fraud prevention implementation strategy	Risk Officer	May-23		In progress	
Risk Management	On Risk Management strategy there should be a paragraph that deals with emerging risks and the role of Risk Management in combined assurance.	Risk Officer	May-23		In progress	
IDP 2023/24	Include community needs identified during IDP engagement process in the 2023/24 IDP	Senior Manager LED&P	Immediately		Completed	

AGENDA ITEM	RESOLUTION	RESPONSIBILITY	TIMEFRAME	PROGRESS	STATUS	REVISED DATE
IDP 2023/24	Include plans for the sector departments that will be implemented within the municipality for the financial year.	Senior Manager LED&P	Immediately		Completed	

- **EVALUATION OF THE PERFORMANCE OF THE AUDIT COMMITTEE**

The Council of the municipality has the responsibility to assess performance of the Audit Committee to ensure its effectiveness in carrying out their responsibilities in-line with the applicable law and regulations. The Municipal Council is happy with the work of the Audit committee to guide and monitor the work of Management and oversee the functionality of Risk Management Committee.

# APPENDICES

## APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

<b>Long term contracts (20 Largest Contracts Entered into during 2021/22)</b>					
<b>Name of Service Provider</b>	<b>Description of Service rendered</b>	<b>Start Date</b>	<b>Expiry date of Contract</b>	<b>Project Manager</b>	<b>Contract Amount</b>
Mod Hope Properties	Valuation Roll	May 2016	June 2022	Mr. A.S Nkalanga	R 2,934,360.00

# APPENDICES

## APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

N/A - The Municipality does not have an entity.

## APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS: SENIOR MANAGERS

No	Surnames	Full names	Designation	Declaration Form	Declaration Date
1	Makgatho	Kgabo Emmanuel	Municipal Manager	Yes	28/07/2022
2	Zulu	Khanyisile Wendy	CFO	Yes	29/07/2022
3	Mabuela	Mmbengwa Francina	Senior Manager: Community Services	Yes	27/07/2022
4	Wasilota	Yeta	Senior Manager: Technical Services	Yes	29/07/2022
5			Senior Manager: Corporate Services	Vacant	
6	Nkuna	Tiyani Florence	Senior Manager: LED & P	Yes	28/07/2022

## APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

### APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE

Vote Description	Year 2021/22	Current: Year 2022/23			Year 0 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
<b>Vote 01 - Corporate Services</b>						
01.1 - Corporate Services Admin	0	0	0	0	-	-
01.2 - Human Resources	80,361	232,488	872,488	479,330	(246,842)	393,158
01.3 - Information Technology Services	0	0	0	0	-	-
01.4 - Council Support	0	0	0	0	-	-
01.5 - Local Economic Development	0	0	0	0	-	-
01.6 - Municipal Planning Idp	40,312	38,578	43,234	40,312	(1,734)	2,922
01.7 - Town & Regional Planning	14,725	124,376	134,376	16,182	108,194	118,194

# APPENDICES

Vote Description	Year 2021/22	Current: Year 2022/23			Year 0 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
01.8 - Led Administration	0	0	0	0	-	-
<b>Vote 02 - Municipal Manager</b>					-	-
02.1 - Municipal Manager Admin	0	0	0	0	-	-
02.2 - Legal Services	0	0	0	0	-	-
02.3 - Political Office Beares	0	0	0	0	-	-
02.4 - Pms	0	0	0	0	-	-
02.5 - Internal Audit	0	0	0	0	-	-
<b>Vote 03 - Mayors Office</b>					-	-
03.1 - Mayors Office Admin	0	0	0	0	-	-
03.2 - Office Of The Speaker	0	0	0	0	-	-
03.3 - Office Of The Chief Whip	0	0	0	0	-	-
03.4 - Exco Members	0	0	0	0	-	-
03.5 - Council General Administration	0	0	0	0	-	-
<b>Vote 04 - Budget And Treasury</b>					-	-
04.1 - Budget And Treasury Admin	232,590,341	221,179,812	213,022,652	204,582,733	16,597,079	8,439,919
04.2 - Chief Financial Officer Admin	0	0	0	0	-	-
04.3 - Budget & Reporting	2,543,773	3,000,000	7,750,000	8,167,646	(5,167,646)	(417,646)
04.4 - Budget & Reporting	0	0	0	0	-	-
04.5 - Revenue Management	30,694	32,447	1,165,532	34,387	(1,940)	1,131,145
04.6 - Supply Chain Management	0	0	0	0	-	-
04.7 - Expenditure	0	0	0	0	-	-
<b>Vote 05 - Community Services</b>					-	-
05.1 - Community Services Admin	2,497,402	1,407,000	1,407,000	3,289,394	(1,882,394)	(1,882,394)
05.2 - Libraries	0	0	0	0	-	-
05.3 - Sports Recreation & Social Amenitie	214,681	269,991	269,991	222,565	47,426	47,426



# APPENDICES

Vote Description	Year 2021/22	Current: Year 2022/23			Year 0 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
05.4 - Traffic Service	5,377,384	9,423,195	8,739,153	5,153,299	4,269,896	3,585,854
05.5 - Traffic Service	0	0	0	0	-	-
05.6 - Parks; Cemeteries	18,284	14,299	28,598	16,596	(2,297)	12,002
05.7 - Refuse	2,882,790	2,854,204	2,854,204	2,854,032	172	172
05.8 - Taxi Ranks	0	0	0	0	-	-
<b>Vote 06 - Technical Services</b>					-	-
06.1 - Mpac	0	0	0	0	-	-
06.2 - Technical Services Admin	0	0	0	0	-	-
06.3 - Techn Serv-Roads: Admin	0	0	0	0	-	-
06.4 - Techn Serv-Stormwater: Admin	0	0	0	0	-	-
06.5 - Project Management Unit	37,991,020	39,792,000	44,292,000	39,786,148	5,852	4,505,852
06.6 - Electrical & Machinery	15,799,013	23,603,514	26,219,957	14,289,285	9,314,229	11,930,672
06.7 - Water	742,790	459,174	459,174	270,070	189,104	189,104
06.8 - Sanitation	0	297,178	297,178	439,787	(142,609)	(142,609)
<b>Total Revenue by Vote</b>	<b>300,824</b>	<b>302,728</b>	<b>307,556</b>	<b>279,642</b>	<b>23,086,490</b>	<b>27,913,771</b>
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3</i>						T K.1

# APPENDICES

## APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

Description	Year 2021/22	Year 2022/23			Year 0 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	30,599	49,397	41,086	32,724	16,673,122	8,362,127
Property rates - penalties & collection charges	-	-	-	-	-	-
Service Charges - electricity revenue	8,206	22,986	22,986	8,020	14,966,238	14,966,238
Service Charges - water revenue	-	-	-	-	-	-
Service Charges - sanitation revenue	-	-	-	-	-	-
Service Charges - refuse revenue	2,742	2,604	2,604	2,523	80,886	80,886
Service Charges - other	-	-	-	-	-	-
Rentals of facilities and equipment	218	266	266	262	4,011	4,011
Interest earned - external investments	4,709	3,000	4,750	8,168	(5,167,646)	(3,417,646)
Interest earned - outstanding debtors	1,493	1,577	1,751	1,330	246,550	420,585
Dividends received	-	-	-	-	-	-
Fines	629	1,403	719	804	598,557	(85,485)
Licences and permits	5,092	8,055	8,055	4,263	3,792,512	3,792,512
Agency services	743	756	756	710	46,495	46,495
Transfers recognised - operational	161,911	174,458	175,098	176,587	(2,129,149)	(1,489,149)
Other revenue	3,027	413	1,555	2,859	(2,445,960)	(1,303,920)
Gains on disposal of PPE	-	-	-	-	-	-
Actuarial gains	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>219,368</b>	<b>264,915</b>	<b>259,626</b>	<b>238,249</b>	<b>26,665,616</b>	<b>21,376,654</b>

# APPENDICES

Description	Year 2021/22	Year 2022/23			Year 0 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
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

## APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
<b>National Government</b>						
<i>Expanded Public Works Programme Integrated Grant</i>	1,407,000	1,407,000	1,395,656	11,344	11,344	Waste & environmental Management
<i>Local Government Financial Management Grant</i>	2,300,000	2,300,000	2,292,235	7,765	7,765	Interns Salaries: , Training and education , minimum competency , assets and inventory module and software licenses
<i>Municipal Disaster Relief Grant</i>	-	4,500,000	-	-	4,500,000	Upgrading of Morebeng Roads
<b>Provincial Government</b>						
<i>MSIG</i>	-	-	-	-	-	
				-	-	
<i>District Municipality:</i>				-	-	
<b>Community and Social Services</b>						
				-	-	
				-	-	
				-	-	
<b>Total</b>	3,707,000	8,207,000	3,687,891	19,109	4,519,109	
* This includes Neighbourhood 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.						T L

# APPENDICES

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# APPENDICES

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

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

Description	Year 2019/20	Year 2020/21			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY 2021/22	FY 2022/23	FY 2023/24
<b>Capital expenditure by Asset Class</b>							
<b>Infrastructure - Total</b>	<b>36,106</b>	<b>55,429</b>	<b>54,399</b>	<b>44,102</b>	<b>52,646</b>	<b>37,453</b>	<b>50,302</b>
<b>Infrastructure: Road transport - Total</b>	32,776	40,588	39,558	32,309	34,446	29,653	39,802
<i>Roads, Pavements &amp; Bridges</i>	32,776,267	40,587,900	39,557,977	32,308,940	34,446,331	29,653,020	39,802,400
<i>Storm water</i>							
<b>Infrastructure: Electricity - Total</b>	<b>3,330</b>	<b>14,841</b>	<b>14,841</b>	<b>11,793</b>	<b>18,200</b>	<b>7,800</b>	<b>10,500</b>
<i>Generation</i>							
<i>Transmission &amp; Reticulation</i>	3,329,856	14,840,885	14,840,885	11,793,428	18,200,000	7,800,000	10,500,000
<i>Street Lighting</i>							
<b>Infrastructure: Water - Total</b>	-	-	-	-	-	-	-
<i>Dams &amp; Reservoirs</i>							
<i>Water purification</i>							
<i>Reticulation</i>							
<b>Infrastructure: Sanitation - Total</b>	-	-	-	-	-	-	-
<i>Reticulation</i>							
<i>Sewerage purification</i>							
<b>Infrastructure: Other - Total</b>	-	-	-	-	-	-	-
<i>Waste Management</i>							
<i>Transportation</i>							
<i>Gas</i>							

# APPENDICES

Description	Year 2019/20	Year 2020/21			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY 2021/22	FY 2022/23	FY 2023/24
<i>Other</i>							
<b>Community - Total</b>	-	<b>300</b>	<b>300</b>	<b>1,156</b>	-	-	<b>1,500</b>
Parks & gardens	0	0	0	0	0	0	0
Sportsfields & stadia							
Swimming pools							
Community halls				0	-		
Libraries							
Recreational facilities	0	0	0	0			
Fire, safety & emergency							
Security and policing							
Buses							
Clinics							
Museums & Art Galleries							
Cemeteries							
Social rental housing							
Other	0	300,000	300,000	1,156,205	0		1,500,000
<i>Table continued next page</i>							
<i>Table continued from previous page</i>							
Plant & equipment	0	0	0	0	0	0	0
Computers - hardware/equipment	0	1,600,000	1,600,000	1,518,852	0	0	0
Furniture and other office equipment	0	300,000	300,000	299,644	1,350,000	900,000	0
Abattoirs							
Markets							
Civic Land and Buildings							
Other Buildings							
Other Land							

# APPENDICES

Description	Year 2019/20	Year 2020/21			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY 2021/22	FY 2022/23	FY 2023/24
Surplus Assets - (Investment or Inventory)							
Other							
<b>Agricultural assets</b>	-	-		-	-	-	-
<i>List sub-class</i>							
<b>Biological assets</b>	-	-		-	-	-	-
<i>List sub-class</i>							
<b>Intangibles</b>	749	5,000	5,000	2,842	600	636	674
Computers - software & programming	749,055	5,000,000	5,000,000	2,842,444	600,000	636,000	674,160
Other ( <i>list sub-class</i> )							
<b>Total Capital Expenditure on new assets</b>	<b>36,855</b>	<b>62,629</b>	<b>61,599</b>	<b>49,920</b>	<b>54,596</b>	<b>38,989</b>	<b>52,477</b>
<b>Specialised vehicles</b>	-	-		-	-	-	-
Refuse							
Fire							
Conservancy							
Ambulances							
* Note: Information for this table may be sourced from MBRR (2009: Table SA34a)							T M.1

# APPENDICES

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

Capital Expenditure - Upgrade/Renewal Programme*							
R '000							
Description	Year 2019/20	Year 2020/21			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual	FY 2021/22	FY 2022/23	FY 2023/24
<b>Capital expenditure by Asset Class</b>							
<b>Infrastructure - Total</b>	-	-	-	-	-	-	-
Infrastructure: Road transport - Total	-	-	-	-			
<i>Roads, Pavements &amp; Bridges</i>	0	0	0	0			
<i>Storm water</i>							
<b>Infrastructure: Electricity - Total</b>	-	-	-	-	-	-	-
<i>Generation</i>							
<i>Transmission &amp; Reticulation</i>	0	0	0	0	0	0	0
<i>Street Lighting</i>							
<b>Infrastructure: Water - Total</b>	-	-		-	-	-	-
<i>Dams &amp; Reservoirs</i>							
<i>Water purification</i>							
<i>Reticulation</i>							
<b>Infrastructure: Sanitation - Total</b>	-	-		-	-	-	-
<i>Reticulation</i>							
<i>Sewerage purification</i>							
<b>Infrastructure: Other - Total</b>	-	-		-	-	-	-
<i>Waste Management</i>							
<i>Transportation</i>							
<i>Gas</i>							
<i>Other</i>							
<b>Community</b>	-	-	-	-	-	-	-
Parks & gardens							



# APPENDICES

## Capital Expenditure - Upgrade/Renewal Programme\*

R '000

Description	Year 2019/20	Year 2020/21			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual	FY 2021/22	FY 2022/23	FY 2023/24
Sportsfields & stadia	0	0	0	0			
Swimming pools							
Community halls							
Libraries							
Recreational facilities			0	0	0		
Fire, safety & emergency							
Security and policing							
Buses							
Clinics							
Museums & Art Galleries							
Cemeteries		0				0	
Social rental housing							
Other							
<b>Heritage assets</b>	-	-	-	-	-	-	-
Buildings							
Other							
<i>Table continued next page</i>							
<i>Table continued from previous page</i>							
<b>Capital expenditure by Asset Class</b>							
<b>Investment properties</b>	-	-		-	-	-	-
Housing development							
Other							
<b>Other assets</b>	-	-	-	-	-	-	-
General vehicles							
Specialised vehicles							
Plant & equipment	0	0	0	0			

# APPENDICES

## Capital Expenditure - Upgrade/Renewal Programme\*

R '000							
Description	Year 2019/20	Year 2020/21			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual	FY 2021/22	FY 2022/23	FY 2023/24
Computers - hardware/equipment	0						
Furniture and other office equipment			0	0			
Abattoirs							
Markets							
Civic Land and Buildings							
Other Buildings		0					
Other Land							
Surplus Assets - (Investment or Inventory)							
Other							
<b>Agricultural assets</b>	-	-		-	-	-	-
<i>List sub-class</i>							
<b>Biological assets</b>	-	-		-	-	-	-
<i>List sub-class</i>							
<b>Intangibles</b>	-	-	-	-	-	-	-
Computers - software & programming	0		0	0	0		
Other ( <i>list sub-class</i> )							
<b>Total Capital Expenditure on renewal of existing assets</b>	-	-	-	-	-	-	-
<b>Specialised vehicles</b>	-	-		-	-	-	-
Refuse							
Fire							
Conservancy							
Ambulances							
* Note: Information for this table may be sourced from MBRR (2009: Table SA34b)							T M.2

# APPENDICES

## APPENDIX N – CAPITAL PROGRAMME BY PROJECT YEAR 2022/23

Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
<b>Electricity</b>					
Mini substation	2700000	2661560	2314400	-15%	-17%
High mast lights	1850000	2952148	909613	-2.24549891	-103%
Equipment	200000	200000	0		
ELECTR 1350 HOUSEHLD'S FATIMA VIL PHSE 1	0	2616443	2213863	-18%	100%
<b>Stormwater /Roads</b>					
MOGWADI INTERNAL STREET	4000000	4343517	3697831	-17%	-8%
MUPYE PARK INTERNAL STREET	12014381	12014381	10334432	-16%	-16%
MOKGEHLE INTERNAL STREET	12000000	12000000	10434627	-15%	-15%
SAKO INTERNAL STREET	13788019	12225832	19631111	38%	30%
EQUIPMENTS	200000	0			
COMPUTER HARDWARE	700000	444849	440946		
MOREBENG ROAD	0	4500000		#DIV/0!	#DIV/0!
20X CULVERT BRIDGES (CIRCULAR/BOX)	3000000	4925595	3730773	-32%	20%
<b>ICT</b>					
ICT Equipments	2,370,000.00	1,789,000.00	1,788,005.00	0%	-33%
					T N

# APPENDICES

## APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD YEAR 2021/22

## APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD YEAR 2022/23

Capital Programme by Project by Ward: Year 2022/23		
		R' 000
Capital Project	Ward(s) affected	Works completed (Yes/No)
<b>Electricity</b>		
Procurement of one Mini substation and 2 power transformers	01 and 10	Yes
Electrification of 400 Maponto Households and construction of Bulk point	11 and 12	No
Installation of 3 High mast Lights	05, 09 and 13	Yes
<b>Storm water /Roads</b>		
Construction of 3 Culvert Bridges	11,12 and 13	Yes
Upgrading of 600 meter Mogwadi Internal Streets	10	Yes
Upgrading of 1.6 km Mokgehle Internal Streets	14	Yes
Upgrading of 1.4 km Maupye Internal Streets	11	Yes
Upgrading of 1.7 km Ga-Sako Internal Streets	16	Yes

## APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

**N/A. The responsibility for maintenance of school infrastructure is at the Department of Education**

# APPENDICES

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

<b>Service Backlogs Experienced by the Community where another Sphere of Government is the Service Provider (where the municipality whether or not act on agency basis)</b>		
<b>Services and Locations</b>	<b>Scale of backlogs</b>	<b>Impact of backlogs</b>
<b>Clinics:</b>		
Ward 10 and 14	The communities in these wards depend on Senwabarwana to access primary health care services	Travelling long distances to access primary health care may lead to unnecessary loss of lives.
<b>Housing:</b>		
All Wards	Inadequate allocation of Low Cost Housing. Delays in construction of approved RDP houses	Inadequate housing to community. Lack of dignity especially for households where the breadwinner is a social grant beneficiary. The Annual Allocation of housing units by COGHSTA: Limpopo is not sufficient to address the backlog
<b>Licensing and Testing Centre:</b>		
	None	The municipality is operating two Driver's License and Testing Centers
<b>Reservoirs</b>		
All wards	Persistent breakdowns of water infrastructure	Inconsistent supply of water
<b>Schools (Primary and High):</b>		
All Wards	There are insufficient schools to cater for the needs of the municipal population	Compromise of safety of learners as they travel long distances.
	Poor maintenance of school infrastructure	Affect the quality of learning in schools
	Lack of sanitation facilities in schools	Affect the quality of learning in schools
<b>Sports Fields:</b>		
Ward 14	No sports and recreation facilities in the ward	Increase in crime and social ills as the youth don't have an opportunity to participate in sports activities

T Q

# APPENDICES

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

The municipality didn't have any overdraft facility during the year under review. The Municipality did not take any loans during the year under review. The municipality is operating with a positive balance hence it was able to honour all its financial obligations in the year under review

# APPENDICES

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## APPENDIX S – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

**N/A**



Molemole Municipality  
(Registration number  
LIM353)  
Financial statements  
for the year ended  
30 June 2023



# Molemole Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2023

## **GENERAL INFORMATION**

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### **Nature of business and principal activities**

Performing the functions as set out in the Constitution (Act no 105 of 1996). Providing municipal services (electricity, refuse) and maintaining the best interests of the local community.

Mayor

Cllr ME Paya

Speaker

Cllr D Matlou

Chief Whip

Cllr EM Rathaha

MPAC Chairperson

Cllr P T Rathete

Ethics Chairperson

Cllr SR Nakana

Exco Member

Cllr ML Moabelo

Exco Member

Cllr NF Rampyapedi

Exco Member

Cllr SW Mafona

Exco Member

Cllr MO Motolla

Exco Member

Cllr BM Hlapa

Councillors:

Cllr MC Matjee

Cllr MP Makgato

Cllr PS Masoga

Cllr ME Ramarutha

Cllr MS Machaka

Cllr MY Senamolela

Cllr NG Sekgota

Cllr TM Mapholletja

Cllr MJ Poopedi

Cllr MM Selabe

Cllr MV Ramusi

Cllr MC Nong

Cllr MS Ngobene

Cllr SP Chepape

Cllr TG Malebana

Cllr ME Rahlana

Cllr RI Mabitsela

Cllr TO Kgopane

Cllr MS Letlalo

Cllr ME Machethe

Cllr GM Modiba

Cllr MJ Kubyana

# Molemole Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2023

## General Information

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<b>Business address</b> Mogwadi0715	303 Church Street
<b>Grading of local authority</b>	Level 3 Local Municipality
<b>Chief Finance Officer (CFO)</b>	Miss Khanyisile Zulu
<b>Accounting Officer</b>	Mr KE Makgatho
<b>Business address</b> Mogwadi0715	303 Church Street
<b>Postal address</b> Mogwadi0715	Private Bag X44
<b>Bankers</b>	Nedbank
<b>Auditors</b>	Office of the Auditor General (South Africa)
<b>Website Address</b>	<a href="http://www.molemole.gov.za">www.molemole.gov.za</a>
<b>Email Address</b>	<a href="mailto:info@molemole.gov.za">info@molemole.gov.za</a>
<b>Audit Committee chairperson</b>	Mr SA Ngobeni Ms TE Monobe Mr T.G Nevhutalu Mr TA Lekoloane

# Molemole Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2023

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

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COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
CIGFARO	Chartered Institute of Government Finance and Risk officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
VAT	Value Added Tax
PAYE	Pay as you Earn
FMG	Finance Management Grant
INEP	Integrated National Electrification Program
CDM	Capricorn District Municipality
UIF	Unauthorised , Irregular and Fruitless Expenditure
PPE	Property Plant and Equipment
MSCOA	Municipal Chart of Accounts

**Molemole Municipality**  
(Registration number LIM353)

Financial Statements for the year ended 30 June 2023

**Accounting Officer's Responsibilities and Approval**

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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 financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the 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 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 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 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 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 2024 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The financial statements set out on pages 6 to 80, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2023 and were signed on its behalf by:

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**Accounting Officer**  
**Mr KE Makgatho**

**Molemole Municipality**  
(Registration number LIM353)

Financial Statements for the year ended 30 June 2023

## **Accounting Officer's Report**

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

### **1. Going concern**

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. The 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.

We draw attention to the fact that at 30 June 2023, the municipality had an accumulated surplus/deficits of 426 876 633 and that the municipality's total assets exceed its liabilities by 474 610 498.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The

Following factors support going concern assumption:

- There is no intention to cease operation and municipal budget for MTREF period support this
- The municipality has a healthy solvency and liquidity ration
- The municipality continue to achieve net surplus for 2023 and 2022 financial year.
- There are no material commitments or litigation at balance sheet that threatens the going concern assumption.

### **2. Subsequent events**

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

### **3. Accounting policies**

The 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.

**Molemole Municipality**  
(Registration number LIM353)

Financial Statements for the year ended 30 June 2023

**Statement of Financial Position as at 30 June 2023**

Figures in Rand	Note(s)	2023	2022 Restated*
<b>Assets</b>			
Current Assets			
Inventories	8	160 493	546 907
Receivables from exchange transactions	9	6 380 641	4 324 869
Receivables from non-exchange transactions	10	65 574 138	58 696 602
VAT receivable	11	9 075 625	10 090 816
Cash and cash equivalents	12	112 262 025	105 278 542
		<b>193 452 922</b>	<b>178 937 736</b>
Non-Current Assets			
Investment property	3	1 502 668	1 546 001
Property, plant and equipment	4	357 089 215	333 594 919
Intangible assets	5	733 231	1 150 574
Heritage assets	6	406 995	392 850
		<b>359 732 109</b>	<b>336 684 344</b>
<b>Total Assets</b>		<b>553 185 031</b>	<b>515 622 080</b>
<b>Liabilities</b>			
Current Liabilities			
Payables from exchange transactions	18	19 421 871	20 371 110
Consumer deposits	19	509 126	509 126
Unspent conditional grants and receipts	14	4 762 520	2 915 046
Other liability	16	153 823	254 730
Current Employee Benefits	17	10 802 876	10 545 798
		<b>35 650 216</b>	<b>34 595 810</b>
Non-Current Liabilities			
Employee benefit obligation	7	11 791 000	11 839 000
Provisions	15	31 133 340	29 929 108
		<b>42 924 340</b>	<b>41 768 108</b>
<b>Total Liabilities</b>		<b>78 574 556</b>	<b>76 363 918</b>
<b>Net Assets</b>		<b>474 610 498</b>	<b>439 258 162</b>
Reserves			
Revaluation reserve	13	47 733 865	47 719 720
Accumulated surplus		426 876 633	391 538 444
<b>Total Net Assets</b>		<b>474 610 498</b>	<b>439 258 164</b>

\* See Note 57 & 58

**Molemole Municipality**  
(Registration number LIM353)

Financial Statements for the year ended 30 June 2023

**Statement of Financial Performance**

Figures in Rand	Note(s)	2023	2022 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service charges	21	11 443 123	11 112 540
Rental of facilities and equipment	22	262 179	258 443
Interest income - debtors	25	524 498	583 334
Commission Received	27	709 857	742 790
Licenses and permits	24	4 362 599	5 091 640
Other income	28	2 858 559	345 309
Interest income - investment	29	8 167 646	4 708 768
<b>Total revenue from exchange transactions</b>		<b>28 328 461</b>	<b>22 842 824</b>
<b>Revenue from non-exchange transactions</b>			
Property rates	30	32 723 525	30 599 233
Interest income -debtors	26	805 983	909 511
Government grants & subsidies	31	215 085 949	204 435 319
Public contributions and donations	32	1 893 738	-
Fines, Penalties and Forfeits	23	804 392	628 430
<b>Total revenue from non-exchange transactions</b>		<b>251 313 587</b>	<b>236 572 493</b>
<b>Total revenue</b>	20	<b>279 642 048</b>	<b>259 415 317</b>
<b>Expenditure</b>			
Employee related costs	33	(104 086 502)	(96 215 928)
Remuneration of Councillors	34	(13 650 571)	(13 056 578)
Depreciation, amortisation and Impairment of assets	35	(18 586 972)	(19 065 437)
Finance costs	36	(2 467 970)	(1 826 500)
Debt Impairment	37	(2 384 839)	(3 258 960)
Bad debts written off	38	(499 020)	(578 664)
Bulk purchases	39	(12 338 029)	(12 585 146)
Contracted services	40	(35 622 603)	(37 752 847)
Loss on disposal of assets and liabilities	51	(314 457)	(647 727)
Loss on Transfer of Assets	53	(8 634 348)	(6 419 695)
General Expenses	41	(45 718 548)	(38 245 392)
<b>Total expenditure</b>		<b>(244 303 859)</b>	<b>(229 652 874)</b>
<b>Surplus for the year</b>		<b>35 338 189</b>	<b>29 762 443</b>

\* See Note 57 & 58



**Molemole Municipality**  
(Registration number LIM353)

Financial Statements for the year ended 30 June 2023

**Statement of Changes in Net Assets**

Figures in Rand	Revaluation reserve	Accumulated surplus	Total net assets
Opening balance as previously reported	47 707 170	374 911 211	422 618 381
Adjustments			
Correction of errors - see note 58	-	(13 135 210)	(13 135 210)
<b>Restated Balance at 01 July 2021</b>	<b>47 707 170</b>	<b>361 776 001</b>	<b>409 483 171</b>
Revaluation of Heritage Assets	12 550	-	12 550
Surplus for the year	-	29 762 443	29 762 443
	-	-	-
<b>Restated Balance at 01 July 2022</b>	<b>47 719 720</b>	<b>391 538 444</b>	<b>439 258 173</b>
Changes in net assets			
Revaluation of Heritage Assets	14 145	-	14 145
Surplus for the year	-	35 338 189	35 338 189
<b>Balance at 30 June 2023</b>	<b>47 733 865</b>	<b>426 876 633</b>	<b>474 610 507</b>
Note(s)	13		

\* See Note 57 & 58

**Molemole Municipality**  
(Registration number LIM353)

Financial Statements for the year ended 30 June 2023

**Cash Flow Statement**

Figures in Rand	Note(s)	2023	2022 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Sale of goods and services	47	42 677 548	44 515 686
Grants	48	216 933 423	206 613 000
Interest Income	29	8 167 646	4 708 768
		267 778 617	255 837 454
<b>Payments</b>			
Employee and Councillors costs	50	(117 737 073)	(109 272 506)
Suppliers	49	(90 597 065)	(80 318 390)
Finance costs	36	(2 467 970)	(1 826 500)
		(210 802 108)	(191 417 396)
<b>Net cash flows from operating activities</b>	46	<b>56 976 508</b>	<b>64 420 060</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	4	(50 960 911)	(48 687 236)
Proceeds from sale of property, plant and equipment		967 901	-
<b>Net cash flows from investing activities</b>		<b>(49 993 010)</b>	<b>(48 687 236)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>6 983 498</b>	<b>15 732 824</b>
Cash and cash equivalents at the beginning of the year		105 278 542	89 545 719
<b>Cash and cash equivalents at the end of the year</b>	12	<b>112 262 040</b>	<b>105 278 543</b>

\* See Note 57 & 58

**Molemole Municipality**  
(Registration number LIM353)

Financial Statements for the year ended 30 June 2023

**Statement of Comparison of Budget and Actual Amounts**

**Comparison of Budget and Actual Amounts for the year ended 30 June 2023**

Budget on Accrual Basis

	Approved budget	Adjustments on comparable basis	Final Budget	Actual amounts	Difference between final budget and Actual	Reference
Figures in Rand						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Service Charges : Sale of electricity	22 986 341	-	<b>22 986 341</b>	8 920 193	<b>(14 066 148)</b>	(61)%- 44.1
Service Charges : Refuse removal	2 603 836	-	<b>2 603 836</b>	2 522 930	<b>(80 906)</b>	(3)%44.2
Rental of facilities and equipment	266 190	-	<b>266 190</b>	262 179	<b>(4 011)</b>	(2)% 44.3-
Interest received	866 066	20 000	<b>886 066</b>	524 498	<b>(361 568)</b>	(41)%-44.4
Commission Received	756 352	-	<b>756 352</b>	709 857	<b>(46 495)</b>	(6)%-44.5
Licenses and permits	8 055 111	-	<b>8 055 111</b>	4 362 599	<b>(3 692 512)</b>	(46)%- 44.6.
Other income	412 599	1 142 040	<b>1 554 639</b>	2 858 559	<b>1 303 920</b>	84 % - 44.7
Interest received - investment	3 000 000	4 750 000	<b>7 750 000</b>	8 167 646	<b>417 646</b>	5 %-44.8
<b>Total revenue from exchange transactions</b>	<b>38 946 495</b>	<b>5 912 040</b>	<b>44 858 535</b>	<b>28 328 461</b>	<b>(16 530 074)</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Taxation revenue</b>						
Property rates	49 396 847	(8 311 195)	<b>41 085 652</b>	32 723 525	<b>(8 362 127)</b>	(20)%-44.9
Interest received debtors	721 965	154 035	<b>876 000</b>	805 983	<b>(70 017)</b>	(8)%-44.10
Transfer revenue: Government grants & subsidies	212 260 000	7 756 443	<b>220 016 443</b>	215 085 949	<b>(4 930 494)</b>	(2)%--44.11
Public contributions and donations	-	-	-	1 893 738	<b>1 893 738</b>	
Traffic Fines, penalties and forfeits	1 402 949	(684 042)	<b>718 907</b>	804 392	<b>85 485</b>	12 % -44.12
<b>Total revenue from non-exchange transactions</b>	<b>263 781 761</b>	<b>(1 084 759)</b>	<b>262 697 002</b>	<b>251 313 587</b>	<b>(11 383 415)</b>	
<b>Total revenue</b>	<b>302 728 256</b>	<b>4 827 281</b>	<b>307 555 537</b>	<b>279 642 048</b>	<b>(27 913 489)</b>	
<b>Expenditure</b>						
Personnel	(104 547 620)	451 804	<b>(104 095 816)</b>	(104 086 502)	<b>9 314</b>	- %-44.13
Remuneration of Councillors	(13 973 932)	66 000	<b>(13 907 932)</b>	(13 650 571)	<b>257 361</b>	(2)% - 44.14
Depreciation and amortisation	(19 813 041)	-	<b>(19 813 041)</b>	(18 586 972)	<b>1 226 069</b>	(6)%-44.15
Finance costs	(116 842)	(9 600)	<b>(126 442)</b>	(2 467 970)	<b>(2 341 528)</b>	852 %-44.16
Debt Impairment	(3 497 872)	(300 000)	<b>(3 797 872)</b>	(2 384 839)	<b>1 413 033</b>	(37)% -44.17
Bad debts written off	-	-	-	(499 020)	<b>(499 020)</b>	-44.18
Bulk purchases	(11 926 907)	(1 200 000)	<b>(13 126 907)</b>	(12 338 029)	<b>788 878</b>	(6)%44.20
Contracted Services	(42 102 799)	2 101 456	<b>(40 001 343)</b>	(35 622 603)	<b>4 378 740</b>	(11)%- 44.21
General Expenditure	(48 727 164)	(628 574)	<b>(49 355 738)</b>	(45 718 548)	<b>3 637 190</b>	(7)%-44.22

**Molemole Municipality**  
(Registration number LIM353)

Financial Statements for the year ended 30 June 2023

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**Statement of Comparison of Budget and Actual Amounts**

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**Comparison of Budget and Actual Amounts for the year ended 30 June 2023**

<b>Total expenditure</b>	<b>(244 706 177)</b>	<b>481 086</b>	<b>(244 225 091)</b>	<b>(235 355 054)</b>	<b>8 870 037</b>	
<b>Operating surplus</b>	<b>58 022 079</b>	<b>5 308 367</b>	<b>63 330 446</b>	<b>44 286 994</b>	<b>(19 043 452)</b>	
Loss on disposal of assets and liabilities	-	(1 101 605)	<b>(1 101 605)</b>	(314 457)	<b>787 148</b>	44.22
Loss on transfer of assets	-	-	-	(8 634 348)	<b>(8 634 348)</b>	44.22

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**Molemole Municipality**  
(Registration number LIM353)

Financial Statements for the year ended 30 June 2023

**Statement of Comparison of Budget and Actual Amounts**

**Comparison of Budget and Actual Amounts for the year ended 30 June 2023**

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
	-	(1 101 605)	(1 101 605)	(8 948 805)	(7 847 200)	
<b>Surplus/Deficit</b>	<b>58 022 079</b>	<b>4 206 762</b>	<b>62 228 841</b>	<b>35 338 189</b>	<b>(26 890 652)</b>	

**Statement of Financial Position**

**Assets**

**Current Assets**

Total Current Assets	235 555 324	(12 141 674)	<b>223 413 650</b>	193 452 923	<b>(29 960 727)</b>	(13)%-44.25
Total Non-Current Assets	345 582 025	4 248 225	<b>349 830 250</b>	359 732 113	<b>9 901 863</b>	3 %-44.26
<b>Total Assets</b>	<b>581 137 349</b>	<b>(7 893 449)</b>	<b>573 243 900</b>	<b>553 185 036</b>	<b>(20 058 864)</b>	
Total Current Liability	42 900 301	5 069 208	<b>47 969 509</b>	35 650 216	<b>(12 319 293)</b>	(26)%-44.27
Total Non-Current Liability	30 007 362	-	<b>30 007 362</b>	42 924 339	<b>12 916 977</b>	43 %-44.28
<b>Net Assets</b>	<b>508 229 686</b>	<b>(12 962 657)</b>	<b>495 267 029</b>	<b>474 610 481</b>	<b>(20 656 557)</b>	

**Reserves**

Revaluation reserve	50 695 020	(1 500 000)	<b>49 195 020</b>	47 733 865	<b>(1 461 155)</b>	(3)%-44.28
Accumulated surplus	457 534 666	(11 462 657)	<b>446 072 009</b>	426 876 614	<b>(19 195 395)</b>	(4)%44.29
<b>Community wealth/equity</b>	<b>508 229 686</b>	<b>(12 962 657)</b>	<b>495 267 029</b>	<b>474 610 480</b>	<b>(20 656 550)</b>	

**Cash Flow Statement**

<b>Net cash from (used) operating</b>	<b>75 024 910</b>	<b>9 074 469</b>	<b>84 099 379</b>	<b>56 976 508</b>	<b>(27 122 871)</b>	21% -44.30
<b>Net cash from (used) investing</b>	<b>(58 022 400)</b>	<b>(5 308 225)</b>	<b>(63 330 625)</b>	<b>(49 993 010)</b>	<b>13 337 615</b>	24%-44.31
Net increase/decrease in cash held	17 002 510	3 766 244	<b>20 768 754</b>	6 983 498	<b>(13 785 256)</b>	
Cash and cash equivalents at the beginning of the year	89 549 144	15 718 600	<b>105 267 744</b>	105 278 542	<b>10 798</b>	
<b>Cash and cash equivalents at the end of the year</b>	<b>106 551 654</b>	<b>19 484 844</b>	<b>126 036 498</b>	<b>112 262 040</b>	<b>(13 684 458)</b>	1 %44.32

Refer to Note 44 for explanations of any material variances.

Material Variances are considered to be any variance above 5%. Explanation on the changes in budget is noted on the Executive summary adjustment budget available on the municipal website that as approved in February 2023.

**Molemole Municipality**  
(Registration number LIM353)

Financial Statements for the year ended 30 June 2023

**Comparison of Budget and Actual Amounts for the year ended 30 June 2023**

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget outcome	Actual	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
<b>2023</b>											
<b>Financial Performance</b>											
Property rates	49 396 847	(8 311 195)	41 085 652	-	-	41 085 652	32 723 525		(8 362 127)	80 %	66 %
Service charges	25 590 177	-	25 590 177	-	-	25 590 177	11 443 123		(14 147 054)	45 %	45 %
Investment revenue	3 000 000	4 750 000	7 750 000	-	-	7 750 000	8 167 646		417 646	105 %	272 %
Transfers recognised - operational	174 457 600	640 000	175 097 600	-	-	175 097 600	174 739 275		(358 325)	100 %	100 %
Other own revenue	12 481 232	632 033	13 113 265	-	-	13 113 265	10 467 666		(2 645 599)	80 %	84 %
<b>Total revenue (excluding capital transfers)</b>	<b>264 925 856</b>	<b>(2 289 162)</b>	<b>262 636 694</b>	<b>-</b>	<b>-</b>	<b>262 636 694</b>	<b>237 541 235</b>		<b>(25 095 459)</b>	<b>90 %</b>	<b>90 %</b>
Employee costs	(104 547 620)	451 804	(104 095 816)	-	-	(104 095 816)	(104 086 502)		9 314	100 %	100 %
Remuneration of Councillors	(13 973 932)	66 000	(13 907 932)	-	-	(13 907 932)	(13 650 571)		257 361	98 %	98 %
Debt impairment	(3 497 872)	(300 000)	(3 797 872)	-	-	(3 797 872)	(2 384 839)		1 413 033	63 %	68 %
Depreciation and asset impairment	(19 813 041)	-	(19 813 041)	-	-	(19 813 041)	(18 586 972)		1 226 069	94 %	94 %
Finance charges	(116 842)	(9 600)	(126 442)	-	-	(126 442)	(26 394)	(2 441 576)	100 048	21 %	23 %
Materials and bulk purchases	(11 926 907)	(1 200 000)	(13 126 907)	-	-	(13 126 907)	(12 837 049)		289 858	98 %	108 %
Bad Debts Written off	-	-	-	-	-	-	-		-	100 %	100 %
Other expenditure	(90 829 963)	371 277	(90 458 686)	-	-	(90 458 686)	(73 021 260)	(8 634 348)	(8 803 078)	81 %	80 %
<b>Total expenditure</b>	<b>(244 706 177)</b>	<b>(620 519)</b>	<b>(245 326 696)</b>	<b>-</b>	<b>-</b>	<b>(245 326 696)</b>	<b>(224 593 587)</b>	<b>(11 075 924)</b>	<b>(5 507 395)</b>	<b>92 %</b>	<b>92 %</b>
<b>Surplus/(Deficit)</b>	<b>20 219 679</b>	<b>(2 909 681)</b>	<b>17 309 998</b>	<b>-</b>	<b>-</b>	<b>17 309 998</b>	<b>12 947 648</b>		<b>(30 602 854)</b>	<b>75 %</b>	<b>64 %</b>

**Molemole Municipality**  
(Registration number LIM353)

Financial Statements for the year ended 30 June 2023

**Comparison of Budget and Actual Amounts for the year ended 30 June 2023**

Figures in Rand	Original	Budget	Final	Shifting of	Virement	Final budget	Actual	Unauthorised	Variance	Actual	Actual
	budget adjustments		adjustments	funds (i.t.o.	(i.t.o. council	outcome		expenditure	outcome	outcome	
(i.t.o. s28 and budgets31 of the MFMA)			s31 of the MFMA)	approved	policy)		as % of	final budget		as % of	original budget
Transfers recognised - capital	37 802 400	7 116 443	44 918 843	-		44 918 843	40 346 674		(4 572 169)	90 %	107 %
Contributions recognised - capital and contributed assets	-	-	-	-		-	1 893 738		1 893 738	100 %	100 %
<b>Surplus (Deficit) after capital transfers</b>	<b>58 022 079</b>	<b>4 206 762</b>	<b>62 228 841</b>	<b>-</b>		<b>62 228 841</b>	<b>55 188 060</b>		<b>(7 040 781)</b>	<b>89 %</b>	<b>95 %</b>

# **Molemole Municipality**

(Registration number LIM353)

Financial Statements for the year ended 30 June 2023

## **Accounting Policies**

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### **1. Presentation of Financial Statements**

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

These 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.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

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

These accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant policy.

#### **1.1 Presentation currency**

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

#### **1.2 Going concern assumption**

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

#### **1.3 Comparative Information**

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

#### **1.4 Significant judgements and use of Estimates**

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:

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

The municipality assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes 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 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.

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price.

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



# **Molemole Municipality**

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## **Accounting Policies**

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### Impairment of statutory receivables

The calculation in respect of the impairment of receivables is based on an assessment of the extent to which receivables have defaulted on payments, and an assessment of their ability to make payments based on their credit worthiness. This is performed per identifiable categories across all classes of receivables.

### Impairment of non-financial assets

Management considers all property plant and equipment to be non-cash generating, except for investment property, which are cash generating.

Management further considers whether indicators of impairment exist. This requires management to exercise judgement as to the whether an individual or combination of factors exist which should be taken into consideration in determining whether the recoverable service amount of the asset is lower than its carrying amount.

Accounting policy on impairment of assets, and accounting policy subsequent measurement, amortisation and impairment intangible assets, describe the conditions under which nonfinancial assets are tested for potential impairment losses by the management of the municipality.

Significant estimates and judgements are made relating to impairment testing of property, plant and equipment, and intangible assets

### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 15

### Inventories

Unsold properties are taken at fair value on the date when the intention to dispose land has arisen to the inventory from investment property on initial recognition.

### 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 7

### Effective interest rate

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

### for doubtful debts

On debtors an impairment loss is recognized in surplus and deficit when there is an objective evidence such as non-payment of long outstanding debt amount. The impairment is measured based on the analysis of the current financial year provision balance less the previous financial year balance.

The Provision for doubtful debt is being considered for all the debt which has been outstanding for 90 days and more excluding all accounts owned by government institutions.

Payments patterns are being considered for the analysis of the individual rate payer's behavior at least for a period of six (6) consecutive months in analyzing the probability of recovering the outstanding balance

### Useful lives of assets

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

# Molemole Municipality

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### Residual value

The estimated value of an asset at the end of its useful life, or the value that remains at the end of the analysis period where the asset useful life exceeds.

#### 1.5 Investment property

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

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

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

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition. However, where an investment property was acquired through a non-exchange transaction (i.e. where municipality acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

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 derecognized.

Transfers are made to or from investment property only when there is a change in use.

For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

#### Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Depreciation is provided to write down the cost, less estimated residual value over the useful life of the property, which is as follows:

Item	Useful life
Property - land	Indefinite
Property - buildings	30 years

Investment property is derecognized 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.

#### 1.6 Property, plant and equipment

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

Property, plant and equipment is initially measured at cost.

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## Accounting Policies

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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 assets, or a combination of assets 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.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

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 derecognized.

The following accounting procedures will be followed when the land and buildings properties are re-valued at an amount that exceeds the current value carried in the Financial Statements:

- The Accumulated Depreciation at the time of revaluation will be set-off against the gross carrying amount of the fixed property.
- The carrying value on the Balance Sheet will be adjusted to the revalued amount of the fixed property.
- The difference between the original amount and the re-valued amount will be credited against a future depreciation reserve.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus included in net assets related to a specific item of property, plant and equipment is transferred directly to accumulated surplus or deficit when the asset is derecognized

### Subsequent measurement

Subsequent to initial recognition items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalizes the new benefits associated with the asset.

Property, plant and equipment are depreciated on the over their expected useful lives to their estimated residual value. The useful lives of items of property, plant and equipment have been assessed as follows:

<b>Item</b>	<b>Average useful life</b>
Infrastructure Assets	
• Electricity	
• Power Stations	30-40 Years
• Cooling Towers	30-40 Years
• Transformer Kiosks	10-50 Years
• Mini Substation	10-50 Years
• Meters	15-30 Years
• Load Control Equipment	20-25 Years
• Switchgear Equipment	20-25 Years
• Supply/Reticulation	20-25 Years
• Mains	20-30 Years
• Street Lights	10-40 Years
• High Mast Lights	10-40 Years

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Financial Statements for the year ended 30 June 2023

## Accounting Policies

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• Motorways	09-100 Years
Roads	
• Other Roads	100 Years
• Traffic Islands	10 Years
• Traffic Lights	20 Years
• Road furniture/Signs	05-20 Years
• Street Lighting	10-40 Years
• Overhead Bridges	30 Years
• Storm Water Drains	10-20 Years
• Bridges and Subway	30 Years
• Car Parks	30 Years
• Bus Terminal	20 Years
• Pipes	10-25 Years
• Catch Pit	20-25 Years
• Sign Boards	05-20 Years
• Concrete Drift	10-15 Years
• Guardrails	15-50 Years
• Kerbs	10-30 Years
• Speed Hump	05-20 Years
• Culverts/Culvert Bridge	05-50 Years
• Stone Pitching	05-15 Years
• Roads Studs	05-15 Years
• Water	
• Meters	15 Years
• Mains	20 Years
• Rights	20 Years
• Supply/Reticulation	20 Years
Community	
• Reservoirs and Tanks	20 Years
• Pressure Pumps	05-50 Years
• Submersible Pump	05-20 Years
• Boreholes	20 Years
• Sewerage	
• Sewers	20 Years
• Outfall Sewers	20 Years
• Purification work	20 Years
• Sewerage Pumps	10 Years
• Sludge Machines	10 Years
Other property, plant and equipment	
• Buildings	
• Ambulance Station	30 Years
• Care Centres	30 Years
• Cemeteries	30 Years
• Clinic and Hospitals	30 Years
• Community Centre	10-30 Years
• Fire Stations	30 Years
• Game Reserve and Rest Camps	30 Years
• Indoor Sport Stadium	30 Years
• Libraries	30 Years
• Museum and Art Galleries	30 Years
• Parks	20-30 Years
• Public Convenience	30 Years
Ancillary fleet equipment and security	
• Recreation Centres	20-30 Years
• Stadiums (Ground Field and Grand Stand)	20-30 Years
• Old Age Homes	30 Years
Artwork	
• Taxi Ranks	22-40 Years
• Covered Taxi bays	22-40 Years
• Passenger Shelter	20-40 Years
• Bowling Greens	20-30 Years
• Tennis Courts	20-30 Years
• Swimming Pool	20-30 Years

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## Accounting Policies

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• Golf Course	20-30 Years
• Stadiums (Ground Field and Grand Stand)	20-30 Years
• Jukskei Pitches	20-30 Years
• Outdoor Sport Facilities	20-30 Years
• Lakes and Dams	20-30 Years
• Fountains	15-30 Years
• Floodlighting	20-30 Years
• Cricket Field	20-30 Years
• Fencing (Mesh, Steel and Palisade Fence)	05-40 Years
• Security Systems	05-10 Years
• Access Control	05-30 Years
• Outdoor Cameras	05-30 Years
• Buildings	
• Caravan Parks	30-40 Years
• Compacting Stations	30-40 Years
• Housing Schemes	30-40 Years
• Laboratories	30-40 Years
• Nurseries	30-40 Years
• Office Buildings	30-40 Years
• Quarries	30-40 Years
• Stores	30-40 Years
• Tip Sites	30-40 Years
• Training Centres	30-40 Years
• Transport Facilities	30-40 Years
• Workshops and Depots	30-40 Years
• Guard Room Wooden	02-30 Years
• Mobile Offices	30-40 Years
• Pavements	20-40 Years
• Gazebo Shades	03-30 Years
• Market Stalls	30-40 Years
• Computer Hardware	03-20 Years
• Computer Software	03-20 Years
• Office Machines	03-20 Years
• Air Conditioners	07-20 Years
• Banners	05-10 Years
• Fire Extinguishers	03-10 Years
• Photocopy Machines over R50 000	05-10 Years
• Other Photocopy Machines	03-12 Years
• Fax Machines	03-10 Years
• Plotters	08-20 Years
• Chairs	07-24 Years
• Tables	03-20 Years
• Desks	03-20 Years
• Cabinets	07-22 Years
• Cupboards	07-22 Years
• Filing Cabinets	03-20 Years
• Miscellaneous Furniture	03-20 Years
• Shelve and Racks	03-20 Years
• Stove and Fridge	03-20 Years
• Urn and Kettle	03-20 Years
• Bulk Refuse Containers	10-30 Years
• Street Litter Bins	05-30 Years
• Ambulances	10 Years
• Fire Hoses	05-10 Years
• Emergency Lights	10-15 Years
• Fire Engines	10-20 Years
• Motor Vehicles	03-30 Years
• Motor Cycles	05-07 Years
• Trucks/Bakkies	03-30 Years
• Trailers	03-30 Years
• Graders	03-30 Years
• Tractors	03-30 Years
• Mechanical Horses	07 Years

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## Accounting Policies

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• Farm Equipment and Pesticide Sprayers	05 Years
• Lawnmowers	02-10 Years
• Brush Cutters	04-10 Years
• Compressors	10-15 Years
• Laboratory Equipment	05 Years
• Radio Equipment	05-10 Years
• Fire Arms	25-30 Years
• Telecommunication Equipment	9-12 Years
• Irrigation Systems	07 Years
• Conveyors	07 Years
• Feeders	08-12 Years
• Tipper Truck	05-20 Years
• Slashers	05-15 Years
• Ladder	05-15 Years

The residual value, the useful life and depreciation method of each asset are reviewed at least at each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

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

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

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

### 1.7 Intangible assets

#### Initial Recognition

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

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

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## Accounting Policies

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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 amortized 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	Useful life
Computer software, other	3 -20 years

Intangible assets are derecognized:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognized.

### 1.8 Heritage assets

Assets are resources controlled by a municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality between knowledgeable willing parties in an arm's length transaction.

Heritage assets are assets that have cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

#### 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, whose fair value can be measured reliably, is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses. If a heritage asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to a revaluation surplus. However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit.

If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, the decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

#### 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 derecognized (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

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 a municipality's operations that is shown as a single item for the purpose of disclosure in the 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.

# **Molemole Municipality**

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## **Accounting Policies**

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Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

### **1.9 Financial instruments**

The municipality classifies financial assets and financial liabilities into the following categories:

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit category.

Financial instruments are recognised initially when the municipality becomes a party to the contractual provisions of the instruments

The municipality classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Regular way purchases of financial assets are accounted for at trade date

#### **Initial recognition and measurement**

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

**Subsequent measurement** - Financial instruments at fair value through surplus or deficit are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in surplus or deficit for the period.

Net gains or losses on the financial instruments at fair value through surplus or deficit dividends or similar distributions and interest. Dividend or similar distributions income is recognised in surplus or deficit as part of other income when the municipality's right to receive payment is established.

Loans and receivables are subsequently measured at amortized cost, using the effective interest method, less accumulated impairment losses. Held-to-maturity investments are subsequently measured at amortized cost, using the effective interest method, less accumulated impairment losses.

Available-for-sale financial assets are subsequently measured at fair value. This excludes equity investments for which a fair value is not determinable, which are measured at cost less accumulated impairment losses.

Gains and losses arising from changes in fair value are recognised in equity until the asset is disposed of or determined to be impaired. Interest on available-for-sale financial assets calculated using the effective interest method is recognised in surplus or deficit as part of other income. Dividends or similar distributions received on available-for-sale equity instruments are recognised in surplus or deficit as part of other income when the municipality's right to receive payment is established.

Changes in fair value of available-for-sale financial assets denominated in a foreign currency are analyzed between translation differences resulting from changes in amortized cost and other changes in the carrying amount. Translation differences on monetary items are recognised in surplus or deficit, while translation differences on non-monetary items are recognised in equity.

Financial liabilities at amortized cost are subsequently measured at amortized cost, using the effective interest method.

#### **Fair value determination**

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the municipality establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

#### **Investments**

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorized as either held-to-maturity where the criteria for that categorization are met, or as loans and receivables, and are measured at amortized cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

#### **Trade and Other Receivables**



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## **Accounting Policies**

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Trade and other receivables are categorized as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortized cost. Amortized cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

### **Impairment Loss**

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

The municipality determine impairment of trade receivables in accordance with the debt write off policy.

### **Trade Payables and Borrowings**

Financial liabilities consist of trade payables and borrowings. They are categorized as financial liabilities held at amortized cost, are initially recognised at fair value and subsequently measured at amortized cost which is the initial carrying amount, less repayments, plus interest.

### **Cash and Cash Equivalents**

Cash and cash equivalents includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorized as financial liabilities: other financial liabilities carried at amortized cost.

#### **1.10 Derecognition**

##### **Financial assets**

The municipality derecognises financial assets using trade date accounting. The

municipality derecognises a financial asset only when:

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

If the municipality 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.

## **Accounting Policies**

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If, as a result of a transfer, a financial asset is derecognized 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 derecognized, 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 derecognized and the sum of the consideration received for the part derecognized 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.

### **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 - lessor**

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.

#### **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 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 expenses over the lease term on a straight-line basis. Income for leases is disclosed under revenue in the Statement of Financial Performance.

#### **Operating leases - lessee**

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

### **1.12 Inventories**

#### **Initial measurement:**

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.

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The cost of inventories comprises of all cost of purchase, cost of conversion and other cost incurred in the 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 formula. The same cost formula is used for all inventories having similar nature and use to the municipality.

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.

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.

### **Initial Recognition**

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalization to the cost of another asset.

### **Subsequent Measurement**

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

Inventories comprise current assets held for sale or for consumption during the ordinary course of business and are measured at the lower of cost and current replacement cost where they are held for;

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

The basis for allocating cost to inventory items is the first in first out (FIFO) method.

### **1.13 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.

#### **Post-Retirement Medical Obligation**

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds.

Council pays 70% of the contribution and the remaining 30% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

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Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

### **Long Service Awards**

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the municipality. The municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

### **Provision for Staff Leave**

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the relevant employee. Accumulated leave is carried forward and can be used in future periods if the current employee's entitlement is not used in full. An employee's accumulated leave cannot exceed 48 days. Any days in excess thereof is forfeited. All unused leave will be paid out to the specific employee at the end of that employee's employment term. Accumulated leave is vesting.

### **Staff Bonuses Accrued**

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on the bonus accrued at year end for each employee.

### **Provision for Performance Bonuses**

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, contract workers and other senior managers, is recognised as it accrues. The performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends. This bonus is not guaranteed.

#### **1.14 Provisions and contingencies**

Provisions are recognised when:

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

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

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

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

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

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

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

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating deficits.

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If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of an activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 55.

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

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

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

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

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

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

### 1.15 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. Sale of goods

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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 a variety of methods. Depending on the nature of the transaction, the methods may include:

Surveys of work performed;

Services performed to date as a percentage of total services to be performed;

The proportion that costs incurred to date bear to the estimated total costs of the transaction. Only costs that reflect services performed to date are included in costs incurred to date. Only costs that reflect services performed or to be performed are included in the estimated total costs of the transaction.

### Interest

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

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

Interest is recognised, in surplus or deficit, using the effective interest rate method.

### 1.16 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. 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.

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### Recognition

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

### Measurement

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

### Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset. The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset. Transferred assets are measured at their fair value as at the date of acquisition.

### Fines

Fines are measured at the transaction amount and the related asset as statutory receivable if not received in cash. Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

### Bequests

Bequests that satisfy the definition of an asset 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.

### 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.

### Unauthorised, irregular, fruitless and wasteful expenditure

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is when it is probable that the future economic benefits will flow to the municipality and the amount can be measured reliably.

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

### **Unconditional Grants**

Equitable share allocations are recognised on revenue at the start of the financial year. Conditional

### Grants

Conditional grants recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of on-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Interest earned on grants received and invested is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

#### **1.17 Cost of sales**

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all deficits 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, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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The related cost of providing services recognised as revenue in the current period is included in cost of sales. Contract costs comprise:

- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the contract on a systematic and rational basis; and
- such other costs as are specifically chargeable to the customer under the terms of the contract.

### 1.18 Investment income

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

### 1.19 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. The Unauthorised expenditure is disclosed in a note to the Annual Financial Statements.

### 1.20 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, unless if it is recoverable (i.e. receivable), it will be raised as an asset in the Statement of Financial Position. 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.

Fruitless and wasteful expenditure will be de-recognised as soon as the nature of the fruitless and wasteful expenditure has been submitted to Council and a formal Council decision has been taken to condone the expenditure. The Fruitless and Wasteful expenditure is disclosed in a note to the Annual Financial Statements.

### 1.21 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

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

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

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

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

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

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



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

### 1.22 Segmental information

The mandate of the municipality is to provide basic services to the community over which it governs. In order to properly execute its mandate and achieve its strategic goals, internal management reporting is based on each service objective and also considered separately for each of the towns within the municipal jurisdiction. The components described below have been identified as individual significant segments for purposes of reporting in terms of GRAP 18 (Segment Reporting).

the following services are considered significant to the municipality and is accordingly managed separately

- Governance and administration
- Community and public safety
- Economic and environmental services
- Trading services

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively aggregation of two or more of those segments where the aggregation criteria are met.

### Measurement

The amount of each segment item reported is the measure reported to management for the purpose of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenue and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segments assets and segments liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities those amounts are allocated on a reasonable basis.

If management uses only one measure of segments surplus or deficit the segments assets or the segments liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit the segments assets or segments liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

### 1.23 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget Authorisations (or equivalent), which is given effect through authorizing 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 2022/07/01 to 2023/06/30.

The budget for the economic entity includes all the entities approved budgets under its control.

The 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

Explanations for material differences 5% between the final budget amounts and actual amounts are included in the notes to annual financial statements.

### 1.24 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

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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 considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

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

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

### **1.25 Retirement Benefits**

The municipality provides retirement benefits for its employees and Councillors. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recognised as a liability and are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities.

### **1.26 Impairment of Assets**

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

Irrespective of whether there is any indication of impairment, the municipality also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing their carrying amount with their recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

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

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

## **Accounting Policies**

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### **1.27 Impairment of non-cash-generating assets**

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.

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:

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

#### **Identification**

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

#### **Value in use**

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

#### **Depreciated replacement cost approach**

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimized" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimized basis thus reflects the service potential required of the asset.

#### **Recognition and measurement**

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

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.

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

#### **Reversal of an impairment loss**

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

# **Molemole Municipality**

(Registration number LIM353)

Financial Statements for the year ended 30 June 2023

## **Accounting Policies**

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An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

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

### **1.28 Commitments**

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

Commitments are not recognised in the statement of financial position as a liability but are included in the disclosure notes. Disclosures are required in respect of unrecognized 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.

Commitments are disclosed inclusive of vat

### **1.29 Value Added Tax**

Vat is accounted for on an accrual basis and registered for on cash basis

### **1.30 Commission expense**

Commission expense is accounted for on an accrual basis.

### **1.31 Distribution loss**

Distribution losses are losses that result from differences between purchases and consumption's both billed and estimated.

### **1.32 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.

#### **Recognition**

The municipality recognises statutory receivables as follows:

- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers);

#### **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:

- impairment losses; and
- amounts derecognized.

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## **1.33 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.

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 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.

# Molemole Municipality

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Financial Statements for the year ended 30 June 2023

## Notes to the Financial Statements

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### 2. New standards and interpretations

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

The municipality has not applied the following standards and interpretations have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2023 or later periods but are relevant to its operations:

Effective Date		Expected impact
	• Guideline: Guideline on Accounting for landfill Sites	Not yet effective Unlikely there will be a material impact
	• GRAP 1 (amended): Presentation of Financial Statements (Materiality project)	01 April 2023 Unlikely there will be a material impact
	• GRAP 1: on Presentation of Financial Statements (Going To be determined Concern)	To be determined Unlikely there will be a material impact
	• GRAP 25(as revised: Employee Benefits	1 April 2023 Unlikely there will be a material impact
	• GRAP 104(as revised): Financial instruments	1 April 2025 Unlikely there will be a material impact
	• Grap 21: The effect of Past decisions on Materiality	1 April 2023 Unlikely there will be a material impact
	• GRAP 103 Heritage Assets	To be determined Unlikely there will be a material impact

**Molemole Municipality**

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Financial Statements for the year ended 30 June 2023

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**Molemole Municipality**  
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Financial Statements for the year ended 30 June 2023

**Notes to the Financial Statements**

**3. Investment property**

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	2 066 000	(563 332)	1 502 668	2 066 000	(519 999)	1 546 001

**Reconciliation of investment property - 2023**

	Openingbalance	Depreciation	Total
Investment property	1 546 001	(43 333)	1 502 668

**Reconciliation of investment property - 2022**

	Openingbalance	Transfers	Depreciation	Total
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**Molemole Municipality**  
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Financial Statements for the year ended 30 June 2023

**Notes to the Financial Statements**

Investment property	1 614 335 R	(25 000)	(43 333)	1 546 001
<b>Included in investment property are the following</b>	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Transfers</b>	<b>Carrying Value</b>
2023				
Land	766 000	-	-	766 000
Buildings	1 300 000	(563 332)	-	736 668
	<u>2 066 000</u>	<u>(563 332)</u>	<u>-</u>	<u>1 502 668</u>
2022				
Land	791 000	-	(25 000)	766 000
Buildings	1 300 000	(519 999)	-	780 000
	<u>2 091 000</u>	<u>(519 999)</u>	<u>-</u>	<u>1 546 000</u>

**Molemole Municipality**  
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Financial Statements for the year ended 30 June 2023

**Notes to the Financial Statements**

**Notes to the Financial Statements**

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**4. Property, plant and equipment**

	2023		2022			
Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	
Land	25 251 098	-	25 251 098	25 251 098	-	25 251 098
Buildings	31 680 398	(7 402 905)	24 277 493	32 997 744	(6 258 634)	26 739 110
Infrastructure	267 550 447	(52 111 387)	215 439 060	220 415 599	(42 065 922)	178 349 677
Community	64 957 269	(11 155 659)	53 801 610	64 957 269	(8 611 578)	56 345 691
Other property, plant and equipment	57 628 720	(26 886 515)	30 742 205	54 508 979	(24 571 822)	29 937 157
Work in Progress	7 577 749	-	7 577 749	16 972 186	-	16 972 186
<b>Total</b>	<b>454 645 681</b>	<b>(97 556 466)</b>	<b>357 089 215</b>	<b>415 102 875</b>	<b>(81 507 956)</b>	<b>333 594 919</b>

**Reconciliation of property, plant and equipment - 2023**

	Opening balance	Additions	Additions work in progress	Disposals / Other Changes	Transfers	Other changes, movements	Depreciation	Total
Land	25 251 098	-	-	-	-	-	-	25 251 098
Buildings	26 739 110	-	-	-	-	(1 317 340)	(1 144 274)	24 277 493
Infrastructure	178 349 678	39 520 811	-	-	7 614 038	-	(10 045 466)	215 439 060
Community	56 345 691	-	-	-	-	-	(2 544 081)	53 801 610
Other property, plant and equipment	29 937 154	6 479 889	-	(1 282 357)	-	-	(4 392 480)	30 742 205
Work in progress	16 972 186	-	6 853 949	-	(16 248 386)	-	-	7 577 749
	<b>333 594 917</b>	<b>46 000 700</b>	<b>6 853 949</b>	<b>(1 282 357)</b>	<b>(8 634 348)</b>	<b>(1 317 340)</b>	<b>(18 126 301)</b>	<b>357 089 215</b>

**Molemole Municipality**  
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Financial Statements for the year ended 30 June 2023

**Notes to the Financial Statements**

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**Reconciliation of property, plant and equipment - 2022**

	Openingbalance	Additions	Additions through transfer of functions / mergers	Disposals / Other Changes	Transfers	Other changes, movements	Depreciation	Impairment loss	Total
Land	26 050 828	-	-	-	-	25 000	-	-	25 251 098
Buildings	28 687 731	-	-	-	-	(735 906)	(1 212 716)	-	26 739 110
Infrastructure	153 421 986	34 776 683	-	-	-	-	(9 531 881)	(317 111)	178 349 677
Community	58 887 763	-	-	-	-	-	(2 542 072)	-	56 345 691
Other property, plant and equipment	31 630 264	3 980 134	-	(647 724)	-	-	(5 025 517)	-	29 937 157
Work in progress	13 461 462	-	9 930 419	-	(6 419 695)	-	-	-	16 972 186
	<b>312 140 034</b>	<b>38 756 817</b>	<b>9 930 419</b>	<b>(647 724)</b>	<b>(6 419 695)</b>	<b>(710 906)</b>	<b>(18 312 186)</b>	<b>(317 111)</b>	<b>333 594 919</b>

**Reconciliation of Work-in-Progress 2023**

	Included in Infrastructure	Total
Opening balance	16 972 186	16 972 186
Additions/capital expenditure	6 853 949	6 853 949
Other movements	(16 248 386)	(16 248 386)
Transferred to completed items	-	-
	<b>7 577 749</b>	<b>7 577 749</b>

Included in WIP there is Electrification project of Fatima in Mohodi which the construction has been completed however it is not yet available for use as Eskom has not yet energized the area.

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Financial Statements for the year ended 30 June 2023

**Notes to the Financial Statements**

Figures in Rand	2023	2022
<b>Reconciliation of Work-in-Progress 2022</b>		
Opening balance	<b>Included in Infrastructure</b> 13 461 462	<b>Total</b> 13 461 462
Additions/capital expenditure	44 415 049	44 415 049
Other movements	(40 904 324)	(40 904 324)
	<b>16 972 187</b>	<b>16 972 187</b>

**Expenditure incurred to repair and maintain property, plant and equipment**

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

Contracted services	13 076 915	15 785 745
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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.

**5. Intangible assets**

	2023			2022		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	3 646 149	(2 912 914)	733 231	3 646 149	(2 495 578)	1 150 574

**Reconciliation of intangible assets - 2023**

	Opening balance	Amortisation	Total
Computer software, other	1 150 576	(417 337)	733 235

**Reconciliation of intangible assets - 2022**

	Opening balance	Amortisation	Total
Computer software, other	1 567 912	(417 337)	1 150 574

**6. Heritage assets**

	2023			2022		
	Cost / Valuation	Accumulated impairment losses	Carrying Value	Cost / Valuation	Accumulated impairment losses	Carrying value
Mayoral Chain	406 995	-	406 995	392 850	-	392 850

**Reconciliation of heritage assets 2023**

	Opening balance	Transfers	Total
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**Molemole Municipality**  
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Financial Statements for the year ended 30 June 2023

Mayoral Chain	392 850	14 145	406 995
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**Reconciliation of heritage assets 2022**

Figures in Rand		2023	2022
	Openingbalance	Revaluation	Total
Mayoral Chain	380 300	12 550	392 850

**7. Non-Current Employee benefits**

**Post-Employment Health Care**

**Benefits**

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonita's;

Discovery;LA Health;

Hosmed;

Samwumed; andKeyhealth.

The Municipality's Accrued Unfunded Liability at 30 June 2023 is estimated at R11 850 000. The Current-service Cost for the year ending 30 June 2023 is estimated at R1012 000. It is estimated to be R911 000 for the ensuing year.

**Key actuarial assumptions used**

	2023	2022
Rate of Interest		
Discount rate	12,59%	11,48%
Health Care Cost	8,19%	8,45%
Net effective Discount rate	4,07%	3,13%

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

**Carrying value**

Present value at Fund obligation at the beginning of the year	11 894 000	10 100 000
Current Service Cost	1 012 000	899 000
Interest Cost	1 405 000	1 070 000
Benefits Paid	(44 565)	(56 696)
Actuarial (gains ) / losses	(2 416 435)	(118 304)
	<b>11 850 000</b>	<b>11 894 000</b>
Non-current liabilities	(11 791 000)	(11 839 000)
Current liabilities	(59 000)	(55 000)
	<b>(11 850 000)</b>	<b>(11 894 000)</b>

**8. Inventories**

Stationary		
Opening balance	180 346	329 316
Purchased	1 241 998	1 037 010
Issued	(1 261 851)	(1 185 980)
Closing Balance	160 493	180 346
Smart Meters		
Opening Balance	366 561	722 975
Purchased	171 154	309 000
Issued	(537 715)	(665 414)
Closing Balance	-	366 561
<b>Closing balance</b>	<b>160 493</b>	<b>546 907</b>

## Notes to the Financial Statements

Figures in Rand	2023	2022
No inventories were pledged as collateral and no inventories were written off during the year.		
<b>9. Receivables from exchange transactions</b>		
Consumer debtors - Electricity	792 171	523 685
Consumer debtors - Refuse	4 357 165	2 638 662
Consumer debtors - Other Service Charges	217 116	132 286
<b>Sub Total - Receivables from Exchange Transactions</b>	<b>5 366 452</b>	<b>3 294 633</b>
Rental debtors	274 808	257 263
Other debtors - Prepaid Electricity	-	188 800
Accrued Interest- Investments	412 047	149 153
CDM water debtor	327 333	435 020
<b>Grand Total - Receivables from Exchange Transactions</b>	<b>6 380 640</b>	<b>4 324 869</b>

### 9.1 Consumer Debtors - Service Charges Reconciliation

	2023			2022		
	Gross Debtors	Impairment	Nett Debtors	Gross Debtors	Impairment	Nett Debtors
Electricity	3 411 454	(2 619 283)	792 171	3 297 039	(2 773 354)	523 685
Refuse	18 763 964	(14 406 799)	4 357 165	16 612 601	(13 973 939)	2 638 662
Other service Charges	934 999	(717 883)	217 116	832 855	(700 569)	132 286
<b>Total</b>	<b>23 110 417</b>	<b>(17 743 965)</b>	<b>5 366 452</b>	<b>20 742 495</b>	<b>(17 447 862)</b>	<b>3 294 633</b>

### Consumer Debtors Ageing for 2023

	Current (0 - 30 days)	31-60 days	61-90 days	+90 days	Total Gross Debtors
Electricity	32 603	14 768	10 528	3 353 555	3 411 454
Refuse	519 528	252 464	243 772	17 748 200	18 763 964
Other Service Charges	13 295	6 598	3 500	911 606	934 999
<b>Total</b>	<b>565 426</b>	<b>273 830</b>	<b>257 800</b>	<b>22 013 361</b>	<b>23 110 417</b>

## Notes to the Financial Statements

Figures in Rand	2023				2022
<b>Consumer Debtors Ageing for 2022</b>					
	Current (0 - 30 days)	31-60 days	61-90 days	+90 days	Total Gross Debtors
Electricity	14 594	14 647	15 144	3 252 654	3 297 039
Refuse	287 151	290 446	278 844	15 756 160	16 612 601
Other Service Charges	6 282	6 964	6 917	812 692	832 855
<b>Total</b>	<b>308 027</b>	<b>312 057</b>	<b>300 905</b>	<b>19 821 506</b>	<b>20 742 495</b>

### Consumer Debtors - Service Charges Impairment Reconciliation

2023	2022					
	Opening (Provisions)/		Closing	Opening	(Provisions)/	Closing
	Balance Impairment	Reversal	Balance Impairment	Balance Impairment	Reversal	Balance Impairment
Electricity	(2 773 354)	154 071	(2 619 283)	(3 429 204)	655 850	(2 773 354)
Refuse	(13 973 939)	(432 860)	(14 406 799)	(12 498 348)	(1 475 591)	(13 973 939)
Other Service Charges	(700 569)	(17 314)	(717 883)	(697 704)	(2 865)	(700 569)
<b>Total</b>	<b>(17 447 862)</b>	<b>(296 103)</b>	<b>(17 743 965)</b>	<b>(16 625 256)</b>	<b>(822 606)</b>	<b>(17 447 862)</b>

### CDM Water Debtor Reconciliation

CDM Water debtor	11 917 587	10 341 695
Less: 70 % Commission	(8 342 312)	(7 239 187)
Less: Impairment	(3 247 942)	(2 667 488)
	<b>327 333</b>	<b>435 020</b>

### 10. Receivables from non-exchange transactions

Traffic Fines	1 200 807	1 257 259
Other debtors-XLP	1 284 000	-
Other debtors-Third Party Refunds	351 197	637 612
Other debtors-Under Banking	42 172	42 257
Consumer debtors -Property Rates	62 695 962	56 759 474
	<b>65 574 138</b>	<b>58 696 602</b>

Statutory Receivables included in receivables from Non - Exchange transactions are as follows:	2023	2022
Property Rates	62 695 962	56 759 474

Local Government: Municipal Property Rates Act no 6 of 2004 provides the municipality with power to levy rates. Section 2 subsection 1 of the Act states that a metropolitan or local municipality must exercise its power to levy a rate on property subject to -(a) section 229 and any other applicable provision of the Constitution: (b) the provision of this Act; and (c) the rates policy it must adopt in terms of section 3. The amounts are being determined through the calculations of the rates amounts by using the council approved tariff rate multiply by the municipal approved general /supplementary valuation roll figures. Interest is being charged at 10 % of the outstanding previous billed amount. Statutory receivables impaired is being conducted based on the number of payments made by customer and the long outstanding amounts which are 90 days plus. Methodology used:

1. Debtors Payments behaviour/patterns. No (0) payment made in the previous six months-100% Provision for outstanding balance which are more than 90 days.
2. Debtors Payments behaviour/patterns. One (1) payment made in the previous six months-98% Provision for outstanding balance which are more than 90 days.
3. Debtors Payments behaviour/patterns. Two (2) payments made in the previous six months-97% Provision for outstanding balance which are more than 90 days.

## Notes to the Financial Statements

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4. Debtors Payments behaviour/patterns. Three (3) payments made in the previous six months-96% Provision for outstanding balance which are more than 90 days.
5. Debtors Payments behaviour/patterns. Four (4) payments made in the previous six months-95% Provision for outstanding balance which are more than 90 days.
6. Debtors Payments behaviour/patterns. Five (5) payments made in the previous six months-94% Provision for outstanding balance which are more than 90 days.
7. Debtors Payments behaviour/patterns. Six (6) payments made in the previous six months-93% Provision for outstanding balance which are more than 90 days.
8. Debtors Payments behaviour/patterns. Seven (7) payments made in the previous six months-92% Provision for outstanding balance which are more than 90 days.
9. Debtors Payments behaviour/patterns. Eight (8) payments made in the previous six months-91% Provision for outstanding balance which are more than 90 days.
10. Debtors Payments behaviour/patterns. Nine (9) payments made in the previous six months-90% Provision for outstanding balance which are more than 90 days.
11. Debtors Payments behaviour/patterns. Ten and more (10<) payments made in the previous six months-89% Provision for outstanding balance which are more than 90 days.
12. The municipality will not provide for all the government debts (outstanding accounts) as the affordability analysis regarding Government organisation are not impaired.

### Property Rates reconciliation

Figures in Rand	2023			2022		
	Gross Debtors	Impairment	Nett Debtors	Gross Debtors	Impairment	Nett Debtors
Agricultural properties	13 617 275	(10 455 217)	3 162 058	12 401 148	(10 431 413)	1 969 735
Business and commercial	8 279 775	(6 357 135)	1 922 640	7 107 942	(5 978 953)	1 128 989
Farm properties	1 943	(1 492)	451	1 447	(1 218)	229
Government	54 180 145	-	54 180 145	51 555 917	-	51 555 917
Public service infrastructure	101 180	-	101 180	93 906	-	93 906
Residential development	13 950 504	(10 711 068)	3 239 436	12 332 059	(10 373 298)	1 958 761
Residential Vacant land	387 807	(297 755)	90 052	326 989	(275 052)	51 937
<b>Total</b>	<b>90 518 629</b>	<b>(27 822 667)</b>	<b>62 695 962</b>	<b>83 819 408</b>	<b>(27 059 934)</b>	<b>56 759 474</b>

### Property Rates Ageing for 2023

	Current (0 - 30 days)	31-60 days	61-90 days	+90 days	Total Gross Debtors
Agricultural properties	248 626	123 792	123 492	13 121 365	13 617 275
Business and commercial	337 041	146 447	120 502	7 675 785	8 279 775
Farm properties	83	41	41	1 778	1 943
Government	3 464 631	1 719 441	1 010 138	47 985 935	54 180 145
Public service infrastructure	1 226	613	571	98 770	101 180
Residential development	528 080	248 421	219 891	12 954 112	13 950 504
Residential Vacant land	13 428	6 402	4 895	363 082	387 807
<b>Total</b>	<b>4 593 115</b>	<b>2 245 157</b>	<b>1 479 530</b>	<b>82 200 827</b>	<b>90 518 629</b>

### Property Rates Ageing for 2022

	Current (0 - 30 days)	31-60 days	61-90 days	+90 days	Total Gross Debtors
Agricultural properties	112 944	112 923	111 661	12 063 620	12 401 148
Business and commercial	181 445	155 916	147 983	6 622 598	7 107 942
Farm properties	39	39	39	1 330	1 447
Government	1 760 636	1 758 459	1 744 951	46 291 871	51 555 917
Public service infrastructure	586	586	586	92 148	93 906
Residential development	245 709	238 103	240 226	11 608 021	12 332 059
Residential Vacant land	6 685	6 568	6 462	307 274	326 989
<b>Total</b>	<b>2 308 044</b>	<b>2 272 594</b>	<b>2 251 908</b>	<b>76 986 862</b>	<b>83 819 408</b>



## Notes to the Financial Statements

Figures in Rand

2023

2022

### Property Rates impairment reconciliation

2023	Opening (Provisions)/		Closing	Opening		Closing
	Balance	Reversal		Balance	Balance	
	Impairment		Impairment	Impairment	Reversal	Impairment
Agricultural properties	(10 431 413)	(23 804)	(10 455 217)	(10 200 647)	(230 766)	(10 431 413)
Business and commercial	(5 978 953)	(378 182)	(6 357 135)	(5 407 791)	(571 162)	(5 978 953)
Farm properties	(1 218)	(274)	(1 492)	(875)	(343)	(1 218)
Residential development	(10 373 298)	(337 770)	(10 711 068)	(10 027 327)	(345 971)	(10 373 298)
Residential Vacant land	(275 052)	(22 703)	(297 755)	(230 898)	(44 154)	(275 052)
<b>Total</b>	<b>(27 059 934)</b>	<b>(762 733)</b>	<b>(27 822 667)</b>	<b>(25 867 538)</b>	<b>(1 192 396)</b>	<b>(27 059 934)</b>

### Statutory Receivables included in receivables from NonExchange transactions are as follows:

	2023	2022
Traffic Fines	1 200 807	1 257 259

Section 3 of National Road Traffic Act 93 of 1996 provide the municipality with an authority to appoint a traffic officer for inspection of licenses, examining of vehicles, examiner for driving licenses. Criminal Procedure Act 51 1977 section 334 states that the Minister may declare by notice in the person's peace officers for specific purposes (1) (a) The Minister may by notice in the Gazette declare that any person who by virtue of his office ,falls within any category defined in the notice shall within an area specified in the notice ,be a peace officer for the purpose of exercising with reference to any provision of this Act or any offence or any class of offences likewise specified the powers defined in the notice. The municipality appoints traffic officers as per Section 3 of the National Road Traffic Act 93 of 1996 which in turn an inspection of licenses and road laws and regulations will be conducted and any offender will be charged if not incompliant with the legislated laws and regulations and a fine will be determined and realised as revenue /debtor. The impairment is conducted based on historical collections of the outstanding amounts

#### Methodology used:

Year one (1) collection percentage

Year two (2) collection percentage Year

tree (3) collection percentage

Collection percentages for the three financial years will be consolidated and divided by three (3) which is the total number of years to obtain a reasonable collection percentage.

The reasonable remaining balance will be multiplied by the total remaining percentage after the consideration/deduction of the aggregated collected rate. (100% less the reasonable collectable calculated percentage) to obtain the total impairment/provision for doubtful debt amount

#### Traffic fines reconciliation

Gross balances - Fines	5 718 131	5 029 035
<b>Less: Allowance for impairment</b>		
Traffic Fines Opening Balance	(3 771 776)	(2 918 540)
Traffic fines (Provision) / Reversal	(745 548)	(853 236)
	<b>1 200 807</b>	<b>1 257 259</b>

## Notes to the Financial Statements

Figures in Rand	2023	2022
<b>11. VAT receivable</b>		
Vat Receivable	9 075 625	10 090 816
VAT Return Balance	7 434 867	5 956 408
VAT Accrual Transactions	1 640 758	4 134 408
	<b>9 075 625</b>	<b>10 090 816</b>

Vat is claimable on the payment basis

### 12. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand - Petty Cash	-	13 500
Bank balances - Cash Book balance	1 145 541	13 338 162
Short-term deposits	108 207 304	90 634 845
Purchasing account	-	66 383
Grants bank account	2 909 180	1 225 652
	<b>112 262 025</b>	<b>105 278 542</b>

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
Nedbank Primary Account 146 700 0442	905 255	13 338 163	28 040 783	1 145 541	13 338 162	28 006 591
Nedbank Grants Account 1013994825	2 909 260	1 225 732	1 231 258	2 909 180	1 225 652	1 231 178
Nedbank Call Investment Deposit	108 207 304	90 634 845	60 211 426	108 207 304	90 634 845	60 211 426
Nedbank Purchasing account	-	66 383	86 145	-	66 383	88 363
<b>Total</b>	<b>112 021 819</b>	<b>105 265 123</b>	<b>89 569 612</b>	<b>112 262 025</b>	<b>105 265 042</b>	<b>89 537 558</b>

### 13. Revaluation reserve

Opening balance	47 719 720	47 707 170
Transfer in during the year	14 145	12 550
	<b>47 733 865</b>	<b>47 719 720</b>

### 14. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Municipal Infrastructure Grant	5 852	8 981
Finance management grant	7 764	172 279
EPWP	11 344	8 730
Municipal Disaster Relief Grant	4 500 000	-
INEP	67 500	2 616 442
CDM - Integrated Transport Plan	108 614	108 614
LG Seta Grant	61 446	-
	<b>4 762 520</b>	<b>2 915 046</b>

**Molemole Municipality**  
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The Unspent grants are cash-backed by term deposits. The municipality complied with the conditions attach to all grants received to the extent of revenue recognised. Please refer to note 31 for more detail on Unspent grants.

## Notes to the Financial Statements

Figures in Rand 2023 2022

### 15. Provisions

#### Reconciliation of provisions - 2023

	OpeningBalance	Additions	Utilised during the year	Reversed during the year	Change in discount factor	Total
Long service awards	4 242 924		(714 106)	16 000	(231 894)	4 322 925
Rehabilitation of Landfill Site	25 686 184	1 010 000 2 441 576	-	(1 317 346)	-	26 810 414
	<b>29 929 108</b>	<b>3 451 576</b>	<b>(714 106)</b>	<b>(1 301 346)</b>	<b>(231 894)</b>	<b>31 133 340</b>

#### Reconciliation of provisions - 2022

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Change in discount factor	Total
Long service awards	4 272 925	879 000	(343 087)	(670 000)	104 087	4 242 925
Rehabilitation of Landfill Site	24 609 125	1 812 964	-	(735 906)	-	25 686 184
	<b>28 882 050</b>	<b>2 691 964</b>	<b>(343 087)</b>	<b>(1 405 906)</b>	<b>104 087</b>	<b>29 929 108</b>

Non-current liabilities	31 133 340	29 929 108
Current liabilities	986 000	998 000
	<b>32 119 340</b>	<b>30 927 108</b>

#### Rehabilitation of Land-fill Sites

In terms of the licensing of the landfill refuse sites, the municipality will incur licensing and rehabilitation costs of

R 25 810 414: 2023 (2022: R 25 686 184) to restore the site at the end of its useful life, estimated to be in the 2025 (Soekmekaar landfill site) and 2032 (Dendron Landfill site) financial year. Provision has been made for the best estimate of costs at the reporting date with reference to the inflation rate.

#### Long Service Awards

The Long Service Awards is a liability in respect of Long service awards to employees. As at year end, 168 employees were eligible for Long Service Awards.

Key actuarial assumptions used:

#### Rate of interest

Discount Rate	11,26%	10,98%
General Inflation(Long Term)	6,54%	7,33%
Net Effective discount Rate	4,43%	3,40%

The amounts recognised in the Statement of Financial Position are as follows:

#### Present Value of Liability

Balance	5 257 000	5 193 000
<b>Net liability / (asset)</b>	<b>5 257 000</b>	<b>5 193 000</b>

Reconciliation of present value of Liability:

#### Reconciliation of present Value of liability

Present Value of liability at beginning of the year	5 193 000	4 553 000
Total Expenses	295 894	535 913
Current service cost	490 000	472 000
Interest Cost	520 000	407 000
Benefits Paid	(714 106)	(343 087)
Actuarial Losses/Gain	(231 894)	104 087

## Notes to the Financial Statements

Figures in Rand	2023	2022
Present Value of Liability	5 257 000	5 193 000
Less transfer of current portion	(927 000)	(943 000)
<b>Balance at end of year</b>	<b>4 330 000</b>	<b>4 250 000</b>

### 16. Other liability

Unallocated receipts	124 089	235 692
Salary suspense account	29 734	19 038
	<b>153 823</b>	<b>254 730</b>

### 17. Current Employee Benefits

The movement in current employee benefits are reconciled as follows:

Current Portion of Long Service provision	927 000	943 000
Current Portion of Medical Aid Provisions	59 000	54 999
Leave Provision for the year	9 816 876	9 547 799
<b>Balance at end of year</b>	<b>10 802 876</b>	<b>10 545 798</b>

The movement in Leave Provision are reconciled as follows:

Balance at the beginning of the year	9 547 798	9 421 530
Contribution of the current portion	694 568	518 223
Expenditure of the year	(425 490)	(391 954)
<b>Balance at end of year</b>	<b>9 816 876</b>	<b>9 547 799</b>

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave.

### 18. Payables from exchange transactions

Trade payables	3 279 511	6 609 183
Payments received in advanced	5 478 609	3 877 498
Retention	7 580 732	6 218 084
Electricity not used	376 384	307 059
CDM Creditor	-	806 794
Department of Transport and Community Safety	522 780	551 887
Bonus	2 183 855	2 000 605
	<b>19 421 871</b>	<b>20 371 110</b>

### 19. Consumer deposits

Electricity	509 126	509 126
	<b>509 126</b>	<b>509 126</b>

### 20. Revenue

Service charges	11 443 123	11 112 540
Rental of facilities and equipment	262 179	258 443
Interest income - debtors	524 498	583 334
Agency services	709 857	742 790
Licenses and permits	4 362 599	5 091 640
Other income	2 858 559	345 309
Interest income - investment	8 167 646	4 708 768
Property rates	32 723 525	30 599 233
Interest, Dividends and Rent on Land	805 983	909 511
Government grants & subsidies	215 085 949	204 435 319
Public contributions and donations	1 893 738	-
Fines, Penalties and Forfeits	804 392	628 430
	<b>279 642 048</b>	<b>259 415 317</b>

## Notes to the Financial Statements

Figures in Rand	2023	2022
<b>The amount included in revenue arising from exchanges of goods or services are as follows:</b>		
Service charges	11 443 123	11 112 540
Rental of facilities and equipment	262 179	258 443
Interest income - debtors	524 498	583 334
Agency services	709 857	742 790
Licenses and permits	4 362 599	5 091 640
Other income	2 858 559	345 309
Interest income - investment	8 167 646	4 708 768
	<b>28 328 461</b>	<b>22 842 824</b>
<b>The amount included in revenue arising from non-exchange transactions is as follows:</b>		
Taxation revenue - Property rates	32 723 525	30 599 233
Interest, Dividends and Rent on Land	805 983	909 511
Transfer revenue - Government grants & subsidies	215 085 949	204 435 319
Public contributions and donations	1 893 738	-
Traffic Fines, penalties and forfeits	804 392	628 430
	<b>251 313 587</b>	<b>236 572 493</b>
<b>21. Service charges</b>		
Sale of electricity	8 920 193	8 370 195
Refuse removal	2 522 930	2 742 345
	<b>11 443 123</b>	<b>11 112 540</b>
<b>22. Rental of facilities and equipment</b>		
<b>Premises</b>		
Cattle Grazing	40 312	40 312
Community Assets	221 867	218 131
	<b>262 179</b>	<b>258 443</b>
<b>23. Fines, Penalties and Forfeits</b>		
Traffic Fines	790 700	628 400
Illegal Connections Fines	13 094	-
Other Fines, Penalties and Forfeits	598	30
	<b>804 392</b>	<b>628 430</b>
<b>24. Licenses and permits (exchange)</b>		
Department of transport and community safety	4 362 599	5 091 640
<b>25. Interest received - debtors</b>		
Service Charges	34 387	34 939
Waste Management	331 103	338 961
Electricity	159 008	209 434
	<b>524 498</b>	<b>583 334</b>
<b>26. Interest from non-exchange receivables</b>		
Interest Received-Service Debtors	805 983	909 511

**Molemole Municipality**  
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Financial Statements for the year ended 30 June 2023

**Notes to the Financial Statements**

Figures in Rand	2023	2022
<b>27. Commission Received</b>		
Commission Received	709 857	742 790
The municipality only recognise 30% of its revenue billed for the year as commission received. The other 70% is being paid against the CDM debtors as per the service level agreement between CDM and the municipality		
<b>28. Other income</b>		
Building Plan Approvals	1 742	402
Clearance certificates	8 460	7 365
Actuarial Gains	2 648 329	118 304
Skills development refund	177 353	178 631
Grave Fees	16 596	5 500
Library Membership fees	100	-
Town Planning Fees	5 979	35 107
	<b>2 858 559</b>	<b>345 309</b>
<b>29. Interest income - external investment</b>		
<b>Interest revenue</b>		
Interest received - External investments	8 167 646	4 708 768
<b>30. Property rates</b>		
<b>Rates Billed</b>		
Residential	3 014 197	2 609 100
Commercial	2 011 041	1 877 616
State	26 008 116	24 703 052
Small holdings and farms	1 683 264	1 402 912
Public service infrastructure	6 907	6 553
	<b>32 723 525</b>	<b>30 599 233</b>
<b>Valuations</b>		
Residential	477 096 000	442 455 000
Commercial	123 203 000	121 101 000
State	682 492 000	682 924 000
Municipal	23 427 000	23 761 000
Small holdings and farms	1 785 766 412	1 723 685 000
Public service infrastructure	4 381 000	4 381 000
	<b>3 096 365 412</b>	<b>2 998 307 000</b>

Valuations on land and buildings are performed every 5 years unless the extension has been approved by the MEC as per Section 81 of the Municipal Property Rates Act no 6 of 2004. The last general valuation came into effect on 1 July 2017 and lapsed on 30 June 2022. The MEC approved the extension for an additional 12 months effective from 1 July 2022.

Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

**31. Government grants and subsidiesOperating**

**grants**

Equitable share	168 760 991	155 512 751
Municipal Infrastructure Grant	1 988 416	1 850 000
FMG - Finance Management Grant	2 292 235	2 127 720
Expanded Public Works Program	1 395 656	1 420 270

## Notes to the Financial Statements

Figures in Rand	2023	2022
Municipal Disaster Relief Grant	-	1 000 000
LG Seta Grant	301 977	-
	<b>174 739 275</b>	<b>161 910 741</b>

### Capital grants

INEP	2 548 942	7 383 558
MIG - Municipal infrastructure grant	37 797 732	35 141 020
	<b>40 346 674</b>	<b>42 524 578</b>
	<b>215 085 949</b>	<b>204 435 319</b>

### Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	46 324 958	48 922 568
Unconditional grants received	168 760 991	155 512 751
	<b>215 085 949</b>	<b>204 435 319</b>

### Equitable Share

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

### Municipal Infrastructure Grant

Balance unspent at beginning of year	8 980	96 479
Current-year receipts	39 792 000	37 000 000
Conditions met - transferred to revenue	(1 988 416)	(1 850 000)
Conditions met transfer to Revenue	(37 797 732)	(35 141 020)
Adjustments/Returned to National revenue fund	(8 980)	(96 478)
	<b>5 852</b>	<b>8 981</b>

Conditions still to be met - remain liabilities (see note 14).

### Finance Management Grant

Balance unspent at beginning of year	172 279	43 858
Current-year receipts	2 300 000	2 300 000
Conditions met - transferred to revenue	(2 292 235)	(2 127 720)
Adjustments/Returned to National revenue fund	(172 280)	(43 859)
	<b>7 764</b>	<b>172 279</b>

Conditions still to be met - remain liabilities (see note 14).

Finance management grant received with conditions to be met. The money returned to the national revenue fund is because the municipality did not appoint the intern timeously.

### INEP

Balance unspent at beginning of year	2 616 442	285 588
Current-year receipts	-	10 000 000
Conditions met - transferred to revenue	(2 548 942)	(7 383 558)
Adjustments/Returned to National Revenue fund	-	(285 588)
	<b>67 500</b>	<b>2 616 442</b>

### EE& DEMAND SIDE GRANT



## Notes to the Financial Statements

Figures in Rand	2023	2022
Balance unspent at beginning of year	-	161 273
Other	-	(161 273)
	-	-

### Integrated Transport Plan

Balance unspent at beginning of year	108 614	108 614
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Conditions still to be met - remain liabilities (see note 14).

Integrated transport plan grant received with conditions to be met.

### Expanded Public Works Program

Balance unspent at beginning of year	8 730	41 553
Current-year receipts	1 407 000	1 429 000
Conditions met - transferred to revenue	(1 395 656)	(1 420 270)
Adjustments/ Returned to National Revenue fund	(8 730)	(41 553)
	<b>11 344</b>	<b>8 730</b>

Conditions still to be met - remain liabilities (see note 14).

Expanded public works program grant received with conditions met.

### Municipal Disaster Relief Grant

Current-year receipts	4 500 000	1 000 000
Conditions met - transferred to revenue	-	(1 000 000)
	<b>4 500 000</b>	-

Conditions still to be met - remain liabilities (see note 14).

### LG Seta

Current-year receipts	453 423	-
Conditions met - transferred to revenue	(301 977)	-
Other	(90 000)	-
	<b>61 446</b>	-

<b>Unspent conditional grants and receipts</b>	<b>4 762 520</b>	<b>2 915 046</b>
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### 32. Public contributions and donations

Department of Forestry ,Fisheries and Environment Donation	1 893 738	-
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A skip loader truck was received by way of donation from The Department of Forestry, Fisheries and Environment. It has been recognised at Fair Value which is market based by a professional value at the date of acquisition.

## Notes to the Financial Statements

Figures in Rand	2023	2022
<b>33. Employee related costs</b>		
Basic Salary	64 063 856	58 892 457
PMU - MIG Salaries	-	1 771 030
Bonus	6 441 146	5 602 654
Medical aid - company contributions	5 330 999	4 822 574
UIF	368 357	356 047
Interns Salaries: FMG	331 662	279 838
Leave pay provision charge	694 568	518 223
Defined benefit plans	2 417 000	2 073 088
Travel, motor car, accommodation, subsistence and other allowances	8 145 551	7 092 596
Overtime payments	553 612	668 794
Long-service awards	1 010 000	828 113
Acting allowances	232 737	189 970
Housing benefits and allowances	224 540	194 185
Standby allowance	353 031	383 847
Laptop Allowance	646 793	486 670
Pension Funds - Company contribution	11 983 244	10 817 997
Telephone/Cellphone Allowance	1 267 352	1 217 479
Industrial/Bargaining Council	22 054	20 366
	<b>104 086 502</b>	<b>96 215 928</b>

### Included in Long Service Awards are

Current Service Cost	490 000	472 000
Interest Cost	520 000	407 000
	<b>1 010 000</b>	<b>879 000</b>

### Included in the Defined Benefit Contribution plan are

Actuarial Gain/Loss -Long Service	-	104 087
Interest Cost	1 405 000	1 070 000
Service Cost	1 012 000	899 000
	<b>2 417 000</b>	<b>2 073 087</b>

### Remuneration of Municipal Manager

Annual Remuneration	458 534	601 190
Motor car , housing and other allowances	220 572	228 249
Performance Bonuses	-	163 071
	<b>679 106</b>	<b>992 510</b>

The Municipal Manager is appointed on a 5 years fixed contract starting 1 January 2023 to 31 December 2027.

### Remuneration of Chief Finance Officer

Annual Remuneration	738 796	658 320
Motor car , housing and other allowances	349 433	332 763
Performance Bonuses	57 353	54 860
Acting : Municipal Manager	51 339	-
	<b>1 196 921</b>	<b>1 045 943</b>

The CFO is appointed on a 5 year contract starting on 01 September 2018 to 31 August 2023.

### Remuneration of Manager - Technical Services

Annual Remuneration	605 489	713 180
Motor car , housing and other allowances	263 109	332 763
Leave Pay	137 882	-
	<b>1 006 480</b>	<b>1 045 943</b>

## Notes to the Financial Statements

Figures in Rand	2023	2022
The Manager Technical Services is appointed on a 5 year contract 1 April 2018 to March 2023		
<b>Remuneration of Manager Corporate Services</b>		
Annual Remuneration	414 235	728 541
Motor car , housing and other allowances	136 430	256 690
Performance Bonuses	52 689	60 712
Leave Pay	140 851	-
Acting :Municipal Manager	21 264	42 528
	<b>765 469</b>	<b>1 088 471</b>
The Manager Corporate Services was appointed on a 5 year contract starting 01 April 2018 to December 2022.		
<b>Remuneration of Manager - Community Services</b>		
Annual Remuneration	796 973	713 180
Motor car , housing and other allowances	349 433	332 763
	<b>1 146 406</b>	<b>1 045 943</b>
The Manager Community Services was appointed on a 5 year contract starting 01 September 2018 to 31 August 2023.		
<b>Remuneration of Manager - Local Economic Development</b>		
Annual Remuneration	778 796	660 120
Motor car , housing and other allowances	349 433	332 763
Performance Bonus	58 176	53 060
	<b>1 186 405</b>	<b>1 045 943</b>
The Manager Local Economic Development was appointed on a 5 year contract starting on 1 March 2021.		
<b>34. Remuneration of Councillors</b>		
Executive Mayor	967 384	935 796
Chief Whip	432 102	524 059
Mayoral Committee Members	4 025 923	3 781 702
Speaker	783 308	768 483
Councillors	7 441 854	7 046 541
	<b>13 650 571</b>	<b>13 056 578</b>
<b>35. Depreciation and amortisation and impairment</b>		
Property, plant and equipment	18 126 302	18 287 656
Investment property	43 333	43 333
Intangible assets	417 337	417 337
Impairment of Assets	-	317 111
	<b>18 586 972</b>	<b>19 065 437</b>
<b>36. Finance costs</b>		
Other - Interest Cost	2 466 164	1 825 563
Fruitless and wasteful expenditure - Interest Paid	1 806	937
	<b>2 467 970</b>	<b>1 826 500</b>
<b>37. Debt impairment</b>		
Debt impairment - Traffic Fines	745 548	853 236
Debt impairment - Provision	1 058 835	2 015 002
Debt impairment - provision - CDM	580 456	390 722

## Notes to the Financial Statements

Figures in Rand	2023	2022
	<b>2 384 839</b>	<b>3 258 960</b>
<b>38. Bad Debts written off</b>		
Bad debts written off	499 020	578 664
<b>39. Bulk purchases</b>		
Electricity - Eskom	12 338 029	12 585 146
<b>40. Contracted services</b>		
<b>Outsourced Services</b>		
Administrative and Support Staff	11 439 254	13 822 641
Catering Services	330 107	728 658
<b>Consultants and Professional Services</b>		
Business and Advisory	9 999 704	6 384 299
<b>Contractors</b>		
Maintenance - property plant and equipment	13 076 915	15 785 745
Employee Wellness	776 623	1 031 504
	<b>35 622 603</b>	<b>37 752 847</b>
<b>41. General expenses</b>		
Accommodation and meals	3 969 431	2 748 406
Advertising	966 164	948 395
Advertising : Recruitment	163 760	61 675
Auditors remuneration	4 226 262	3 446 880
Bank charges	161 726	159 073
Commission paid	4 246 819	2 820 280
Cleaning Materials	833 129	2 097 769
Bursaries Employees	470 803	494 405
Servitude and land surveys	172 174	397 000
Transport - events	445 430	274 495
Entertainment	8 232	14 237
Insurance - General	1 049 014	943 044
Ward Committee Expenses	2 275 200	1 512 000
Environmental & Waste Management	1 495 623	1 507 183
Free Basic Electricity	4 376 145	4 937 729
Fuel and Oil: Municipal Fleet	4 643 853	3 341 915
Fuel and Oil: Other	26 416	13 960
Postage and Telephone	4 643	7 660
Printing, Publication & Marketing	822 143	811 300
Protective clothing	1 296 150	1 048 675
Licenses - Vehicles	170 539	196 234
Internship programme	301 977	-
Membership Fees	8 148	-
Telephone Management	1 057 583	1 028 960
Training SMME	195 875	-
Affiliation & Membership Fees : SALGA	1 261 764	1 169 102
Subscriptions and Systems Licensing	2 000 799	1 172 346
Training and Conferences	2 786 852	2 192 352
Public Participation	564 658	405 785
Operating lease expense	3 477 663	2 397 517
Tracking device system	62 159	67 767
Stationery	1 261 851	1 185 980
Skills development Levy	915 563	843 268
	<b>45 718 548</b>	<b>38 245 392</b>

## Notes to the Financial Statements

Figures in Rand	2023	2022
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Included in the Operating lease expense is the following:

Operating Leases(as a lessee)	2022/2023	2021/2022
Minimum lease payments	-	-
Within one year	538 200	3 490 447
In second to fifth year after five years	-	3 201 143
<b>Total</b>	<b>538 200</b>	<b>6 691 590</b>

Total future minimum sublease payments expected to be received at the reporting date.

Total contingent rents recognised as expense in the period

### 42. Principals and Agents

- The Municipality is involved in an agency relationship with Capricorn District Municipality for the provision of water services.

#### 42.1 Capricorn District municipality

	2 023	2 022
No Resources (assets/liabilities recognise by the municipality that are held /incurred on behalf of the principal)		
Revenue Recognised as compensation for the transactions carried on behalf of the principal	709 857	742 790
Revenue received or to be received on behalf of the principal	2 542 610	2 811 456
No expenditure paid or incurred on behalf of the principal		
Receivables held on behalf of the principal		
Opening balance	10 341 695	8 682 801
Revenue receivable	2 542 610	2 811 456
Amounts written of settlements or waivers of amounts due		
Amounts received	966 717	1 152 563
Closing Balance	<u>11 917 588</u>	<u>10 341 695</u>
Payables held on behalf of the principal	-	-
Opening Balance	806 794	360 280
Payables current year	676 702	806 794
Cash Paid	(1 483 496)	(360 280)
Closing Balance	<u>-</u>	<u>806 794</u>

The municipality retaining 30% on the revenue Collected from water Services and Sanitation for the duration of the Contract. 70% of the revenue collected and to be collected from water services and sanitation shall be paid over to the district. (CDM) for the duration of the contract. The rights, duties and obligation of the parties in terms of the agreement are limited to the provision of water and annually services. The scope of the agreement is limited to the water service areas, all the assets regarding the Provision of water are owned and maintained by the district CDM

#### 42.2 Department of Transport and Community Safety

No Resources (assets/liabilities recognise by the municipality that are held /incurred on behalf of the principal)

Revenue recognised as compensation for the transactions carried out on behalf of the principal	4 362 599	5 091 640
Revenue received or to be received on behalf of the principal	6 491 263	7 537 286
Receivables held on behalf of the principal	-	-
No Receivables held on behalf of the principal		
Payables held on behalf of the Principal	-	-
Opening Balance	551 887	358 083
Expenses incurred	522 780	551 887
Cash Paid	(551 887)	(358 083)
Closing balance	<u>522 780</u>	<u>551 887</u>

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Figures in Rand	2023	2022
<b>42.3 Five Star Trading T/A Auction SA</b>	-	-
No Resources (assets/liabilities recognise by the municipality that are held /incurred on behalf of the principal)	-	-
Revenue recognised as compensation for the transactions carried out on behalf of the principal	967 901	-
Revenue received or to be received on behalf of the principal	(967 901)	-
No Receivables held on behalf of the principal	-	-
Payables held on behalf of the Principal	-	-
Opening Balance	-	-
Expenses incurred	96 838	-
Cash Paid	(96 838)	-
Closing Balance	-	-

**Department of Transport and Community Safety**

- The Municipality is involved in an agency relationship with Department of Transport and community safety for the issuing of licenses.
- The Municipality retain 20% Commission on licensing of motor vehicles and 80% is being transferred to the Department of Road and Transport and community safety on monthly basis. Traffic Fine revenue is control and 100% earned by the municipality.

**Five Star Trading T/ Auction SA**

- During the 2022/23 financial year the municipality appointed Five Star Trading T/A Auction SA for the provision of auctioneering services for a commission of 8.7%. The auction took place at Mogwadi Technical Yard on the 15th of November 2022.

**43. Related Parties**

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents

**Compensation to accounting officer and other key management**

Remuneration	19 631 365	19 321 336
	<b>19 631 365</b>	<b>19 321 336</b>

**Key management information**

**Remuneration of Municipal Manager**

Annual remuneration	458 534	601 190
Motor car, housing and other allowances	220 572	228 249
Leave Pay	-	163 071
	-	-
	<b>679 106</b>	<b>992 510</b>

**Remuneration of Chief Financial Officer**

Annual remuneration	738 796	658 320
Motor Car, Housing and other Allowances	349 433	332 763
Acting MM	51 339	-
Bonus	57 353	54 860
	<b>1 196 921</b>	<b>1 045 943</b>

**2023**

**Remuneration of individual Executive Directors**

	Local Economic Development	Technical Services	Corporate Services	Co community Services
Annual remuneration	778 796	605 489	414 235	796 973
Acting Allowance : Corporate Service	-	-	21 264	-
Performance and other bonuses	58 176	-	52 689	-
Motor car, Housing, and other allowances	349 433	263 109	136 430	349 433
Leave Payout	-	137 882	140 851	-
	<b>1 186 405</b>	<b>1 006 480</b>	<b>765 469</b>	<b>1 146 406</b>

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<b>2022</b>				
<b>Remuneration of individual Executive Directors</b>	Local Economic Development	Technical Services	Corporate Services	Community Services
Annual Remuneration	660 120	713 180	728 541	713 180
Motor car, Housing, and other allowances	332 763	332 763	256 690	332 763
Performance and other bonuses	53 060	-	60 712	-
Acting Allowance: Corporate Services	-	-	42 528	-
	<b>1 045 943</b>	<b>1 045 943</b>	<b>1 088 471</b>	<b>1 045 943</b>



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Figures in Rand	2023	2022
<b>2023</b>		
<b>Remuneration of Councillors</b>		
Mayor ME Paya Remuneration ,pension, cellphone allowance and housing allowance	967 384	
Chief Whip (E M Rathaha) Remuneration ,pension ,Cell allowance and housing allowance	432 102	
Speaker (D Matlou) Remuneration ,pension ,Cell allowance and housing allowance	783 308	
Councillors Allowance and remuneration)	11 467 784	
	<b>13 650 578</b>	
<b>Related party per Councillor</b>	<b>Basic Salary</b>	<b>Allowances</b>
ME Paya (Mayor)	690 284	277 100
D Matlou (Speaker)	552 228	231 080
EM Rathaha (Chief Whip)	288 823	143 279
PT Rathete (MPAC)	361 539	167 518
SR Nakana (MPAC)	280 343	140 452
ML Moabelo (Exco)	517 694	219 575
NF Rampyapedi (Exco)	517 694	219 575
SW Mafona (Exco)	288 802	143 278
MO Motolla (Exco)	288 802	143 278
BM Hlapa (Exco)	517 694	219 575
MC Matjee	218 450	119 821
MP Makgato	218 450	119 821
PS Masoga	218 450	119 821
ME Ramarutha	218 450	119 821
MS Machaka	218 450	119 821
MY Senamolela	218 450	119 821
NG Sekgota	218 450	119 821
TM Mapholletja	218 450	119 821
MJ Poopedi	218 450	119 821
MM Selabe	218 450	119 821
MV Ramusi	218 450	119 821
MC Nong	218 450	119 821
MS Ngobene	218 450	119 821
SP Chepape	291 266	47 004
TG Malebana	218 450	119 821
ME Rahlana	218 450	119 821
RI Mabitsela	218 450	119 821
TO Kgopane	218 450	119 821
MS Letlalo	218 450	119 821
ME Machethe	259 371	78 899
GM Modiba	218 450	119 821
MJ Kubyana	218 450	119 821
	<b>9 223 540</b>	<b>4 427 033</b>
		<b>13 650 578</b>

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Figures in rand	2023	2022
<b>2022</b>		
<b>Remuneration of Councillors</b>		
Mayor ME Paya Remuneration pension, cellphone allowance and housing allowance		935 796
Chief Whip (E M Rathaha) Remuneration pension ,Cell allowance and housing allowance		272 501
Speaker( M S Moreroa) Remuneration ,pension Cell allowance and housing allowance(July2021-October 2021)		524 060
Councillors Allowance and remuneration		11 324 226
		<b>13 056 583</b>

Related party per Councillor	Basic Salary	Allowance:	Total 2022
ME Paya (Mayor)	665 014	270 782	935 796
M S Moreroa (Speaker)July 2021-October 2021)	189 428	83 073	272 501
D Matlou(Speaker)	348 997	145 784	494 781
E M Rathaha (Chief Whip)	356 765	167 295	524 060
P T Rathete (MPAC)	270 979	134 578	405 557
S R Nakana(MPAC)	180 575	89 664	270 239
MD Lehong(Exco)	177 589	75 005	252 594
M Duba	96 165	47 864	144 029
ML Moabelo(Exco)	325 816	138 057	463 873
PM Tawana(Exco)	99 074	48 835	147 909
NW Seakamela(Exco)	177 589	73 724	251 313
NF Rampyapedi(Exco)	498 761	211 788	710 549
MD Meso(Exco)	99 074	48 834	147 908
SW Mafona(Exco)	179 176	88 687	267 863
MO Motolla(Exco)	179 176	88 168	267 344
BM Hlapa(Exco)	321 172	135 500	456 672
M Matjee	211 153	114 656	325 809
D Matlou	70 290	38 230	108 520
MP Makgato	211 153	114 656	325 809
MA Makgoka	74 934	40 787	115 721
MQ Malema	74 934	40 787	115 721
ML Moabelo	70 290	38 229	108 519
PT Rakimane	74 934	40 787	115 721
MA Kobo	74 934	40 787	115 721
MI Mohafe	74 934	40 787	115 721
RL Mpati	74 934	40 787	115 721
MJ Manthata	74 934	40 787	115 721
PS Masoga	211 153	114 656	325 809
MJ Leferela	74 934	40 787	115 721
NS Ramukhubedi	74 934	40 787	115 721
SE Kobola	74 934	40 787	115 721
TE Raphaswana	74 934	40 787	115 721
GM Sepheso	74 934	40 787	115 721
MD Marutha	74 934	40 787	115 721
MP Tloubatla	35 075	19 092	54 167
SR Nakana	70 290	38 230	108 520
NM Hopane	74 934	40 787	115 721
M Mufamadi	34 597	19 941	54 538
FM Mokwele	13 529	7 369	20 898
ME Ramarutha	136 219	73 829	210 048
MS Machaka	136 219	73 829	210 048
MY Senamolela	136 219	73 829	210 048
NG Sekgota	136 219	73 829	210 048
TM Mapholletja	136 219	73 829	210 048
MJ Poopedi	136 219	73 829	210 048
MM Selabe	136 219	73 829	210 048
RL Sepuru	83 605	45 492	129 097
MV Ramusi	136 219	73 829	210 048
MC Nong	136 219	73 829	210 048
MS Ngobene	136 219	73 829	210 048

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Figures in Rand		2023	2022
SP Chepape	136 219	73 829	210 048
TG Malebana	136 219	73 829	210 048
ME Rahlana	136 219	73 829	210 048
RI Mabitsela	136 219	73 829	210 048
TO Kgopane	136 219	73 829	210 048
MS Letlalo	136 219	73 829	210 048
ME Machethe	136 219	73 829	210 048
GM Modiba	136 219	73 829	210 048
MJ Kubyana	52 613	28 338	80 951
	<b>8 730 116</b>	<b>4 326 467</b>	<b>13 056 583</b>

**44. Budget vs Actual comparison variances explanations above 5% and budget adjustment reasons**

**44.1 Service Charges - Sale of Electricity**

**Budget Variances above 5%**

During the budget phase a consideration of Fatima electrification was taken into account based on the existing project, however the project execution was delayed due to energizing challenges. Load shedding also had a negative impact on the sales.

**44.2 Service Charges - Refuse Removal**

**Budget Variances below 5%.**

No Material Variance.

**44.3 Rental of facilities and equipment Budget Variances below 5%.**

Rental of facilities estimates was done inclusive of community facilities which is stadiums and community halls in which not all the anticipated revenue was realised.

**44.4 Interest Income debtors Exchange**

**Budget Variances above 5%.**

Collection rate improved hence Interest in long outstanding debtors decreased.

**44.5 Commission Received**

**Budget Variances above 5%**

The District process of disconnecting conversional meters and the installation of the prepaid meters led to the decrease in water billing.

**44.6 Licenses and permits**

**Budget Variances above 5%**

System interruption due to load shedding led to a decline in number of customers.

**44.7 Other Income**

**Budget Variances above 5%**

The other income includes the gain on actuarial amounting to R 2 648 329 as per the actuarial report which was notbudgeted for.

**44.8 Interest received - external investment**

**Budget Variances above 5%**

The municipality had excess cash available to make investments and earned more interest

**44.9 Property Rates**

**Budget Variances above 5%**

During the budget stage, the figures included on the budget schedules were exclusive of the rebates which lead to the increase on the budgeted amount.

**44.10 Interest Received Debtors -Non Exchange**

**Budget Variances above 5%**

Collection rate improved hence Interest in long outstanding debtors decreased.

**44.11 Transfer revenue: Government grants and subsidies Budget Variances below 5%**

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Financial Statements for the year ended 30 June 2023

## Notes to the Financial Statements

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- 
- 44.12 Traffic Fines, penalties and forfeits**  
**Budget Variances above 5%**  
The municipality traffic officers managed to implement more vehicle inspection procedures including roadblocks.
- 44.13 Employee Related Cost**  
**Budget Variances below 5%**  
No Material variance
- 44.14 Remuneration of Councillors**  
**Budget Variances below 5%**  
No Material variance
- 44.15 Depreciation and amortisation**  
**Budget Variances above 5%**  
The municipality budgeted based on the previous year assumptions.
- 44.16 Finance Cost**  
**Budget Variances above 5%**  
The increase relates to finance cost as a result of revaluation performed on the rehabilitation of landfill site.
- 44.17 Debt Impairment**  
**Budget Variances above 5%**  
Collection rate improved hence the debt impairment decreased.
- 44.18 Bad Debts Written off**  
**Budget Variances above 5%**  
Budget included under Debt Impairment
- 44.19 Bulk Purchases**  
**Budget Variances above 5%**  
The municipality budgeted including the Fatima bulk point, however the projects was delayed.
- 44.20 Contracted Services**  
**Budgeted Variances above 5%**  
During the third quarter there were new regulation that required SCM policy to be reviewed, that resulted in some delays and affected procurement processes negatively.
- 44.21 General Expenditure Budget**  
**Variances above 5%**  
During the third quarter there were new regulation that required SCM policy to be reviewed, that resulted in some delays and affected procurement processes negatively.
- 44.22 Loss on disposal of assets and liabilities**  
**Budget Variances above 5%**  
The municipality initially budgeted for assets as capital expenditure while on completion it needed to be transferred to Eskom
- 44.23 Total Current Assets Budget**  
**Variances above 5%**  
The major component for current assets is Smart Meters inventory which were purchased and all issued by year end this reduced the actual inventory at year end.
- 44.24 Total Non-Current Assets**  
**Budget Variances below 5%**  
No material Variance.
- 44.25 Total Current Liability**  
**Budget Variances above 5%**  
The major impact of spending below budget is the roll over MDGR that was received closer to year end.

## Notes to the Financial Statements

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**44.26 Total Non-Current Liability**  
**Budget Variances above 5%**  
Budget was exceeded due to revaluation for the rehabilitation cost that was way higher than expected.

**44.27 Revaluation Reserve**  
**Budget Variances above 5%**  
No Material Variance

**44.28 Accumulated Surplus**  
**Budget Variances below 5%**  
No Material Variance

### Cash Flow Statement

**44.29 Net Cash used from operating**  
**Budget Variances above 5%**  
The municipality did not meet the target due to low revenue

**44.30 Net Cash used from Investing**  
**Budget Variances above 5%**  
The municipality lost on transfer of asset to Eskom, hence the actual additions decreased.

## 45. Segment information

### General Information

#### Identification of Segments

For management purposes, the municipality is organized and operates in four key functional segments (or business units). To this end management monitors the operating results of these segments for the purpose of making decisions about resources allocations and assessment of performance. Revenues and expenditure relating to these business units are allocated at a transactional level. Cost relating to the governance and administration of the municipality are not allocated to these functional segments.

The grouping of these segments is consistent with the functional classification of governments activities which considers the nature of the services, the beneficiaries of such services and the fees charged for the services rendered.

The municipality operates in the Limpopo Province.

#### Types of goods and /or services by segment.

These reportable segments as well as the goods and /or service for each segment are set out below

Reportable Segment	Goods and or/services
Governance and administration Internal audit	Executive and Council, Finance and administration and
Community and Public Safety and Public Safety	Community and social services, Sport and recreation
Economic and environmental services Environmental protection	Planning and development, Road transport and
Trading Services management and Waste Management	Energy sources, Water Management, Waste water

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**Notes to the Financial Statements**

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**Segment surplus or deficit assets and liabilities**

2023	Community and Public Safety	Economic and environmental services	Governance and administration	Trading Services	Total
<b>Revenue</b>	-	-	-	-	-
Service Charges	2 522 930	-	-	8 920 193	11 443 123
Rental of facilities and equipment	221 867	40 312	-	-	262 179
Interest Income	331 103	-	34 387	159 008	524 498
Commission Received	-	-	-	709 857	709 857
Licenses and permits	4 362 599	-	-	-	4 362 599
Other Income	22 121	16 182	2 677 999	142 257	2 858 559
Interest Income	-	-	-	8 167 646	8 167 646
Property Rates	-	-	32 723 525	-	32 723 525
Interest debtors -non exchange	-	-	805 983	-	805 983
Public Contributions and donations	1 893 738	-	-	-	1 893 738
Government grants and Subsidies	1 395 656	-	171 355 203	42 335 090	215 085 949
Fines , Penalties and Forfeits	791 298	-	-	13 094	804 392
<b>Total Revenue</b>	<b>11 541 312</b>	<b>56 494</b>	<b>207 597 097</b>	<b>60 447 145</b>	<b>279 642 048</b>

**Community and public Safety**

**Economic and environmental services**

**Governance and administration**

**Trading services**

**Total**

<b>Expenditure</b>	-	-	-	-	-
Employee Related Cost	(31 095 339)	(6 586 360)	(47 472 499)	(18 932 304)	(104 086 502)
Remuneration of Councillors	-	-	-	(13 650 571)	(13 650 571)
Depreciation and Impairment of assets	(2 671 231)	(66 364)	(3 248 158)	(12 601 219)	(18 586 972)
Finance Cost	-	(2 467 970)	-	-	(2 467 970)
Debt Impairment	-	-	(2 384 839)	-	(2 384 839)
Bad Debt written off	-	-	-	(499 020)	(499 020)
Bulk Purchases	-	-	-	(12 338 029)	(12 338 029)
Contracted Services	(751 326)	(1 138 940)	(20 032 665)	(13 699 672)	(35 622 603)
Loss on disposal of assets and liabilities	(207 963)	-	(79 986)	(26 508)	(314 457)
Loss on Transfer of Assets	-	-	-	(8 634 348)	(8 634 348)
General Expenditure	(2 806 943)	(716 857)	(33 648 490)	(8 546 258)	(45 718 548)
<b>Total Expenditure</b>	<b>(37 532 802)</b>	<b>(10 976 491)</b>	<b>(106 866 637)</b>	<b>(88 927 929)</b>	<b>(244 303 859)</b>

**Total segmental surplus/(deficit)**

**35 338 189**

	Community and public safety	Economic and Environmental services	Governance and administration	Trading Services	Total
<b>Assets</b>	-	-	-	-	-
Inventories	-	-	883 468	(722 975)	160 493
receivable from exchange transactions	4 357 166	-	1 318 736	704 739	6 380 641
Receivable from Non Exchange	-	-	65 574 138	-	65 574 138
Vat Receivable	(921 861)	-	10 570 313	(572 827)	9 075 625
cash and cash equivalent	-	-	-	112 262 025	112 262 025
Property Plant and equipment	62 765 540	352 497	36 103 196	257 867 982	357 089 215
Intangible Assets	8 294	58 344	640 613	25 980	733 231
heritage Assets	-	-	406 995	-	406 995
Investment Property	290 000	-	1 237 668	(25 000)	1 502 668
<b>Total Assets</b>	<b>66 499 139</b>	<b>410 841</b>	<b>116 735 127</b>	<b>369 539 924</b>	<b>553 185 031</b>

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## Notes to the Financial Statements

### Governance and administration Trading Services

	Total				
<b>Liabilities</b>	-	-	-	-	-
Payables from exchange transactions	-	-	-	(19 421 871)	(19 421 871)
Consumer Deposits	-	-	(501 449)	(7 677)	(509 126)
Unspent conditional grants and receipts	-	-	(195 020)	(4 567 500)	(4 762 520)

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Figures in Rand			2023	2022
Other Liability	- -	(153 823)	-	(153 823)
Current Employee Benefits	(10 802 876)-	-	-	(10 802 876)
Provisions	(26 810 415)-	(4 322 925)	-	(31 133 340)
Non-Current Employee Benefits	- -	(11 791 000)	-	(11 791 000)
<b>Total Liabilities</b>	<b>(37 613 291)-</b>	<b>(16 964 217)</b>	<b>(23 997 048)</b>	<b>(78 574 556)</b>

2022	Community and Public Safety	Economic and environmental services	Governance and administration	Trading Services	Total
<b>Revenue</b>	-	-	-	-	-
Service Charges	2 742 345	-	-	8 370 195	11 112 540
Rental of facilities and equipment	218 131	40 312	-	-	258 443
Interest Income	338 961	-	34 939	209 434	583 334
Commission Received	-	-	-	742 790	742 790
Licenses and permits	5 091 640	-	-	-	5 091 640
Other Income	11 424	42 874	230 806	60 205	345 309
Interest Income Investment	-	-	4 708 768	-	4 708 768
Property Rates	-	-	30 599 233	-	30 599 233
Interest income debtors-Non Exchange	-	-	909 511	-	909 511
Government Grants and Subsidies	1 420 270	-	157 640 471	45 374 578	204 435 319
Fines Penalties and forfeits	628 430	-	-	-	628 430
<b>Total Revenue</b>	<b>10 451 201</b>	<b>83 186</b>	<b>194 123 728</b>	<b>54 757 202</b>	<b>259 415 317</b>

	Community and public Safety	Economic and environmental services	Governance and administration	Trading services	Total
<b>Expenditure</b>	-	-	-	-	-
Employee Related Cost	(26 520 490)	(5 376 979)	(44 852 765)	(19 465 694)	(96 215 928)
Remuneration of Councillors	-	-	-	(13 056 578)	(13 056 578)
Depreciation and Impairment of Assets	(2 851 821)	(69 991)	(3 637 402)	(12 506 223)	(19 065 437)
Finance Cost	-	-	(1 826 500)	-	(1 826 500)
Debt Impairment	-	-	(3 258 960)	-	(3 258 960)
Bad Debt written off	-	-	-	(578 664)	(578 664)
Bulk Purchases	-	-	-	(12 585 146)	(12 585 146)
Contracted Services	(816 360)	(1 779 333)	(22 535 571)	(12 621 583)	(37 752 847)
Loss on disposal of assets and liabilities	(82 841)	(3 626)	(547 309)	(13 951)	(647 727)
Loss on Transfer of Assets	-	-	-	(6 419 695)	(6 419 695)
General Expenditure'	(2 590 127)	(1 651 417)	(26 217 598)	(7 786 250)	(38 245 392)
<b>Total Expenditure</b>	<b>(32 861 639)</b>	<b>(8 881 346)</b>	<b>(102 876 105)</b>	<b>(85 033 784)</b>	<b>(229 652 874)</b>

Total segmental surplus/(deficit)	Community and public safety	Economic and environmental services	Governance and administration	Trading Services	29 762 443 Total
<b>Assets</b>	-	-	-	-	-
Inventories	-	-	903 321	(356 414)	546 907
Receivables from exchange transactions	2 638 660	-	885 331	800 878	4 324 869
Receivable from Non Exchange Transactions	-	-	58 696 602	-	58 696 602
Vat Receivable	(668 539)	-	11 148 297	(388 942)	10 090 816
Cash and Cash equivalents	-	-	105 278 542	-	105 278 542
Property Plant and equipment	64 084 340	437 840	31 877 912	237 194 827	333 594 919



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Intangible Assets	10 369	92 985	1 010 990	36 230	1 150 574
Heritage Assets	-	-	392 850	-	392 850
Investment Property	290 000	-	1 281 000	(25 000)	1 546 000
<b>Total Assets</b>	<b>66 354 830</b>	<b>530 825</b>	<b>211 474 845</b>	<b>237 261 579</b>	<b>515 622 079</b>

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Figures in Rand	2023			2022	
	Community public safety	Economic and Environmental services	Governance and administration	Trading Services	Total
<b>Liabilities</b>	-	-	-	-	-
Payables from exchange transactions	-	-	-	(20 371 110)	(20 371 110)
Consumer deposits	-	-	(501 449)	(7 677)	(509 126)
Unspent conditional grants and receipts	(108 614)	-	(189 989)	(2 616 443)	(2 915 046)
Other Liability	-	-	(254 730)	-	(254 730)
Current Employee Benefits	(3 003 107)	(474 211)	(5 215 669)	(1 852 811)	(10 545 798)
Non-Current Employee Benefits	-	-	(11 839 000)	-	(11 839 000)
Provisions	(25 686 184)	-	(4 242 924)	-	(29 929 108)
<b>Total Liabilities</b>	<b>(28 797 905)</b>	<b>(474 211)</b>	<b>(22 243 761)</b>	<b>(24 848 041)</b>	<b>(76 363 918)</b>

**46. Cash generated from operations**

Surplus for the year				35 338 189	29 762 443
<b>Adjustments for:</b>					
Depreciation, amortisation and impairment				18 586 972	19 065 437
(Gain) / loss on sale of assets and liabilities				314 457 647 727	
Public Contributions and donations				(1 893 738)	-
Asset transfer to Eskom				8 634 348 6 419 695	
Movements in non-current provisions and retirement benefit liabilities				2 473 578 3 573 964	
Movements in current provisions and retirement benefits				257 078	799 267
<b>Changes in working capital:</b>					
Inventories				386 413	505 384
Receivables from exchange transactions				(2 055 772)	(1 649 722)
Other receivables from non-exchange transactions				(6 877 536)	(271 948)
Payables from exchange transactions				(949 239)	967 003
VAT				1 015 191 2 433 092	
Unspent conditional grants and receipts				1 847 474 2 177 681	
Consumer deposits				- 3 750	
Other liability				(100 907)	(13 714)
				<b>56 976 508 64 420 060</b>	

**47. Cash flow Statement Receipts - Sale of goods and services**

Service Charges - Electricity				8 920 193 8 370 195	
Service Charges - Refuse removal				2 522 930 2 742 345	
Interest Income -Outstanding debtors non exchange				805 983 909 511	
Interest Income - Outstanding debtors				524 498 583 334	
Commission Received				709 857 742 790	
Property Rates				32 723 525 30 599 233	
Traffic Fines, penalties and forfeits				804 392 628 430	
Rental of facilities and equipment				262 179 258 443	
Licenses and permits				4 362 599 5 091 640	
Other Income				2 858 559 345 309	
Movement in receivables from exchange transactions				(2 055 772)	(1 649 722)
Movement in receivables from non-exchange transactions				(6 877 536)	(271 948)
Provision for Bad Debts				(2 883 859)	(3 837 624)
Movements in Consumer deposits				- 3 750	
				<b>42 677 548 44 515 686</b>	

**48. Cash flow Statement Receipts - Grants**

Government grants and subsidies				215 085 949 204 435 319	
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**Notes to the Financial Statements**

**49. Cash flow Statement Payment -Suppliers**

Bulk Purchases				(12 338 029)	(12 585 146)
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**Notes to the Financial Statements**

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Contracted services	(35 622 603)	(37 752 847)
General Expenses	(45 718 548)	(38 245 392)
Movements in Payables from exchange transactions	(949 239)	967 003
Movements in VAT receivable	1 015 191	2 433 092
Movements in Other current liability	(100 907)	(13 714)
Movements in Employee Benefit - Current	257 078	799 267
Movement in Employee Benefit - Non Current	(48 000)	1 791 000
Movement in Provisions - Non current	2 521 578	1 782 963
Movement in Inventories	386 414	505 384
	<b>(90 597 065)</b>	<b>(80 318 390)</b>

**50. Employee Related Cost**

Employee related costs	(104 086 502)	(96 215 928)
Remuneration of Councillors	(13 650 571)	(13 056 578)
	<b>(117 737 073)</b>	<b>(109 272 506)</b>

**51. Financial instruments disclosure**

**Categories of financial instruments**

Financial Assets	Classification	2023	2022
<b>Consumer Debtors</b>			
Trade receivables from exchange transactions	Financial instruments at amortized cost	6 380 641	4 324 869
Trade receivables from non-exchange transactions	Financial instruments at amortized cost	65 574 138	58 696 602
Cash and cash equivalents	Financial instruments at amortized cost	112 262 025	105 265 042
<b>Bank Balances and Cash</b>			
Cash Floats and Advances	Financial instruments at amortized cost		-13 500
<b>Summary of Financial Assets</b>		<b>- 184 216 804</b>	<b>168 300 013</b>

Financial Liability	Classification	2023	2022
<b>Long-term Liabilities</b>			
<b>Trade Payables</b>			
Trade Creditors	Financial instruments at amortized cost	19 421 871	20 371 110
<b>Current Portion of Long-term Liabilities</b>			

**52. Profit/(Loss) on disposal of Assets**

(Profit) / Loss on write-off of council assets as per council resolution	314 457	647 727
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**53. Loss on Transfer of Assets**

Loss on Transfer of Electrification Project to Eskom	8 634 348	419 695
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**54. Commitments**

**Capital Commitments**

**Already contracted for but not provided for**

• Infrastructure Assets	20 730 224	502 860
• Electricity	20 000	-
	<b>20 750 224</b>	<b>502 860</b>

**This expenditure will be financed from:**

• Government grants	20 750 224	568 943
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• Contributions from operating revenue	-	2 933 918
	<b>20 750 224</b>	<b>5 502 861</b>

**Operating Commitments**

**Already contracted for but not provided for**

• Operating Expenditure	13 244 703	31 664 423
	<b>13 244 703</b>	<b>31 664 423</b>

**This expenditure will be financed from**

• Contributions from Operating Revenue	13 244 703	31 664 423
	<b>13 244 703</b>	<b>31 664 423</b>

**Total commitments**

Capital Commitments	20 750 224	5 502 861
Operating Commitments	13 244 703	31 664 423
	<b>33 994 927</b>	<b>37 167 284</b>

**Included in Operating Commitments is the following:**

Operating Lease Graders	-	8 014 086
Operating Lease Printers	538 200	1 098 367
	<b>538 200</b>	<b>9 112 453</b>

**Operating leases - as lessee (expense)**

**Minimum lease payments due**

- within one year	538 200	3 490 447
- in second to fifth year inclusive	-	3 201 143
	<b>538 200</b>	<b>6 691 590</b>

Operating lease payments represent rentals payable by the municipality for service delivery plant and equipment assets a. Lease period is for a term of three years and rentals are escalates at 10% annually over the lease term. No contingent rent is payable. Operating lease payments also include rentals payable by the municipality for printing machines. Lease period is for a term of three years there is no escalation annually over the lease term. No Contingent rent is payable.

**55. Contingencies**

Contingent Liability	2 678 304	2 625 211
Contingent Asset	1 096 868	1 044 400

For more information, see supplementary schedule 2 attached

**56. Change in estimate**

**Property, plant and equipment**

The useful life of infrastructure & other asset classes was adjusted during 2022/2023 to more accurately reflect the period of economic benefits or service potential derived from these assets. Refer to note 4. The effect of changing the remaining useful life of assets for the Municipality during 2022/2023 has been treated retrospectively as an error. Prior period error change amounts to R696 831.20 and increase the future periods by R791 020.90

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**Notes to the Financial Statements**

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**57. Changes in accounting policy**

There are no changes in Accounting policy

**58. Prior period errors**

**The correction of the error(s) results in adjustments as follows:**

An amount of R93 654 for remuneration of Ward Committee was overstated now corrected

An amount of R104 454 for upper limits for council was incorrectly linked in 2022 to Payables now corrected.

amount of R318 183 for Legal Cost was understated now corrected

An adjustment was made to Property Plant and equipment as a result of Change in Estimate from 2022 Financial year respectively.

An amount of R427 671 for Property Plant and equipment was not included in the Asset Register now corrected an Adjustment was made of R14 625 872 for change in rehabilitation cost for Landfill site as per expert Report an amount of R50 887 was overstated in the creditors now corrected.

An amount of R757 640 which was understated in 2021/2022 Financial year now corrected

An amount of R824 730 was derecognized for Land that was in the asset Register that does not belong to the Municipality now corrected

An amount of R188 800. for Prepaid Sales that was incorrectly recorded in July 2022 in respect of June 2022 now corrected.

**Statement of Financial Position 2021**

Description previously presented	Balance as	Prior period error	Reclassified	Restated balance
Accumulated surplus	374 911 211	(13 135 210)	-	361 776 001

**Statement of Financial Position 2021**

Accumulated Surplus 2021				
Balance previously reported				374 911 211
Legal Cost not previously accounted for now corrected				(5 844)
Capitalizing of Tennis Court that was not previously included in the Fixed Asset Register				78 670
Capitalizing Land that was not previously included in the Fixed Asset Register				349 000
Correcting cost of Community Assets Opening Balance				(18 390)
landfill site rehabilitation				(13 419 789)
EPWP Incorrectly linked now corrected				2 100
Depreciation adjustment made in respect of Change in Estimate				691 773
Ward Committee expenses understated now corrected				12 000
Derecognition of Land that was in the asset Register that does not belong to the Municipality now corrected				(824 730)
Restated Balance				<u>361 776 001</u>

**Statement of Financial Position 2022**

Description	Balance as previously presented	Prior period error	Reclassified	Restated balance
Receivables from exchange transactions	4 143 002	181 867	-	4 324 869
Payables From Exchange Transactions	19 346 174	1 024 936	-	20 371 110
Receivables from non -exchange transactions	58 660 439	36 163	-	58 696 602
VAT receivable	10 082 009	8 807	-	10 090 816
Cash and cash equivalents	105 267 742	10 800	-	105 278 542
Property, plant and equipment	334 024 909	(429 990)	-	333 594 919
Provisions	15 303 236	14 625 872	-	29 929 108
Accumulated surplus	407 400 641	(15 862 197)	-	391 538 444
Other Liability	235 693	19 037	-	254 730

**Statement of Financial Position 2022Cash**

**and cash equivalents-Note12**

Balance previously reported	105 267 742
Remuneration of Ward Committee incorrectly linked to July 2022 now corrected	10 800

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Restated Balance				<u>105 278 542</u>
<b>Payables from Exchange transactions-Note 18</b>				
Balance previously reported				19 346 174
Legal Cost not previously accounted for now corrected				318 183
Councillors upper limit incorrectly raised as creditor now corrected				(104 455)
Amount paid to Long Service incorrectly linked to expenditure now corrected				(50 887)
Councillor Upper limits now raised as creditor as per March 2023 Gazette				104 455
An amount paid for The Compensation Commission not previously accounted for now corrected				<u>757 640</u>
Restated Balance				<u>20 371 110</u>
<b>Vat Receivable-Note 11</b>				
Balance previously reported				10 082 009
Legal Cost not previously accounted for now corrected				22 250
Correction of Insurance Amount that was captured exclusive of vat				11 183
Vat amount now corrected on Prepaid Electricity not previously accounted for				<u>(24 626)</u>
Restated Balance				<u>10 090 816</u>
<b>Receivables from non-exchange transactions-Note 10</b>				
Balance previously reported				58 660 439
Amount for council upper limits incorrectly linked now corrected				33 137
An Amount for Medical aid of Pensioners that was over paid in June now corrected				<u>3 026</u>
Restated Balance				<u>58 696 602</u>
<b>Property Plant and Equipment-Note 4</b>				
Balance previously reported				334 024 909
Capitalizing of Tennis Court that was not previously included in the Fixed Asset Register				78 670
Accumulated Depreciation restated in respect of Change in Estimates				696 836
Change in Rehabilitation of Asset for landfill site				(711 377)
Capitalizing Land that was not previously included in the Fixed Asset Register				349 000
Prior period error for correction of Cost for community asset				(18 390)
Derecognition of Land that was in the asset Register that does not belong to the Municipality now corrected				<u>(824 730)</u>
Restated Balance				<u>333 594 919</u>
<b>Provisions-Note 15</b>				
Balance previously reported				15 303 237
Increase in landfill site provision as per new Landfill site Valuation				<u>14 625 872</u>
Restated Balance				<u>29 929 108</u>
<b>Receivables from Exchange-Note 9</b>				
Balance previously reported				4 143 002
Expenditure for the mayoral car key that was misclassified in the insurance vote				3 696
Correction of Insurance Amount that was captured exclusive of Vat now corrected				(10 629)
An amount of R188 800 that was not included in Prepaid Electricity now corrected				<u>188 800</u>
Restated Balance				<u>4 324 869</u>
<b>Other current Liabilities - Note 16</b>				
Balance previously reported				235 693
Amount for council upper limits incorrectly linked now corrected				33 137
Ward Committee expenses understated now corrected				(12 000)
EPWP incorrectly linked now corrected				<u>(2 100)</u>
Restated Balance				<u>254 730</u>

**Statement of Financial Performance 2022**

Description	Balance as previously presented	Prior period error	Reclassified	Restated balance
Revenue				
Other Income	474 334	-129 025		345 309
Service Charges	10 948 366	164 174		11 112 540
Expenditure				
Finance Cost		(13 536)	(1 812 964)	-(1 826 500)
Contracted Services Outsourced Services		(36 709 369)	(1 043 478)	-(37 752 847)

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Remuneration of Councillors	-	(12 952 123)	(104 455)	-	(13 056 578)
General Expenses		(38 360 647)	115 255	-	(38 245 392)
Employee Related Cost		(96 269 842)	53 914	-	(96 215 928)
Depreciation	-	(19 095 029)	29 592	-	(19 065 437)

**Contracted Services -Note 40**

Balance previously reported					(36 709 369)
Legal Cost not previously accounted for now corrected					(290 087)
Overstatement of repairs and maintenance now corrected					4 250
An amount paid for The Compensation Commission not previously accounted for now corrected					(757 640)
Restated Balance					<u>(37 752 847)</u>

**General Expenses- Note 41**

Balance previously reported					(38 360 647)
Remuneration of Ward Committee incorrectly linked to July 2023 now corrected					10 800
Remuneration of Ward Committee incorrectly linked to expenditure now corrected					104 454
Restated Balance					<u>(38 245 393)</u>

**Employee Related Cost -Note 33**

Balance previously reported					(96 269 842)
Amount paid to Long Service incorrectly linked to expenditure now corrected					50 887
Medial aid for pensioner overpaid now corrected					3 027
Restated Balance					<u>(96 215 928)</u>

**Other Income-Note -28**

Balance previously reported					474 334
Landfill Finance Cost Reversed					(129 025)
Restated Balance -					<u>345 308</u>

**Service Charges-Note -21**

Balance previously reported					10 948 366
An amount for Prepaid Sales that was incorrectly recorded in July 2022 in respect of June 2022 now corrected					164 174
Restated Balance -					<u>11 112 539</u>

**Depreciation- Note 35**

Balance previously reported					(19 095 029)
Depreciation on landfill site restated as per Landfill site provision					24 530
Depreciation on assets restated in respect of Change in Estimate					5 062
Restated Balance					<u>(19 065 437)</u>

**Finance Cost-Note -36**

Balance previously reported					(13 536)
Adjusting the interest on landfill site that was understated as per the landfill provision report					(1 812 964)
Restated Balance -					<u>(1 826 500)</u>

**Remuneration of Councillors -34**

Balance previously reported					(12 952 123)
Councillor upper limits paid as per March 2023 Gazette					(104 455)
Restated Balance -					<u>(13 056 578)</u>

**Cash Flow Statement 2022**

Description	Balance as previously presented	Prior period error	Reclassified	Restated balance
Receipts				
Movement in receivables from non-exchange transactions	235 784	36 123		271 907
Movement in Receivables from exchange transactions	(1 467 855)	195 733		(1 272 122)
Other Income	- 474 434	(129 025)		345 409
Sale of Goods and services-Service Charges	- 8 206 021	164 174		8 370 195
Electricity				
Payments				
Contracted Services	(36 709 369)	(1 043 478)		(37 752 847)
Movement in other Liability	(46 811)	33 097		(13 714)
Movement in Vat Receivable	2 441 901	(8 809)		2 433 092

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Employee and Councillor Cost	- (109 221 965)	(50 541)
Movement in Provisions	-	(159 026)
General Expenses	-	(38 360 647)
	1 941 989	115 255
	-	-
	-	(109 272 506)
	-	-1 782 963
	-	(38 245 392)
<b>Movement in receivables from non-exchange-Note 46</b>		
Balance previously reported		235 784
Amount for council upper limits incorrectly linked		33 097
An amount for medical aid of Pensioners that was over paid in June		<u>3 026</u>
Restated Balance -		<u>271 907</u>
<b>Movement in receivables from exchange transactions- Note 47</b>		
Balance previously reported		(1 467 855)
Expenditure for the mayoral car key that was misclassified in the insurance vote		(3 696)
Correction of Insurance Amount that was captured Excl. of vat		10 629
An amount of R188 800 that was not included in Prepaid Electricity now corrected		<u>188 800</u>
Restated Balance		<u>(1 272 122)</u>
<b>Other Income- Note-28</b>		
Balance previously reported		474 434
Landfill Interest Reversed		<u>(129 025)</u>
Restated Balance		<u>345 408</u>
<b>Employee Related Cost and Councilor Cost -Note 50</b>		
Balance previously reported		(109 221 965)
Amount paid to Long service incorrectly linked to expenditure now corrected		50 887
Medical aid for pensioner overpaid now corrected		3 027
Councillor upper limit now raised as creditor per March 2023 Gazette		<u>(104 454)</u>
Restated Balance - General Expenses		<u>(109 272 506)</u>
<b>Movement in other liability-Note 49</b>		
Balance previously reported		(46 811)
Amount for council upper limits incorrectly linked		<u>33 097</u>
Restated Balance		<u>(13 714)</u>
<b>General Expenses- Note 41</b>		
Balance previously reported		(38 360 647)
Remuneration of Ward Committee incorrectly linked to July 2023 now corrected		10 800
Remuneration of Ward Committee incorrectly linked to expenditure now corrected		<u>104 454</u>
Restated Balance		<u>(38 245 393)</u>
<b>Movement in Provisions -Non Current-Note 49</b>		
Balance previously reported		(159 026)
Landfill interest and Provision for Asset cost not previously accounted for		<u>1 941 989</u>
Restated Balance		<u>1 782 963</u>
<b>Movement in payables from Exchange Transactions-Note 49</b>		
Balance previously reported		(52 118)
Legal Cost not previously accounted for now corrected		312 329
Remuneration of Ward Committee incorrectly linked to expenditure now corrected		(104 455)
Council upper limits incorrectly raised as creditor now corrected		104 494
Amount paid to Long Service incorrectly linked to expenditure now corrected		(50 887)
An amount paid for The Compensation Commission not previously accounted for now corrected		<u>757 640</u>
Restated Balance		<u>967 003</u>
<b>Sale of Goods and services-Sale of Electricity-Note 47</b>		
Balance previously reported		8 206 021
An amount for Prepaid Sales that was incorrectly recorded in July 2022 in respect of June 2022 now corrected		<u>164 174</u>
Restated Balance		<u>8 370 195</u>
<b>Movement in Vat Receivable-Note 49</b>		
Balance previously reported		2 441 901
Legal Cost not previously accounted for now corrected		(22 250)
Correction of insurance Amount that was captured inclusive of vat		(11 183)
Vat amount now corrected on Prepaid Electricity not previously accounted for		<u>24 626</u>
Restated Balance		<u>2 433 094</u>



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**Movement in Contracted Services-Note 40**

Balance previously reported			(36 709 369)
Legal Cost not previously accounted for now corrected			(290 087)
Overstatement of repairs and maintenance now corrected			4 250
An amount paid for The Compensation Commission not previously accounted for now corrected			(757 640)
Restated Balance			<u>(37 752 847)</u>

**Capital commitments- Note 54**

Balance previously reported			5 538 028
Electrification of household in Fatima Village and construction of Bulk Point turnkey overstated now corrected			(35 168)
Restated Balance			<u>5 502 860</u>

**Related Party- note 43**

Remuneration of Councillors amount for upper limits as per Gazette not previously reported now Corrected

**2022**

Remuneration of Councillors	Balance Previous Reported	Prior Period Error	Restated Balance 2022
Mayor ME Paya Remuneration ,pension, cellphone allowance and housing allowance	932 496	3 300	935 796
Chief Whip (E M Rathaha) Remuneration ,pension ,Cell allowance and housing allowance	520 760	3 300	524 060
Speaker( M S Moreroa) Remuneration ,pension ,Cell allowance and housing allowance(July2021-October 2021)	271 219	1 282	272 501
Speaker( D Matlou) Remuneration ,pension ,Cell allowance and housing allowance(November 2021 -June 2022)	492 681	2 100	494 781
Councillors Allowance and remuneration	10 734 973	94 472	10 829 445
	<b>12 952 129</b>	<b>104 454</b>	<b>13 056 583</b>

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**Related party per Councillor**

Related party per Councillor	Balance Previously Reported	Prior Period Error	Restated Total 2022
ME Paya (Mayor)	932 496	3 300	935 796
M S Moreroa (Speaker)July 2021-October 2021)	271 219	1 282	272 501
D Matlou(Speaker)	492 681	2 100	494 781
E M Rathaha (Chief Whip)	520 760	3 300	524 060
P T Rathete (MPAC)	402 257	3 300	405 557
S R Nakana(MPAC)	268 139	2 100	270 239
MD Lehong(Exco)	251 312	1 282	252 594
M Duba	142 747	1 282	144 029
ML Moabelo(Exco)	461 773	2 100	463 873
PM Tawana(Exco)	146 627	1 282	147 909
NW Seakamela(Exco)	251 313	-	251 313
NF Rampyapedi(Exco)	705 967	4 582	710 549
MD Meso(Exco)	146 626	1 282	147 908
SW Mafona(Exco)	265 845	2 018	267 863
MO Motolla(Exco)	265 326	2 018	267 344
BM Hlapa(Exco)	454 654	2 018	456 672
M Matjee	322 509	3 300	325 809
D Matlou	107 320	1 200	108 520
MP Makgato	322 509	3 300	325 809
MA Makgoka	114 439	1 282	115 721
MQ Malema	114 439	1 282	115 721
ML Moabelo	107 319	1 200	108 519
PT Rakimane	114 439	1 282	115 721
MA Kobo	114 439	1 282	115 721

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Figures in Rand	2023		2022
MI Mohafe	114 439	1 282	115 721
RL Mpati	114 439	1 282	115 721
MJ Manthata	114 439	1 282	115 721
PS Masoga	322 509	3 300	325 809
MJ Leferela	114 439	1 282	115 721
NS Ramukhubedi	114 439	1 282	115 721
SE Kobola	114 439	1 282	115 721
TE Raphaswana	114 439	1 282	115 721
GM Sepheso	114 439	1 282	115 721
MD Marutha	114 439	1 282	115 721
MP Tloubatla	53 567	600	54 167
SR Nakana	107 320	1 200	108 520
NM Hopane	114 439	1 282	115 721
M Mufamadi	53 938	600	54 538
FM Mokwele	20 680	218	20 898
ME Ramarutha	208 030	2 018	210 048
MS Machaka	208 030	2 018	210 048
MY Senamolela	208 030	2 018	210 048
NG Sekgota	208 030	2 018	210 048
TM Mapholletja	208 030	2 018	210 048
MJ Poopedi	208 030	2 018	210 048
MM Selabe	208 030	2 018	210 048
RL Sepuru	127 679	1 418	129 097
MV Ramusi	208 030	2 018	210 048
MC Nong	208 030	2 018	210 048
MS Ngobene	208 030	2 018	210 048
SP Chepape	208 030	2 018	210 048
TG Malebana	208 030	2 018	210 048
ME Rahlana	208 030	2 018	210 048
RI Mabitsela	208 030	2 018	210 048
TO Kgopane	208 030	2 018	210 048
MS Letlalo	208 030	2 018	210 048
ME Machethe	208 030	2 018	210 048
GM Modiba	208 030	2 018	210 048
MJ Kubyana	80 351	600	80 951
	<b>12 952 129</b>	<b>104 454</b>	<b>13 056 583</b>

**59. Risk management**

**Liquidity risk**

The risk that the Municipality may encounter difficulties in raising sufficient funds to meet its obligations and commitments that are due and payable within 12 months. Availability of adequate resources to meet the Municipality's obligations in the needs of its capital and operating expenditure, creditors at large including employees is critical for the Municipality to continue as a going concern of which cannot be compromised. The Municipality manages liquidity risk through proper management of working capital, capital expenditure and monitoring of actual versus forecast cash flows.

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

The table below analyses the municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

<b>At 30 June 2023</b>	<b>Less than 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>Over 5 years</b>
Trade and other payables	19 421 871	-	-	-
Other financial liabilities		153 823	-	-
<b>At 30 June 2022</b>	<b>Less than 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>Over 5 years</b>
Trade and other payables	20 371 110	-	-	-

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Other financial liabilities	254 730	-	-	-
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**Credit risk**

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss. Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies. Receivables are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors.

Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors, the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

The credit quality of receivables is further assessed by grouping individual debtors into different categories with similar risk profiles. The categories include the following: Bad Debt, Deceased, Good payers, Slow Payers, Government Departments, Debtors with Arrangements, Indigents, Municipal Workers, Handed over to Attorneys and Untraceable account. These categories are then impaired on a group basis based on the risk profile/credit quality associated with the group.

Balances past due not impaired:

**Non-Exchange Receivables**

	2023 Percentage	2023 Amount	2022 Percentage	2022 Amount
Rates	100%	90 518 629	100%	83 819 408
	<b>100%</b>	<b>90 518 629</b>	<b>100%</b>	<b>83 819 408</b>

**Exchange Receivables**

	2023 Percentage	2023 Amount	2022 Percentage	2022 Amount
Electricity	15	3 411 454	16	3 297 039
Refuse	81	18 763 964	80	16 612 601
Other	4	934 999	4	832 855
	<b>100%</b>	<b>23 110 417</b>	<b>100%</b>	<b>20 742 495</b>

No receivables are pledged as security for financial liabilities.

Due to the short term nature of trade and other receivables the carrying value disclosed in note 9 & 10 of the financial statements is an approximation of its fair value. Interest on overdue balances (rates) are included at 10% where applicable.

The provision for bad debts could be allocated between the different classes of debtors as follows:

**Non-Exchange Receivables**

	2023 Percentage	2023 Amount	2022 Percentage	2022 Amount
Rates	100%	27 822 667	100%	27 059 934
	<b>100%</b>	<b>27 822 667</b>	<b>100%</b>	<b>27 059 934</b>

**Exchange Receivables**

	2023 Percentage	2023 Amount	2022 Percentage	2022 Amount
Electricity	15	2 619 283	16	2 773 354
Refuse	81	14 406 799	80	13 973 939
Other	4	717 883	4	700 569
	<b>100%</b>	<b>17 743 965</b>	<b>100%</b>	<b>17 447 862</b>

The municipality only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure is disclosed below.

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The entity only enters into non-current investment transactions with major banks with high quality credit standing. Although the credit risk pertaining to non-current investments are considered to be low, the maximum exposure is disclosed below.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE (NEDBANK). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there is no expectation of counter party default.

### Interest rate risk

The Municipality is not exposed to Interest rate risk as it does not have interest bearing liabilities.

### Foreign exchange risk

The municipality does not engage in foreign currency transactions.

### Price risk

The municipality is not exposed to price risk

### 60. Going concern

The 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.

We draw attention to the fact that at 30 June 2023, the municipality had an accumulated deficit of 426 876 633 and that the municipality's total assets exceed its liabilities by 474 610 498

The ability of the municipality to continue as a going concern is dependent on a number of factors. The following factors support going concern assumption:

- There is no intention to cease operation and municipal budget for MTERF period is support this
- The municipality has a healthy solvency and liquidity ration
- The municipality continue to achieve net surplus for 2023 and 2022 financial year
- There are no material commitments or litigation at balance sheet that threatens the going concern assumption

### 61. Events after reporting date

There are no material event after the reporting date which requires disclosures.

### 62. Unauthorised expenditure

Add: Expenditure identified - current	11 075 924	6 419 694
Less: Approved/condoned/authorized by council	(11 075 924)	(6 419 694)
<b>Closing balance</b>	-	-

The municipality received the INEP grant in the 2021/2022 financial year to electrify the Maponto village. In the 2021/22 financial year the project was not completed and it was sitting under work in progress at year end. The municipality completed the project in the 2022/2023 financial year. The municipality needs to transfer the assets to Eskom since the municipality does not have a license to sell electricity in the Maponto area. However, the municipality did not have sufficient R8 634 348 operational budget to cater for the transfer. The municipality appointed an expert with regard to revaluation of the rehabilitation costs for the landfill site for the purpose of preparation of the 2022/23 Annual financial statements. As a result, the value of the provision increased in the 2022-23 as compared to the 2021-22 report. This also resulted in the increase of the interest in landfill site to R2 441 576.00.

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<b>Analysis of unauthorised expenditure written off by council per category</b>		
Loss on transfer of Asset	8 634 348	6 419 694
Interest on Landfill site	2 441 576	-
	<b>11 075 924</b>	<b>6 419 694</b>

**63. Fruitless and wasteful expenditure**

Opening balance as previously reported	-	18 393
Add: Expenditure identified - current	1 806	937
Less: Amounts recoverable - prior period	-	(18 393)
Less: Amount written off - current	(1 806)	(937)
<b>Closing balance</b>	<b>-</b>	<b>-</b>

The fruitless and wasteful expenditure for the current year relates to interest paid on late payments of : Eskom

**Analysis of fruitless and wasteful expenditure written off by council per category**

Interest on late payments	(1 806)	(937)
	<b>(1 806)</b>	<b>(937)</b>

**64. Irregular expenditure**

Opening balance as previously reported	2 477 091	2 303 412
Add: Irregular Expenditure - current	4 035 034	2 477 091
Less: Amount written off - current	(3 523 147)	(2 303 412)
<b>Closing balance</b>	<b>2 988 978</b>	<b>2 477 091</b>

**Analysis of balance of irregular**

Bidder did not submit a certified copy of supervisors 3 phase wireman's license as per the requirements	1 046 056	1 726 091
The price quoted by service provider are not reasonable	172 196	-
Invitation to bid did not stipulate minimum threshold for Local Content	2 816 782	-
Bidder did not fully complete the returnable documents as required on additional conditions applicable to bid	-	425 000
The Bidder did not indicate the connection with an employee of the municipality on the declaration of Interest	-	51 000
Bidder did not fully complete the returnable documents as required an additional conditions applicable to the bid	-	275 000
	<b>4 035 034</b>	<b>2 477 091</b>

**Amounts written-off**

After the council committee investigations, council adopted the council committee recommendation to write-off an amount of 3 523 147 from the total irregular expenditure amount as it was proven without reasonable doubt that the amount was not recoverable.

Bidder did not submit a certified copy of supervisors 3 phase wireman's license as per the requirements	1 726 091
Bidder did not fully complete the returnable documents as required on additional conditions applicable to bid	425 000
The Bidder did not indicate the connection with an employee of the municipality on the declaration of Interest	51 000
Bidder did not fully complete the returnable documents as required an additional conditions applicable to the bid	275 000
Bidder did not submit a certified copy of supervisors 3 phase wireman's license as per the requirements	1 046 056
	<b>3 523 146</b>

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Figures in Rand	2023	2022
<b>65. Additional disclosure in terms of Municipal Finance Management Act</b>		
<b>Contributions to organized local government</b>		
Current year subscription / fee	1 261 764	1 169 102
Amount paid - current year	(1 261 764)	(1 169 102)
	-	-
<b>Audit fees</b>		
Current year subscription / fee	4 855 477	3 963 912
Amount paid - current year	(4 855 477)	(3 963 912)
	-	-
<b>PAYE and UIF</b>		
Current year subscription / fee	20 170 024	18 434 654
Amount paid - current year	(20 170 024)	(18 434 654)
	-	-
<b>Pension and Medical Aid Deductions</b>		
Current year subscription / fee	17 311 212	15 629 420
Amount paid - current year	(17 311 212)	(15 629 420)
	-	-
<b>VAT</b>		
VAT receivable	9 075 625	10 090 816
All VAT returns have been submitted by the due date throughout the year.		
<b>Councillors' arrear consumer accounts</b>		
During the year from July 2022 to June 2023 the municipality had no Councillor account in arrear for more than 90 days:		
<b>Supply chain management regulations</b>		
In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council. The expenses incurred as listed hereunder have been condoned.		
<b>Incident</b>		
Sole Provider	137 002	332 777
	<b>137 002</b>	<b>332 777</b>
<b>66. Distribution Losses</b>		
<b>Electricity Distribution Losses (Units)</b>		
Units Purchased	5 615 660	6 423 326
Units Sold	4 480 828	4 774 744
Units Lost	1 134 832	1 648 582
Percentage distribution loss	20%	26%
<b>Electricity Distribution Losses (Rand)</b>		
Units Purchased	12 338 029	11 958 005
Units Sold	9 630 182	8 361 706
Units Lost	2 707 847	3 596 299
Percentage distribution loss	22%	30%

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**1. Contingent Liability**

Name of Legal Representative	Litigation Dispute	Status	Nature of	Progress Estimates 2023	Project	Project Estimates 2022
None	Akani Retirement Administration Fund	Closed	Alleged Failure on the part of the municipality and no interest exist from Mr to pay an employee pension fund benefits	The period for effective appeal process has lapsed JP Phaahla as he has received his monies.	0	125 211
Mohale Incorporated	Lephalale Investments (Pty)Ltd	Active	Counter claim against action papers for recovery of land by the Municipality	Defendant served with court papers. The Municipality is awaiting a ruling from the court	2 500 000	2 500 000
Kuaho Attorneys	Lydia Maseforo Mathatho	Active	Alleged breach of contract committed by the municipality	The matter was set down for trial on the 02nd of August 2023, the Municipality is awaiting ruling.	178 304	0
					<b>2 678 304</b>	<b>2 625 211</b>

**2. Contingent Asset**

Name of Legal Representative	Litigation Dispute	Status	Nature of	Progress Estimates 2023	Project	Project Estimates 2022
Mohale Attorneys	Lephalale	Active	Recovery of land that was sold to the defendant for his company to construct a Mall at a site that belong to the Municipality.	Defendant served with court papers in January 2023. The municipality is awaiting a ruling from the court.	1 096 868	1 044 400
					<b>1 096 868</b>	<b>1 044 400</b>

**REPORT OF THE AUDITOR-GENERAL TO THE LIMPOPO PROVINCIAL LEGISLATION AND COUNCIL ON MOLEMOLÉ LOCAL MUNICIPALITY**

**REPORT ON THE AUDIT OF THE 2022/23 FINANCIAL STATEMENTS AND ANNUAL PERFORMANCE REPORT**

**OPINION**

1. I have audited the financial statements of Molemole Local Municipality set out on pages ... to ... , which comprise the statement of financial position as at 30 June 2023, statement of financial performance, statement of changes in net assets, cash flow statement, 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, the financial statements present fairly, in all material respects, the financial position of Molemole Local Municipality as at 30 June 2023 and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and Division of Revenue Act 5 of 2022 (DoRA)

**BASIS FOR OPINION**

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**EMPHASIS OF MATTERS**

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

**SIGNIFICANT UNCERTAINTY**

7. With reference to note 55 of the financial statements, the municipality is the defendant in a land claim amounting to R2 500 000. The municipality is opposing the claim. The ultimate outcome of the matter cannot presently be determined and no provision for any liability that may result has been made in the financial statements.



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**MATERIAL LOSSES**

8. As disclosed in note 66 to the financial statements, material electricity losses of R2 707 847 (2022: R3 596 299) were incurred, which represents 22% (2022: 30%) of total electricity purchased.

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**MATERIAL IMPAIRMENTS**

9. As disclosed in note 37 to the financial statements, material impairment of R2 384 839 was incurred as a result of providing for doubtful debts.

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**OTHER MATTER**

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

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**UNAUDITED SUPPLEMENTARY SCHEDULE**

11. The supplementary information set out on pages ... to ... does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

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**UNAUDITED DISCLOSURE NOTES**

12. In terms of section 125(2)(e) of the MFMA, the non-compliance with the MFMA should be disclosed in the financial statements. These disclosure requirements did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

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**RESPONSIBILITIES OF THE ACCOUNTING OFFICER FOR THE FINANCIAL STATEMENTS**

13. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the MFMA and DoRA; and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
14. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

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**RESPONSIBILITIES OF THE AUDITOR-GENERAL FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

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

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Financial Statements for the year ended 30 June 2023

16. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

**REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT**

17. 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 areas presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

18. I selected the following key performance areas presented in the annual performance report for the year ended 30 June 2023 for auditing. I selected key performance areas that measures the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.

Key performance area	Page numbers	Purpose
<b>KPA 1 &amp; 3 - SPATIAL RATIONALE AND LOCAL ECONOMIC DEVELOPMENT.</b>	X - X	To enhance conditions for economic growth and job creation To manage and coordinate spatial planning within the municipality
<b>KPA 2 – BASIC SERVICE DELIVERY</b>	X - X	To provide sustainable basic services and infrastructure development

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

20. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives.
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements.
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated.

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- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents.
  - the reported performance information is presented in the annual performance report in the prescribed manner.
  - there is adequate supporting evidence for the achievements reported and for the measures taken to improve performance.
21. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.
22. I did not identify any material findings on the reported performance information for the key performance area.

---

### OTHER MATTERS

23. I draw attention to the matters below.

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### ACHIEVEMENT OF PLANNED TARGETS

24. 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.

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### MATERIAL MISSTATEMENTS

25. We identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of spatial rationale and local economic development. Management subsequently corrected all the misstatements and I did not include any material findings in this report.

---

### REPORT ON COMPLIANCE WITH LEGISLATION

26. 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.
27. 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.
28. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipality, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

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

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## **ANNUAL FINANCIAL STATEMENTS, PERFORMANCE REPORT AND ANNUAL REPORT**

30. 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 cash flow statement and segment information identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

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## **EXPENDITURE MANAGEMENT**

31. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R11 075 924, as disclosed in note 61 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by the municipality not budgeting for the loss of transfer of assets. Unauthorised expenditure amounting to R8 634 348 was incurred on the electrification of Maponto village.

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## **PROCUREMENT AND CONTRACT MANAGEMENT**

32. The invitation to tender for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as required by the 2017 preferential procurement regulation 8(2). This non-compliance was identified in the procurement processes for the supply, delivery and installation of culverts bridges.

33. The commodities designated for local content and production, were procured from a supplier who did not submit a declaration on local production and content as required by the 2017 preferential procurement regulation 8(5). This non-compliance was identified in the procurement processes for the supply, delivery and installation of culverts bridges.

34. The commodities designated for local content and production, were procured from a supplier who did not meet the prescribed minimum threshold for local production and content, as required by the 2017 preferential procurement regulation 8(5). This non-compliance was identified in the procurement processes for the supply, delivery and installation of culverts bridges.

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## **STRATEGIC PLANNING AND PERFORMANCE MANAGEMENT**

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

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## **OTHER INFORMATION IN THE ANNUAL REPORT**

36. The accounting officer is responsible for the other information included in the annual report which includes the audit committee's report. The other information referred to does not include the financial statements, the auditor's report and those selected key performance areas presented in the annual performance report that have been specifically reported on in this auditor's report.

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37. 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.
38. 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 key performance area presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
39. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

**INTERNAL CONTROL DEFICIENCIES**

40. 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.
41. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the opinion and the material findings on compliance with legislation included in this report.
42. Lack of proper record keeping in a timely manner to ensure that complete, relevant, and accurate information is accessible and available to support financial statement and performance reporting.
43. Lack of management oversight in the preparation, monitoring and reporting of performance information.
44. Internal controls for monitoring compliance with laws and regulations are ineffective as they do not detect and prevent instances of non-compliance with applicable laws and regulations.

*Auditor-General*

Polokwane  
30 November 2023



**4. Annexure to the auditor's report**

The annexure includes the following:

# Molemole Municipality

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- The selected legislative requirements for compliance testing

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## AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

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### 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 performance areas and on the municipality's compliance with selected requirements in key legislation.

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### FINANCIAL STATEMENTS

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

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

report. However, future events or conditions may cause 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.

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## COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

Financial Statements for the year ended 30 June 2023

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

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

## COMPLIANCE WITH LEGISLATION – SELECTED LEGISLATIVE REQUIREMENTS

The selected legislative requirements are as follows:

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

Legislation	Sections or regulations
MFMA: Municipal Supply Chain Management Regulations, 2017	Regulations 5, 12(1)(c), 12(3), 13(b), 13(c), 13(c)(i), 16(a), 17(1)(a), Regulations 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), Regulations 27(2)(e), 28(1)(a)(i), 28(1)(a)(ii), 29(1)(a), 29(1)(b), Regulations 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c), Regulations 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43, Regulations 44, 46(2)(e), 46(2)(f)
Municipal Systems Act 32 of 2000	Sections 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 29(3)(b), 34(a), 34(b), Sections 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), 56(a), 57(2)(a), Sections 57(4B), 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 93J(1), 96(b)

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MSA: Municipal Planning and performance Management Regulations, 2001	Regulations 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 3(6)(a), 7(1), 8, 9(1)(a), 10(a), Regulations 12(1), 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers directly Accountable to Municipal Managers, 2006	Regulations 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations 17(2), 36(1)(a)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2), 5(3), 5(6), 8(4)
Annual Division of Revenue Act	Section 11(6)(b), 12(5), 16(1); 16(3)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations	Regulations 17, 25(7A)
Municipal Property Rates Act 6 of 2004	Section 3(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), Regulations 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5) 9(1), 10(1), 10(2), Regulations 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)