



# Draft

# 2020/2021 Annual Report

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**Molemole Local Municipality**

**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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## EXECUTIVE SUMMARY

### COMPONENT A: MAYOR'S FOREWORD

#### 1. Introduction

It has been quite an interesting and fulfilling journey for having worked with a formidable and dedicated team of this calibre – both Councillors and Administration;

It was through dedication to the work on hand that during this council we only experienced less than 10 service delivery protests. It was through the commitment to the cause that this Council managed to implement every capital project that was planned in every financial year. It was through the unwavering commitment of this Council and Administration that we maintained an unqualified audit opinion throughout the term of this Council;

Summary of key Achievements during the term of this Council:

- Total households electrified: 1457
- KMs of road upgraded from Gravel to Tar: 35
- Total RDP households allocated: 1327
- Total number of water projects by CDM: 27

#### 2. Public participation

Due to Lock down restrictions the municipality could not conduct face to face public outreach programmes to give updates to the community about service delivery programme. The Municipality continued to use radio stations and the website to report to the community because we are required by law to account on the utilization of public resources entrusted to us by the tax payers. We thank the public at large and the residents of Molemole in particular for having adjusted to this new way of doing things.

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

All the Council committees are functional and are able to sit for meetings as scheduled. The Municipality has five Portfolio committees, Executive Committee chaired by the Mayor, the Municipal Public Accounts Committee as well as Ethics committee. Council Meetings are held on a quarterly basis in line with Corporate Calendar. Special Council meetings are convened to consider urgent matters. Open council meetings are held in line with the Municipal Systems Act, 2000 (Act 32 of 2000) when considering issues relating to municipal IDP and Budget. All Council meetings are preceded by the Executive committee meetings which considers Portfolio committee reports for recommendation to Council. Implementation of Council resolutions are part of performance targets for each Senior Managers to ensure implementation thereof. Resolutions that require implementation by Management have been successfully implemented.

Furthermore the municipality has established governance committees in line with legislative framework and good practice. These include Audit and Risk Management Committee, Local Labour forum as well as health and safety committees. All these forums were functional during the year under review.

#### 4. Financial Viability And Sustainability

The Annual Revenue Budget for 2020/2021 financial year amounted to R 308 211 496. The actual revenue collected for the period ending 30 June 2021 amounted to R 302 528 331. On average 100% of all allocated budget should be collected by end of financial year. We are also pleased to report that the municipality managed to realize 98% of the projected revenue in the year under consideration. This was boosted by an increase in revenue collections from the institutional debtors, notably from Public works. Despite this the municipality is still not performing well with regard to household debtors which has seen a reduction of 8.9% in the 2020/2021 financial year. We shall

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continue implementing credit control and debt collection policy to make a significant reduction of the debt book. An increase of collection will benefit the communities as it give the municipality additional financial muscle to improve our service delivery interventions.

As at 30 June 2021 the municipality had a cash on hand balance of R 89 million. The table below outline the cash balances over the medium term:

	2018/19	2019/20	2020/2021
Cash balances at close of Financial year	19.3 million	23 million	R 89 million

There was never a single month where employees were not paid due to financial strain of the municipality – and we remain hopeful that it will remain like that well into the future. The municipality’s current ratio is standing at 5:1 as at the end of the 2020/2021 financial year. This means for every R1 that we are liable to pay, we have R5;

## 5. Key service delivery achievements.

Below is a summary of key service delivery for the current outgoing council since the start of Council.

### 5.1 PROJECTS INHERITED FROM PREVIOUS COUNCIL

One of the greatest achievements of this Council was to complete all the projects inherited from the previous Council. The projects are as follows:

Project name	Scope of Work	Total project value
Eisleben to Ramokgopa	11 kms	R 43 million
Mohodi Sports Complex	2000 grandstands	R 21 million
Nthabiseng Internal street	6 kms	R 46 million
Capricorn Park Internal Street	5 kms	R 38 million

### 5.2 LICENSE TO PROVIDE ELECTRICITY IN FATIMA VILLAGE

After we managed to get a license to provide electricity in Fatima village the municipality secured nine million rand from the Department of Energy for the electrification of five hundred households in the area. A further ten million was also approved for energizing the area and continuation of electrification of a further four hundred households in the next financial year. The first phase of the electrification project is

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completed and once ownership issues are resolved the municipality will be selling electricity to more than 500 households in the area. That's a sure long terms source of revenue for the municipality.

## 5.3 MOLETJI CLUSTER OFFICE

It was during this term of Council that Moletji satellite office was constructed to bring services closer to people from Wards 10, 14, 15 & 16. We shall remain forever indebted to Kgoshi Moloto wa boraro for allocating us a 100 hectare piece of land to construct the office. The office is now ready for use and some of our yellow machines will be coming from that office to service the above mentioned wards.

## 5.4 CONSISTENCY IN SPENDING ON CAPITAL GRANTS

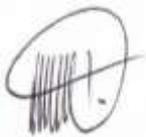
During this term of council our spending on grants was so good that we got additional grant funding of R 12 million and R 8.1 million in 2018/19 and 2019/20 financial years, respectively. The additional funding of R 12 million helped us to speed up implementation of the scope for Nthabiseng and Capricorn Park Projects. Unfortunately due to Covid19 the R 8.1 million was returned to Treasury to assist with fighting the pandemic. Grant spending on capital projects can be summarized as per the table below:

<b>2016/17 Spending%</b>	<b>2017/18 Spending %</b>	<b>2018/19 Spending %</b>	<b>2019/20 Spending %</b>	<b>2020/21 Spending %</b>
100%	64%	97%	99%	99%

## 5.5 EMBRACING THE 4TH INDUSTRIAL REVOLUTION

In March of 2018 this Council approved a contract to supply Tablets to Councillors. Councillors were then able to receive electronic Agenda packages on their tables. This has gone a long way in saving costs for the municipality as there was no need to pay overtime for drivers and print hard copies of these packages, saving use of paper in the process. The embracing of technology by Councillors was then handy following the lockdown which imposed restrictions on gatherings, as Councillors used those tablets to hold virtual meetings. While we applaud Management for having introduced these technology I personally want to thank fellow councillors for being so progressive;

*Regards,*



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

# Chapter 1

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## COMPONENT B: MUNICIPAL MANAGER'S OVERVIEW

### 1. Introduction

Once again we have started the 2020/2021 financial year the same way that we have ended it because of the unwavering persistence of the Covid19 pandemic which continue to disrupt the normal way of doing things in the country and indeed across the globe. This financial year was also unique because it was the last year of the term of this council. The country was preparing for local government elections in order to elect the sixth council administration across all municipalities. Despite all the interruptions of COVID19 and election hype we have managed to steam ahead with our service delivery programme as part of our commitment to implement Projects prioritized in the approved 2020/2021 IDP. Ideally the need for accelerated provision of service delivery has become even more pronounced due to this pandemic. The need for a consistent and reliable supply of potent water became more important because people need to wash their hands time and again as part of efforts to fight the pandemic.

This Annual report seeks to provide a comprehensive performance report of the municipality against service delivery commitments made in the 2020/2021 financial year. These commitments were outlined at the beginning of the financial year during the state of 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

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.

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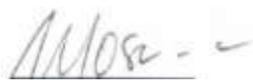
This Annual report has been compiled in line with the above legislative framework. Stakeholders and residents are encouraged to study this document as it will give them a better understanding of the workings of the organisation.

## 4. Financial Viability and Sustainability

The Annual Revenue Budget for 2020/2021 financial year amounted to R 308 211 496. The actual revenue collected for the period ending 30 June 2021 amounted to R 302 528 331. On average 100% of all allocated budget should be collected by end of financial year. We are also pleased to report that the municipality managed to realize 98% of the projected revenue in the year under consideration. This was boosted by an increase in revenue collections from the institutional debtors, notably from Public works. Despite this the municipality is still not performing well with regard to household debtors which has seen a reduction of 8.9% in the 2020/2021 financial year. We shall continue implementing credit control and debt collection policy to make a significant reduction of the debt book. An increase of collection will benefit the communities as it give the municipality additional financial muscle to improve our service delivery interventions.

## 3. Summary of non-Financial Performance per Department during 2020/21- FY

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>



**Mr. M.L Mosena**  
**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

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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.

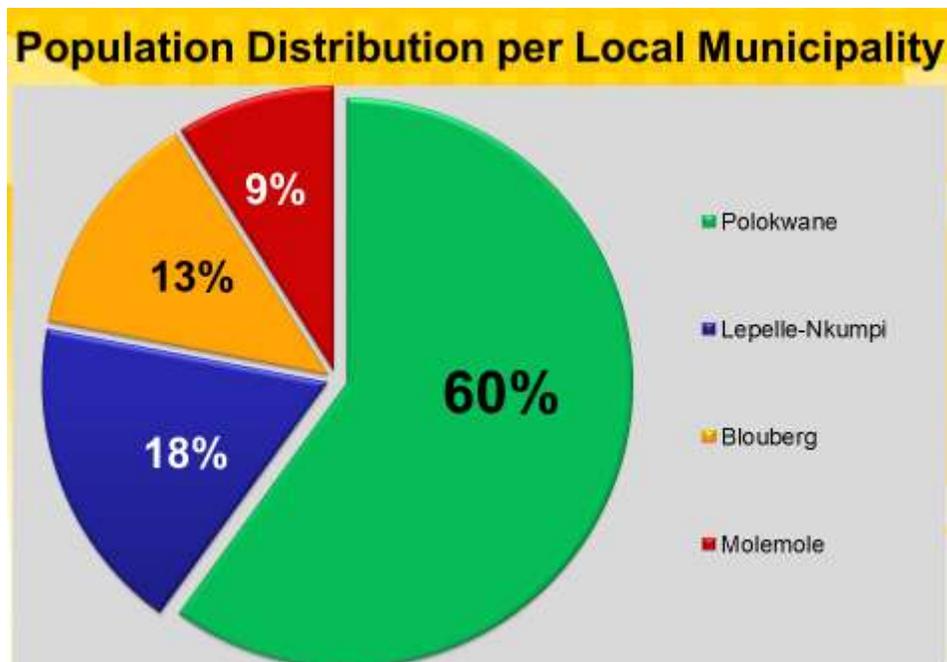
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delivery infrastructure especially since most of the roads are mainly gravel and require continuous maintenance by the municipality.

## 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.

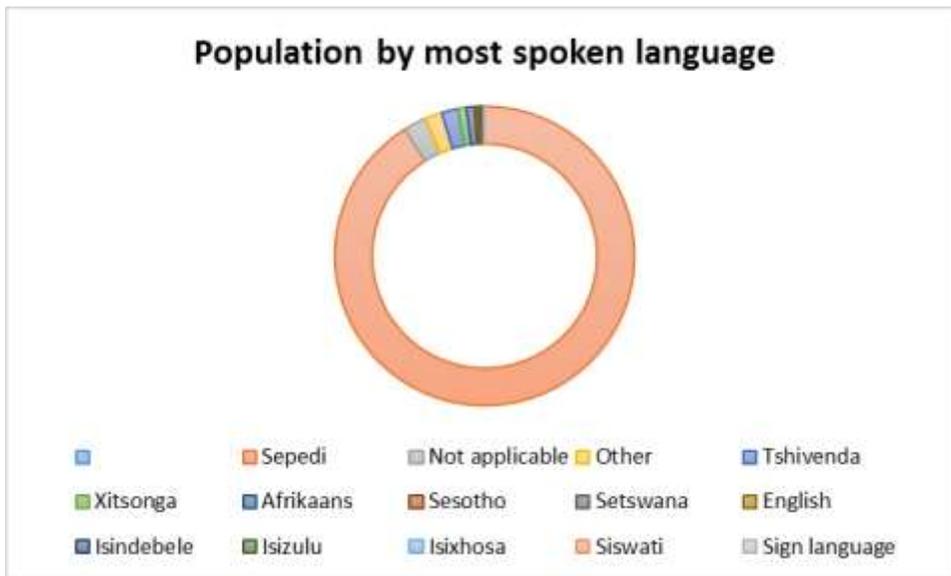


**Figure 1.1: Population Composition in the CDM**

## 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**

## 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

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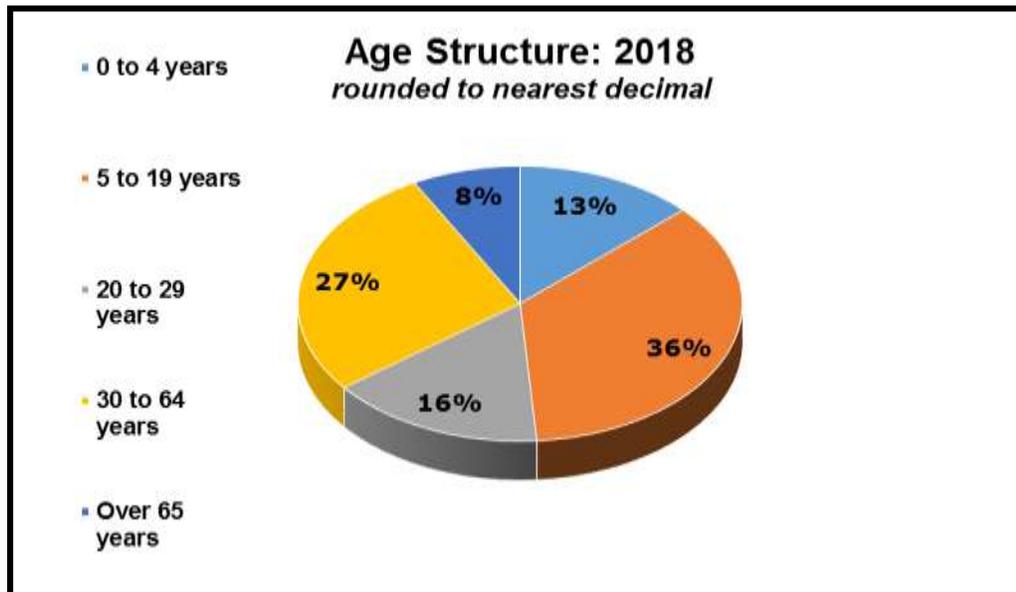


Figure 1.3 depicts age distribution of Molemole population. It is evident from the figure that 51.4% of the population is of a school going age whilst 27.6% are of general working age. Almost 10 000 (7.9%) of the population are of over the age of 65. The intensity of poverty for the municipality has 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.

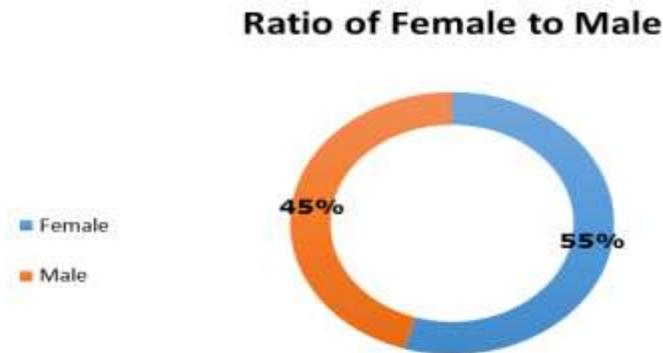
**The composition of the population above can be attributed to the following factors:**

- 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



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

## **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:

<b>Level of education</b>	<b>Molemole</b>	<b>Lepelle-Nkumpi</b>	<b>Blouberg</b>	<b>Polokwane</b>	<b>Totals</b>
Bachelors degree	972	1188	614	14146	16920
Honours degree/Post-graduate diploma	795	1,235	945	6,528	9503
Masters 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

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Level of education	Molemole	Lepelle-Nkumpi	Blouberg	Polokwane	Totals
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
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

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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
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

## 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

# Chapter 1

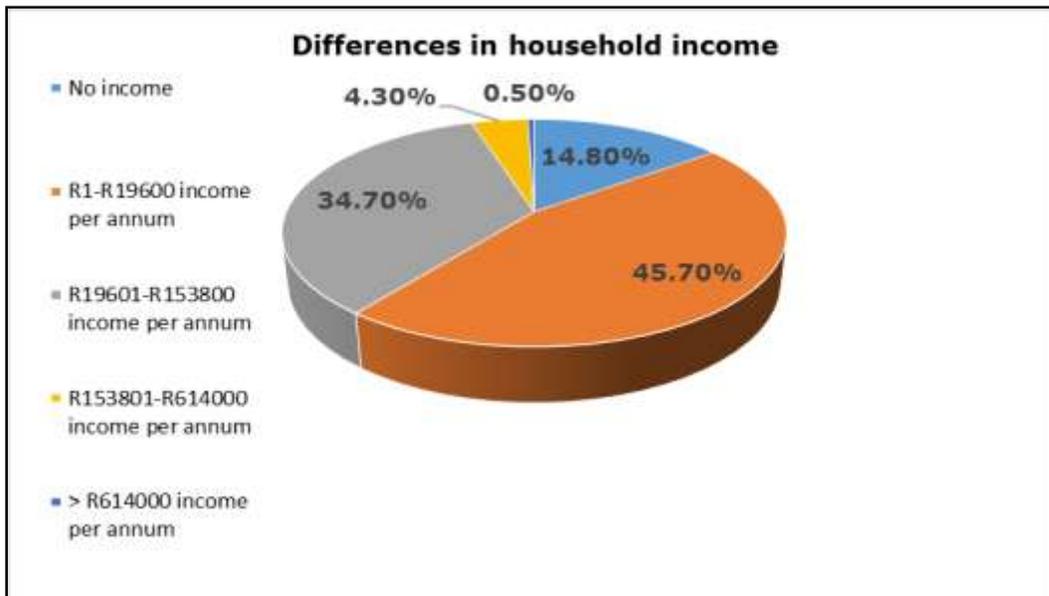
The percentage of economically active population increased significantly from 56.9% (61598) in 2011 to 56.9% (70 833) in 2016 (see **Table 1.5**).

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



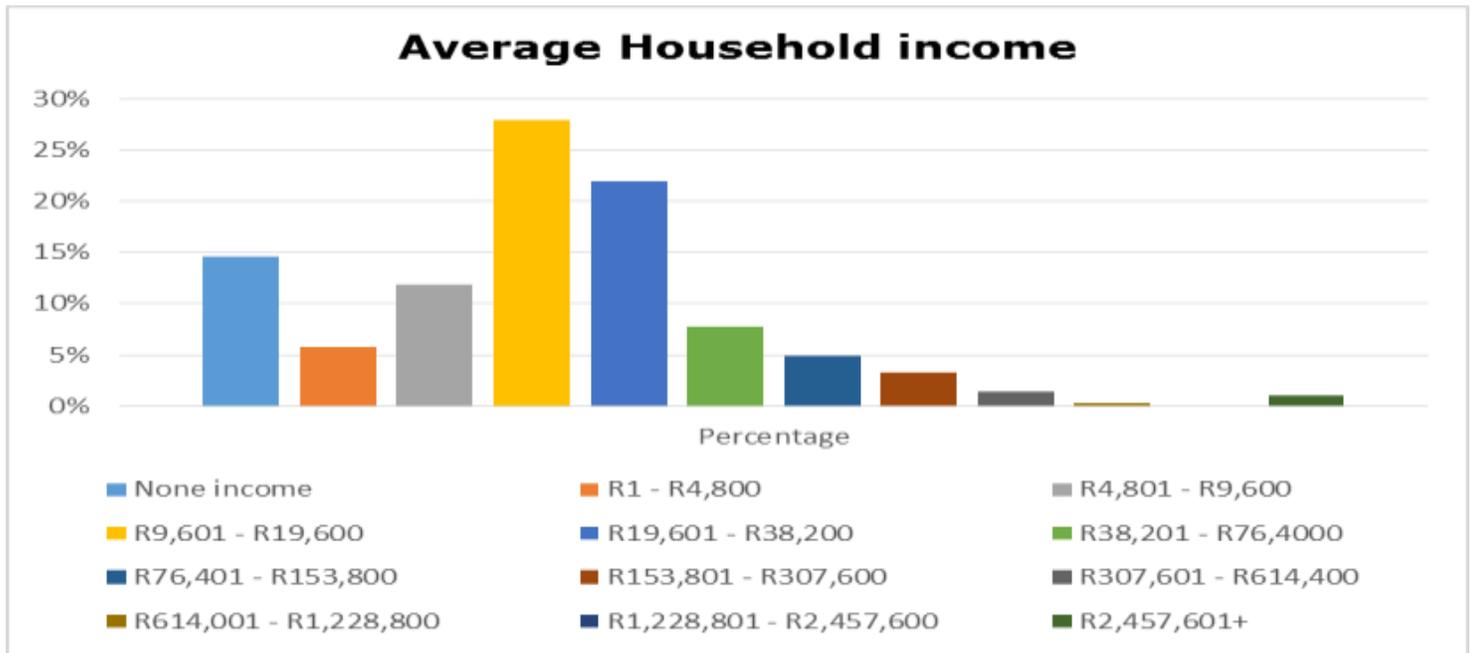
**Figure 1.6: Household income. MDB 2018**

The above figures shows 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.

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

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The figure below shows the average household income in 2011.

**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.

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## **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

# Chapter 1

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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.

## **B) WATER SOURCES.**

Like other locals in the district the Municipality's source of water is groundwater. The low yields of borehole water is 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.

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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 why a formal service(s) Debt Recovery Strategy was approved by Council and is currently implemented. Together with a process of improving service delivery.

## **b) 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:	<b>2020/21</b>	<b>2019/20</b>
Current assets	: R 164,485,290	R 114,114,660
Current liability	: R 31,030,312	R 34,342,985
Ratio	<b>5:1</b>	<b>3:1</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;

## **a) FINANCIAL**

The Municipality's net assets amount of R 419 733 842 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

# Chapter 1

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

## **b) CONTINGENT LIABILITIES**

The pending contingent liabilities as at end of June 2021 amounted to R 5 198 631. 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.

## **c) MITIGATING PLANS**

The municipality's net debtors' book amounting to R 104 461 081,79 (including 30% commission receivable from water debtors and interest). This is a huge amount considering that the municipality is heavily reliant on grant funding to discharge its service delivery responsibilities. To this effect the municipality has commenced a rigorous debt collection campaign to liquidate this asset and the collection rate has improved since then. Most of the debtor's amount from municipality emanated through the assets/debtors received from the former disestablished Aganang local municipality after some villages were incorporated into Molemole municipality.

## **d) 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.

## **e) OTHER**

The Municipality complied fully with statutory requirements. There is 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.

# Chapter 1

## f) 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 gives overall financial overview for the year under review:

<b>Financial Overview: Year 2020/21</b>			
			<b>R' 000</b>
<b>Details</b>	<b>Original budget</b>	<b>Adjustment Budget</b>	<b>Actual</b>
Income:			
Grants	205 785 000,00	230 945 196,00	230 316 073,00
Taxes, Levies and tariffs	37 594 444,00	64 671 062,00	61 333 959,00
Other	42 472 078,00	12 595 238,00	10 878 300,00
Sub Total	285 851 522,00	308 211 496,00	302 528 332,00
Less: Expenditure	224 002 191,00	245 629 633,00	213 987 680,00
Net Total*	61 849 331,00	62 581 863,00	88 540 652,00
* Note: surplus/(defecit)			T 1.4.2

- Operating Ratios

<b>Operating Ratios</b>	
<b>Detail</b>	<b>%</b>
Employee Cost	40
Repairs & Maintenance	6
Finance Charges & Impairment	1
T 1.4.3	

- Three year Capital expenditure

			<b>R'000</b>
<b>Detail</b>	<b>Year 2018/19</b>	<b>Year 2019/20</b>	<b>Year 2020/21</b>
Original Budget	50 437065,00	55 441271,00	72 616548,00
Adjustment Budget	60 037686,00	46 194785,00	62 331 62,00
Actual	45 682318,00	38 284503,00	50 056508,00
			T 1.4.4

# Chapter 1

## 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 three training programmes were coordinated for employees and two programmes for Councillors. An annual training report is submitted to LGSETA as part of compliance to legislative framework. Training programmes covered included Municipal governance, Municipal Finance Management, Anti-fraud awareness, and Ethical leadership and public accountability. Furthermore, training on Municipal Governance has been arranged for Admin Staff in the coming financial year. We hope the skills acquired through the training will prepare the employees for promotional opportunities and help enhance the municipal retention and succession strategies.

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

- b) Training Committee
- c) Employment Equity Committee
- d) Local Labour Forum
- e) 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:

NO	SURNAME INITIALS	DEPARTMENT	POSITION	COURSE	AMOUNT
1	Dipela Pheladi Monsley	Community Service	Traffic Officer	Diploma in Metropolitan and Traffic Policing	R 14 630
2	Malatji Motlatjo Rosaline	Community Services	Enatis Clerk	Bachelor of Administration in Licensing Practice	R 16 860
3	Khoza Khomotsho	Corporate Services	Administration Officer	Bachelor of Public Administration	R 32 670

### c) INTERNSHIPS AND LEARNERSHIP

A total of three (2) internship programmes were coordinated during the 2020/21 financial year and were placed under Corporate services and Local Economic Development. Four internship programme

# Chapter 1

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that were disrupted by the emergence of Covid-19 PANDEMIC were extended in Budget and Treasury and Corporate services respectively.

The municipality has also created 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 and Human Resource Management.

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## **1.6 AUDITOR GENERAL REPORT**

### **16.1 AUDITOR GENERAL REPORT: YEAR 2020/2021**

Although the municipal council and its administration has put all their efforts in pursuit of the clean audit opinion it is however pleasing that the municipality has once again obtained an unqualified audit opinion with material findings, which is for the sixth consecutive time. We remain committed to be one of the municipalities in the province to achieve the unqualified audit opinion with no material findings. The total number of audit findings for the year 2020/21 are sitting at eighteen (18) as compared to eight (8) raised in the 2019/20. The Auditor General raised only two (2) material findings in the 2020/2021 financial year.

#### **1.6.2 EXPLANATION TO CLARIFY MATTERS OF EMPHASIS IN THE 2020/2021 AUDIT PROCESS**

##### **a) Restatement of corresponding figures**

As disclosed in note 55 to the financial statements, the corresponding figures for 30 June 2020 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2021

##### **b) Significant uncertainty**

With reference to note 53 to the financial statements, the municipality is a defendant in a number of claims amounting to R5 198 631. The ultimate outcome of these matters could not be determined and no provision for any liability that may result was made in the financial statements.

##### **c) Material losses**

As disclosed in note 63 to the financial statements, material electricity losses of R2 593 438 (2020: R1 822 600) was incurred, which represents 23% (2020: 18%) of total electricity purchased

##### **d) Material Impairments**

As disclosed in note 37 to the financial statements, material impairment of receivables of R8 871 388 was incurred as a result of debt which is doubtful for recovery and inadequate collecting systems.

# Chapter 1

## 1.6.3 COMMENT ON THE OVERALL PERFORMANCE OF FINANCIAL SERVICES

The Auditor General has concluded that the financial statements for the 2020/2021 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 (2020).

## 1.7 STATUTORY ANNUAL REPORT PROCESS

Molemole municipality has prepared the 2020/2021 in line with a prescribed plan. The report is in the new format prescribed by the National Treasury. This, it is believed will ensure the municipality is able to finalize the Annual Report in the first half of the financial year so as to make it more useful for future planning cycles.

The first draft of the report will be presented to Chief Audit Executive for review and ultimately submitted to Audit committee for further assessment. The final draft has been tabled in an open Council before public participation drive by the Municipal Public Accounts Committee. The draft Annual report was also 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 2020/2021 Annual Report process is depicted in the table below:

No.	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period.	July
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	
11	Auditor General assesses draft Annual Report including Annual Financial Statements and Performance data	September - October

# Chapter 1

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No.	Activity	Timeframe
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**

N.B. Take note that the above process plan also include the processes to be undertaken by MPAC until the report is approved by Council.

## 1.8 COMMENT ON THE ANNUAL REPORT PROCESS

The office of the Municipal Manager is driving the process plan through the office of the Manager: Executive Support and Manager: PMS. The operational process plan which was adapted from the main statutory plan was developed to assist with collection of departmental reports.

# Chapter 3

## 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 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

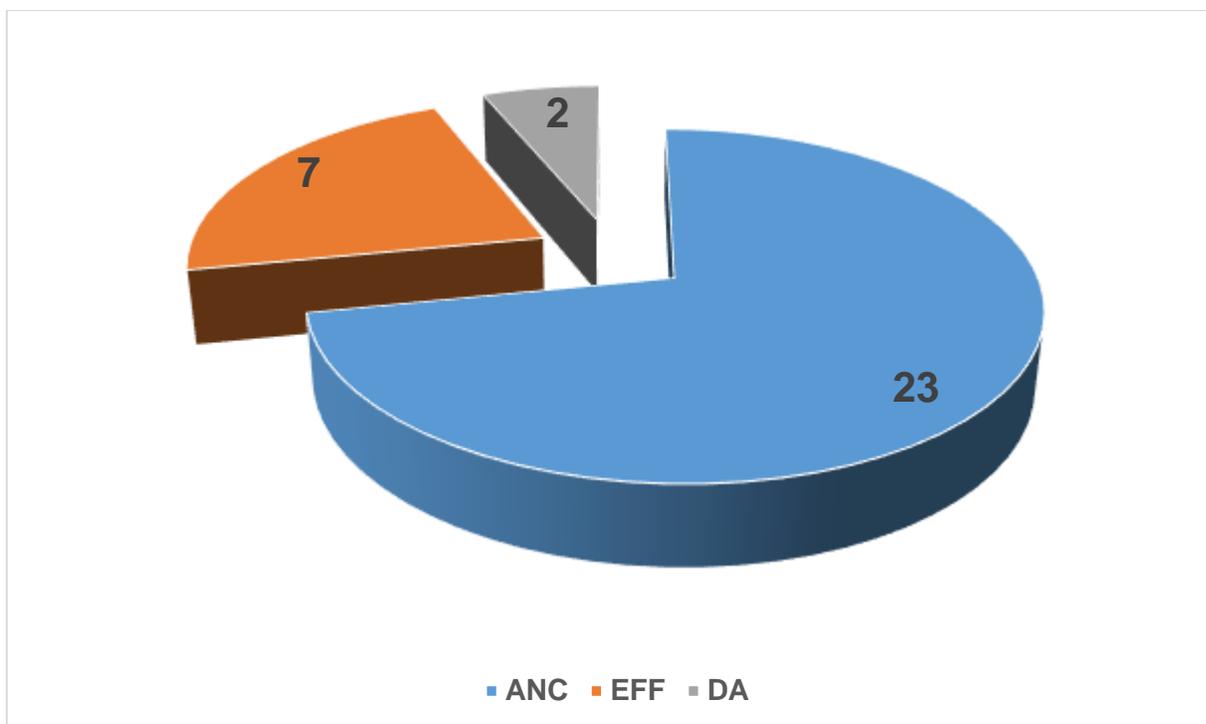
The Municipal Council, its committees, i.e. Portfolio committees, Section 79, Ethics Committee, Executive Committee as well as Municipal Public Accounts Committee (MPAC) are functional and held their meetings in line with council approved corporate calendar. The Speaker of Council has established a multi-party women caucus comprising of women Councillors from all the parties that constitute the municipal Council.

The portfolio committees were able to hold their monthly meetings to consider issues within their spheres of operation, e.g. Corporate Services, Technical services, Finance, Local Economic and Development as well as Community related issues. All the resolutions from the Portfolio committees were submitted for consideration by the Executive committee with a view to recommend for Council for approval.

The Municipal Public Accounts committee has played a critical oversight over Administrative activities. This involved project visits and monitoring, investigating matters referred to it by Council. The committee was able to consider quarterly performance reports to ensure the community gets good value for the public funds entrusted to Council.

The Ward committees from sixteen wards are fully functional. All ward committees are able to submit their monthly reports to guide the municipality on service delivery needs at ward level. It can be reported that the municipality process 48 reports on a quarterly basis from ward committees.

## b) Composition of Municipal Council



**Figure 1.9: Council composition for the current term**

## c) POLITICAL DECISION-TAKING.

The Management committee will resolve on issues to be considered by the portfolio committees as part of oversight. Once the portfolio committees consider the issues as referred to by the Management committee they will recommend for an EXCO and Council sitting to consider such issues and to resolve on them for implementation by the Management committee.

A proposed agenda with date, time and items to be discussed will be prepared for approval by the Mayor and Speaker as the chairpersons of Executive Committee and Council, respectively. Unless if a special council sitting is proposed, an invitation to the public will be issued in line with the Municipal Structures Act, 1998 (Act 117 of 1998).

First, Exco will consider portfolio reports for recommendation to Council. Council as the final arbiter, will take a resolution after having satisfied itself of the reports before it. Only then can the decisions of Council be implemented by Management. There are two traditional authorities who have been nominated to attend council meetings, namely: Machaka and Ramokgopa Traditional Authorities.

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The political executive structure of the municipality is depicted below:



**Cllr. M.E Paya  
Mayor**



**Cllr. M.S Moreroa  
Council Speaker**



**Cllr. M. E Rathaha  
Chief Whip**



**Cllr. N.W Seakamela  
Portfolio Chairperson:  
Finance**



**Cllr. M.D Lehong  
Portfolio Chairperson:  
Technical Services**



**Cllr. M.P Tawana  
Portfolio Chairperson:  
Corporate Services**



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



**Cllr. D. Meso  
Portfolio Chairperson:  
LED&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.

As reported in the previous financial year that about the vacancy for Risk Committee chairperson, we are pleased to report that the new chairperson has been appointed. 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. The strategic and operational risk registers for 2020/2021 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

The municipality had a relatively stable management core during the financial year under review. It is however still worrisome that long vacant position of Senior Manager: LED & P is still not filled due to inability to attract competent candidates. We are however pleased to report that the process is now at advanced stage and should be finalized in the second half of the financial year.

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

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<b>DESIGNATION</b>	<b>INITIALS AND SURNAME</b>	<b>Key Performance Areas</b>
<b>Municipal Manager</b>	<b>Mr. M.L Mosena</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.
<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>	<b>Mr. K.E Makgatho</b>	Administration and Auxiliary services, Human Resources management and labour relations, Information and Communication Technology and Council Support services.
<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
<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 Nkuna</b>	Local economic development, Town and Regional planning services

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## Senior Management Team



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



**Mr. M.L Mosena**  
Municipal Manager



**Mr. Y. Wasilota**  
Technical Services



**Mr. K.E Makgatho**  
Corporate Services



**Ms. TCF Nkuna**  
LED & P



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

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## 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 has been well represented in all the National Intergovernmental structures through the office of the Mayor, Speaker, Chief Whip as well as the Municipal Manager. These structures include, among others: National SALGA, Cooperative Government and Traditional Affairs, Presidential summits, other structures initiated by the various departments.

The municipality is also fully represented in all Provincial and District structures to report on issues relating to provincial service delivery. It is our firm belief that these structures are critical in that we are able to share best practices which can be duplicated in our local municipality. These include Premier and Executive Mayor's IGRs, Salga working groups which are attended by relevant departments and Portfolio Councillor. These forums are convened on a monthly and quarterly basis.

Other forums where the municipality is represented include: Provincial and District IDP Managers' forums, Disaster and Environmental forums, Provincial Thusong Service center forums, Batho Pele forums, Provincial and District Service Complaints forums, Back to Basics forums, Provincial and District Special Programmes forums (HIV/AIDS, Disability, Youth, Older persons and Women & Children).

##### b) RELATIONSHIPS WITH MUNICIPAL ENTITIES

The Municipality does not have any entity.

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## 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 the development of the IDP. Four (4) public consultative meetings were held in all the four clusters, covering all the sixteen (16) wards of the municipality. 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 report will be publicized after the Mayor has tabled it in Council meeting. The Municipal Public Accounts Committee will also conduct oversight processes through public consultations on the draft report and present the oversight report 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. Although there were restrictions imposed by Government to fight the spread of COVID-19, it was imperative that the municipality should find a practical way to account to the public and other municipal stakeholders and interested parties. The municipality has engaged the public through social media, radio and website as alternative to the normal face to face public participation.

The draft IDP and Budget was publicized in the Municipal website and the public were encouraged to make their inputs via social media (that is Facebook and Twitter), our email address and through delivery to Municipal Offices. The draft copies were also shared with Magoshi and all the Ward Committees. The Municipality is fully participating in the Intergovernmental Relations structures, namely: Municipal Manager's forum, Premier's forum, LED forums, Magoshi forums COGHSTA M&E forums and other forums as invited from time to time.

#### 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. Generally, the municipality is happy with the the effort

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put by the members during the term of this Council. All Ward committee members were paid their usual stipends only after submission of monthly reports on service delivery challenges facing their respective Wards. During the year under review the Council of the Municipality approved an increase of R 200 on the stipend of the Ward Committees. This was to cushion them against the increase in the cost of the expenses they incur in services communities in their respective Wards. The full report on functions of Ward committee for the 2020/2021 financial year is attached under Appendix E.

## c) Municipal Outreach Meetings

The municipality held two Mayoral outreach events during the year under review to report on performance of the municipality. Furthermore, the public is invited in all open council meetings to discuss such critical issues as the budget and quarterly SDBIP performance report. Three IDP Representative Forum meetings were coordinated to engage sister government institutions, Magoshi and the public on the implementation of the 2020/2021 IDP.

### 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

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IDP Participation and Alignment Criteria*	Yes/No
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 seven service points for the residents in both Mogwadi and Morebeng. Mogwadi is home for the municipal head office as well as one Driver's License and Testing Center (DLCTC), Technical Office and Library services. In Morebeng there is a satellite office, a DLTC as well as the Library. The municipality has entered a service level agreement with departments of Sports, Arts and Culture and Transport for the running of DLTC and Library Services. The construction of Moletji Office Cluster to cater for Wards 10,15 & 16 is complete and handed over to the municipality. Office furniture has been installed and network system will be installed in the second half of the 2020/2021 financial year. The office is set to function from the 4<sup>th</sup> quarter of the coming financial year.

Performance management system has been fully implemented in the year under review. We are hopeful that the municipality and indeed the community will benefit from this system through enhanced service delivery by the municipal officials.

### 2.6 RISK MANAGEMENT

Section 62(i) (c) of the Municipal Finance Management Act, 2003 (Act 53 of 2003) requires a municipality to have and maintain an effective, efficient and transparent system of risk management. According to Public Sector Risk Management framework the Risk Management Committee is an oversight committee responsible to the Accounting Officer for the monitoring of risk management (i.e. to assist in designing, implementing and coordinating the institution's risk management initiatives) for the achievement of the objectives of the municipality as contained in the IDP.

During the 2020/21 financial year the municipality has improved in terms of implementation and compliance of risk management by ensuring that all systems are in place. The municipality has ensured

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that a (i) Risk Management Committee is established with an external person appointed as Chairperson of the Committee, (ii) reviewed the risk management Policies and Strategies, (iii) and have an approved Risk Management Implementation Plan and a Risk Committee Charter.

The 2020/21 risk management policies were reviewed and approved by Council to cater for changing risk management trends. The following policies were reviewed:

- **Risk Management Policy,**
- **Risk Management Strategy**
- **Risk Management Charter**
- **Risk Management Strategy**
- **Risk Management Plan.**
- **Whistleblowing policy**
- **Fraud Prevention Strategy and Policy**
- **Gift Management policy**

Risk Management assessment was conducted in the fourth quarter of the 2020/21 financial year and the outcome of the process was the identification of the Strategic and Operational Risk Register for attention by management in the 2020/21 financial year:

### a. Strategic Risk register

The following strategic risks were identified:

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 manage and coordinate spatial planning within the municipality	Noncompliance to SPLUMA	Service delivery	Weak internal controls in spatial rationale	No municipal tribunal in place to consider land use applications	Poor Town
2	To enhance economic growth and job creations	Inadequate attraction of investors	Local Economic Development	Weak economic development	Inadequate Local Economic Development strategy	Poor Town
3	To promote sustainable basic services and infrastructure development	Ageing Infrastructure	Basic service delivery	Inadequate	Inadequate implementation of infrastructure master plan.	Dilapidated infrastructure
4		Electricity Distribution Losses	Basic service delivery	Weak internal controls in electrical unit	1, Poor monitoring of electricity connection (purchases vs sales) by municipality. 2, Theft and Vandalism of electrical infrastructure 3, Lack of bulk	Dilapidated infrastructure

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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)
					meters to confirm electrical meter unit	
5	To ensure sound and stable financial management	Low revenue streams and collection	Financial Viability	Weak internal controls in Revenue Management	1, Lack of revenue enhancement strategy. 2, Unregistered State properties 3, Negative socio political factors	Full dependence on Grants
6		Material misstatements in the Annual financial statements( AFS)		Weak internal controls in review of AFS	1, Non adherence to AFS process plan timeline and GRAP. 2, Misalignment of transactions and reporting items due to MSCOA implementation	Negative Audit Outcome
7	Maintain strong financial management environment	Unauthorised procurement of goods and services may be made	Financial sustainability	Weak internal controls in procurement	Poor management supervision and oversight	Unauthorised, Irregular and Fruitless expenditure may occur, leading to qualified financial statements
8		Material misstatement in the payroll system		Inconsistence in payroll management	Misalignment of transactions and reporting items due to MSCOA implementation	Negative Audit Outcome
9	To ensure institutional structures and plans are properly resourced to respond transformational objectives	Inadequate performance management system	Municipal transformation and Organizational Development	Weak internal controls in PMS unit	PMS unit not capacitated and PMS not cascaded to the lower officials	Low employees morals
10		Ineffective Disaster Recovery Plan	Information Technology	Weak internal controls in IT unit	Unauthorised access to the system	Loss of municipal data
11	To protect the environment	Health and safety	Outbreak of COVID 19 Pandemic	Lack of awareness of COVID 19 pandemic	Inadequate resources to fight COVID 19 pandemic	Death of Community members

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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)
12	To ensure that Waste Disposal is adequately managed	Illegal Dumping	Waste Disposal	Weak internal controls in Community Services	Air Pollution to the community	Death to the community

## 2.7 ANTI-CORRUPTION AND FRAUD

### a) ANTI-FRAUD AND CORRUPTION STRATEGY

Molemole Local Municipality has a range of measures to prevent corruption, fraud and theft; these are in sync with the national anti-corruption strategy. Accordingly, Council adopted the Fraud Prevention Policy and Strategy in June 2020, together with the Gift Management Policy; the latter operationalized the broad principles contained in the policy framework. This framework essentially defines and regulates measures to address corruption, fraud and theft. This is underscored by the understanding that criminal and other irregular conduct is detrimental to good, effective, accountable and transparent governance and hampers the service delivery capacity of the Municipality. To that end, the objective of this policy framework is to:

- Develop and foster an environment, where public representatives, the employees of the Municipality and the public shall strive to eradicate corruption, fraud and theft through the application of a full spectrum of pro-active and re-active measures at their disposal
- Encourage disclosures of corrupt practices and the protection of whistle-blowers through the application of the Protected Disclosures Act (Act No. 26 of 2000)
- Encourage the reporting of irregular acts or corrupt activities through the joint utilisation of the national anti-corruption hotline
- Ensure that, where appropriate, the municipality recovers financial losses or damages incurred by using a range of legal instruments at its disposal.

Communities are also encouraged to report all incidents relating to fraud and corruption to the district share hotline. As the Municipality we will ensure that all incident reported are followed up and investigated. The hotline number is 0800 205 053 or [cdm@tip-offs.com](mailto:cdm@tip-offs.com) or [www.tip-offs.com](http://www.tip-offs.com). There was no tangible evidence of corruption in the year under review and this can be attributed to internal control efficiencies.

### b) Internal Audit

The Internal Audit unit of the Municipality consists of Chief Audit Executive (CAE), One (1) Internal Audit who reports directly to the CAE and One (1) Intern. The unit reports administratively to the

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Accounting Officer and functionally to the Audit Committee. The main purpose of the unit was to assess the internal control environment and other risks within the municipality and provide advice to the Accounting Officer and Audit Committee in line with Section 165(2) (a)(b) of the MFMA. The Internal Audit conducted its audit in line with the approved risk based internal audit plan 2020/21. The progress report on the implementation of the plan was reported to the Audit Committee on a quarterly basis.

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## 2.8 SUPPLY CHAIN MANAGEMENT

### a) 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 procurement policy framework Act (Act 5 of 2005) as amended and the appropriate SCM regulations. The municipality applies SCM principles to procure goods and services for the municipality.

### b) SCM POLICY

The council of the Municipality approved the supply chain management policy together with the IDP in June 2020. 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.

### c) 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, and 2x Inventory Clerks. The CFO is the Accounting Officer for the department. The position for Accountant Assets has now been filled which is good news for the unit.

### d) 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. Molemole municipality has put in

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place mechanism to ensure that the committees that preside over procurement are independent from one another. Councillors are not sitting in any committees, however, they receive reports on SCM implementation on quarterly basis.

## The following Officials served as chairpersons on the bid committees

Names	Official Position Held	Committee
Mr. Mashotja M.F	Manager: Town Planning and Regional	Bid Specification Committee
Mr. Modisha N.J	Manager: Executive Support	Bid Evaluation Committee
Ms. Zulu K.	Chief Financial Officer	Bid Adjudication Committee

### e) TENDER ADVERT AND AWARDS

- f) Tenders are advertised on a municipal website and Tender documents are uploaded and downloadable on a municipal website. A total of 29 tenders were awarded during the 2020/21 financial year at a total value of R 83,797,515.65.
- g) The Supply Chain Management unit continue to play an important role of advancing empowerment policies of national government through procurement of goods and services to local businesses, youth and women-led small businesses. This is done in line with the Section 217 of the Constitution to advance the principles of Equity, fairness, competitiveness, cost-effectiveness and transparent. The table below outlines procurement statistics for the 2020/21 financial year:

2020/2021 Procurement statistics					
Quarter	Total Procurement Bill	Bill spent on Local Suppliers	% of Local	% of District Suppliers	% outside district
1 <sup>st</sup>	26,269,440.02	780,153.72	3%	88%	9%
2 <sup>nd</sup>	35,061,137.13	8,584,440.46	25%	71%	4%
3 <sup>rd</sup>	17,713,474.75	1,889,729.50	11%	31%	58%
4 <sup>th</sup>	23,052,160.33	3,696,821.95	16%	82%	2%
<b>Total</b>	<b>102,096,212.23</b>	<b>14,951,145.63</b>	<b>14%</b>	<b>68%</b>	<b>18%</b>

Qtr.	RFQ	Tender	Totals
1st Q	2,176,989.27	24,092,450.75	26,269,440.02
2nd Q	14,848,012.09	20,213,125.04	35,061,137.13
3rd Q	5,108,441.92	12,605,032.83	17,713,474.75
4th Q	15,032,145.89	8 030 014.44	23,062,160.33
<b>Totals</b>	<b>37,165,589.17</b>	<b>64 940 623.06</b>	<b>102,106,212.23</b>

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## 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.

The municipality has in the 2020/2021 financial year started the process of upgrading the website to make it more user-friendly and also be a hub of information for our users. Users are now able to download important information on government-wide policies and other service delivery programmes. Following the setting up of the new Facebook, Twitter and YouTube accounts in 2020/2021, the municipality is pleased so far with the interactions recorded so far. The number of followers and likes is ten thousand (10 000) on facebook in the 2020/2021 and 27 followers on Twitter for 2020/2021 financial year. Social media has become an invaluable resource during the COVID-19 pandemic as it assist us to interact with the public.

<b>Municipal website: content and currency of material</b>		
<b>Documents published on the municipality`s /entity`s website</b>	<b>Yes/No</b>	<b>Publishing date</b>
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

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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	
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 2019/20 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 (2020/21)	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

Batho Pele committee was holding its quarterly meetings in line with the schedule during the year. The committee's brief is to facilitate the resolution of all cases brought to the municipality and compile monthly reports to the office of the Premier. During the 2020/21 the committee did a tremendous job as they managed to resolve 100% of the reported cases.

**THE REPORT ON COMPLAINTS MANAGEMENT DURING THE 2020/2021 FINANCIAL YEAR IS TABULATED BELOW:**

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<b>Division</b>	<b>Total cases received</b>	<b>Total cases resolved</b>	<b>Total outstanding cases</b>
Municipal Manager's office	01	01	0
Finance department	03	03	0
LEDP department	01	01	0
Community Service Department	02	02	0
<u>Technical department</u>	<b>04</b>	04	0
Road	01	01	0
Electrical	01	01	0
Water & Sanitation	02	02	0
<b>TOTAL CASES</b>	<b>11</b>	<b>11</b>	<b>0%</b>

## a) CHALLENGES ON COMPLAINTS MANAGEMENT

Total cases increased from 04 in 2018/19 financial year to 18 which is a 350% increase in cases of complaints. This can be attributed to problems experienced during the lock down restrictions as the municipality was operating on a skeletal staff. Thirty eight percent of cases received are for billing section whilst 28% are for office of the Municipal Manager. It is however pleasing to report that 94% of the cases have been resolved. The municipality will put systems in place to reduce the total number of cases reported by the residents. A more people-oriented approach is required if we are to make our people happy with our services. This is even more critical as 2021 is the year of local government elections.

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

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## 1. FINANCIAL PERFORMANCE OF THE MUNICIPALITY FOR THE FINANCIAL YEAR 2020/2021

### 1.1 TOTAL REVENUE AND EXPENDITURE BY SOURCE

Description	Annual Budget R	Annual actual R	% Revenue	Variance %	Reasons for variance
Property Rates	49 549 630	49 558 003	100	-0	None
Service Charges- Electricity Revenue	11 271 705	8 433 035	75	25	The municipality has projected the amount based on the consumption scale from Eskom and the realization amount is based on the actual figure
Service Charges-Refuse Revenue	2 391 314	2 628 852	110	-10	None
Rental of facilities and equipment	244 463	254 993	104	-4	None
Interest earned- external investment	2 606 550	2 543 773	98	2	None
Interest earned- outstanding debtors	1 458 413	1 342 318	92	8	None
Fines, penalties and forfeits	1 287 241	493 491	38	62	COVID-19 restriction measures during the pandemic challenges.
Licences and permits	7 383 452	4 890 684	66	34	COVID-19 restriction measures and the continuously closing of the station during the pandemic challenges.
Agency services	694 618	718 633	103	-3	None
Transfers and subsidies	230 945 196	230 316 073	100	0	None

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Description	Annual Budget R	Annual actual R	% Revenue	Variance %	Reasons for variance
Other revenue	378 914	1 348 477	356	-256	The municipality could not finalize the collection in other revenue due the COVID-19 challenges.
<b>TOTAL REVENUE INCLUDING CAPITAL TRANSFERRED</b>	<b>308 211 496</b>	<b>302 528 332</b>	98	<b>2</b>	

The Annual Revenue Budget for 2020/21 financial year amounted to **R308 211 496**. The actual revenue for the period ending 30 June 2021 amounts to **R 302 528 332**. On average 100% of all allocated budget should be collected by end of financial year, the municipality only collected 98%.

## 1.2 OPERATING BUDGET AND EXPENDITURE FOR THE 2020/2021 FINANCIAL YEAR

DESCRIPTION	ANNUAL BUDGET R	ANNUAL ACTUAL R	% EXPENDI TURE	% VARIANCE	REASONS FOR VARIANCE
Employee related costs	98 402 403	91 626 639	93	7	Vacant posts not yet filled.
Remuneration of Councillors	15 010 262	12 959 102	86	14	None
Debt impairment	9 099 772	8 871 388	97	3	None
Depreciation & asset impairment	18 281 752	12 114 550	66	34	None
Finance charges	2 177 953	183 629	8	92	None
Bulk purchases	11 037 708	11 026 473	100	0	None

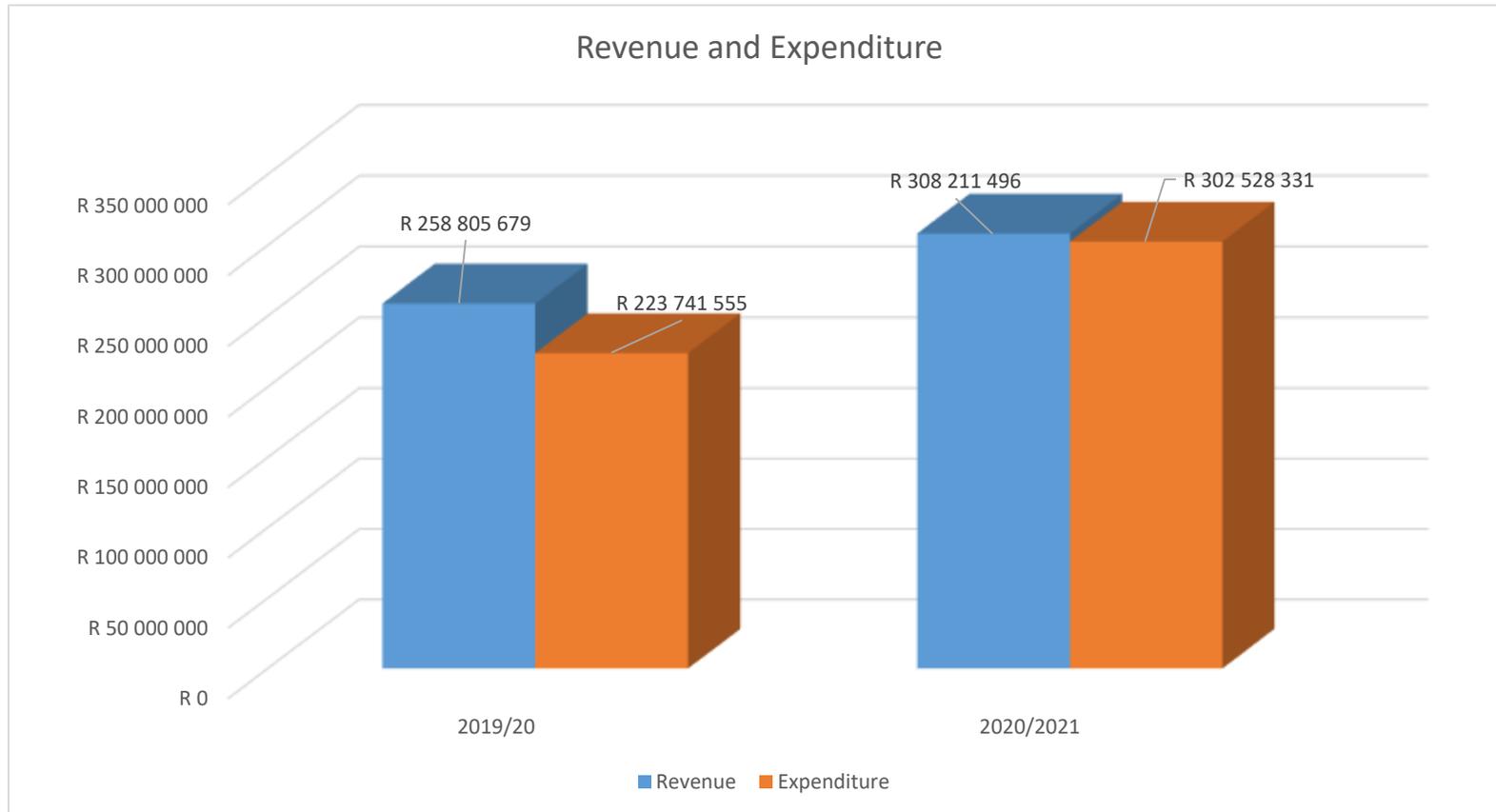
# Chapter 3

DESCRIPTION	ANNUAL BUDGET R	ANNUAL ACTUAL R	% EXPENDITURE	% VARIANCE	REASONS FOR VARIANCE
Other materials	42 630 682	38 259 566	90	10	Most operational projects where not performed due to Covid 19 pandemic.
Contracted services	43 524 881	39 119 438	90	10	Most operational projects where not performed due to Covid 19 pandemic.
<b>Total : expenditure</b>	<b>245 629 633</b>	<b>213 987 689</b>	<b>87</b>	<b>13</b>	

The Annual operating budget for 2020/21 financial year amounted to **R245 629 633**. The actual expenditure for the period ending 30 June 2021 amounts to **R 214,160,785**.. On average 100% of all allocated budget should be spent by end of financial year, the municipality has spent 87% on operating expenditure inclusive of staff benefits.

# Chapter 3

## 1.3 CHART: REVENUE AND EXPENDITURE FOR 2020/2021



# Chapter 3

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## 1.4 CAPITAL BUDGET AND EXPENDITURE FOR THE 2020/2021 FINANCIAL YEAR

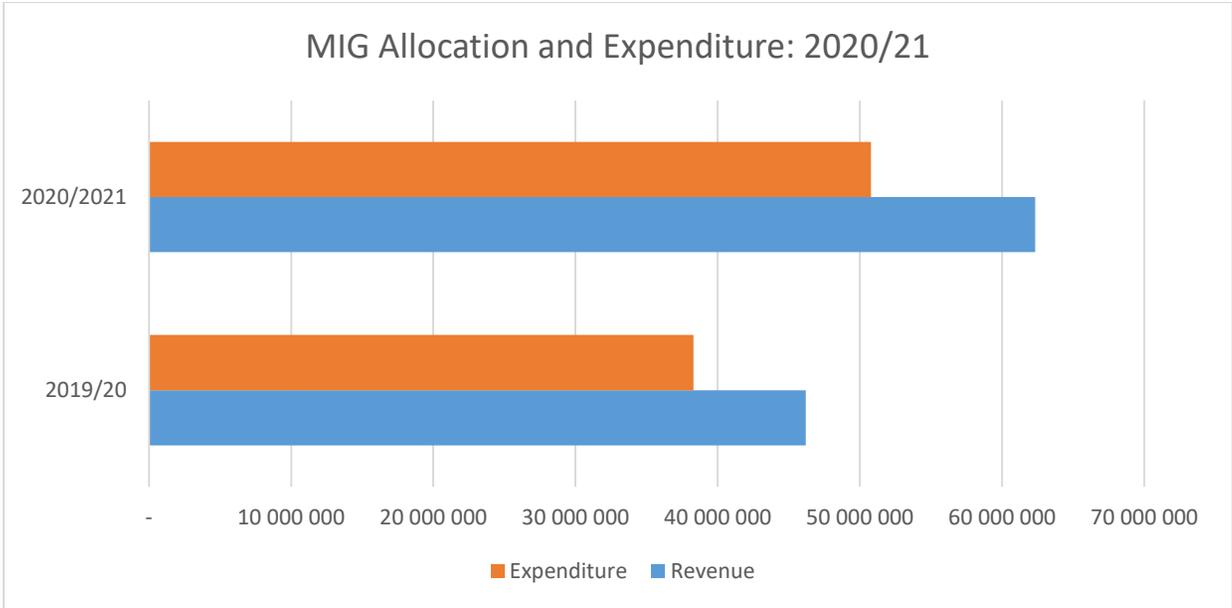
DESCRIPTION	BUDGET R	ANNUAL ACTUAL R	% EXPENDITURE	% VARIANCE	REASONS FOR VARIANCE
Property plant and equipment	62 331 862	50 056 507	80	20	None

Payments in respect of capital projects up to 30 June 2021 amounts to **R 62 331 862** against an Annual budget of **R 50 056 507**, which is 80% against the annual budget.

# Chapter 3

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## 1.5 MIG CAPITAL AND EXPENDITURE PER FINANCIAL YEAR: 2020/2021



# Chapter 3

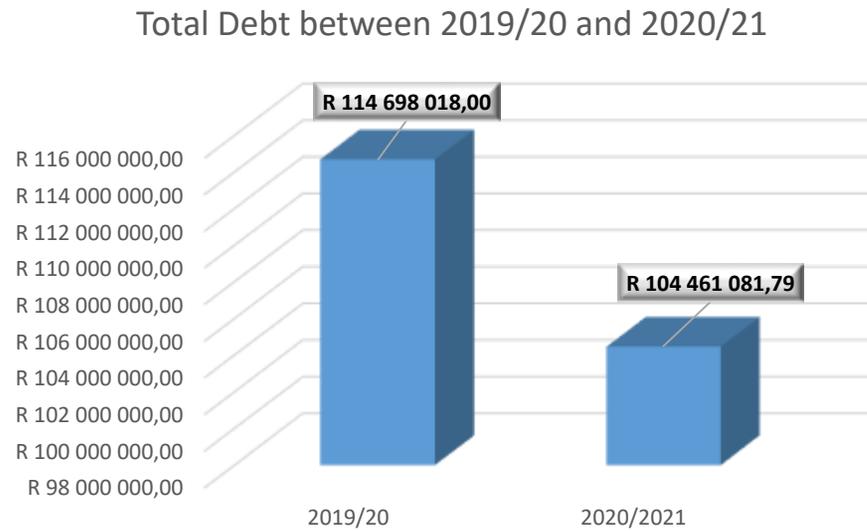
## 1.6 COMPREHENSIVE ANALYSIS OF SERVICE DEBTORS

Details	30 DAYS	60 DAYS	90 DAYS	120 DAYS	Total DEBIT-AMOUNT	Total CREDIT AMOUNT	NETT AMOUNT
Credits	R 0.00	-R 3,182,055.63	-R 3,182,055.63				
Electricity	49 611,12	85 940,97	65 426,00	59 085,85	3 572 596,04	3 832 659,98	-
Other service charges	6 610,86	6 582,86	6 516,31	11 114,43	748 966,28	779 790,74	-
Rates : Agricultural properties	109 298,23	109 244,26	109 168,21	109 103,74	10 963 967,09	11 400 781,53	-
Rates : Business and commercial	169 066,87	160 770,35	143 202,13	132 586,60	5 438 407,02	6 044 032,97	-
Rates : Farm properties	38,10	36,69	36,30	36,30	830,19	977,58	-
Rates : National government	2 288 040,25	2 278 572,89	2 245 240,44	2 236 980,68	42 332 406,90	51 381 241,16	-
Rates : Public service infrastructure	572,24	572,24	572,24	572,24	84 616,01	86 904,97	-
Rates : Residential development	237 991,18	233 163,53	225 705,72	225 438,87	10 284 771,24	11 207 070,54	-
Rates : Residential Vacant land	5 865,02	5 492,13	5 385,36	5 351,79	235 970,03	258 064,33	-
Waste	273 942,05	270 518,06	267 273,74	264 706,16	12 892 372,98	13 968 812,99	-
Waste water		91 165,32	89 279,51	88 255,88	2 673 716,55	3 035 968,90	-
Water		144 214,29	100 301,40	104 346,60	5 193 187,05	5 646 831,73	-
<b>Grand Total</b>	3 141 035,92	3 386 273,59	3 258 107,36	3 237 579,14	94 421 807,38	107 643 137,42	- 3 182 055,63
Water and Sewerage (CDM)		235 379,61	189 580,91	192 602,48	7 866 903,60	8 682 800,63	

# Chapter 3

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## 1.7 GRAPHICAL ILLUSTRATION: TOTAL DEBT 2019/20 AND 2020/2021



# Chapter 3

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## 1.8 NON-FINANCIAL/SERVICE DELIVERY PERFORMANCE

### A. SUMMARY OF NON-FINANCIAL PERFORMANCE PER MUNICIPAL DEPARTMENTS: 2019/20

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
<b>1</b>	<b>Corporate Services</b>	09	02	03	43%	04	57%
<b>2</b>	<b>Technical Services</b>	18	04	10	71%	05	36%
<b>3</b>	<b>Community Services</b>	08	04	02	50%	02	50%
<b>4</b>	<b>Local Economic Development &amp; Planning</b>	15	03	05	38%	08	62%
<b>5</b>	<b>Budget and Treasury</b>	10	01	05	56%	04	44%
<b>6</b>	<b>Municipal Manager's Office</b>	19	0	11	58%	08	42%
	<b>Total</b>	<b>79</b>	<b>14</b>	<b>35</b>	<b>54%</b>	<b>18</b>	<b>46%</b>

# Chapter 3

## B. SUMMARY OF NON-FINANCIAL PERFORMANCE PER MUNICIPAL DEPARTMENTS DURING 2020/2021

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>

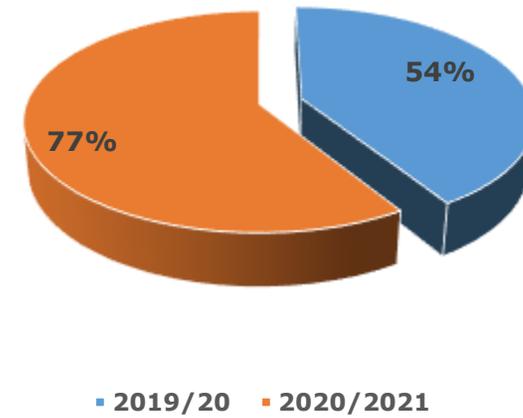
# Chapter 3

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## C. GRAPHICAL ILLUSTRATION: PERCENTAGE OF TARGETS ACHIEVED



Comparison of targets achieved



N.B: There were 80 targets in the 2020/2021 financial year compared to 79 targets in the 2019/20 financial year. Overall achievement is 77% for the 2020/2021, compared to 54% in the previous financial year. This is an improvement of 43%

# Chapter 3

## D. SUMMARY OF NON- PERFORMANCE OF SET TARGETS AND MEASURES TO IMPROVE PERFORMANCE

DESCRIPTION OF TARGETS NOT ACHIEVED	REASON FOR VARIANCE	CORRECTIVE MEASURES
<b>1. LED&amp;P Department</b>		
Compilation of precinct plan	Precinct Plan report not approved by Council	To be approved in the first quarter of 2021/2022
0 of 1 of AG findings resolved	Land illegally occupied by third parties	The matter was referred to Legal Services for consideration
<b>2. TECHNICALSERVICES</b>		
Construction of Culvert Bridges.	Service Provider Terminated the contract due price increase of materials	To be implemented in the 2021/2022 financial year
Number of Stadium grand stands constructed.	Rising water table which required trenching and rock-fill that prevented construction of 31 seater grand stand	Construction of 31 seater grand stand to be done when funds are available
50% of Risks resolved	Old-fashioned meters and Illegal connections	Continue installation of smart meters and penalizing illegal connection offenders
50% of Council Resolutions implemented	Delays in finalizing the specification due to Covid19 cases	Specification to be finalized in the first quarter of 2021/2022
83% of AG Findings resolved	Old-fashioned meters and Illegal connections	Continue installation of smart meters and penalizing illegal connection offenders
<b>3. COMMUNITY SERVICES</b>		
Procurement of a traffic equipment	Non-Responsive bids	To be implemented in 2021/2022
50% (1 of 2) risks implemented	Draft by-laws awaiting public participation and Council approval	Public participation to be implemented in the 2021/2022 financial year
<b>4. BUDGET AND TREASURY</b>		

# Chapter 3

<b>DESCRIPTION OF TARGETS NOT ACHIEVED</b>	<b>REASON FOR VARIANCE</b>	<b>CORRECTIVE MEASURES</b>
Procurement of 05 Asset Verification Scanners and Linked to Asset register	Non responsive Bid	To be budgeted for in the financial year 2022/2023
Debtor Recovery Analysis	Report awaiting consideration by Council	1st Quarter 2021/22
71% of Internal Audit findings resolved	Controls required more time to be implemented and was impractical to be completed in 2020/21	To be resolved in the year 2021/22
75% of Risk register implemented	Disconnection of services still outstanding	To be implemented in the new financial year 2021/22
0% of AG findings resolved	Controls required more time to be implemented and was impractical to be completed in 2020/21	To be resolved in the year 2021/22
<b>5. OFFICE OF MUNICIPAL MANAGER</b>		
91% of Audit Committee resolutions implemented	Appointment of Risk Champions in progress	1st Quarter 2021/2022
<b>6. CORPORATE SERVICES</b>		
67% of Internal Audit findings resolved	Employees working from home due to COVID restrictions.	Time book is signed by all employees reporting to work basis.
50% of Audit Committee findings resolved	Unavailability of budget to fund proposed Litigation Officer position	Mobilize funding in the 2022/23 financial year

# Chapter 3

## 1.9 Departmental performance against planned targets as per the 2020/2021 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 2019/20 provides a comprehensive picture of the performance per Department. It consists of objectives, indicators and targets derived from the approved SDBIP.

### A. LOCAL ECONOMIC DEVELOPMENT AND PLANNING

Key performance area (KPA) 1			SPATIAL PLANNING AND RATIONALE										
Outcome 9			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs			Implement a differentiated approach to municipal financing, Planning and support <ul style="list-style-type: none"> <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	Key Performance Indicator	Project name	Baseline	2020/21 Annual Target	2020/21 Revised Annual Target	2019/20 Actual Achievement	2020/21 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2020/2021 Budget	2020/2021 Expenditure	Means of verification
LED&P-001-2020/21	Number of workshops conducted	Spatial Planning awareness workshops	3 x spatial planning workshops conducted	4	None	Not Achieved	4 workshops conducted		None	None	150 000	90 750	Invites, attendance register, agenda, presentations
LED&P-002-2020/21	Number of settlements demarcated	Demarcation of sites	241 Sites demarcated	270	None	Not Achieved	270 sites demarcated		None	None	560 000	512 672.50	Advert, Specification, Appointment letter, Layout plan,

# Chapter 3

Key performance area (KPA) 1			SPATIAL PLANNING AND RATIONALE										
Outcome 9			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs			Implement a differentiated approach to municipal financing, Planning and support <ul style="list-style-type: none"> <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	Key Performance Indicator	Project name	Baseline	2020/21 Annual Target	2020/21 Revised Annual Target	2019/20 Actual Achievement	2020/21 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2020/2021 Budget	2020/2021 Expenditure	Means of verification
													Approval letter.
LED&P-003-2020/21	Number of precinct plans compiled	Compilation of precinct plan	1 Precinct plan compiled	1	None	Not Achieved	1 Precinct plan compiled		Precinct Plan report not approved by Council	To be approved in the first quarter of 2021/2022	441 000	187 009	Specification, Advert, Appointment letter, Draft Precinct Plan, Final Precinct plan report, Council resolution
LED&P-004-2020/21	Number of settlements surveyed	Surveying of existing settlements	1 settlement surveyed	1 settlement surveyed	None	Achieved	1 settlement surveyed		None	None	700 000	567 000	Specification, Advert, Appointment letter, Draft, and Final Survey reports

# Chapter 3

Key performance area (KPA) 1			SPATIAL PLANNING AND RATIONALE										
Outcome 9			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs			Implement a differentiated approach to municipal financing, Planning and support <ul style="list-style-type: none"> <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	Key Performance Indicator	Project name	Baseline	2020/21 Annual Target	2020/21 Revised Annual Target	2019/20 Actual Achievement	2020/21 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2020/2021 Budget	2020/2021 Expenditure	Means of verification
LED&P-005-2020/21	Number of Sign Boards erected	Erection of Sign Boards	New Indicator	30 sign Boards erected	None	None	30 sign boards erected		None	None	180 000	179 681	Approved Specification, Advert, Order, Invoice, Deliver Note
LED-006-2020/21	Number of IDP/Budget reviewed and adopted by Council	Development and Review of IDP/Budget	2020/21 IDP/Budget reviewed and adopted by Council	2021/22 IDP/Budget Reviewed and adopted by Council	None	Achieved	2021/22 IDP/Budget Reviewed and adopted by Council		None	None	201 605,46	208 480,10	Attendance registers, invites and IDP document, Council Resolution
LED-007-2020/21	Number of IDP Representative Forums coordinated	Coordination of IDP Representative Forums	3 IDP Rep forums coordinated	2 IDP Rep forums coordinated	None	Achieved	3 IDP Rep forums held		None	None	152 878,94	127 900.27	Attendance registers, invites and IDP Rep forum reports
LED-008-2020/21	Number of strategic planning sessions coordinated	Coordination of Strategic Planning Sessions	3 Strategic planning sessions	3 Strategic planning session	None	Not Achieved	3 strategic planning sessions coordinated		None	None	379 289,60	340 667,05	Attendance registers, invites, Agenda and IDP document

# Chapter 3

Key performance area (KPA) 1			SPATIAL PLANNING AND RATIONALE										
Outcome 9			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs			Implement a differentiated approach to municipal financing, Planning and support <ul style="list-style-type: none"> <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	Key Performance Indicator	Project name	Baseline	2020/21 Annual Target	2020/21 Revised Annual Target	2019/20 Actual Achievement	2020/21 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2020/2021 Budget	2020/2021 Expenditure	Means of verification
			coordinated	s coordinated									
LED&P-009-z20/21	Number of LED Forum meetings held	Coordination of LED Forum meetings	3 LED forum meetings held	4 LED forum meetings to be held	None	Not Achieved	4 forum meetings coordinated	😊	None	None	80 000	77 800	Attendance registers, Minutes, Agenda
LED&P-010-2020/21	Number of SMME's trained	SMME training and development	20 SMMEs trained	80 SMMEs trained	None	Not Achieved	80 SMMEs trained	😊	None	None	560 000	545 000	Advert, Appointment letter, Training report.
LED&P-011-2020/21	Number of Agricultural projects and farmers mentored	Agricultural Skills development and mentorship	New Indicator	40 Agricultural farmers mentored	None	None	40 Agricultural projects and farmers mentored	😊	None	None	150 000	126 000	Specification, Advert, Order, Monitoring reports
LED&P-012-	Percentage of Job opportunities facilitate	Job opportunities facilitate	New Indicator	100%	None	None	100% (212 of 212)	😊	None	None	Opex	Opex	Job opportunities report

# Chapter 3

Key performance area (KPA) 1			SPATIAL PLANNING AND RATIONALE										
Outcome 9			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs			Implement a differentiated approach to municipal financing, Planning and support <ul style="list-style-type: none"> <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	Key Performance Indicator	Project name	Baseline	2020/21 Annual Target	2020/21 Revised Annual Target	2019/20 Actual Achievement	2020/21 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2020/2021 Budget	2020/2021 Expenditure	Means of verification
2020/21	facilitated/coordinated	d/coordinated											
LED&P-OP-13-2020/21	Percentage of internal audit queries addressed	Internal Audit action plan	No findings raised	100%	None	No findings raised	None	☹️	No internal audit findings raised	None	Opex	Opex	Updated Internal Audit action plan
LED&P-OP-14-2020/21	Percentage of AG Action Plan implemented	Implementation of AG Action Plan	No issues raised	100%	None	No findings raised	0% (0 of 1) (2018/19 Action plan)	☹️	Land illegally occupied by third parties	The matter referred to Legal Services for consideration	Opex	Opex	Update AG Action plan
LED&P-OP-15-2020/21	Percentage of Risk register implemented	Implementation of Risk register	50%	100%	None	Not Achieved	100% (2 of 2)	😊	None	None	Opex	Opex	Updated Strategic risk register
LED&P-OP-16-	Percentage of Council resolutions	Implementation of Council	100%	100%	None	Achieved	100% (7 of 7)	😊	None	None	Opex	Opex	Updated Council resolution register

# Chapter 3

<b>Key performance area (KPA) 1</b>		<b>SPATIAL PLANNING AND RATIONALE</b>											
<b>Outcome 9</b>		<b>Responsive, Accountable, Effective and Efficient Local Government System</b>											
<b>Outputs</b>		<b>Implement a differentiated approach to municipal financing, Planning and support</b> <ul style="list-style-type: none"> <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	Key Performance Indicator	Project name	Baseline	2020/21 Annual Target	2020/21 Revised Annual Target	2019/20 Actual Achievement	2020/21 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2020/2021 Budget	2020/2021 Expenditure	Means of verification
2020/21	implemented	resolutions											
LED&P-OP-17-2020/21	Percentage of Audit Committee resolutions implemented	Implementation Audit Committee Resolutions	100%	100%	None	Achieved	None		No resolutions raised	None	Opex	Opex	Updated Audit Committee resolution register
<b>Total KPIs: 17</b>													

<b>Summary of performance: LED &amp; Planning</b>		
	<b>Number of targets achieved</b>	<b>13</b>
	<b>Number of Targets Not achieved</b>	<b>02</b>
	<b>Targets Discontinued/Not verifiable</b>	<b>02</b>
<b>Total Number of KPIs</b>		<b>17</b>

# Chapter 3

## 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 Organizational Strategic Objective		To provide sustainable basic services and infrastructure development											
IDP Ref no	Key Performance Indicator	Project name	Baseline	2020/21 Annual Target	2020/21 Revised Annual Target	2019/20 Actual Achievement	2020/21 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2020/2021 Budget	2020/2021 Expenditure	Means of verification
TECH-001-2020/21	Number of Culvert Bridges Constructed	Construction of Culvert Bridges.	New indicator	10 x Culvert Bridges	5x Culvert bridges constructed	None	0 Culvert bridges constructed		Service Provider Terminated the contract due price increase of materials	To be implemented in the 2021/2022 financial year	1 260 000	0	Approved Specification, Tender Advert, Appointment Letter and signed SLA and monthly progress report, Practical completion certificate
TECH-002-2020/21	Number of road kilometres constructed	Upgrading of Nthabise Internal Street from Gravel to Surface Phase 5	2km Gravel to surfacing constructed	1.5 km Gravel to Surfacing upgraded.	None	Achieved	1.5 km Gravel to Surfacing upgraded.		None	None	12 282 138	12 135 965,43	Tender advert and approve specification Appointments letter and Signed SLA, Monthly progress reports and practical,

# Chapter 3

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 Organizational Strategic Objective			To provide sustainable basic services and infrastructure development										
IDP Ref no	Key Performance Indicator	Project name	Baseline	2020/21 Annual Target	2020/21 Revised Annual Target	2019/20 Actual Achievement	2020/21 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2020/2021 Budget	2020/2021 Expenditure	Means of verification
													completion certificate,
TECH - 003-2020/21	Number of road kilometers constructed	Upgrading of Capricorn Park Internal Street from Gravel to Surface Phase 3	2 km Gravel to surfacing Constructed	2.0 km Gravel to Surfacing upgrade d.	None	Achieved	2.0 km gravel to surfacing upgraded .		None	None	13 952 141	13 952 141	Tender advert and approved specification Appointments letter and Signed SLA, Monthly progress reports, and practical, completion certificate,
TECH -004-2020/21	Number of road kilometers constructed	Upgrading of Kgwadu to Botlokwa Primary school from gravel to surface phase 1	New Indicator	0.7km Gravel to surfacing upgrade d phase 1	None	None	0.7km Gravel to surfacing upgraded phase 1		None	None	6 761 981	6 678 388,62	Tender advert Approved Specification, Appointments letter and signed SLA, Approved designs, monthly progress

# Chapter 3

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 Organizational Strategic Objective			To provide sustainable basic services and infrastructure development										
IDP Ref no	Key Performance Indicator	Project name	Baseline	2020/21 Annual Target	2020/21 Revised Annual Target	2019/20 Actual Achievement	2020/21 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2020/2021 Budget	2020/2021 Expenditure	Means of verification
													report, and practical, completion certificate,
TECH-012-2020/21	Number of Stadium grand stands constructed	Construction of Grand Stand and Ancillary Works at Mohodi Sports Complex	Completed phase 1&2 Mohodi sports complex	1500 seater grand stand constructed	None	Not Achieved	1469 seater grand stand constructed		Rising water table which required trenching and rock-fill that prevented construction of 31 seater grand stand	Construction of 31 seater grand stand to be done when funds are available	3 000 000	2 922 150	Approved specification , tender advert, appointment letter and signed SLA, Progress Reports Practical completion certificate

# Chapter 3

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 Organizational Strategic Objective			To provide sustainable basic services and infrastructure development										
IDP Ref no	Key Performance Indicator	Project name	Baseline	2020/21 Annual Target	2020/21 Revised Annual Target	2019/20 Actual Achievement	2020/21 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2020/2021 Budget	2020/2021 Expenditure	Means of verification
TECH-013-2020/21	Number of Smart Meters Procured and delivered	Procurement and Delivery of Smart meters	220 Smart Meters procure d and delivered	500 Smart meters procured and delivered	None	Discontinued	550 smart meters procured and delivered		None	None	1 048 812	1 048 812	Approved Specification, tender advert, Appointment letter and signed SLA, Delivery note
TECH-014-2020/21	Number of households electrified	Electrification of households in Fatima Village Phase 1	New indicator	500 households electrified	None	None	500 households electrified		None	None	9 000 000	8 714 412.24	Approved specification, tender advert, appointment letter and signed SLA Approved designs, Completion certificates

# Chapter 3

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 Organizational Strategic Objective			To provide sustainable basic services and infrastructure development										
IDP Ref no	Key Performance Indicator	Project name	Baseline	2020/21 Annual Target	2020/21 Revised Annual Target	2019/20 Actual Achievement	2020/21 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2020/2021 Budget	2020/2021 Expenditure	Means of verification
TECH-015-2020/21	Number of Streetlights Upgraded	Upgrading of 300 Street Lights in Mogwadi and Morebeng	New Indicator	300 Streetlights Upgraded.	None	None	315 Streetlights upgraded		None	none	2 700 000	2 538 226.95	Approved Specification, Tender Advert Appointment Letter and Signed SLA Monthly Progress Reports and Practical and Completion Certificate.
TECH-016-2020/21	Number of High Mast Lights installed	Installation of High Mast Lights	6 High Mast Lights installed	3 High Mast Lights installed	None	Achieved	3 High Mast Lights installed		None	None	1 595 418	1 595 418	Approved Specification, Tender Advert Appointment Letter and Signed SLA Monthly Progress Reports and Practical and

# Chapter 3

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 Organizational Strategic Objective			To provide sustainable basic services and infrastructure development										
IDP Ref no	Key Performance Indicator	Project name	Baseline	2020/21 Annual Target	2020/21 Revised Annual Target	2019/20 Actual Achievement	2020/21 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2020/2021 Budget	2020/2021 Expenditure	Means of verification
													Completion Certificate.
TECH-017-2020/21	Number of Diesel Generators Supplied and Installed	Supply & Installation of Diesel Generators in Mogwadi and Morebeng	New Indicator	2 x Diesel Generators to be Installed	None	None	2 x Diesel Generators Installed.		None	None	496 655	496 655	Approved Specification, Tender Advert Appointment Letter, Signed SLA and monthly progress report.
TECH OP-019-2020/21	Percentage of internal audit queries addressed	Internal Audit action plan	No findings raised	100%	None	No Findings raised	None		No Findings raised	None	Opex	Opex	Updated Internal Audit action plan
TECH OP-020-2020/21	Percentage of risks resolved within timeframe as specified in the risk register	Implementation of Risk Register	50% resolved	100%	None	Not Achieved	50% (1 of 2)		Old-fashioned meters and Illegal connections	Continue installation of smart meters and penalizing illegal connecti	Opex	Opex	Updated Strategic risk register

# Chapter 3

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 Organizational Strategic Objective			To provide sustainable basic services and infrastructure development										
IDP Ref no	Key Performance Indicator	Project name	Baseline	2020/21 Annual Target	2020/21 Revised Annual Target	2019/20 Actual Achievement	2020/21 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2020/2021 Budget	2020/2021 Expenditure	Means of verification
										on offenders			
TECH OP-021-2020/21	Percentage of Council resolutions implemented	Implementation of Council resolutions	75% resolutions implemented	100%	None	Not Achieved	50% (1 of 2)		Delays in finalizing the specification due to Covid19 cases	Specification to be finalized in the first quarter of 2021/2022	Opex	Opex	Updated Council resolution register
TECH OP-022-2020/21	Percentage of Audit Committee resolutions implemented	Implementation of Audit Committee resolutions	100%	100%	None	Achieved	None		No resolutions raised	None	Opex	Opex	Updated Audit Committee resolution register
TECH OP-023-2020/21	Percentage of AG Action Plan implemented	Implementation of AG Action Plan	83% of AG Action Plan implemented	100%	None	Not Achieved	83% (5 of 6) (2018/19)		Old-fashioned meters and Illegal	Continue installation of smart meters and penalizing	Opex	Opex	Update AG Action plan

# Chapter 3

<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 Organizational Strategic Objective</b>			<b>To provide sustainable basic services and infrastructure development</b>										
<b>IDP Ref no</b>	<b>Key Performance Indicator</b>	<b>Project name</b>	<b>Baseline</b>	<b>2020/21 Annual Target</b>	<b>2020/21 Revised Annual Target</b>	<b>2019/20 Actual Achievement</b>	<b>2020/21 Actual Achievement</b>	<b>Annual Outcome</b>	<b>Reason for variance</b>	<b>Corrective measure</b>	<b>2020/2021 Budget</b>	<b>2020/2021 Expenditure</b>	<b>Means of verification</b>
									connections	g illegal connection offenders			
<b>Total KPIs: 15</b>													

<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>04</b>
	<b>Targets Discontinued/Not verifiable</b>	<b>02</b>
<b>Total Number of KPIs</b>		<b>15</b>

# Chapter 3

## C. BASIC SERVICES - COMMUNITY SERVICES

Key performance area (KPA) 2		BASIC SERVICE DELIVERY											
Outcome		Responsive, Accountable, Effective and Efficient Local Government System											
Outputs		Improving access to basic services											
Key Organizational Strategic Objective		To promote social cohesion											
IDP Ref no	Key Performance Indicator	Project name	Baseline	2020/21 Annual Target	2020/21 Revised Annual Target	2019/20 Actual Achievement	2020/21 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2020/21 Budget	2020/21 Expenditure	Means of verification
COMM - 001-2020/21	Number of traffic equipment procured	Procurement of a traffic equipment	New Indicator	1 traffic equipment procured	None	None	0 traffic equipment procured		Non-Responsive bids	To be implemented in 2021/2022	300 000	0	Approved Specification, Advert, Appointment Letter, Delivery note
COMM -004-2020/21	Percentage of internal audit queries addressed	Audit action plan	No Findings raised	100%	None	No findings raised	None		No findings raised	None	Opex	Opex	Updated Internal Audit action plan
COMM -005-2020/21	Percentage of risks resolved within timeframe as specified in the risk register	Implementation of Risk register	0% risks implemented	100%	None	Not achieved	50% (1 of 2)		Draft by-laws awaiting public participation and Council approval	Public participation to be implemented in the 2021/2022 financial year	Opex	Opex	Updated Strategic risk register
COMM -006-	Percentage of Council resolutions	Implementation of Council	50% of council resolutions	100%	None	Not Achieved	None		No resolutions for	None	Opex	Opex	Updated Council

# Chapter 3

<b>Key performance area (KPA) 2</b>			<b>BASIC SERVICE DELIVERY</b>										
<b>Outcome</b>			<b>Responsive, Accountable, Effective and Efficient Local Government System</b>										
<b>Outputs</b>			<b>Improving access to basic services</b>										
<b>Key Organizational Strategic Objective</b>			<b>To promote social cohesion</b>										
IDP Ref no	Key Performance Indicator	Project name	Baseline	2020/21 Annual Target	2020/21 Revised Annual Target	2019/20 Actual Achievement	2020/21 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2020/21 Budget	2020/21 Expenditure	Means of verification
2020/21	implemented	resolutions	ons implemented						implem ntation				resolution register
COMM OP-007--2020/21	Percentage of Audit Committee resolutions implemented	Implementation Audit Committee resolutions	No audit Committee resolutions taken	100%	None	None	None	☹️	No audit Committee resolutions taken	None	Opex	Opex	Updated Audit Committee resolution register
COMM -008-2020/21	Percentage of AG Action Plan implemented	Implementation of AG Action Plan	100%	100%	None	Achieved	None	☹️	No findings raised	None	Opex	Opex	Update AG Action plan
<b>Total KPIs: 06</b>													

<b>Summary of performance: Basic Service Delivery</b>		
😊	<b>Number of targets achieved</b>	<b>0</b>
☹️	<b>Number of Targets Not achieved</b>	<b>02</b>
😐	<b>Targets Discontinued/Not verifiable</b>	<b>04</b>
<b>Total Number of KPIs</b>		<b>06</b>

# Chapter 3

## D. FINANCIAL VIABILITY – BUDGET AND TREASURY DEPARTMENT

Key performance area (KPA 4)		MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT											
Outcome 9		Responsive, Accountable, Effective and Efficient Local Government System											
Outputs		Administrative and financial capability											
Key Organizational Strategic Objective		To ensure sound financial management and self-sustainable organization											
IDP Ref no	Key Performance Indicator	Project name	Baseline	2020/21 Annual Target	2020/21 Revised Annual Target	2019/20 Actual Achievement	2020/21 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2020/21 Budget	2020/21 Expenditure	Means of verification
BNT-001-2020/21	Number of inventory management systems automated	Automation of Inventory Management System	New Indicator	1 Inventory Management System automated	None	None	Inventory management system automated	😊	None	None	350 000	258 750	Approved Specification, Advert, Appointment letter, Report on automated Inventory system
BNT-002-2020/21	100% of Infrastructure assets unbundled and revaluated	Revaluation and Unbundling of all the Infrastructure Assets	100%	100% of Infrastructure assets revaluated and unbundled	None	Achieved	100% of Infrastructure assets revaluated and unbundled	😊	None	None	1 000 000	869 000	Approved Specification, Advert, Appointment letter, Report on Assets revaluated and unbundled
BNT-003-2020/21	Number of Asset Verification Scanners procured and linked	Procurement of 05 Asset Verification Scanners and Linked to	New Indicator	05 Asset Verification Scanners and Linked to Asset register	None	None	0 Scanners procured	😞	Non responsive Bid	To be budgeted for in the financial year 2022/2023	350 000	0	Approved Specification, Advert, Appointment letter, Asset verification

# Chapter 3

Key performance area (KPA 4)			MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT										
Outcome 9			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs			Administrative and financial capability										
Key Organizational Strategic Objective			To ensure sound financial management and self-sustainable organization										
IDP Ref no	Key Performance Indicator	Project name	Baseline	2020/21 Annual Target	2020/21 Revised Annual Target	2019/20 Actual Achievement	2020/21 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2020/21 Budget	2020/21 Expenditure	Means of verification
	to Asset register	Asset register											system and scanners
BNT-004-2020/21	Number of Revenue Enhancement Strategies developed and Implemented	Development and the Implementation of the Revenue Enhancement Strategy	New Indicator	1 Revenue Enhancement Strategy and Implementation Plan developed	None	None	1 Revenue Enhancement Strategy and Implementation plan developed		None	None	800 000	785 905,40	Approved Specification, Appointment letter, Approved Revenue enhancement strategy, Implementation Plan
BNT-005-2020/21	Number of debtor analysis recovery probability reports submitted to Council	Debtor Recovery Analysis	New Indicator	1 Debtor Recovery Analysis report	None	None	Service Provider appointed		Report awaiting consideration by Council	1st Quarter of 2021/22	700 000	648 600	Approved Specification, Advert, Appointment letter Debtor Recovery Analysis report, Council resolution
BNT-007-2020/21	Number of Valuation rolls maintained and	Development of the supplementary	1 Supplementary valuation	1 Supplementary valuation roll	None	Achieved	Supplementary Valuation roll has		None	None	468 000	465 577	MPRA Compliant Supplementary valuation

# Chapter 3

Key performance area (KPA 4)			MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT										
Outcome 9			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs			Administrative and financial capability										
Key Organizational Strategic Objective			To ensure sound financial management and self-sustainable organization										
IDP Ref no	Key Performance Indicator	Project name	Baseline	2020/21 Annual Target	2020/21 Revised Annual Target	2019/20 Actual Achievement	2020/21 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2020/21 Budget	2020/21 Expenditure	Means of verification
	the development of the annual supplementary Valuation roll.	valuation roll and the maintenance of the valuation roll	on roll developed	developed			been fully developed						roll report Public Notice,
BNT-008-2020/21	2019/20 Annual Financial Statements (AFS) compiled	Compilation of Annual Financial Statements	2018/19 Annual Financial Statements (AFS) compiled	Compilation of 2019/20 Annual Financial Statements	None	Achieved	2019/20 Annual Financial Statements compiled		None	None	1 000 000	999 350	Signed 2019/20 Annual Financial Statements, Acknowledgment letter
BNTOP-009-2020/21	Percentage of internal audit queries addressed	Internal Audit action plan	36% of Internal audit queries addressed	100%	None	Not Achieved	1. 2019/20 : 71% (25 of 35) 2. 2020/21:0 % (0 of 20)		Controls required more time to be implemented and was impractical to be	To be resolved in the year 2021/22	Opex	Opex	Updated Internal Audit action plan

# Chapter 3

Key performance area (KPA 4)			MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT										
Outcome 9			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs			Administrative and financial capability										
Key Organizational Strategic Objective			To ensure sound financial management and self-sustainable organization										
IDP Ref no	Key Performance Indicator	Project name	Baseline	2020/21 Annual Target	2020/21 Revised Annual Target	2019/20 Actual Achievement	2020/21 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2020/21 Budget	2020/21 Expenditure	Means of verification
									completed in 2020/21				
BNTOP-010-2020/21	Percentage of risks resolved within timeframe as specified in the risk register	Implementation of Risk register	67% of risk register implemented	100%	None	Not Achieved	75% (3 of 4)		Disconnection of services still outstanding	To be implemented in the 2021/2022 financial year	Opex	Opex	Updated Strategic risk register
BNTOP-11-2020/21	Percentage of Council resolutions implemented	Implementation of Council resolutions	100%	100%	None	Achieved	100% (14 of 14)		None	None	Opex	Opex	Updated Council resolution register
BNTOP-012-2020/21	Percentage of Audit Committee resolutions implemented	Implementation of Audit Committee resolutions	67% resolutions implemented	100%	None	Not Achieved	100% (4 of 4)		None	None	Opex	Opex	Updated Audit Committee resolution register

# Chapter 3

Key performance area (KPA 4)			MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT										
Outcome 9			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs			Administrative and financial capability										
Key Organizational Strategic Objective			To ensure sound financial management and self-sustainable organization										
IDP Ref no	Key Performance Indicator	Project name	Baseline	2020/21 Annual Target	2020/21 Revised Annual Target	2019/20 Actual Achievement	2020/21 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2020/21 Budget	2020/21 Expenditure	Means of verification
BNTOP-013-2020/21	Percentage of AG Action Plan implemented	Implementation of AG Action Plan	94% of AG Action Plan implemented	100%	None	Not Achieved	2019/20: 13% (1 of 8) 2018/19: 100%		Controls required more time to be implemented and was impractical to be completed in 2020/21	To be resolved in the year 2021/22	Opex	Opex	Update AG Action plan
<b>Total KPIs: 12</b>													

Summary of performance: Financial Viability		
	Number of targets achieved	<b>07</b>
	Number of Targets Not achieved	<b>05</b>
	Targets Discontinued/Not verifiable	<b>0</b>
<b>Total Number of KPIs</b>		<b>12</b>

# Chapter 3

## E. GOOD GOVERNANCE AND PUBLIC PARTICIPATION - MUNICIPAL MANAGER'S OFFICE

Key performance area (KPA 5)			GOOD GOVERNANCE AND PUBLIC PARTICIPATION										
Outcome 9			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs			Administrative and financial capability										
Key Organizational Strategic Objective			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	2020/21 Annual Target	2020/21 Revised Annual Target	2019/20 Actual Achievement	2020/21 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2020/21 Budget	2020/21 Expenditure	Means of verification
MM-001-2020/21	Number of Diaries printed	Printing and Distribution of Municipal Diaries	1500 Diaries	1500 Diaries printed	None	Achieved	1500 diaries printed		None	None	195 060	168 300	Order, Invoice, advert, Delivery Note
MM-002-2020/21	Number of Calendars printed and distributed	Printing and distribution of Municipal Calendars	2000 Calendars printed	2000 Calendars printed	None	Achieved	2000 Calendars Printed		None	None	172 000	131 650	Order, Invoice, advert, Delivery Note
MM-003-2020/21	Number of Newsletters printed and distributed	Printing and Distribution of Newsletters	New Indicator	6000 Newsletters printed and distributed	None	None	6000 Newsletters printed		None	None	200 000	123 120	Order, Invoice, advert, Delivery Note,
MM-004-2020/21	Number of IDP documents printed	Printing and Distribution of IDP documents	200 IDP documents printed	200 IDP documents printed	None	Achieved	200 IDP documents printed		None	None	170 000	163 300	Order, Invoice, advert, Delivery Note,

# Chapter 3

Key performance area (KPA 5)			GOOD GOVERNANCE AND PUBLIC PARTICIPATION										
Outcome 9			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs			Administrative and financial capability										
Key Organizational Strategic Objective			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	2020/21 Annual Target	2020/21 Revised Annual Target	2019/20 Actual Achievement	2020/21 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2020/21 Budget	2020/21 Expenditure	Means of verification
MM-005-2020/21	Number of Annual Report documents printed	Printing of Annual Report documents	100 Annual Report documents printed	200 Annual Report documents printed	None	Achieved	200 Annual Report documents printed		None	None	200 000	117 980	Order, Invoice, advert, Delivery Note,
MM-006-2020/21	Percentage of municipal activities and notices publicized and marketed.	Marketing, Publicity and Advertising	100%	100%	None	Achieved	100% (15 of 15)		None	None	553 064	365 264.51	Order, Invoice, copy of Advert
MM-007-2020/21	Percentage of Promotional Items purchased	Procurement of Municipal Promotional items	100%	100%	None	Achieved	100% (206 of 206)		None	None	106 000	47 680	Order, Invoice, Delivery Note
MM-008-2020/21	Percentage of Events management Equipment procured	Procurement of Events Management Equipment	100%	100%	None	Achieved	100% (21 of 21)		None	None	150 000	136 993.77	Order, Invoice, delivery note

# Chapter 3

Key performance area (KPA 5)			GOOD GOVERNANCE AND PUBLIC PARTICIPATION										
Outcome 9			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs			Administrative and financial capability										
Key Organizational Strategic Objective			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	2020/21 Annual Target	2020/21 Revised Annual Target	2019/20 Actual Achievement	2020/21 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2020/21 Budget	2020/21 Expenditure	Means of verification
MM-009-2020/21	Number Automated PMS reports generated	Automation of PMS reports	4	4	None	Achieved	4		None	None	1 218 000	786 951.84	Approved automated PMS reports
MM-010-2020/21	Number of youth support programmes coordinated	Coordination of Youth Support Programmes	1	2	None	Achieved	2		None	None	127 214	100 539	Attendance register, Report
MM-011-2020/21	Number of women and children programmes coordinated	Coordination of Women and Children programmes	2	2	3	Achieved	3		None	None	163 553	132 643	Attendance register, Report
MM-012-2020/21	Number of disability programmes coordinated	Coordination of Support programmes for People living	1	3	None	Not Achieved	3		None	None	52 987	6 800	Attendance register, Report

# Chapter 3

Key performance area (KPA 5)			GOOD GOVERNANCE AND PUBLIC PARTICIPATION										
Outcome 9			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs			Administrative and financial capability										
Key Organizational Strategic Objective			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	2020/21 Annual Target	2020/21 Revised Annual Target	2019/20 Actual Achievement	2020/21 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2020/21 Budget	2020/21 Expenditure	Means of verification
		with Disabilities											
MM-013-2020/21	Number of older persons programmes coordinated	Coordination of Older persons Support programmes	3	3	None	Achieved	3	😊	None	None	99 592	26 000	Attendance register, Report
MM-014-2020/21	Number of Local AIDs Council meetings coordinated	Coordination of Local Aids Council meetings	2	4	None	Not Achieved	4	😊	None	None	170 749	131 000	Attendance register, Minutes,
MMOP-015-2020/21	Percentage of audit queries addressed	Implementation of AG Audit action plan	0% of Auditor General queries addressed	100%	None	Not Achieved	2018/19: 100%(1 of 1)	😊	None	None	Opex	Opex	Updated AG Audit action plan
MMOP-016-2020/21	Percentage of internal audit	Internal Audit action plan	83%	100%	None	Not Achieved	2019/20: 100% (6 of 6)	😊	None	None	Opex	Opex	Updated Internal Audit action plan

# Chapter 3

Key performance area (KPA 5)			GOOD GOVERNANCE AND PUBLIC PARTICIPATION										
Outcome 9			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs			Administrative and financial capability										
Key Organizational Strategic Objective			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	2020/21 Annual Target	2020/21 Revised Annual Target	2019/20 Actual Achievement	2020/21 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2020/21 Budget	2020/21 Expenditure	Means of verification
	queries addressed						2020/21: 100% (3 of 3)						
MMOP-017-2020/21	Percentage of risks resolved within timeframe as specified in the risk register	Implementation of Risk register	0%	100%	None	Not Achieved	100% (1 of 1)	😊	None	None	Opex	Opex	Updated Strategic risk register
MMOP-018-2020/21	Percentage of Council resolutions implemented	Implementation of Council resolutions	100%	100%	None	Achieved	100% (22 of 22)	😊	None	None	Opex	Opex	Updated Council resolution register
MMOP-019-2020/21	Percentage of Audit Committee resolutions	Implementation of Audit Committee resolutions	88%	100%	None	Not Achieved	92% (22 of 24)	😞	Risk Champions not appointed.	1st Quarter 2021/2022	Opex	Opex	Updated Audit Committee resolution register

# Chapter 3

<b>Key performance area (KPA 5)</b>			<b>GOOD GOVERNANCE AND PUBLIC PARTICIPATION</b>										
<b>Outcome 9</b>			<b>Responsive, Accountable, Effective and Efficient Local Government System</b>										
<b>Outputs</b>			<b>Administrative and financial capability</b>										
<b>Key Organizational Strategic Objective</b>			<b>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</b>										
IDP Ref no	KPI	Project name	Baseline	2020/21 Annual Target	2020/21 Revised Annual Target	2019/20 Actual Achievement	2020/21 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2020/21 Budget	2020/21 Expenditure	Means of verification
	implemented												
<b>Total KPIs: 19</b>													

<b>Summary of performance: Good Governance &amp; Public Participation</b>		
	<b>Number of targets achieved</b>	<b>18</b>
	<b>Number of Targets Not achieved</b>	<b>01</b>
	<b>Targets Discontinued/Not verifiable</b>	<b>0</b>
<b>Total Number of KPIs</b>		<b>19</b>

# Chapter 3

## F. MUNICIPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT – CORPORATE SERVICES DEPARTMENT

Key performance area (KPA 6)			MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT										
Outcome 9			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs			• Administrative and financial capacity										
Key Organizational Strategic Objective			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	2020/21 Annual Target	2020/21 Revised Annual Target	2019/20 Actual Achievement	2020/21 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2020/21 Budget	2020/21 Expenditure	Means of verification
CORP-001-2020/21	Number of municipal buildings deployed with Security personnel	Provision of Security services	New Indicator	Provision of 24/7 security services in 08 municipal buildings	None	None	24/7 Security services provided in 08 municipal buildings	😊	None	None	8 995 932.19	8 995 932.19	Monthly reports
CORP-02-2020/21	Number of office furniture items procured and allocated	Procurement of Office Furniture	55 furniture items procured	20 furniture items procured	None	Achieved	63 furniture items procured	😊	None	None	300 000	299 643.69	Approved Specification, Appointment Letter, Delivery Note Invoice
CORP-004-2020/21	Number of servers to be mirrored at the Disaster Recovery site	Implementation and Maintenance of Disaster Recovery Plan	File server in place. Backup are done on external hard drives	2 Disaster Recovery Servers Procured, Implemented and Maintained	None	Achieved	2 Disaster Recovery Servers Procured, Implemented and Maintained	😊	None	None	5 000 000	3 268 810	Approved specification, advert, Appointment letter, SLA,

# Chapter 3

Key performance area (KPA 6)			MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT										
Outcome 9			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs			• Administrative and financial capacity										
Key Organizational Strategic Objective			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	2020/21 Annual Target	2020/21 Revised Annual Target	2019/20 Actual Achievement	2020/21 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2020/21 Budget	2020/21 Expenditure	Means of verification
CORP-005-2020/21	Number of Councillor training programmes coordinated	Training of Councillors	4	4	None	Not Achieved	4		None	None	424 000	371 520	Training Report
CORP-006-2020/21	Number of Employees training programmes coordinated	Training of Employees	New Indicator	5	None	None	5		None	None	772 255	757 914.78	Training Report
CORP-007-2020/21	Number of fire extinguishers serviced and maintained	Service and maintain the fire extinguishers	New Indicator	30 fire extinguishers serviced and maintained	None	None	30 Fire extinguishers serviced		None	None	33 000	9 323	Purchasing order

# Chapter 3

Key performance area (KPA 6)			MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT										
Outcome 9			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs			• Administrative and financial capacity										
Key Organizational Strategic Objective			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	2020/21 Annual Target	2020/21 Revised Annual Target	2019/20 Actual Achievement	2020/21 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2020/21 Budget	2020/21 Expenditure	Means of verification
CORPOP-008-2020/21	Percentage of internal audit queries addressed	Internal Audit action plan	50%	100%	None	Not Achieved	2019/20: 67% (4 of 6)		Employees working from home due to COVID restrictions	Time book to be signed by all employees reporting to work on a daily basis.	Opex	Opex	Updated Audi Action plan
CORPOP-009-2020/21	Percentage of risks resolved within timeframe as specified in the risk register	Implementation of Risk register	50%	100%	None	Not Achieved	100% (2 of 2)		None	None	Opex	Opex	Strategic risk register
CORPOP-10-2020/21	Percentage of Council resolutions implemented	Implementation of Council resolutions	92%	100%	None	Not Achieved	100% (6 Of 6)		None	None	Opex	Opex	Updated Council resolution register

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<b>Key performance area (KPA 6)</b>			<b>MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT</b>										
<b>Outcome 9</b>			<b>Responsive, Accountable, Effective and Efficient Local Government System</b>										
<b>Outputs</b>			• <b>Administrative and financial capacity</b>										
<b>Key Organizational Strategic Objective</b>			<b>Provide an accountable and transparent municipality through sustained public participation, coordination of administration and council committees</b> <b>Ensure administrative support to municipal units through continuous institutional development and innovation</b>										
IDP Ref no	KPI	Project name	Baseline	2020/21 Annual Target	2020/21 Revised Annual Target	2019/20 Actual Achievement	2020/21 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2020/21 Budget	2020/21 Expenditure	Means of verification
CORPOP-011-2020/21	Percentage of Audit Committee resolutions implemented	Implementation of Audit Committee resolutions	100%	100%	None	Achieved	50% (3 of 6)		Unavailability of budget to fund proposed Litigation Officer position	Mobilize funding in the 2022/23 financial year	Opex	Opex	Updated Audit Committee resolution register
CORPOP-012-2020/21	Percentage of AG audit queries addressed	AG Audit action plan	No findings raised	100%	None	None	None		No findings raised	None	Opex	Opex	Updated AG Action Plan
<b>Total KPIs: 11</b>													

<b>Summary of performance: Municipal Transformation And Organizational Development</b>		
	<b>Number of targets achieved</b>	<b>08</b>
	<b>Number of Targets Not achieved</b>	<b>02</b>
	<b>Targets Discontinued/Not verifiable</b>	<b>01</b>
<b>Total Number of KPIs</b>		<b>11</b>

## G. KEY CHALLENGES DURING THE YEAR UNDER REVIEW – 2020/2021

- The municipality was affected by the COVID-19 pandemic which led to imposition of national lock down. This delayed implementation of service delivery projects in line with schedule. This in the main has affected implementation of own funded projects which led most of them being rolled over into the 2020/2021 financial year. It is pleasing to report that the projects funded by MIG have all been completed in line with the implementation plan of the municipality
- During the year under review the municipality was confronted with the following challenges which affected service delivery performance:

DESCRIPTION OF CHALLENGE	PROPOSED INTERVENTION
Increase in Electricity distribution losses	Quarterly monitoring of distribution losses
Persistent break down of service delivery plant and equipment	Lease option instead of outright purchase
Aging infrastructure for water services as provided by CDM	Devolve more powers to the local municipality
Community disruption in the implementation of credit control interventions	Council to assist in getting buy in from the community
Local businesses empowerment not well coordinated and structured.	Engage united approach to service small business, through LED forum sessions.
Uncoordinated programmes to develop young people.	Forge partnership with relevant stakeholders to pursue youth development programme.

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## 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. According to Statssa Community Survey (2016) there is 82.7% of household having access to piped water, leaving about 17% backlog. Furthermore about 47% of the households have boreholes inside their yards.

### 3.1. WATER PROVISION

Molemole municipality is still a water service provider and has entered into a service delivery agreement with CDM, a water service authority. As a water service provider Molemole municipality has created personnel in the organizational structure to facilitate the provision and maintenance of water service infrastructure within our jurisdiction. There is one Technician, Artisan Plumbers and their Assistants. There are also Water tanker Operators as well as Pump Operators who assist the CDM with tankering services.

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

The issue of shortage of water is being one of the main challenges raised by the communities within Molemole Municipality. We continue to work with the district to ensure a sustainable supply of potable to our communities. We however appeal to our communities to use water sparingly as this commodity has become scarce.

### 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

# Chapter 3

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. According Statssa Community Survey (2016) Molemole municipality has a backlog of 82%. Three hundred and ninety five (395) sanitation units have been completed in Molemole during the year under review. Fifteen (15) of the units were still under construction at Flora and about 164 under construction at Phaudi village.

## b) COMMENT ON SANITATION SERVICES PERFORMANCE

Capricorn district Municipality has managed extended access to sanitation to 389 households in the year under review which is 51% of the planned 500 households. The outstanding 49% of the households will be finalized in the next financial year.

<b>Financial Performance Year 2020/21: Water Services</b>					
					<b>R'000</b>
<b>Details</b>	<b>2019/20</b>	<b>2020/21</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>	295708	421696	431696	328420	-28%
Expenditure:					
Employees	6240532	7448468	7448464	6271097	-19%
Repairs and Maintenance					0%
Other	302676	-176356	126648	107768	264%
<b>Total Operational Expenditure</b>	6543208	7272112	7575112	6378865	-14%
<b>Net Operational Expenditure</b>	6247500	6850416	7143416	6050445	-13%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					<i>T 3.1.8</i>

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Financial Performance Year 2020/21: Sanitation Services					
					R'000
Details	2019/20	2020/21		Actual	Variance to Budget
	Actual	Original Budget	Adjustment Budget		
<b>Total Operational Revenue</b>	387682	272922	272922	519064	47%
Expenditure:					
Employees	2501915	2717007	2711007	2882640	6%
Repairs and Maintenance					0%
Other	15697	47826	53826	18917	-153%
<b>Total Operational Expenditure</b>	2517612	2764833	2764833	2901557	5%
<b>Net Operational Expenditure</b>	2129930	2491911	2491911	2382493	-5%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.2.8

## 3.3 ELECTRICITY

### 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. Currently the municipality is licensed to reticulate electricity in the two towns and one village, i.e. Mogwadi, Morebeng and Fatima respectively. The municipality received a grant from the department of minerals and Energy for construction of bulk point supply in Fatima which 500 households are already electrified. The project of constructing bulk point will benefit five hundred household in the phase. This is another critical source of revenue for the municipality which will go a long way in ensuring acceleration of services to our people. 4872 indigents received free basic electricity in the financial year under review. The municipality continues to engage Eskom to include new settlements in its electrification program as part of government's Integrated National Electrification Programme. All the Eskom projects for Molemole Municipality are deferred to financial year 2022/23 due to increase number of households in the villages under consideration.

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## Eskom projects 2020/21 financial year:

Project Name/Village name	Ward number	Budget	Number of connections
Phago, Sekuruwe, Kolopo, Flora, Phaudi, Manthata, and Eisleben	16,15,13 & 2	R 4,245,908.89	230

## Municipal projects 2020/21 financial year:

Project Name/Village name	Ward number	Budget	Number of connections
Installation of 3 high mast lights (Springs, Skhokho and Brilliant Villages)	6,7&14	R1,700,000.00	3
Electrification of Fatima	11	R9,000,000.00	500

The municipality acknowledge the persistent electricity losses experienced year in year out and in the year 2020/21 the municipality managed to decrease the losses to 10%. 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.

### Financial Performance Year 2020/21: Electricity Services

Details	2019/20	2020/21			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
<b>Total Operational Revenue</b>	8487575	35539179	23539719	19907232	-79%
Expenditure:					
Employees	3128857	3358053	3358053	3263300	-3%
Repairs and Maintenance	596973	2000000	2000000	1997788	0%
Other	14558784	17463388	17463388	15928700	-10%
<b>Total Operational Expenditure</b>	18284614	22821441	22821441	21189788	-8%
<b>Net Operational Expenditure</b>	9797039	-12717738	-718278	1282556	1092%

*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 3.6.1

# Chapter 3

- The table below outline capital project implemented in the 2020/21 financial year:

<b>Capital Expenditure Year 2020/21: Electricity Services</b>					
<b>R' 000</b>					
<b>Capital Projects</b>	<b>2020/21</b>				
	<b>Original Budget</b>	<b>Adjustment Budget</b>	<b>Actual Expenditure</b>	<b>Variance from original budget</b>	<b>Total Project Value</b>
Total All	7700000	6740885	11793429	35%	
Smart Meters	0	0	189035	100%	0
High mast	1700000	1595418	1387320	-23%	0
Prepaid Smart meters	1200000	1048812	0	#DIV/0!	
Standby Generator	500000	496655	432170	0%	0
UPGR 300 STRT LIGHT IN MOGWADI&MOREBENG	3000000	2700000	2207154	0%	0
ELECTR 1350 HOUSEHLDLS FATIMA VIL PHSE 1	1300000	900000	7577750	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 3.3.8</i>

## 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 licensed waste disposal sites, 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

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of Public works and has recruited a total number 81 beneficiaries in the 2018/19 financial year under review to assist with Waste Collection services. The municipality recruited 74 EPWP beneficiaries in the 2019/20 financial year 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 are 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 6m<sup>3</sup> bulk containers to continue the roll out. 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.

In the previous financial year it was reported that 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 table below outline solid waste service delivery levels in the year under review:

<b>SOLID WASTE SERVICE DELIVERY LEVELS</b>		
<b>Description</b>	<b>2018/1 Actual No</b>	<b>2019/20 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
		<i>T 3.4.2</i>

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

Employees: Solid Waste Management Services					
Job Level	2019/20	2020/21			
0-3	Employees No.	Posts No	Employees No.	Vacancies (full time equivalent) No.	Vacancies (as a % of total posts)
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%
<b>Total</b>	<b>14</b>	<b>21</b>	<b>19</b>	<b>02</b>	
					T3.4.5

Financial Performance Year 2020/21: Solid Waste Management Services					
					R'000
Details	Year 2019/20	Year 2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	2417319	2621246	2621246	2882790	9%
Expenditure:					
Employees	5021878	5701131	5701131	4955311	-15%
Repairs and Maintenance					0%
Other	1669504	1520454	1520454	1497253	-2%
<b>Total Operational Expenditure</b>	<b>6350792</b>	<b>7221585</b>	<b>7221585</b>	<b>6452564</b>	<b>-12%</b>
<b>Net Operational Expenditure</b>	<b>3933473</b>	<b>4600339</b>	<b>4600339</b>	<b>3933473</b>	<b>-17%</b>
<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 3.4.7

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

<b>Capital Expenditure Year 2020/21: Waste Management Services</b>					
<b>R' 000</b>					
<b>Capital Projects</b>	<b>Year 2020/21</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%	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>

## 3.5 HOUSING

Molemole is not a housing implementation agency but depends on COGHSTA for provision of RDP houses. The municipality only provides land for construction of such units and assists with distribution of such units after completion. COGHSTA has approved an RDP allocation of 400 beneficiaries within Molemole municipality. Ward Councillors are currently busy with submissions of deserving beneficiary list. Once completed this list will be sent to COGHSTA for the project to be rolled out in the 2018/19 financial year. COGHSTA allocated again 400 units to be rolled out in the 2019/20 financial year. This is much appreciated as having a place called home as a basic need. The housing backlog is currently at 950 of which 400 units were built in the year 2018/19. Due to the backlog there were illegal land invasion that took place in 2017, the municipality is planning to sell 400 stands in Mogwadi and Morebeng which could also assist in addressing the housing backlog, even though it is not a low cost housing.

Since completion of the verification process towards normalization of disparities which resulted from improper allocation of RDP units in 2012, the municipality is still awaiting the awarding of title deeds by the Deeds Office.

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## a) HOUSING CHALLENGES.

During the year under review the municipality has experienced the following challenges regarding RDP housing:

- Incorrect allocation of houses to undeserving beneficiaries
- Land claim disputes with the traditional authorities.
- The municipality doesn't have a dedicated section in the organizational structure to deal with housing related issues. However, the Manager: Social services is currently performing the function considering that housing service delivery is not a competency of the municipality. The Manager: Social services is assisting with coordinating beneficiary details with Ward Councillors for submission with COGHSTA: Limpopo. The following table outlines the employee for housing services within the municipality.

<b>Employees: Housing Services</b>					
<b>Job Level</b>	<b>2019/20</b>	<b>2020/21</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	0	0	0	0	0%
10 - 12	0	0	0	0	0%
13 - 15	0	0	0	0	0%
16 - 18	01	01	01	0	0%
19 - 20	0	0	0	0	0%
<b>Total</b>	<b>01</b>	<b>01</b>	<b>01</b>	<b>0</b>	<b>0%</b>
					<i>T 3.5.4</i>

# Chapter 3

## 3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

### a) INTRODUCTION TO FREE BASIC SERVICES

According to CDM Socio-Economic Impact Survey (2010) the distribution of free basic services in the municipality was as follows:

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 5168 households received free basic services including our two towns namely Mogwadi and Morebeng. Council has approved the extension of Free Basic alternative Energy to rural villages. The resolution will be implemented in the 2020/21 financial year. The Free Basic Services Policy is reviewed annually for approval by Council.

Access to Free basic water	Access to Free basic Electricity	Access to Free basic sanitation
69.1% (the highest within the district)	51.2 (the highest within the district)	30.2% (2 <sup>nd</sup> highest after Blouberg)

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 2018/19	5 147	5 147	5 055	98%	5 055	98%	4 706	91%	5 055	98%
Year 2019/20	5 147	5 147	5 055	98%	5 055	98%	4 706	91%	5 055	98%
Year 2020/21	5 168	5 168	5 168	100%	5 168	100%	5 168	100%	5 168	100%

T 3.6.3

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- Financial performance for free basic services

	2019/20	2020/21			
Service Delivered	Actual	Budget	Adjustment Budget	Actual	Variance to Budgeted
Water	0				-
Waste Water (Sanitation)	0				-
Electricity	4473468	5080879	5080879	4102463	-24%
Waste Management (Solid Waste)	0				-
<b>Total</b>	4473468	5080879	5080879	4102463	-24%
					T3.6.4

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## 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 2020/2021 financial year was R 34,493,000 compared to R 35,151,00 in the 2019/20 financial year. This represents a decrease of 0.62 % (or R 218 000). Five percent (or R 1,724,650) 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	Remarks
1	Capricorn Park Internal Streets Phase 3	01	R 14 152 232.00	R 14 111443.51	100%	None
2	Nthabiseng Internal Streets phase 4	01	R 12 282 138.00	R12 135965.43	100%	None
3	The road linking kgwadu and Botlokwa primary schools phase 1	07	R 6 761 981.00	R6 678388.62	100%	None

Gravel Road Infrastructure				
				Kilometers
Year	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
2018/19	603	0	6.9	467
2019/20	596.1	0	4	617
2020/2021	591.9	0	4.2	623
				T 3.7.2

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Tarred Road Infrastructure					
Kilometers					
Year	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
2018/19	43.9	6.9	0	0	0
2019/20	47.9	4	0	0	0
2020/21	52.1	4.2	0	0	0
					<i>T 3.7.3</i>

Cost of Construction/Maintenance			
R' 000			
Year	Storm water Measures		
	New	Upgraded	Re-worked
2018/19	3000	2000	550
2019/20	3500	2500	600
2020/221	0	0	500
			<i>T 3.9.3</i>

Employees: Road Services					
Job Level	2019/20	2020/21			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0		0	0
4 - 6	4	4		1	25%
7 - 9	2	2		1	50%
10 - 12	2	2		0	0%
13 - 15	0	0		0	0

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Employees: Road Services					
Job Level	2019/20	2020/21			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
16 - 18	1	1		0	0
19 - 20				1	0%
Total	9	4		4	0%

*T 3.7.7*

Financial Performance Year 2020/21: Road Services					
					R'000
Details	Year 2019/20	Year 2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	35661444	36008196	35579196	35482718	-1%
Expenditure:					
Employees	4432117	5536852	5536852	4642706	-19%
Repairs and Maintenance	3926538	11410336	11410336	11147294	-2%
Other	9011217	10102414	10102414	6800019	-49%
<b>Total Operational Expenditure</b>	17369872	27049602	27049602	22590019	-20%
<b>Net Operational Expenditure</b>	-	-8958594	-8529594	-12892699	31%

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

*T 3.7.8*

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Capital Expenditure Year 2020/21: Road Services					
R' 000					
Capital Projects	Year 2020/21				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	37446351	39557977	32308940	-16%	32308940
NTHABISENG INTERNAL STREET	4172138	12142111	10553013	60%	10553013
CAPRICORN PARK INTERNAL STREET	14152232	14111729	12270821	-15%	12270821
KGWADI INTERNAL STREET	14861981	6684528	5807294	-156%	5807294
MOHODI SPORTS COMPLEX	3000000	5065196	3417960	12%	3417960
RAMOKGOPA STADIUM	0	294413	259852	100%	259852
Total All	37446351	39557977	32308940	-16%	32308940
NTHABISENG INTERNAL STREET	4172138	12142111	10553013	60%	10553013
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					T 3.7.9

## 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.

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

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for the reduction of fatal crashes on our municipal roads especially along the N1 from Polokwane to Musina. Operating from the limited budget it is difficult for the municipality to plan for a 24 hours' law enforcement deployment on critical routes and hotspots on the road, however the traffic division managed to conduct 48 road safety in 2020/2021 financial year for the safety of our people, driver and vehicle fitness, minimizing traffic violations. The municipality is operating two Driver's License and Testing Centres operating in Mogwadi and Morebeng. 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
- Lephallale primary school
- Kgothloana primary school
- Nhlodimele primary school
- Nanedi primary school
- Phala primary school
- Lehaiwa secondary school
- Kgwadu primary school
- Makgato cross

## **b) CDM Integrated Transport Plan**

# Chapter 3

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The CDM Integrated Transport Plan (2007, ITP) prioritized the following projects for tarring over a short to medium term period:

- Surfacing of Road **D2037** linking Mogwadi to Bandelierkop; (not yet surfaced)
- Surfacing of Road **D15 (P54/1)** linking between CDM and Vhembe DM around Morebeng; (not yet surfaced)
- Surfacing of Road **D3459** which is gravel road between Ga-Kgare and Road D1200;(surfaced) and
- Surfacing of Road **D879** which is road between Boschbokhoek and Provincial Road D1356.

N.B. The roads mentioned above have not yet been surfaced except Road **D3459**, gravel road between Ga-Kgare and Rroad **D1200**.

## c) POSSIBLE CAUSES OF ACCIDENTS.

- Pedestrians;
- Fatigue;
- Un-safe Overtaking;
- Reckless driving;
- Over speeding;
- Use of cell phone while driving;
- Drunken driving and
- Road conditions (permanent pot holes)

# Chapter 3

## d) 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)

Storm water Infrastructure				
	Total Storm water measures	New Storm water measures	Storm water measures upgraded	Kilometers Storm water measures maintained
2017/18	145	20	3	110
2018/19	165	20	5	130
2019/20	185	20	10	150
				T 3.9.2

# Chapter 3

Cost of Construction/Maintenance			
R' 000			
Year	Storm water Measures		
	New	Upgraded	Re-worked
2017/18	2000	1500	300
2018/19	3000	2000	550
2019/20	3500	2500	600
<i>T 3.9.3</i>			

Employees: Storm water Services					
Job Level	2019/20	2020/21			
	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	1	4	0	100%
7 - 9	6	1	2	0	100%
10 - 12	2	1	2	0	100%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	1	1	0	100%
Total	8	4	9	0	100%
					<i>T3.9.6</i>

# Chapter 3

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## COMPONENT C: PLANNING AND DEVELOPMENT

### 3.10 PLANNING

#### a) INTRODUCTION TO PLANNING

The municipality's planning strategy is to promote orderly development by implementing Integrated Development Planning and Spatial Rationale Principles. Molemole is characterized by first and second order settlement patterns. An analysis of the regional and local context of Molemole Local Municipality has revealed a Municipality as mentioned earlier 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.

The potential for mining activities, vegetable and livestock farming provide opportunities for backward and forward linkages which will open up job opportunities and more economic opportunities in other sectors such as agro-processing, beneficiation projects, etc. This scenario is likely to help the municipality to have balance of economic growth in primary, secondary and tertiary sector. The LED strategy provides an indication of LED programmes, projects, stakeholders and the institutional requirements to implement the LED strategy.

The dominant economic sectors (mining, tourism and subsistence farming) characterizing Molemole local municipality should be protected and exploited via appropriate spatial allocation. Similarly, there is a need for the diversification of the economy by focusing on all economic sectors (e.g. tourism), and not just the primary sector (e.g. mining). Such an approach would render Molemole local municipality less vulnerable to external pressures.

Molemole Local Municipality (MLM) is located in the Capricorn District Municipality (CDM) in the Limpopo Province. The neighboring local municipalities forming the CDM are Blouberg, Aganang, Lepelle-Nkumpi and Polokwane. The Municipality has two towns known as Mogwadi (formerly known as Dendron) which is the administrative and economic capital of the Municipality and Morebeng. The two towns were classified as District Growth Points by Capricorn District Municipality. The municipality is institutionalizing initiatives to expand the two towns spatially and economically. These includes fast tracking funds to install bulk infrastructure in the newly demarcated sites in Morebeng and Mogwadi

# Chapter 3

Molemole Spatial Development Framework, Molemole Land Use Scheme contribute to effective spatial development and land use planning in the area of municipal jurisdiction (villages and town settlements). The implementation of the Spatial Planning and Land Use Management Act, 2013 (Act 16 of 2013) will allow for greater number of land development applications to be considered. This would be an improvement on the current scenario where many applications are lodged in terms of the proclamation R188.

The municipality has procured a software for the Geographic Information System (GIS). The software assists with reliable database to sustain the priority of providing reliable data and mapping information to stakeholders and investors. The availability of this information plays a vital role in informing the municipal stakeholders and investors of the location of infrastructure investments.

<b>Applications for Land Use Development</b>						
<b>Detail</b>	<b>Formalizations of Townships</b>		<b>Rezoning</b>		<b>Building plans</b>	
	<b>2019/2020</b>	<b>2020/2021</b>	<b>2019/2020</b>	<b>2020/2021</b>	<b>2019/2020</b>	<b>2020/2021</b>
Planning application received	1	0	21	28	23	24
Determination made in year of receipt	0	0	1	28	23	24
Determination made in following year	0	0	0	0	0	0
Applications withdrawn	0	0	0	0	1	0
Applications outstanding at year end	0	0	0	0	6	0

# Chapter 3

Employees: Planning Services					
Job Level	2019/20	2020/21			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.		No.	%
0 - 3	1	1	1	1	100%
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	5	0	0%
					T 3.10.4

Financial Performance Year 2020/21: Planning Services					
					R'000
Details	Year 2018/19	Year 2019/20			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
<b>Total Operational Revenue</b>	77 606	149648	149648	55 037	-93%
Expenditure:					
Employees	2 396 226	3261927	3261927	1 996 775	-36%
Repairs and Maintenance	0	0	0	0	0%
Other	2584284	3777169	3777169	3137888	-46%
<b>Total Operational Expenditure</b>	4 980 510	7039096	7039096	5 134 663	-41%
<b>Net Operational Expenditure</b>	4902904	6889448	6889448	5079626	-41%

# Chapter 3

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

T 3.10.5

Capital Expenditure Year 2020/21: Planning Services					
R' 000					
Capital Projects	2020/2021				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	2020000	2031000	1791104	-13%	
Spatial Planning awareness workshops	100000	150000	90750	-10%	90750
Demarcation of sites	540000	560000	512673	-5%	512673
Compilation of Precinct Plan	500000	441000	441000	-13%	441000
Erection of Sign Boards	180000	180000	179681	0%	179681
Surveying of existing settlement s	700000	700000	567000	-23%	567000
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					

T 3.10.6

## 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”.

# Chapter 3

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>

Workers 15 years and Older by Sector		
Description	Total employment	Total in %
In the formal sector	9881	8%
In the informal sector	3115	2%
Do not know	273	0%
Private household	3477	3%
Not applicable	109760	87%
Total	126506	

Source: Statssa 2011

# Chapter 3

The Municipality as guided by the LED strategy through Local Economic development section in partnership with various stakeholders has managed to implement projects/ programmes such as: Capacity building (Training) of SMME's, Community Work Programme (CWP), Stakeholders Engagements, Agricultural Skills Development and mentorship of emerging farmers. The Municipality managed to form partnerships with the following institutions which contributed positively towards implementation of the above stipulated projects/programmes: Capricorn District Municipality, Limpopo Economic Development Agency, Small Enterprise Development Agency, Local emerging and Commercial farmers, Traditional Councils, Thembaletu Development, Department of Agriculture and the Department of Rural Development and Land Reform.

<b>Jobs Created during 2020/2021 by LED Initiatives (Excluding EPWP projects)</b>				
<b>Total Jobs created / Top 3 initiatives</b>	<b>Jobs created</b>	<b>Jobs lost/displaced by other initiatives</b>	<b>Net total jobs created in year</b>	<b>Method of validating jobs created/lost</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	
Initiative C (2018/19)	19	0	19	Job creation statistics report
Initiative D (2019/20)	56	0	56	Job creation statistics report
Initiative E (2020/21)	87	0	87	Job creation statistics report

<b>Job creation through EPWP and CWP projects</b>		
	<b>Jobs created through EPWP (Infrastructure &amp; Environment) projects</b>	<b>Jobs created through CWP projects</b>
<b>Details</b>	<b>No.</b>	<b>No.</b>
2018/19 FY	85	1123
2019/20	67	38
2020/21	89	52

# Chapter 3

Employees: : Local Economic Development Services					
Job Level	2019/20	2020/21			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	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%
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	2	1	
Total	2	2	2	2	0%
					T 3.10.6

Financial Performance Year 2020/21: Local Economic Development Services						R'000
Details	Year 2019/20	Year 2020/21				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>	0	0	0	0	-	
Expenditure:						
Employees	1641133	1247944	1247944	1765512	29%	
Repairs and Maintenance	0	0	0	0	0%	
Other	342670	681650	681650	446771	-53%	
<b>Total Operational Expenditure</b>	1983804	1929594	1929594	2212283	13%	
<b>Net Operational Expenditure</b>					-	
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>						
					T 3.11.9	

# Chapter 3

## 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 2020/21 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. In 2018/19 financial year the department of Arts Sports & Culture seconded an additional official to Molemole local municipality.

<b>Employees: Libraries, Archives, Museums, Galleries, Community facilities, Other</b>					
<b>Job Level</b>	<b>2019/20</b>	<b>2020/21</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	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

# Chapter 3

<b>Financial Performance Year 2020/21</b>					
<b>Libraries; Archives; Museums; Galleries; Community Facilities; Other</b>					
<b>R'000</b>					
<b>Details</b>	<b>Year 2019/20</b>	<b>Year 2020/21</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>	211717	12823788	12823788	10990541	-17%
Expenditure:					
Employees	1737591	24727411	24727411	25815640	4%
Repairs and Maintenance	289349	1300937	1300937	1168863	-11%
Other	1274174	6306743	6306743	5006163	-26%
<b>Total Operational Expenditure</b>	3301114	32335091	32335091	31990666	-1%
<b>Net Operational Expenditure</b>	3089397	19511303	19511303	21000125	7%
<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 2020/21: Libraries; Archives; Museums; Galleries; Community Facilities; Other</b>					
<b>R' 000</b>					
<b>Capital Projects</b>	<b>Year 2020/21</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	300000	300000	-	-	
Traffic Equipment	300000	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>					

# Chapter 3

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## 3.13 CEMETORIES AND CREMATORIALS

### a) CEMETERIES

The municipality still has two cemeteries in our towns of Mogwadi and Morebeng. Both cemeteries are fenced but still lack ablution blocks. The cemeteries are maintained on a continuous basis by the staff from Community services department. The municipality is currently insourcing the digging graves as and when there is a need. Rural communities are supported by grading of roads leading to cemeteries and cutting of grass by Community Works Programme (CWP) beneficiaries. Currently the municipality does not have any crematoriums.

### b) SERVICE STATISTICS FOR CEMETERIES

The department is considering insourcing the function as it has proved to not be cost-effective to appoint a service provider every time there is a funeral. Budget allocation has been approved in the 2020/2021 financial year for the procurement of a Tractor Loader Backhoe (TLB) to enable the insourcing.

## 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: The council hold meetings on a quarterly basis and is chaired by the Mayor. The Technical Aids Committee is chaired by the Municipal Manager and prepares reports for the Local Aids Council. The Council is constituted by civil society, sector departments, traditional authorities and the media. Capricorn district Municipality is playing a critical and supporting role to ensure functionality of the Council.
- Older Persons forum: the forum holds meetings on a quarterly basis

# Chapter 3

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- Disability forum: Although the forum has been established the municipality believe it must get adequate support to hold its quarterly meetings.

The municipality has also coordinated youth and women related programmes during the year under review. Plans are on course to establish the much anticipated Women and Children forums considering the high incidences of gender based violence in the country.

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

The Municipality is happy with the progress of the special programmes activities. The main challenge however was the continued restrictions imposed due to lockdown regulations. This has prevented the municipality from effectively running all the envisaged programmes.

## **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. The following events were coordinated in the 2020/2021 financial year:

<b>Name of event</b>	<b>Number of events held</b>
Youth programmes	02
Disability support programmes	03
Older persons support programmes	03
Children and Women's day programme	03

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## 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.

# Chapter 3

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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 were inaugurated on the 8<sup>th</sup> May 2017 and will serve for a period of five (5) years. 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 nine (9) CSF members, who at first were working voluntarily without being paid. Currently the municipality managed to accommodate them in the Extended Public Works Programme (EPWP) budget.

### 3.20 POLICE

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

### 3.21 FIRE

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

## **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. Due to budget constraints, there are limitations for coordination and community support at times.

After failure by the municipality to pursue the service provider to complete the renovation of Ramokgopa stadium the Council of Molemole approved budget for finalization of the work in the 2019/20 financial year. Mohodi sports complex project could not be finalized in the 2018/19 financial year as envisaged. Council has however allocated the budget for the installation of grand stands in the 2019/20 financial year. It expected that the stadium will be handed over by the end of 2nd quarter of the 2019/20 financial year. Due to Covi-19 pandemic and the budget cuts during budget adjustment, the stadium was not completed.

The municipality is still continuing to assist with grading of soccer fields in the villages to create a platform for the youth to engage in sports and recreational activities. The municipality has participated in all district and provincial games and gave support to local participants through transportation.

# Chapter 3

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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 three political parties, the ANC, the EFF and the Democratic Alliance. Molemole municipality has constituted an Executive Committee led by the Mayor, Councillor Paya. 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 on monthly basis as per the corporate calendar. The Executive committee recommend to Council on all matters affecting the Municipality.

# Chapter 3

## 3.25 FINANCIAL SERVICES

<b>DEBT RECOVERY</b>						
<b>Actual for accounts billed in year</b>	<b>Proportion of accounts value billed that were collected in the year (%) (2020/21)</b>			<b>(2019/20)</b>		
	<b>Billed in Year</b>	<b>Actual for accounts billed in year</b>	<b>Proportion of accounts value billed that were collected</b>	<b>Billed in Year</b>	<b>Actual accounts for billed in year</b>	<b>Proportion of accounts value billed that were collected</b>
Property Rates	33 904 724,84	59 541 583,38	176%	20 662 041.54	9 787 190.92	47%
Electricity	1 584 181,26	1 136 016,90	72%	2 100 656.54	1 787 041.47	85%
Water	1 662 053,94	268 233,01	16%	1 364 501.15	515 864.93	37%
Sanitation	820 707,30	121 654,32	14%	888 043.33	278 410.60	31%
Refuse	2 927 927,42	199 000,56	7%	2 400 131.78	463 270.82	19%
Other/Write-off	188 823,41	801 883,39	424%	72 361.44	21 201.84	29%
<b>TOTAL</b>	<b>40 939 907.08</b>	<b>62 068 371.56</b>	<b>149%</b>	<b>27 489 735.78</b>	<b>12 852 980.59</b>	<b>47%</b>
						T3.25.2

<b>Financial Performance Year 2020/21: Financial Services</b>					
<b>Details</b>	<b>Year 2019/20</b>	<b>Year 2020/21</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>	148004970	159184117	177587691	148004970	-8%
Expenditure:					
Employees	12428715	13530608	13390149	12428715	-9%
Repairs and Maintenance	0	0	0	0	
Other	14932651	15164338	17225700	14932651	-2%
<b>Total Operational Expenditure</b>	27361366	28694946	30615849	27361366	-5%
<b>Net Operational Expenditure</b>	-120643604	-130489171	-146971842	-120643604	-8%
					T 3.25.5

# Chapter 3

Employees: Financial Services					
Job Level	2019/20	2020/21			
	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	0	0	0	0%
7 - 9	6	8	6	2	25%
10 - 12	03	03	03	0	0%
13 - 15	04	04	04	0	0%
16 - 18	04	04	04	0	0%
19 - 20	0	0	0	0	0%
Total	17	19	17	02	1%
					<i>T 3.25.4</i>

Financial Performance Year 2020/21: Financial Services					
					R'000
Details	Year 2019/20	Year 2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	148004970	206211015	235211015	235164807	12%
Expenditure:					
Employees	12428715	15854853	18854853	15019469	-6%
Repairs and Maintenance	0	0	0	0	
Other	14932651	30788499	27788499	23972789	-28%
<b>Total Operational Expenditure</b>	27361366	46643352	46643352	38992258	-20%
<b>Net Operational Expenditure</b>	-120643604	-159567663	-188567663	-196172549	19%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					<i>T 3.25.5</i>

# Chapter 3

<b>Capital Expenditure Year 2020/21: Financial Services</b>					
					<b>R' 000</b>
<b>Capital Projects</b>	<b>Year 2020/21</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	550000	550000	0	-	
Traffic fines management system	200000	200000	0		
Scanners	350000	350000	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 3.25.6</i>

# Chapter 3

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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 to fulfil its 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, Skills Development Officer and Assistant HR Officer. There is one Intern responsible to provide administration support. 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. The Municipality encourages all officials to report to HR manager's office on all matters pertaining to employee wellness. This will enable the HR division to coordinate meetings or sessions with professionals who can assist with necessary interventions. Due to Covid-19 pandemic in the second half of the financial year under review, the programs that require contact sessions were disrupted and subsequently cancelled in line with the requirements of Covid-19 lockdown regulations.

### **3.26.3 Individual Performance Management**

# Chapter 3

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The Performance Management system is implemented across all levels of employees following the appointment of a service provider to assist with cascading to employees below section 56 Managers. The municipality is moving smoothly with cascading of PMS to all levels of employees. Annual assessments will be completed in the 3<sup>rd</sup> quarter of the 2021/2022 financial year, after which those who qualify for performance bonus will be paid, following approval by Council. We however acknowledge that there are still some teething problems that need to be addressed for the municipality to have a fully-fledged performance management system which benefits the community in terms of effective and efficient provision of services to the people.

## 3.26.4 Personnel Provisioning

- **Recruitment and retention of employees – 2 Interns and 12** positions were filled in the 2020/21 financial year. The recruitment per department was as follows:

Department	Total new recruits
LED & P	02
Technical Services	04
Community Services	02
Budget and Treasury	03
Municipal Manager	02
Corporate Services	01
<b>Total</b>	<b>14</b>

# Chapter 3

<b>EMPLOYMENT EQUITY ALL EMPLOYEES</b>	
Female	69
Male	110
<b>Grand Total</b>	<b>179</b>

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

<b>Department</b>	<b>Female</b>	<b>Male</b>	<b>Total</b>
Community Services	<b>23</b>	<b>39</b>	<b>62</b>
Corporate Services	24	09	33
Local Economic Development & Planning	2	3	5
Budget and reporting	13	13	26
Technical Services	4	36	40
Municipal Manager's office	9	4	13
<b>Grand Total</b>	<b>75</b>	<b>104</b>	<b>179</b>

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

Number of total employees = 179

Number of people with disability = 3

Percentage = 1.6%

- **Equity Status** at managerial level as at end 2020/2021 Financial year.

# Chapter 3

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Occupational Category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
15-17	10	0	0	0	6	0	0	0	16
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. Four (4) meeting was held in the 2020/21 financial year to address OHSA related issues in the workplace. Other planned meetings were disrupted by the Covid-19 pandemic lockdown regulations.
- **Human Resources Development** – The municipality continue to offer funding to employees to further their studies as part of support for career development. In the 2020/21 financial year the municipality has approved bursaries for three (3) employees at various levels to further their studies.
- **Workplace Skills Plan** (WSP) and the **Annual Training Report** (ATR) were developed and submitted to the Local Government SETA by the 30<sup>th</sup> of April 2021. The municipality has not been doing well in implementing the Workplace Skills Plan as a result of the Covid-19 pandemic. For the year under review the municipality has spent significantly less of 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.
- **Labour Relations** A total of eight (7) meetings were held with Local Labour forum during the 2020/21 financial year. This signals a good working relationship with labour unions, hence there was no employee strike during the year under review. A total of two (2) unfair labour practice disputes were referred to the SALGBC during the year under review and were all finalized.

# Chapter 3

Employees: Human Resource Services					
Job Level	2019/20	2020/21			
	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	0	0	0	0%
7 - 9	1	1	1	0	0%
10 - 12	2	2	2	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	4	0	0%
					T3.26.4

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

The overall performance of the Human Resource Service during the year under review was good in a sense that all HR processes were conducted reasonably well. The few challenges that were experienced as a result of the pandemic were fairly dealt with.

# Chapter 3

Financial Performance Year 2020/21: Human Resource Services					
R'000					
Details	Year 2018/19	Year 2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	482513	571512	213512	80361	-611%
Expenditure:					
Employees	2568265	2974881	2974881	2874059	-4%
Repairs and Maintenance		0	0		0%
Other	4700557	4746924	4746924	3651341	-30%
<b>Total Operational Expenditure</b>	7268822	7721805	7721805	6525400	-18%
<b>Net Operational Expenditure</b>	6786309	7150293	7508293	6445039	-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>					
T 3.26.5					

Capital Expenditure for 2020/21: Human Resource Services					
R 00.00					
Capital Projects	2020/21				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Procurement of Firefighting equipment	50,000	33000	33000	-52%	33000
<b>T3.26.6</b>					

# Chapter 3

## 3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

### a) INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

The Information and Communication Technology (ICT) unit falls under the Corporate Services department and report to Director Corporate Services. The ICT division play a critical supporting role to all the departments in all the offices of the municipality. The unit provides support in the following municipal satellite offices from the Mogwadi Head Office: Mogwadi Drivers and License testing center (DLTC), Morebeng DLTC, Mogwadi and Morebeng Library services, Morebeng municipal service center as well as Moletjie Satellite Office. Key among the services provided are: Website management services, support and maintenance of Server systems, Provision of Email Internet services, Support and monitoring of Voice Over Internet Protocol services (VOIP) in five municipal services, Supporting and monitoring of Financial and Payroll Systems. The staff complement in the unit consist of Manager: ICT Services and Desktop Technician. There is provision for Internship which will could not be filled during the year under review.

The ICT unit manages a total of five (05) Servers for Email, Solar financial system, Payday for payroll system, proxy and data. A total of 124 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:

<b>Name of service provider</b>	<b>Services offered</b>
SITA	Server Maintenance
Business connection	Financial System
Telkom SA SOC	VOIP telephone system
Payday	Payroll system
CCG Systems	Performance Management System
XLP	Copier Machines
Batsibi Technologies	Implementation of Disaster Recovery

# Chapter 3

A new 3 year contract has been entered into with XLP Document Solutions for the supply, maintenance and support of 3x copier machines. The 3<sup>rd</sup> machine was procured for Finance department to ensure security of municipal financial information. The contract for telephone management system is set to expire in 2023 and not 2021 as previously report.

## a) THE OVERALL PERFORMANCE OF ICT SERVICES

The process of fully migrating to MSCOA is well underway and the municipality has recently enlisted the Asset Management module as well as Performance Management System. Following failure to implement Disaster recovery plan in the previous financial year, it is a pleasure to report that the Molemole has managed to appoint and implement a disaster recovery system in the 2020/21 financial year.

The installation of ICT infrastructure at Moletji satellite office has been underway in the current year with three wireless towers being installed to ensure the office is ready for use in the next financial year, as planned. The ICT equipment like printers and telephone gadgets will be installed in the next financial year.

<b>EMPLOYEES: ICT SERVICES</b>					
<b>Job Level</b>	<b>2019/20</b>	<b>2020/21</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>
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
<b>Total</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>0</b>	

# Chapter 3

Financial Performance Year 2020/21: ICT Services					
R'000					
Details	Year 2019/20	Year 2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>		0	0		0
Expenditure:			0		
Employees	1749540	1702349	1702349	1894392	10%
Repairs and Maintenance	1072220	3637830	3637830	2405554	-51%
Other	2474913	3029715	3029715	2073733	-46%
<b>Total Operational Expenditure</b>	5296673	8369894	8369894	6373679	-31%
<b>Net Operational Expenditure</b>	5296673	8369894	8369894	6373679	-31%
<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 2020/21: ICT Services					
R' 000					
Capital Projects	Year 2020/21				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	6600000	6600000	4361296	-51%	
TEAM MATE SOFTWARE	5000000	5000000	2842444	-76%	150
DISASTER RECOVERY	1600000	1600000	1518852	-5%	320
					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					

# Chapter 3

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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 have a contract for a panel of three attorneys that are called upon as and when there is a need to institute or defend the municipalities in litigations matters. The Legal division will be embarking on procurement process for new panel as the current contract is set to expire in the first quarter of 2018/19 financial year. Currently the Legal unit is manned by one Manager and there is consideration to beef up the unit for a smooth running of the function. The total pending cases as at June 2018 were twenty four (24) in number. This is constituted by eight (8) active cases, eight (8) dormant cases and eight (08) have been settled.

Risk Management services is led by a Risk Officer who reports directly to the Municipal Manager. 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. There were no capital projects undertaken in both the Legal and Risk Management services more so considering that the functions are more administrative and internal in their orientation.

### COMPONENT J: MISCELLANEOUS

- **None.**

### COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

See sections 3.2 and 3.3 above for a comprehensive report on performance of each department for the 2017/18 financial year.

# Chapter 6

## **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

# Chapter 6

## 4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees					
Description	2018/19	2019/20			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Budget & Treasury	24	29	29	01	10%
Municipal Manager's Office	26	22	22	02	15%
Technical services	15	35	35	0	10%
Local Economic Development and Planning	5	8	7	01	15%
Community & Social Services	35	59	56	3	15%
Corporate Services	34	40	38	2	10%
<b>Totals</b>	<b>164</b>	<b>193</b>	<b>187</b>	<b>09</b>	<b>100%</b>
					<b>T 4.1.1</b>

Turnover Rate as at 30 June 2020			
Details	Total appointments as of beginning of financial year	Terminations during the Financial year	Turnover rate*
2017/18	149	6	4%
2018/19	179	13	7%
2019/20	187	9	4.8%
			T4.1.3

# Chapter 6

Vacancy rate: 2019/20			
Designations	2019/20		
	Total Approved Posts	Vacancies (fulltime equivalent)	Vacancies (as a percentage of total posts in each category)
Municipal Manager	1	0	0%
CFO	1	0	0%
Other S57 (excl. Finance)	3	1	33%
Managers (Excl. Finance)	11	0	0%
Managers: Finance	4	0	0%
Supervisors/Specialized skills	10	0	0%

T 4.1.2

## 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 process and the policy endeavours to enable such role-players to perform their allocated responsibilities as effective and efficient as possible. Recruitment of staff may be both internal and external. The municipal organogram has been reengineered to aid a motivated and productive workforce. Where applicable internal recruitment was done to enable a proper placement of employees.

# Chapter 6

## 4.2 HR POLICIES

HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
1.	Affirmative Action	100%	Yes	29 May 2019
2.	Attraction and Retention	100%	Yes	29 May 2019
3.	Code of Conduct for employees	100%	Yes	29 May 2019
4.	Delegations, Authorization & Responsibility	100%	Yes	August 2016
5.	Disciplinary Code and Procedures	100%	yes	29 May 2019
6.	Employee Assistance / Wellness	100%	yes	29 May 2019
7.	Employment Equity	100%	yes	29 May 2019
8.	HIV/Aids	100%	yes	29 May 2019
9.	Human Resource and Development	100%	yes	29 May 2019
10.	Leave	100%	yes	29 May 2019
11.	Occupational Health and Safety	100%	yes	29 May 2019
12.	Official Working Hours and Overtime	100%	yes	29 May 2019
13.	Performance Management and Development	100%	yes	29 May 2019
14.	Recruitment, Selection and Appointments	100%	yes	29 May 2019
15.	Sexual Harassment	100%	yes	29 May 2019
16.	Skills Development	100%	yes	29 May 2019
<i>T 4.2.1</i>				

# Chapter 6

## 4.3 INJURY ON DUTY

Number and Cost of Injuries on Duty 2019/20					
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>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

T4.3.1

Number of Sick leave (excluding Injury on duty) as at 30 June 2020						
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>	<b>4.77</b>	

T 4.3.2

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

Performance Management rewards will be considered after the 2020/2021 Annual Assessments are completed. The final assessment report will be reviewed by the PMS Committee and a report will be submitted to Council with recommendation for approval of payments for performance bonus for those who qualify for the bonus based on the PMS policy framework.

## 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

# Chapter 6

SKILLS MATRIX														
Management Level	Gender	Employee s at post at 30 June 2019/20	Number of skilled employees required and actual as at 30 June 2020/21											
			Learnership			Skills Programmes Short Courses			Other forms of training			Total		
			No.	Actual 18/19	Target 19/20	Actual 19/20	Actual 18/19	Target 19/20	Actual 19/20	Actual 18/19	Target 19/20	Actual 19/20	Actual 18/19	Target 20/21
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	15
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	0
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

# Chapter 6

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	0
Chief Financial Officer	1	0	1	1	1	1
Senior Managers	4	0	4	4	3	1
Any Finance officials	2	0	2	2	0	0
Head of Supply chain units	1	0	1	1	0	0
<b>Total</b>	16	0	16	16	5	2

- 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	R772,255.00	0
	Female	1		0
Managers	Male			0
	Female	0		0
Plant and Machine Operators	Male	2		0
	Female	0		0
Technicians	Male	0		0
	Female	0		0
	Male	2		0

# Chapter 6

Employee Level	Gender	Actual (No.)	Original Budget R	Actual R
Sales & Services Workers	Female	9		0
Officers	Male	0		0
	Female	0		0
Clerks	Male	0		0
	Female	0		0
General Assistants	Male	0		0
	Female	0		0
<b>Totals</b>				<b>R 757 914.75</b>
			<b>%</b>	0
				T4.5.3

# Chapter 6

## 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

# Chapter 6

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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
				<i>T 4.6.4</i>

**DISCLOSURES OF FINANCIAL INTERESTS:**

See Appendix J below.

# Chapter 6

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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

The Municipality has engaged the consultant on preparation and compilation of 2019/20 Annual Financial statements with an amount of **R 2,110,280.00** for a preparation of 2019/20 annual financial statements and 2020/2021 third quarter and annual financial statements

*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

# Chapter 6

assumption was appropriately applied in the preparation of the financial statements and there was no significant uncertainties identified by Auditor General which can impact the municipality's ability to continue as a going concern.

## a) Reconciliation of Budget Summary

Description R thousands	Year 2020/21										
	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	23 452	28 030	51 482	-	-	51 482	49 558		1 924	96	211
Service charges	13 663	533	14 196	-	-	14 196	11 062		3 134	78	81
Investment revenue	2 215	493	2 708	-	-	2 708	2 544		164	94	115
Transfers recognised - operational	156 596	4 496	161 092	-	-	161 092	185 288		(24 196)	115	118
Other own revenue	40 739	(2 045)	38 694	-	-	38 694	9 049		29 645	23	22
<b>Total Revenue (excluding capital transfers and contributions)</b>	236 665	31 507	268 172	-	-	268 172	257 501	-	10 671	96	109
Employee costs	98 165	7 567	105 732	-	-	105 732	91 627	-	14 106	87	93
Remuneration of councillors	15 010	-	15 010	-	-	15 010	12 959	-	2 051	86	86

# Chapter 6

Description	Year 2020/21											
	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
Debt impairment		-	-	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment	18 672	323	18 995			18 995	12 115	-	6 880	64	555	
-Finance charges	2 184	(1 128)	1 056	-	-	1 056	184	-	872	17	1	
Materials and bulk purchases	17 052	1 006	18 058	-	-	18 058	11 026	-	7 031	61	-	
Transfers and grants	-	-	-	-	-	-	-	-	-			
Other expenditure	73 169	15 909	89 078	-	-	89 078	86 250		2 827	97	-	
<b>Total Expenditure</b>	224 252	23 676	247 929	-	-	247 929	214 161	-	33 768	86	95	
<b>Surplus/(Deficit)</b>	12 413	7 830	20 243	-	-	516 101	471 661	-	44 439	91	3 800	
Transfers recognised - capital	49 186	1 616	45 150	-		45 150	45 028		122	100	92	
Contributions recognised - capital & contributed assets			-			-				-	-	
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>										-	-	

# Chapter 6

Description R thousands	Year 2020/21										
	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
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	0	-	-
<b>Surplus/(Deficit) for the year</b>	61 599	9 446	65 393	-	-	65 393	88 368	-	44 562	135	143
<b><u>Capital expenditure &amp; funds sources</u></b>											
<b>Capital expenditure</b>											
Transfers recognised - capital	49 186	1 616	45 438	-	-	45 438	45 028	-	410	99	92
Public contributions & donations						-	1 235	-	(1 235)	-	-
Borrowing	-		-			-	-	-	-	-	-
Internally generated funds	12 413	(10 863)	19 956	-	-	19 956	-	-	19 956	-	-
<b>Total sources of capital funds</b>	61 599	(9 246)	65 394	-	-	65 394	46 263	-	19 131	71	75
<b><u>Cash flows</u></b>											
Net cash from (used) operating	60 053	7 297	88 271	-	-	88 271	115 606	-	(27 335)	131	193
Net cash from (used) investing	(61 599)	9 046	(65 394)	-	-	(65 394)	(48 822)	-	(16 572)	75	79

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Description	Year 2020/21											
	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
Net cash from (used) financing	1 100	(98)	(62)			(62)	(252)		189	403	(23)	
Net increase/(decrease) in cash and cash equivalents	(446)	16 246	15 799	-	-	15 799	66 533	-	(50 734)	421	(14 902)	
<b>Cash/cash equivalents at the beginning of the year</b>	18 862	4 866	18 862			18 862	23 011		(4 149)	122	122	
<b>Cash/cash equivalents at the year end</b>	18 415	21 111	34 661	-	-	34 661	89 544	-	(54 883)	258	486	
	23 452	28 030	51 482	-	-	51 482	49 558		1 924	96	211	
												T 5.1.1

# Chapter 6

## b) FINANCIAL PERFORMANCE: OPERATING SERVICES

R '000						
Description	Year 2019/20	Year 2020/21			Year 2020/21 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
<b>Operating Cost</b>						
Water	-	-	-	-	0,00%	0,00%
Waste Water (Sanitation)	-	-	-	-	0,00%	0,00%
Electricity	9 797	22 821	821	21 190	-7,70%	-7,70%
Waste Management	3 933	7 222	222	6 453	-11,92%	-11,92%
Housing	-	-	-	-	0,00%	0,00%
Component A: sub-total	13 731	30 043	043	27 642	-8,68%	-8,68%
Waste Water (Stormwater Drainage)	-	-	-	-	0,00%	0,00%
Roads	14 693	25 252	252	20 887	-20,90%	-20,90%
Transport	-	-	-	-	0,00%	0,00%
Component B: sub-total	14 693	25 252	252	20 887	-20,90%	-20,90%
Planning						
Local Economic Development						
Component B: sub-total	-	-	-	-	-	-
Planning (Strategic & Regulatory)	3 029	4 969	969	3 206	0,00%	0,00%

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R '000						
Description	Year 2019/20	Year 2020/21			Year 2020/21 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Local Economic Development	1 984	1 930	930	1	2 212	0,00%
Component C: sub-total	5 013	6 899	899	6	5 418	0,00%
Community & Social Services	31 095	32 335	335	32	31 991	-1,08%
Environmental Protection	-	-	-			0,00%
Health	-	-	-			0,00%
Security and Safety	-	-	-			0,00%
Sport and Recreation	-	-	-			0,00%
Corporate Policy Offices and Other		151 101	101	151	128 223	-17,84%
Component D: sub-total	31 095	183 436	436	183	160 214	-14,49%
<b>Total Expenditure</b>	<b>64 531</b>	<b>245 630</b>	<b>630</b>	<b>245</b>	<b>214 161</b>	<b>-14,69%</b>
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 2020/21 FINANCIAL YEAR ARE AS FOLLOWS:

- Current ratio = 3.1:1
- Acid test ratio = 3.3:1

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- Net Assets/Working Capital = 419 733 842

The municipal ratios indicates 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	2019/20	2020/21			2020/21 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
<b>Operating Transfers and Grants</b>						
<b>National Government:</b>	<b>147 069</b>	<b>155 292</b>	<b>184 212</b>	<b>184 026</b>		
Equitable share	142 578	150 787	179 962	179 962	(19)	-
Municipal Systems Improvement	-	-	-	-	-	-
Department of Water Affairs	-	-	-	-	-	-
Levy replacement	-	-	-	-	-	-
Financial Management Grant	2 401	2 400	2 400	2 356	2	2
Municipal Infrastructure Grant	1 752	1 747	1 850	1 708	2	92
Municipal Disaster Grant	338	358	-	-	-	-
<b>Provincial Government:</b>	<b>1 167</b>	<b>1 304</b>	<b>1 304</b>	<b>1 262</b>		
Health subsidy	-	-	-	-	-	-
Housing	-	-	-	-	-	-
Ambulance subsidy	-	-	-	-	-	-

# Chapter 6

Grant Performance						
R' 000						
Description	2019/20	2020/21			2020/21 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Sports and Recreation Exanded Public Works Programme	-	-	-	-	-	-
	1 167	1 304	1 304	1 262	-	-
<b>District Municipality:</b>	-	-	-	-		
<i>CDM</i>	-	-	-	-	-	-
<b>Other grant providers:</b> <i>[insert description]</i>	-	-	-	-		
<b>Total Operating Transfers and Grants</b>	<b>148 236</b>	<b>156 596</b>	<b>185 516</b>	<b>185 288</b>		
<i>Variiances 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>						
<i>T 5.2.1</i>						

## d) COMMENT ON OPERATING TRANSFERS AND GRANTS:

The financial Management grant got allocation of R 2 400 000 at the beginning of the financial year. The municipality used this money to recruit Finance Interns for a period of two years. The grant is also used to purchase Laptops for the interns to enable them compile Portfolio of evidence during their studies. The total amount spent was R 2,356,147.33 or 98 percent. The remaining unspent amount of R 43,858.67 as returned to National Revenue Fund.

Total MIG allocation for the year under review was R 34,504,000.00, which includes an amount of R 1, 075, 196 which was rolled over from the 2019/20 financial year. The municipality applied for approval of roll over and is pleased to report that

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Treasury approved a total amount of R 1,075,196. Overall the municipality have used about R 35,482,717.56 (about 99% of the allocation) and could only return R 96,478.45 to 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 Asset management function falls under Chief Financial Officer in the Budget and Treasury department. The staff complement of the unit consists of SCM Manager, Accountant Assets and an inventory Clerk. The management of assets is guided by the approved Assets Management policy as well as National Treasury circulars which are issued from time to time.

Two assets verifications were conducted during the year under review to update the assets register of the municipality. Obsolete assets were identified during the verification process which were submitted to council to approve disposal. These assets were disposed in the 3<sup>rd</sup> quarter of the financial year following Council approval.

The Fixed Asset register was reconciled over the twelve months of the financial year as required by the regulatory framework. As reported earlier in this report the municipality has conducted a revaluation of infrastructure assets which is done after every 4 years. The revaluation included municipal roads, Fleet land and buildings with a view have an updated and correct asset values in the municipal asset register.

The municipality has migrated to an electronic Municipal Asset module as part of ensuring compliance to Municipal Chart of Accounts (MSCOA). The migration will help the municipality to accurately and properly account on the assets.

The following reports have been updated on the asset module:

- a. Revaluation of land and buildings
- b. Residual amounts
- c. Review of useful lives
- d. Unbundling of Assets
- e. Council Auction
- f. Assets purchased in the current year.

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

<b>TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 2020/21</b>	
<b>Asset 1</b>	
Name	High Mast Light
Description	High Mast Light
Asset Type	Infrastructure Asset (Electricity)
Key Staff involved	Asset Managers
-Staff Responsibilities	Physical and Financial Management of Asset
<b>Year-2020/21</b>	
Asset Value	1,387,320.00
Capital Implications	Yes
Future Purpose of Asset	Roads
Describe key Issues	Upgrading of electrical infrastructure for effective electrical system
Policies in Place to Manage Asset	Yes
<b>Asset 2</b>	
Name	Upgrading of Street Lights in Mogwadi and Morebeng
Description	Upgrading of Street Lights in Mogwadi and Morebeng
Asset Type	Infrastructure Asset (Electricity)
Key Staff involved	Asset Managers
Staff Responsibilities	Physical and Financial Management of Asset
<b>Year-2020/21</b>	
Asset Value	2,207,153.87

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<b>TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 2020/21</b>	
Capital Implications	Yes
Future Purpose of Asset	Roads
Describe key Issues	Upgrading of electrical infrastructure for effective electrical system
Policies in Place to Manage Asset	Yes
<b>Asset 3</b>	
Name	Surfacing of Road linking Kgwadi Primary School and Botlokwa Primary School
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
<b>Year-2020/21</b>	
Asset Value	5,807,294.44
Capital Implications	Yes
Future Purpose of Asset	Roads
Describe key Issues	Upgrading of gravel road to tar for effective transport system
Policies in Place to Manage Asset	Yes
<b>Asset 4</b>	
Name	Construction of Capricorn Park Internal Streets from Gravel to Surfacing Phase 3
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
<b>Year-2020/21</b>	
Asset Value	12,270,820.50

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<b>TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 2020/21</b>	
Capital Implications	Yes
Future Purpose of Asset	Roads
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 of Nthabiseng Internal Streets from Gravel to Surfacing Phase 4
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
<b>Year-2020/21</b>	
Asset Value	10,553,013.42
Capital Implications	Yes
Future Purpose of Asset	Roads
Describe key Issues	Upgrading of gravel road to tar for effective transport system
Policies in Place to Manage Asset	Yes
<b>Asset 6</b>	
Name	Construction of Mohodi Sports Complex
Description	Construction of Mohodi Sports Complex
Asset Type	Community Assets Asset (Sports Complex)
Key Staff involved	Asset Managers
Staff Responsibilities	Physical and Financial Management of Asset
<b>Year-2020/21</b>	
Asset Value	24,878,036.45

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<b>TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 2020/21</b>	
Capital Implications	Yes
Future Purpose of Asset	Community Assets
Describe key Issues	Enabling communities to have access to recreational activities through the asset.
Policies in Place to Manage Asset	Yes
<b>Asset 7</b>	
Name	Construction of Ramokgopa Sports Complex
Description	Construction of Ramokgopa Sports Complex
Asset Type	Community Assets Asset (Sports Complex)
Key Staff involved	Asset Managers
Staff Responsibilities	Physical and Financial Management of Asset
<b>Year-2020/21</b>	
Asset Value	7,766,650.05
Capital Implications	Yes
Future Purpose of Asset	Community Assets
Describe key Issues	Enabling communities to have access to recreational activities through the asset.
Policies in Place to Manage Asset	Yes

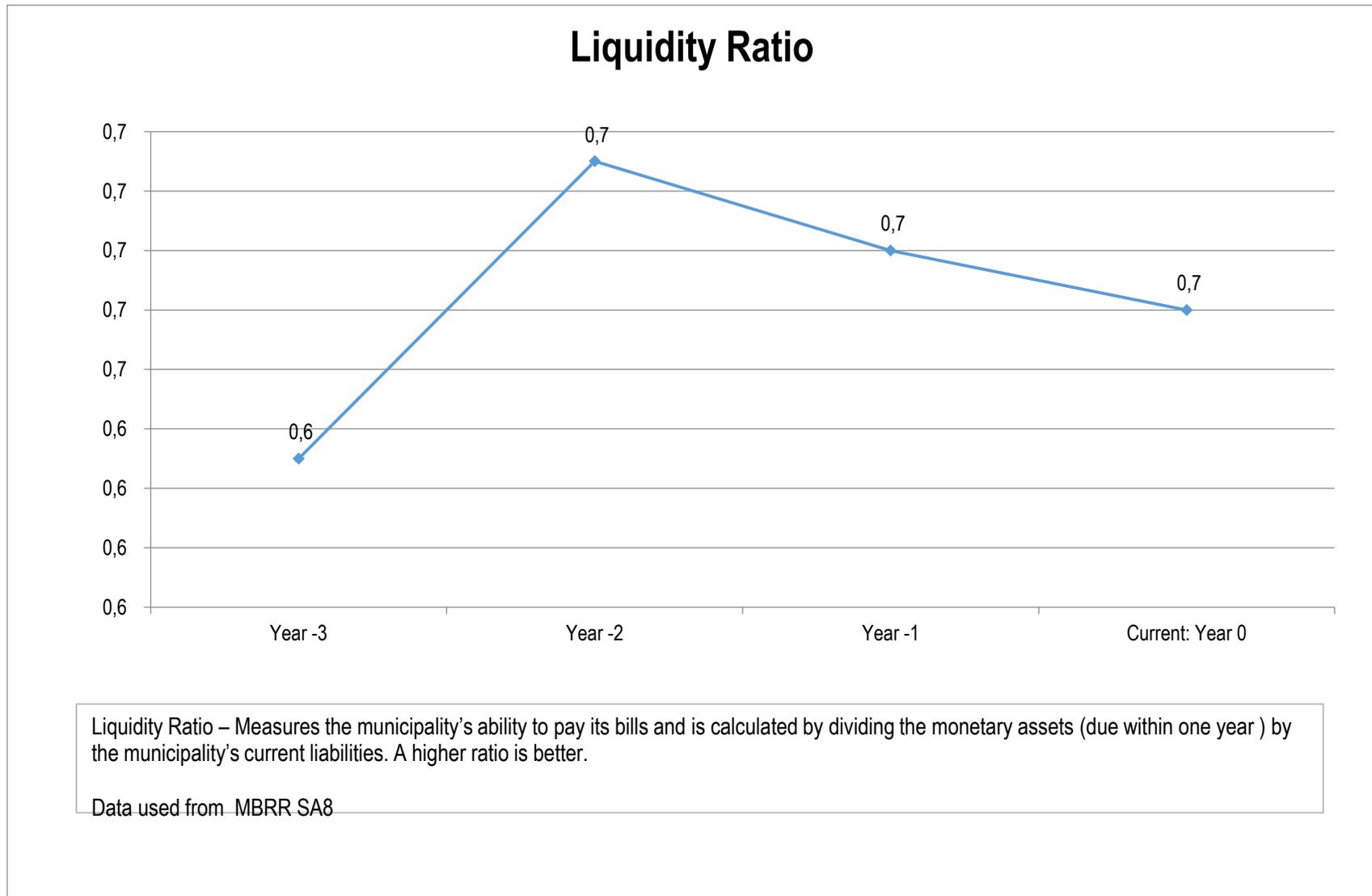
<b>Repair and Maintenance Expenditure: 2020/21</b>				
<b>R' 000</b>				
	<b>Original Budget</b>	<b>Adjustment Budget</b>	<b>Actual</b>	<b>Budget variance</b>
Repairs and Maintenance Expenditure	7 777 383,00	19 540 273,00	18 193 948,00	7
<i>T 5.3.4</i>				

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

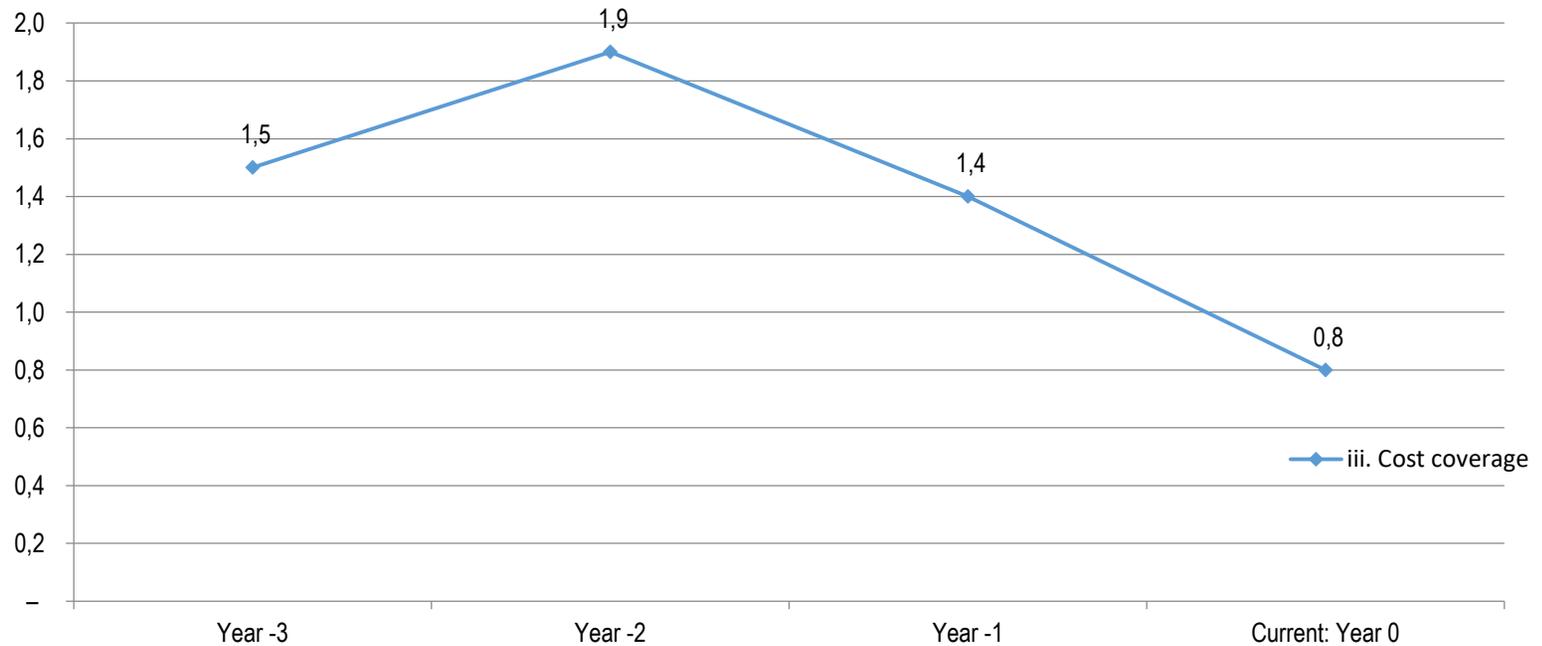
During the year under review the municipality had budget allocation of R 20,373,639.00 or repair and maintenance of municipal assets. The total expenditure Repair and Maintenance for 2020/21 was R 18,193,948.00. The proportion of Repair and Maintenance to the budget stood at 6% which is below the required 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 2020/21 as described under financial overview above are illustrated hereunder in a graphical display



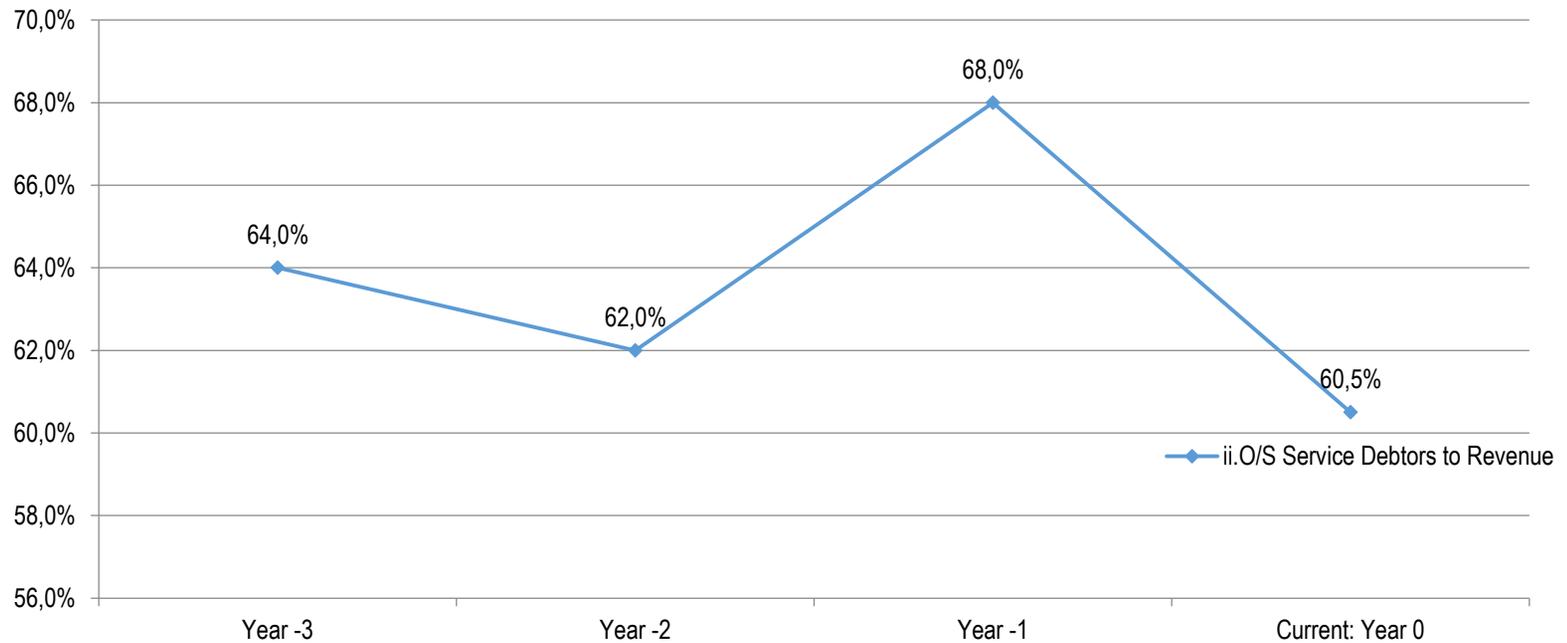
## Cost Coverage



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

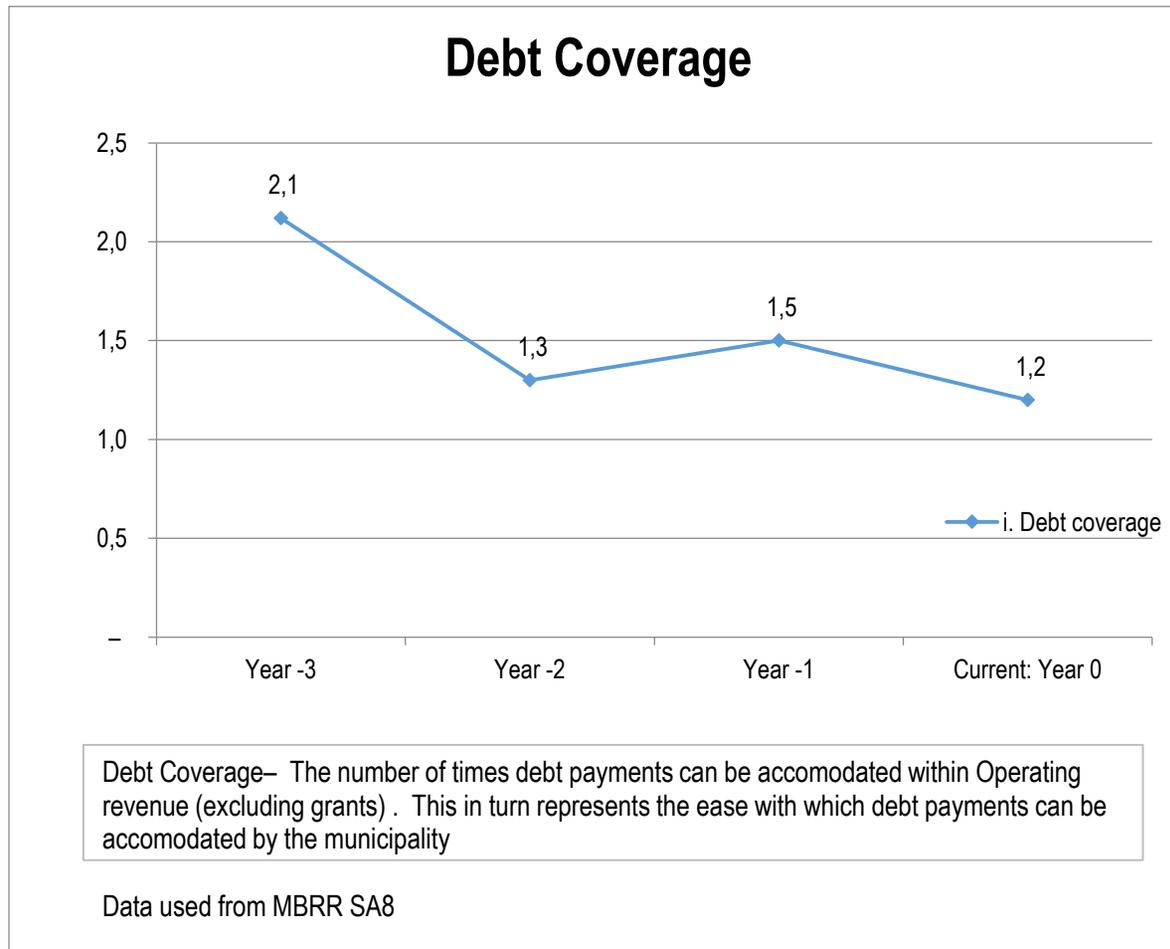
Data used from MBRR SA8

## Total Outstanding Service Debtors

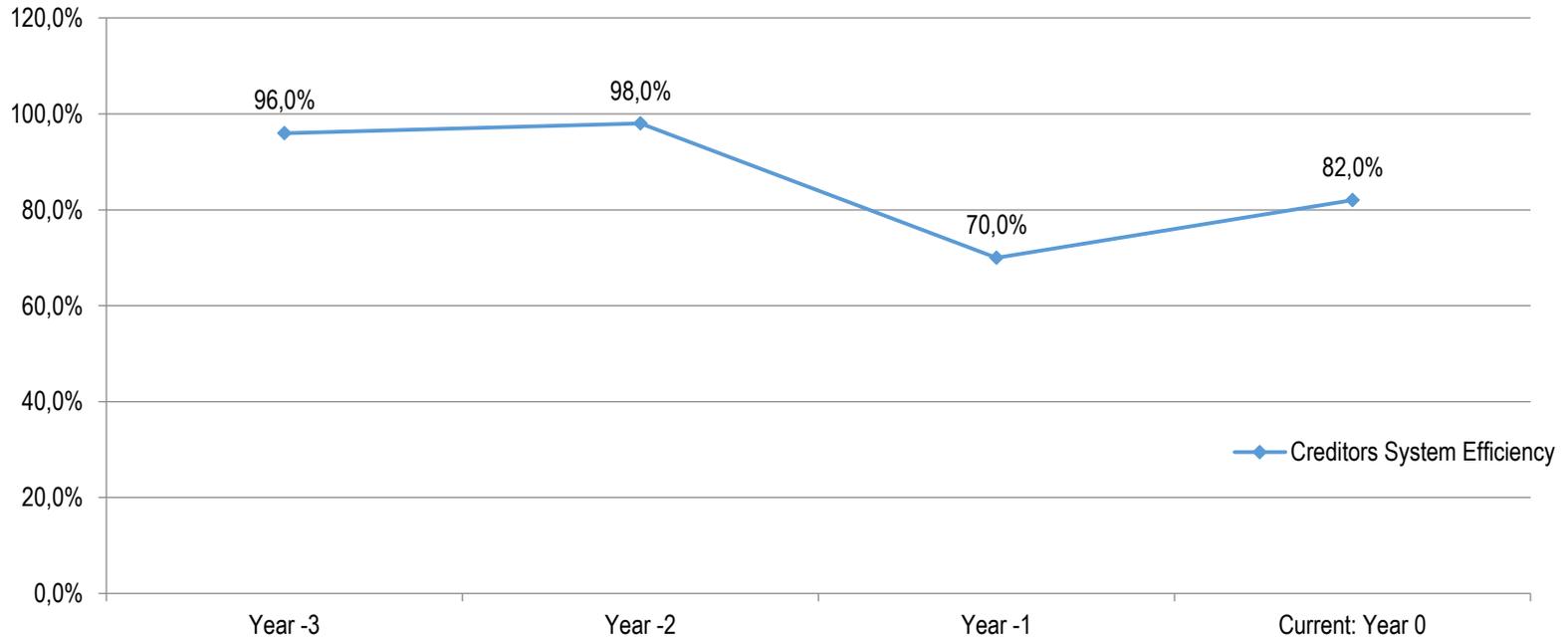


Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower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

Data used from MBRR SA8



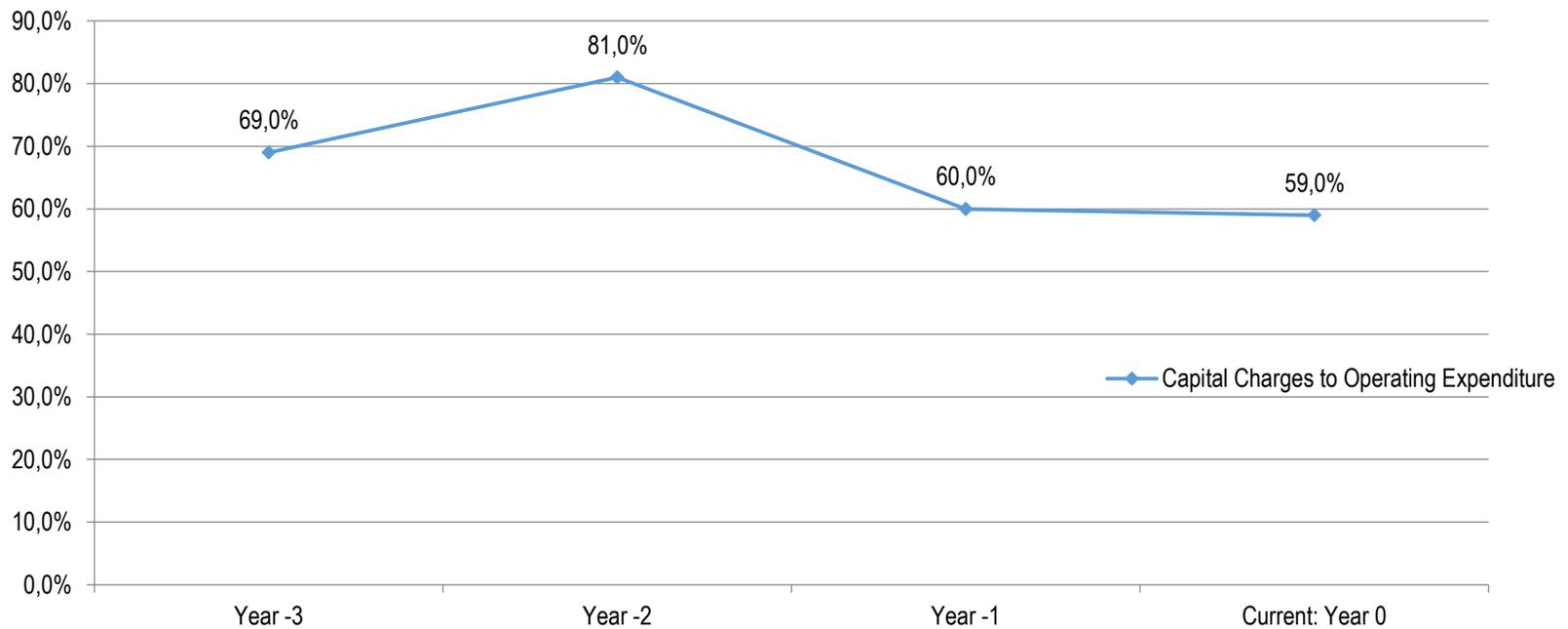
## Creditors System Efficiency



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

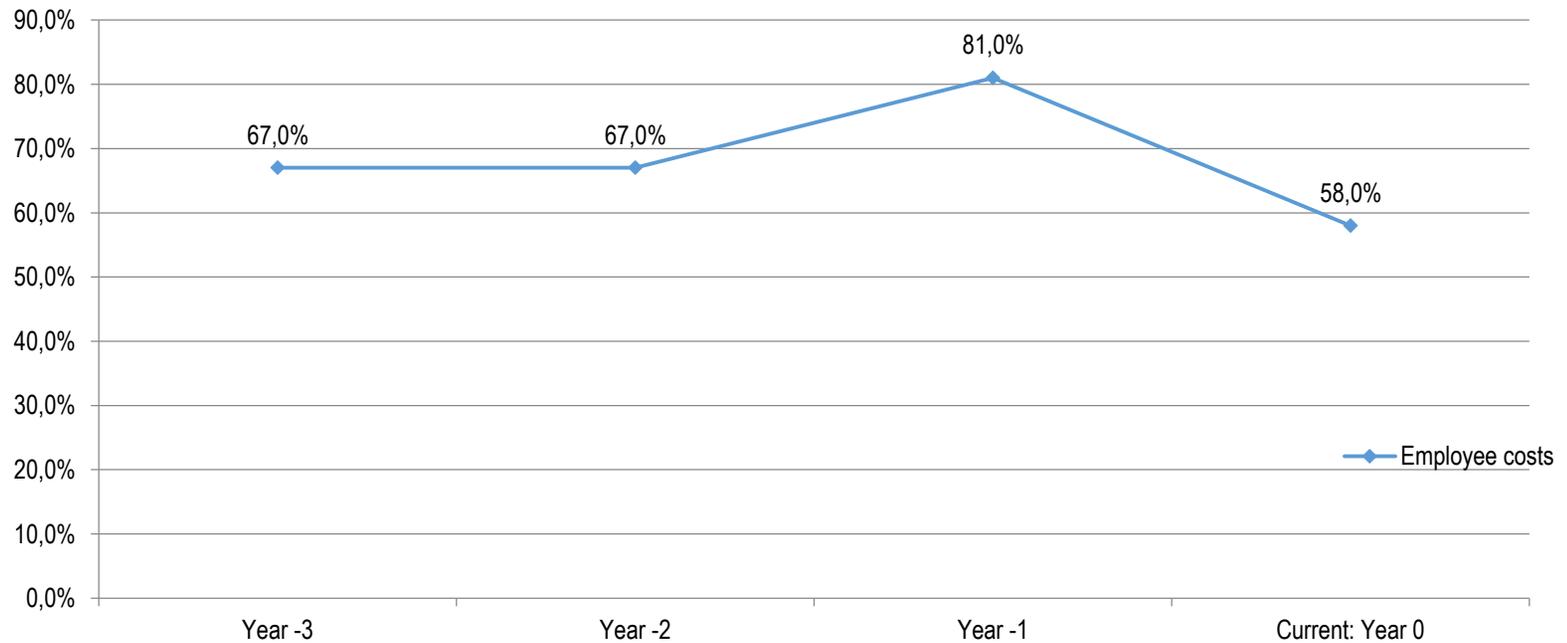
## Capital Charges to Operating Expenditure



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

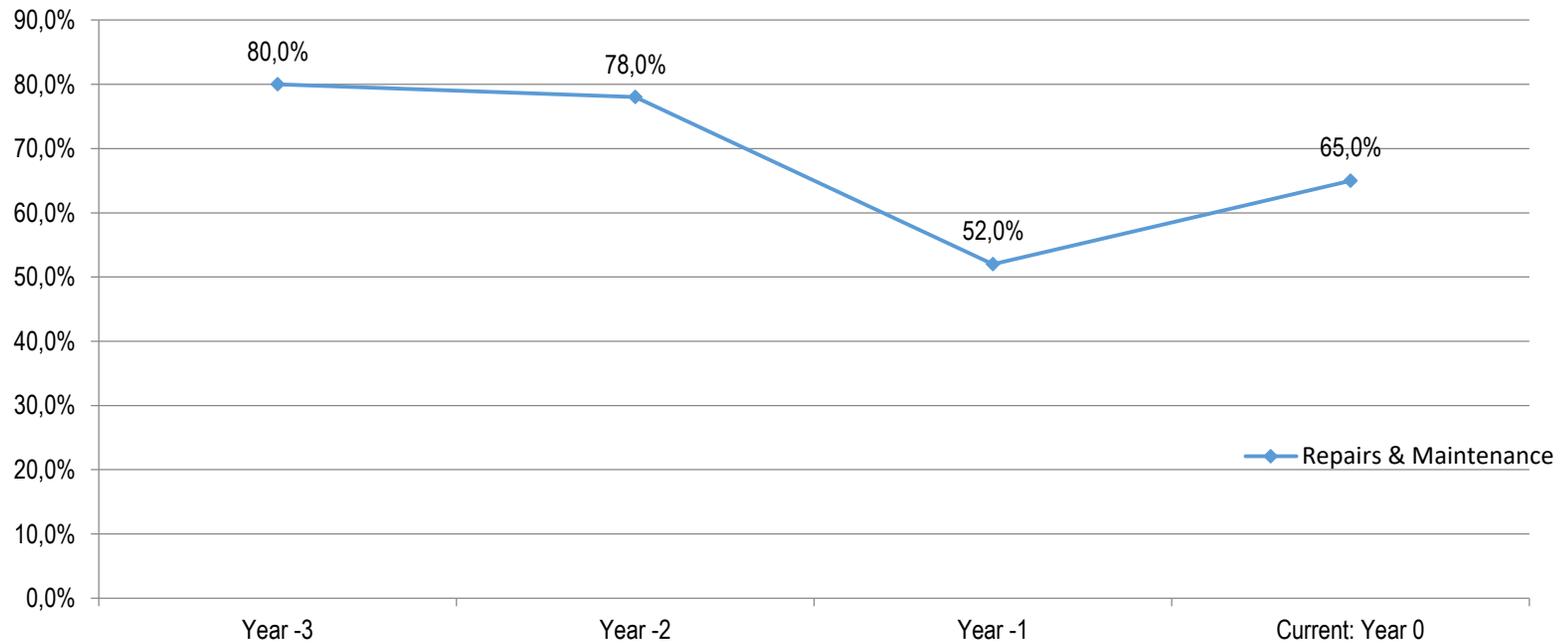
## Employee Costs



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

## **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 419 733 842.

## 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).

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## A. SOURCES OF FINANCE

### Capital Expenditure - Funding Sources: Year 2019/20 to Year 2020/21

Details		Year 2019/20	Year 2020/21				
		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	1234955	- #DIV/0!	- #DIV/0!
	Grants and subsidies	23452126	205782000	230945196	230316073	12,23%	11,92%
	Other	11854293	80069522	77266300	70977304	-3,50%	-11,36%
<b>Total</b>		35306419	285851522	308211496	302528332	7,82%	5,83%
<i>Percentage of finance</i>							
	External loans	0,0%	0,0%	0,0%	0,0%	- #DIV/0!	-
	Public contributions and donations	0,0%	0,0%	0,0%	0,4%	- #DIV/0!	-
	Grants and subsidies	66,4%	72,0%	74,9%	76,1%	156,3%	204,4%
	Other	33,6%	28,0%	25,1%	23,5%	-44,8%	-194,6%
<b>Capital expenditure</b>							
	Water and sanitation					0,00%	
	Electricity	3329856	19400000	14841000	12516404	-23,50%	-35,48%
	Housing	0				#DIV/0!	-
		32 725 678	37446000	39558000	32308940	5,64%	-13,72%
	Roads and storm water	2 228 969	4753000	7933000	5231164	66,91%	10,06%
	Other	38284503	61599000	62332000	50056508	- #DIV/0!	-
<b>Total</b>							

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Capital Expenditure - Funding Sources: Year 2019/20 to Year 2020/21							
Details		Year 2019/20	Year 2020/21				
		Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
<i>Percentage of expenditure</i>		0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
	Water and sanitation	8,7%	31,5%	23,8%	25,0%	- 0,0%	- 0,0%
	Electricity	0,0%	0,0%	0,0%	0,0%	-	-
	Housing	85,5%	60,8%	63,5%	64,5%	-	-
	Roads and storm water	5,8%	7,7%	12,7%	10,5%	-	-
	Other	0	0	0	0	-	-
							<i>T 5.6.1</i>

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<b>Capital Expenditure of 5 largest projects*</b>					
<b>R' 000</b>					
<b>Name of Project</b>	<b>Current: 2020/21</b>			<b>Variance: 2020/21</b>	
	<b>Original Budget</b>	<b>Adjustment Budget</b>	<b>Actual Expenditure</b>	<b>Original Variance (%)</b>	<b>Adjustment variance (%)</b>
NTHABISENG INTERNAL STREET	4 172 138	12 142 111	10 553 013	60%	
CAPRICORN PARK INTERNAL STREET	14 152 232	14 111 729	12 270 821	-15%	
KGWADI INTERNAL STREET	14 861 981	6 684 528	5 807 294	-156%	
MOHODI SPORTS COMPLEX	3 000 000	5 065 196	3 417 960	12%	
NTHABISENG INTERNAL STREET	4 172 138	12 142 111	10 553 013	60%	
					<i>T 5.7.1</i>

# Chapter 6

## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

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

The municipality has a favorable bank balance of R 89 543 798 (compared to R 23,010,966 in 2019/20) at year end as per table.

#### 5.9 CASH FLOW

Cash Flow Outcomes				
Description	2019/20	Current: 2020/21		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Ratepayers and other	23 696	36 329	52 871	74 070
Government - operating	148 236	156 238	185 391	184 789
Government - capital	33 910	49 186	44 479	45 028
Interest	1 729	3 491	391	2 544
Dividends				
<b>Payments</b>				
Suppliers and employees	(164 203)	(183 007)	(221 540)	(190 640)
Finance charges	(422)	(2 184)	-	(184)
Transfers and Grants	-	-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	42 946	60 053	61 593	115 606
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Receipts</b>				
Proceeds on disposal of PPE	-			
Decrease (Increase) in non-current debtors	-	-	-	-

# Chapter 6

Cash Flow Outcomes				
Description	2019/20	Current: 2020/21		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
Decrease (increase) other non-current receivables	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-
Purchase of intangibles	- -	-	-	-
<b>Payments</b>	-	-	-	-
Capital assets				
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	(38 285)	(61 599)	(65 394)	(48 822)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Receipts</b>				
Short term loans				
Borrowing long term/refinancing				
Increase (decrease) in consumer deposits	(262)			(252)
<b>Payments</b>		(50)		
Repayment of borrowing				
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	(517)	1 150	-	-
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	(778)	1 100	-	(252)
Cash/cash equivalents at the year begin:				
Cash/cash equivalents at the year-end:	<b>3 883</b>	<b>(446)</b>	<b>(3 801)</b>	<b>66 533</b>
Source: MBRR A7				T 5.9.1

# Chapter 6

## 5.10 MUNICIPAL INVESTMENTS

### A) INTRODUCTION TO INVESTMENTS

The municipality is proud to report that there were no borrowings done during the financial year under review. Furthermore the municipality has never invested with VBS Mutual Bank. Decisions on Investments are guided by the Council approved Investment policy.

Description	2020	2021
Bank balances	R 2,407,532	R 29 332 379
Short / long -term Investment	R 20,603,434	R 60 211 426
<b>TOTAL</b>	<b>R 23,010,966</b>	<b>R 89 543 805</b>

- The table below gives a detailed overview of investments during the 2019/20 financial year.

Municipal and Entity Investments			
Investment* type	R' 000		
	Year 2018/19	Year 2019/20	Year 2020/21
	Actual	Actual	Actual
<b>Municipality</b>			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank	7 874 015,00	20 603 434,00	60 211 426,00
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			

# Chapter 6

<b>Municipal and Entity Investments</b>			
<b>Investment* type</b>	<b>Year 2018/19</b>	<b>Year 2019/20</b>	<b>R' 000</b>
			<b>Year 2020/21</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
Municipal Bonds			
Other			
<b>Municipality sub-total</b>	7874015	20603434	60211426
<b><u>Municipal Entities</u></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>	<b>7874015</b>	<b>20603434</b>	<b>60211426</b>
			<i>T 5.10.4</i>

## a. PARTNERSHIPS

The municipality did not have any official partnerships

## COMPONENT D: OTHER FINANCIAL MATTERS

### 5.12 GRAP COMPLIANCE

# Chapter 6

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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 2019/20 Annual Financial Statements. Molemole municipality's Asset management policy and Asset register are in compliance with GRAP

# Chapter 6

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## COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2020/21

### 6.1 AUDITOR GENERAL REPORTS YEAR -1 (PREVIOUS YEAR)

<b>Financial year</b>	<b>2019/20</b>
<b>Municipality name</b>	<b>Molemole</b>
<b>Audit opinion</b>	<b>Unqualified</b>
<b>Reporting period</b>	<b>Jun-2020</b>

**A SUMMARY OF AUDIT FINDINGS FOR THE 2019/20 FINANCIAL YEAR IS TABLED BELOW**

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<b>AUDITOR-GENERAL REPORT ON FINANCIAL PERFORMANCE FOR 2019/20 FINANCIAL YEAR</b>	
Audit Report status*:	Unqualified
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
<p>1. Annual financial statements, performance and annual reports The financial statements submitted for audit were not prepared in all material respects in accordance with the requirements of section 122 (1) of the MFMA. Material misstatements of revenue from exchange transactions, employee related costs and cash flow statements identified by the auditors in the submitted financial statement were subsequently corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion</p>	<p>Adequate time for the review of the Annual Financial Statement.</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>
<p>2. Expenditure management Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R127 550, as disclosed in note 59 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest on late payments</p>	<p>To ensure that payments are done within 30 days of receiving the invoice as per section 65 2 (d) of the MFMA</p>
<p>3. Procurement and contract management Some of the bid documentation for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as required by regulation 8 (2) of the preferential procurement regulations (2017)</p>	<p>Regular review of bids to before advertisement to monitor compliance and ensure that all legislative requirements are met</p>
<p>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</p>	
<b>Auditor-General Report on Service Delivery Performance 2019/20</b>	
Audit Report status*:	Unqualified
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>

# Chapter 6

<p>No material findings on the usefulness and reliability of the reported performance information for the following development priority:  <b>KPA 2: Basic service delivery and infrastructure planning.</b></p>	<p>Unqualified</p>
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## COMPONENT B: AUDITOR-GENERAL OPINION YEAR (2020/2021)

### 6.2 AUDITOR GENERAL REPORT YEAR 2020/2021

- Below is a summary of 2020/2021 audit report:

- **A SUMMARY OF AUDIT FINDINGS FOR THE 2020/2021 FINANCIAL YEAR IS TABLED BELOW**

<p>Audit Report status*:</p>	<p>Unqualified</p>
<p><b>Non-Compliance Issues</b></p>	<p><b>Remedial Action Taken</b></p>
<p>1. Annual financial statements, performance and annual reports</p> <p>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 property, plant and equipment, cash flow statements, contingent assets, contingent liabilities, commitments and statement of comparison of budget and actual amounts identified by the auditors in the submitted financial statement were</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>

# Chapter 6

subsequently corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.	
2. Asset management An adequate management, accounting and information system which accounts for assets was not in place, as required by section 63(2)(a) of the MFMA.	Preparation of accurate and complete financial statement that are supported and evidenced by reliable information
3. Procurement and contract management  Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by supply chain management (SCM) regulation 19(a).	Regular review of bids to before advertisement to monitor compliance and ensure that all legislative requirements are met
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) <span style="float: right;">T6.1.1</span>	
<b>Auditor-General Report on Service Delivery Performance 2020/21</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

**b) COMMENTS ON AUDITOR-GENERAL'S OPINION 2019/20**

There was a marked improvement in the resolution of issues raised by Auditor-General for the 2020/21 financial year. As at 30 June 2021 the municipality has resolved 63% of audit findings raised by Auditor-General as well as 80% issues raised by Internal Audit. These efforts have helped our cause to maintain the unqualified audit opinion in the current financial year.

**c) COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES:**

All section 71 reports for the 2020/21 financial year were submitted to both National and Provincial Treasury, COGHSTA and the Mayor, in the format prescribed by National Treasury. The signed copies are also published in the municipal website in line with section 75 of the Municipal Finance Management Act, 2003 (Act 53 of 2003)

# 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.

# GLOSSARY

<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>
<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

# GLOSSARY

	operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
<b>Vote:</b>	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a “vote” as:</p> <p><i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i></p> <p><i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i></p>

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## APPENDICES

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

### A1:F13 Councilors, 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. Mpelege Sara Moreroa	FT	Speaker	ANC	100%	N/A
3. Emmanuel Masilo Rathaha	FT	Chief Whip	ANC	100%	N/A
4.Moyahabo Daniel Lehong	FT	Ward Councillor MAYORAL COMMITTEE	ANC	100%	N/A
5.Ngaletjane Frank Rampyapedi	FT	Ward Councillor MAYORAL COMMITTEE	ANC	100%	N/A
1. Nakedi Winny Seakamela	FT	Ward Councillor MAYORAL COMMITTEE	ANC	80%	20%
7. Makoma Tawana	PT	Ward Councillor MAYORAL COMMITTEE	ANC	80%	20%
8. Mamoraka Dorcus Meso	PT	Ward Councillor MAYORAL COMMITTEE	EFF	90%	10%
9. Adelaide Makgoka	PT	PR Councillor	ANC	100%	N/A
10.Moyahabo Paulina Makgato	PT	PR Councillor	ANC	60%	40%
11. Moloko Letta Moabelo	PT	PR Councillor	ANC	80%	20%
12. Moloko Calvin Matjee	PT	PR Councillor	DA	70%	70%
13.Ngwakwana Margret Hopane	PT	PR Councillor	ANC	80%	20%
14. Dikeledi Matlou	PT	PR Councillor	ANC	90%	10%
15.Cllr M D Marutha	PT	PR Councillor	ANC	80%	20%
16.Malose Phineas Tloubatlla	PT	PR Councillor	DA	100%	N/A
17. Tebogo Raphaswana	PT	PR Councillor	EFF	90%	10%
18.Marutha Daisie Madiga	PT	PR Councillor	EFF	80%	20%
19.Marema Isaac Mohafe	PT	PR Councillor	EFF	90%	10%
20.Mamoraka Dorcas Meso	PT	PR Councillor	EFF	90%	10%
21.Motlalaohle Leferela Jacqueline	PT	PR Councillor)	EFF	60%	40%

Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
22.Malema Moni Quintilian	PT	Ward Councillor(08)	ANC	80%	20%
23PhetoleThomas Rakimane	PT	PR Councillor	EFF	80%	20%
24. Tshepiso Paul Rathete	PT	Ward Councillor ((1)	ANC	90%	10%
25 Duba Marias	PT	Ward Councillor(15)	ANC	80%	20%
26,Sewatlane Robert Nakana.	PT	Ward Councilor(7)	ANC	100%	N/A
27.Mokgadi Jeanette Manthata	PT	Ward Councillor(9)	ANC	100%	N/A
28.Sephesu Godlive Matlou	PT	Ward Councillor(10)	ANC	100%	N/A
29.Ramukhubedu Naledzani Selina	PT	Ward Councillor(11)	ANC	100%	N/A
30.Masoga Phuti Standford	PT	Ward Councillor(16)	ANC	90%	10%
31.Kobola Sekwati Elias	PT	Ward Councillor(12)	ANC	100%	N/A
32.Mpati Ramalepe Laurance	PT	Ward Councillor(5)	ANC	100%	N/A

## APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

MUNICIPAL COMMITTEES	NAMES AND INITIALS	PURPOSE OF COMMITTEE
Chairperson	Paya M.E	Chairperson of Exco
Finance department	Seakamela N.W	Chairperson of Finance
Technical department	Lehong M.D	Chairperson of Technical services
Community department	Rampyapedi N.F	Chairperson of Community services
Corporate services	Tawana P.M	Chairperson of Corporate services
Local economic development and planning	Meso D	Chairperson of Local Economic Development & Planning

<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: 04	Rathete P.T	04	04	To perform an oversight function on behalf of the Council over the executive functionaries of the Council
	Kobo M.A	04	04	
	Marutha M.D	04	04	
	Kobola S.E	04	04	
	Makgalo N.G	04	04	
	Matjee M.C	04	04	
	Sephesu MG	04	04	
AUDIT & PERFORMANCE AUDIT COMMITTEE TOTAL MEETINGS HELD: 07	Mr. Ngobeni	07	07	Established in terms of Section 166 of the MFMA. Committee established per Council resolution 5.1/11/08/2014 dated 11 August 2014.
	Mr. Maredi ID	05	05	
	Mr. Lekoloane T	07	07	
	Adv. Monobe TE	05	05	
	K Mathibela	07	07	
ETHICS & INTERGRITY COMMITTEE TOTAL MEETINGS HELD:04	Duba M.	04	04	Enforcement of Councillor code of conduct
	Masoga S.	04	04	
	Marutha M.	04	04	
	Ramukhubedu S.	04	04	
	Tloubatla M.	04	04	
	Makgato M.P	01	03	
RISK MANAGEMENT COMMITTEE TOTAL MEETINGS HELD:04	Chairperson: Mathibela K	01	03	Appointed by the Accounting Officer / Authority to review the Institution's system of risk management
	Senior Managers	04	04	
ICT STEERING COMMITTEE TOTAL MEETINGS HELD:	Makgatho K.E	04	04	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	
	Ramaboea N.L	04	04	
	Moruane K.	04	04	
	Ralephenya T	04	04	
	Mashatola D	04	04	
	Manaka N (SITA)	04	04	
	Mamabolo H (CDM)	04	04	

**APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE**

<b>Third Tier Structure</b>	
<b>Directorate</b>	<b>Director/Manager</b>
Municipal Manager’s Office	Municipal Manager - Mr. ML Mosena
Budget and Treasury	Chief Financial Officer – Ms K Zulu
Corporate Services	Senior Manager Corporate Services – Mr. KE Makgatho
Community Services	Senior Manager Community Services – Mrs. MF Mabuela
Technical Services	Senior Manager Technical Services Mr. Y Wasilota
LED and Planning	Vacant

## 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.

<b>Municipal Functions</b>	<b>Function applicable to Municipality (Yes/No)*</b>	<b>Function applicable to Entity (yes/no)</b>
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
Control of public nuisance	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 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

<b>WARD COMMITTEE FUNCTIONALITY 2020/2021</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>
1.	Cllr Rathete T	YES	12 meetings held	12 reports submitted	02 ward public meetings held
	Ramoshaba MP				
	Rababalela MK				
	Ramohloa SJG				
	Mapate SP				
	Motsosi FP				
	Molele SP				
	Maeko MI				
	Matsebatlela MS				
	Kekana MP				
	Mutsusi TS				
2.	Cllr Rampyapedi N	Yes	12 meetings held	12 reports submitted	04 ward public meetings held
	Makwela SG				
	Mabeba MZ				
	Mapokgole JM				
	Mahapeletja MB				
	Padima MF				
	Rapetswa RS				
	Sediela ML				
	Hamise MM				
	Hamese MC				
	Makoetja PA				
3.	Cllr Seakamela N	Yes	12 meetings held	12 reports submitted	04 ward public meetings held
	Sebetseba MD				
	Mapatha ME				
	Makwala MS				
	Letswalo MR				
	Sesokga MT				
	Ralekgokgo K				
	Mahlakaro ML				
	Mofumadi G				
	Morale MD				
	Peta SA				
4.	Cllr Rathaha M	Yes	12 meetings held	12 reports submitted	

<b>WARD COMMITTEE FUNCTIONALITY 2020/2021</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>
	Mahuma DE Molosi MJ Matima MJ Mokgawa MJ Thobakgale MT Makhura MP Mohlakela NE Ratema MJ Sebone SI Ramatjie MD				03 ward public meetings held
5.	Cllr Mpati R Ramarutha ME Makgato MS Rawane MM Mabitsi MR Machaka ND Sekgota AN Hamese M A Thuputlela MD Moalamedi IS Makgato MA	Yes	12 meetings held	12 reports submitted	03 ward public meetings held
6.	Cllr Tawana M Phefadu MP Makwala MH Monchela MD Kotopane SB Rapholo MS Ramaphakela NG Maapola MK Leta SC Ramahlare AG	Yes	12 meetings held	12 reports submitted	03 ward public meetings held
7.	Cllr Nakana S Ramahoyo MJ Machethe ME	Yes	12 meetings held	12 reports submitted	03 ward public meetings held

<b>WARD COMMITTEE FUNCTIONALITY 2020/2021</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>
	Mabokachaba MM				
	Raphadu DM				
	Sebone TB				
	Phooko MB				
	Sewedi MS				
	Racheku C				
	Matsepane NL				
8..	Cllr Malema M	Yes	12 meetings held	12 reports submitted	03 ward public meetings held
	Mpholo SC				
	Morokolo MA				
	Thobakgale TG				
	Molobisi MA				
	Maleta SR				
	Mongalo JN				
	Phefadu S				
	Seshoka MG				
	Mashaba MG				
	Hlabolwa MN				
	Makopolla MI				
	Machabaphala ME				
	Pagadi MD				
	Sethole NR				
	Molamudi MC				
	Senamolela MY				
	Mogale SK				
	Malemela MD				
	Machaka ME				
	Monyemangene MM				

WARD COMMITTEE FUNCTIONALITY 2020/21					
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
9.	Cllr Manthata M	Yes	12 meetings held	12 reports submitted	03 ward public meetings held
	Makopolla MI				
	Machabaphala ME				
	Pagadi MD				
	Sethole NR				
	Molamudi MC				
	Senamolela MY				
	Mogale SK				
	Malemela MD				
	Machaka ME				
	Monyemangene MM				
10.	Cllr Sepheso M	Yes	12 meetings held	12 reports submitted	03 ward public meetings held
	Morema MJ				
	Matlou T A				
	Malebana TG				
	Sepuru RL				
	Thlapa MC				
	Makgatho NL				
	Moloto PG				
	Mphago MJ				
	Mpyana MW				
	Machabaphala MA				
11.	Cllr Ramukhubedu N	Yes	12 meetings held	12 reports submitted	02 ward public meetings held
	Lamola CS				
	Maapola CM				
	Manthata SM				
	Moningi SE				

WARD COMMITTEE FUNCTIONALITY 2020/21					
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
	Matjea MJ				
	Mashamaite M				
	Mokoko MN				
	Seleka R				
	Makgosa F				
	Ngobene MS				
12.	Cllr Kobola S	Yes	12 meetings held	12 reports submitted	03 ward public meetings held
	Masehlong MW				
	Letlalo MS				
	Maloba MM				
	Makhathi SJ				
	Mohlabeng TA				
	Paya PD				
	Mafathla MF				
	Mmangweta MN				
	Molemisi KM				
	Mamabolo MJ				

WARD COMMITTEE FUNCTIONALITY 2020/2021					
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
13..	Cllr Lehong D	Yes	12 meetings held	12 reports submitted	02 ward public meetings held
	Maphakela DA				
	Mokondelela MA				
	Rakabe PS				
	Setati RW				
	Mphaka SL				
	Kgopane TO				
	Makobela MC				
	Mahladisa MJ				
	Manaka AN				
	Mashalane MB				
14.	Cllr Moreroa M	Yes	12 meetings held	12 reports submitted	09 ward public meetings held
	Tau MS				
	Mabitsela RI				
	Makgato LJ				
	Leshabane PB				
	Mokgehle MC				
	Semenya KJ				
	Maphakela MS				
	Moloko KN				
	Dipela MJ				
	Kgare MM				
15.	Cllr Duba M	Yes	12 meetings held	12 reports submitted	02 ward public meetings held
	Manoko TS				
	Mahopo KE				
	Masehela BF				
	Manamela MC				
	Nong CD				
	Tele SA				
	Kgodu TA				
	Ramabu MD				
	Mankga ST				
	Mokoele MM				

WARD COMMITTEE FUNCTIONALITY 2020/2021					
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
16.	Clr Masoga P	Yes	12 meetings held	8 reports submitted	02 ward public meetings held
	Mpyana PV				
	Moitsi ME				
	Mathapo MC				
	Phadu RR				
	Kobo C				
	Kgare KJ				
	Setlhako MA				
	Molokomme TF				
	Maeta JM				
	Phaho IK				

## APPENDIX F – WARD INFORMATION

Project Name	Appointed service provider (consultant/contractor/supplier)	Total Project value	Project achieved /not achieved /Term contract	Project status quo	Ward(s) Benefited	Mitigation measure	Project Start Date	Project End Date	Rating Score
<b>Basic service and Infrastructure delivery</b>									
NTHABISENG UPGRADING OF INTERNAL STREETS FROM GRAVEL TO TAR ROAD PHASE 4	MADITSI JAN CONSTRUCTION AND PROJECTS	R 12 135 965,43	Achieved	100%	01	None	13 August 2020	12 Feb 2021	3
CAPRICORN PARK UPGRADING OF INTERNAL STREETS FROM GRAVEL TO SURFACING – PHASE 3	KOEPHU BUSINESS ENTERPRISE	R 13 952 141	Achieved	100%	01	None	25 August 2020	30 June 2021	3
PLANNING , DESIGN SURFACING LINKING KGWADI PRIMARY SCHOOL AND BOTLOKWA PRIMARY SCHOOL	MORULA CONSULTING ENGINEERS	R 560 977.32	Term Project	Ongoing	06	None	27 August 2020	26 August 2022	N/A
SUPPLY AND DELIVERY OF SABS APPROVED 500 SINGLE-PHASE SPLIT PLC PREPAID	JUSBEN CONSULTING ENGINEERS	R1 048 811.50	Achieved	100% /	01 AND 10	None	07 October 2021	08 December 2020	3

Project Name	Appointed service provider (consultant/contractor/supplier)	Total Project value	Project achieved /not achieved /Term contract	Project status quo	Ward(s) Benefited	Mitigation measure	Project Start Date	Project End Date	Rating Score
ELECTRICITY METERS									
SUPPLY, DELIVERY AND INSTALLATION OF x3 ENERGY SAVING HIGHMAST LIGHTS AT BRILLIANT, SPRINGS AND SKHOKHO	JUSBEN CONSULTING ENGINEERS	R1 594 418.00	Achieved	100%	6,7 and 14	None	07 October 2020	08 January 2021	3
SUPPLY, DELIVERY AND COMMISSIONING OF TWO BACK-UP 25KVA THREE PHASE DIESEL GENERATORS	MOHUDI ENGINEERING	R 496 655.10	Achieved	100%	All Wards	None	08 October 2020	08 January 2021	3
ELECTRIFICATION OF 500 HOUSEHOLDS IN FATIMA VILLAGE (TURN-KEY)	NSK ELECTRICAL AND CONSTRUCTION	R 8 714 412.24	Achieved	100%	11	None	13 November 2020	14 June 2021	3
DESIGN AND CONSTRUCT OF 1500 GRAND STAND AND ANXILLARY WORKS AT MOHODI SPORTS	RIXONGILE CONSULTING ENGINEERS	R 2 922 150.00	Achieved	100%	12	None	23 November 2020	30 April 2021	3

Project Name	Appointed service provider (consultant/contractor/supplier)	Total Project value	Project achieved /not achieved /Term contract	Project status quo	Ward(s) Benefited	Mitigation measure	Project Start Date	Project End Date	Rating Score
COMPLEX (TRN-KEY)									
CONSTRUCTION OF THE 0.7 KM ROAD LINKING KGWADI PRIMARY SCHOOL AND BATLOKWA PRIMARY SCHOOL PHASE 1	MALERATE CONSTRUCTION	R 6 678 388,62	Achieved	100%	06	None	30 November 2020	30 April 2021	3
SUPPLY, DELIVERY, INSTALLATION AND COMMISSIONING OF LED ENERGY SAVING STREET LIGHTS IN MOGWADI AND MOREBENG	115 ELECTRICAL SOLUTIONS	R 2 538 226.95	Achieved	100%	1 and 10	None	11 December 2020	14 June 2021	3
SUPPLY, INSTALLATION AND MANAGEMENT OF A STS COMPLIANT PREPAYMENT ELECTRICITY VENDING SOLUTION FOR A PERIOD OF 36 MONTHS	ONTEC SYSTEMS (PTY)LTD	R 59 097.35	Term Project	Ongoing	All wards	None	21 June 2021	20 June 2024	N/A

Project Name	Appointed service provider (consultant/contractor/supplier)	Total Project value	Project achieved /not achieved /Term contract	Project status quo	Ward(s) Benefited	Mitigation measure	Project Start Date	Project End Date	Rating Score
<b>LOCAL ECONOMIC DEVELOPMENT AND PLANNING</b>									
DERMACATION OF 270 SUITES	MASUGULO YA NDZAKA GROUP	R 425 000.00	Achieved	100%	All wards	None	01 December 2020	30 October 2021	3
SURVEYING OF EXISTING SETTLEMENT	MASUGULO YA NDZAKA GROUP	R 370 000.00	Achieved	100%	All wards	None	02 December 2020	30 June 2021	3
COMPILATION OF PRECINCT PLAN	BUSH LAND DEVELOPERS	R 440 020.00	Achieved	100%	All wards	None	02 December 2020	30 June 2021	3
SMME'S TRAINING AND DEVELOPMENT FOR FIVE (05) MONTHS	MASIKILA TRAINING SOLUTION	R545 000.00	Achieved	100%	All wards	None	04 March 2021	31 July 2021	3
<b>MUNICIPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT</b>									
SUPPLY AND DELIVERY FOR MUNICIPAL PERSONAL PROTECTIVE EQUIPMENT UNIFORM FOR A PERIOD OF 36 MONTHS	SEFULARO TRADING	R 130 025.00	Term Project	Ongoing	All wards	None	01 December 2021	30 June 2023	N/A
PANEL OF 3 DIESEL MECHANICS FOR SERVICES, MAINTENANCE AND REPAIRS OF MUNICIPAL	<ul style="list-style-type: none"> <li>❖ NDOUKEYS TRADING AND PROJECT,</li> <li>❖ SENWABAR WANA CONSTRUCTION AND PROJECT</li> </ul>	R 72 000.00 R 80 000.00	Achieved	Ongoing	All wards	None	01 April 2021	02 April 2022	N/A

Project Name	Appointed service provider (consultant/contractor/supplier)	Total Project value	Project achieved /not achieved /Term contract	Project status quo	Ward(s) Benefited	Mitigation measure	Project Start Date	Project End Date	Rating Score
FLEET FOR PERIOD OF 12 MONTHS ON A CALL OUT BASIS	❖ NNL AND PARTNERS CONSTRUCTION	R 136 290.00							
LEASING OF SERVICES, DELIVERY PLANT AND EQUIPMENT FOR PERIOD OF 36 MONTHS.	MASALA RAMABULANA HOLDINGS	R9 877 877.83	Term Project	Ongoing	All wards	None	19 April 2021	18 March 2024	N/A
SUPPLY AND DELIVERY OF THE MUNICIPAL STATIONARY AND CARTRIDGES FOR THE PERIOD OF 12 MONTHS.	CARTRIDGE HUB SA  OLRICH HOME OF TECHNOLOGY	R105,983.72  R101,437.23	Term Project	Ongoing	All wards	None	19 April 2021	18 April 2022	N/A
IMPLEMENTATION AND MAINTANANCE OF DISASTER RECOVERY PLAN.	BATSIBI TECHNOLOGIES	R5 733 863.64	Term Project	Ongoing	All wards	None	02 June 2021	01 June 2024	N/A
SERVICE AND MAINTANANCE OF AIR CONDITIONERS FOR A PERIOD OF TWELVE MONTHS	MABRAP AIRCONDITIONING AND REFRIGERATION	R254.86	Term Project	Ongoing	All wards	None	01 May 2021	30 April 2022	N/A

Project Name	Appointed service provider (consultant/contractor/supplier)	Total Project value	Project achieved /not achieved /Term contract	Project status quo	Ward(s) Benefited	Mitigation measure	Project Start Date	Project End Date	Rating Score
LEASING OF 3X PHOTOCOPIER MACHINE FOR A PERIOD OF THIRTY SIX (36) MONTHS.	XLP DOCUMENTS SOLUTIONS	R1 647 550.80.	Term Project	Ongoing	All wards	None	01 July 2021	30 June 2024	N/A
TRAVEL MANAGEMENT SERVICES FOR A PERIOD OF 24 MONTHS	RAKOMA TRAVEL and EMKOZENI TRADING ENTERPRISE/HARVEY WORLD TRAVEL	10% 07%	Term Project	Ongoing	All wards	None	01 October 2020	30 September 2022	N/A
<b>FINANCIAL VIABILITY</b>									
PREPARATION OF 2019/20 ANNUAL FINANCIAL STATEMENT AND 2020/21 THIRD QUARTER AND ANNUAL FINANCIAL STATEMENT	MUNIREPS (PTY) LTD	R 2 100 000.00	Term Project	Ongoing	All wards	None	13 July 2020	30 December 2021	N/A
AUDIT AND RECOVERY OF LONG OUTSTANDING VAT RECEIVABLE	MAXIMUM PROFIT RECOVERY (PTY)LTD	7.5%	Term Project	Ongoing	All wards	None	05 February 2021	04 February 2022	N/A
MUNICIPAL ASSETS REVALUATION	TLADI AND ASSOCIATES, MED GOLDING PHEKISO CONSULTING	R 835,593.72	Achieved	100%	All wards	None	01 March 2020	30 June 2020	3

Project Name	Appointed service provider (consultant/contractor/supplier)	Total Project value	Project achieved /not achieved /Term contract	Project status quo	Ward(s) Benefited	Mitigation measure	Project Start Date	Project End Date	Rating Score
UPLOADING OF INVENTORY REGISTER ON MUNICIPAL FINANCIAL SYSTEM (SOLAR)	TLADI AND ASSOCIATES	R258 750.00	Achieved	100%	All wards	None	15 March 2021	30 June 2021	3
DEBTORS ANALYSIS FOR MUNICIPAL ACCOUNTS TRANSACTIONS	HCB JV TSHITEKWE PROJECTS AND INVESTMENTS	R648 000.00	Achieved	100%	All wards	None	10 June 2021	09 Sept 2021	3
DEVELOPMENT OF THE MUNICIPAL REVENUE ENHANCEMENT STRATEGY	MASALA RAMABULANE HOLDINGS	R 785 905.40	Achieved	100%	All wards	None	10 June 2021	30 June 2021	3
<b>GOOD GOVERNANCE AND PUBLIC PARTICIPATION</b>									
PROVISION OF SHORT TERM INSURANCE BROKERAGE SERVICES FOR THE PERIOD OF 36 MONTHS	GOVERNOR RISK SOLUTIONS	R 1 953 224.00	Term Project	Ongoing	All wards	None	01 September 2020	31 August 2023	N/A

## APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 2020/21

### 1. INTRODUCTION

On behalf of the Audit and Performance Audit Committee (APAC) I have a pleasure in submitting herewith the annual report of the Audit and Performance Audit Committee for the financial year ended 30 June 2020.

### 2. GOVERNANCE OF THE COMMITTEE

All members of the Audit and Performance Audit Committee are independent external non-executive members.

2.1.1 The Chief Audit Executive reports operationally to the Municipal Manager and functionally to the Audit Committee.

2.1.2 Risk Management Committee, is a management committee chaired by an independent Risk Management Committee Chairperson to guide and advise the Accounting Officer while providing Audit and Performance Audit Committee oversight. However, the position remain vacant and the municipality is currently in process of filling this position.

2.1.3 The members of the Audit and Performance Audit Committee and Sub-committee during the period under review were:

Name	Audit and Performance Audit Committee
Mr. Ngobeni SAB	Chairperson
Mr. Lekoloane T	Member
Adv. Monobe TE	Member

Name	Risk Management Committee
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K. Mathibela	
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### 3. AUDIT COMMITTEE RESPONSIBILITIES

The Audit Committee consists of four (3) members and this is line with Circular 65 of the MFMA. The committee is expected to meet at least four times in a year. The committee held twelve (12) meetings during 2020/21 financial year. In carrying out its mandate which is conferred by its terms of reference and section 166 of the MFMA, the committee confirms that taking into consideration the reports by both internal and external auditors, it has reviewed and assessed the following:

- a) The effectiveness of internal control systems;
- b) The effectiveness of internal audit;
- c) The effectiveness of the risk management processes.
- d) The risk areas of the entity's operations to be covered in the scope of internal and external audits;
- e) The adequacy, reliability and accuracy of financial information provided to management and other users of such information;
- f) Any accounting and auditing concerns identified as a result of internal and external audits;
- g) The municipality's compliance with legal and regulatory provisions;
- h) The activities of the internal audit function, including its annual work programme, coordination with external auditors,
- i) The reports of significant investigations and the responses of management to specific recommendations;
- j) Where relevant, the independence and objectivity of the external auditors.

### 4. Year-End Process

#### **4.1 Evaluation of Financial Statements**

APC reviewed the annual financial statements prepared by the municipality at the audit committee meeting held in 17 and 28 August 2021, and recommended them for audit.

#### **4.2 Evaluation of Annual Report**

At the same audit committee meeting, APC evaluated draft annual report (including performance report) and recommended the report for audit after further refinement by management.

### **5. INTERNAL CONTROL**

**5.1** Internal Audit evaluated effectiveness of municipal system of internal controls following AG (SA) Methodology and using the tool provided by AG (SA).

**5.2** Internal Audit reported system weaknesses and recommended corrective actions for management to address the deficiencies. Management implemented part of the internal audit recommendations to enhance the system of internal controls to the acceptable level.

**5.3** Based on the information and explanations given by management, Internal audit function and discussions with independent External Auditors on the result of the audits, the audit committee is of the opinion that the internal accounting controls were adequately designed but not fully implemented to ensure completeness, accuracy and reliability of financial records for preparing the annual financial statements, and to ensure that the accountability for assets and liabilities is maintained.

### **6. INTERNAL AUDIT**

**6.1** The Internal Audit team managed to execute and complete substantial all original approved risk based audit projects within the allocated budget hours and time-frames. It is against this backdrop that the following conclusion must be understood that the internal audit unit under the leadership of the Acting Chief Audit Executive in material respect was found to be effective and adds value to the whole value chain.

**6.2** The committee is extremely satisfied that the internal audit has during the period under review effectively focused its available resources towards identified critical risk areas in accordance with

the approved Risk Based Annual Audit plan for 2020/21. The committee also approved the Risk Based Annual Audit plan for the 2020/21 reporting period and was given the assurance that every effort will be made by the Accounting Officer to have all the resources available to properly execute the plan.

- 6.3** All Internal Audit activities were completed in accordance with the approved Internal Audit Charter and no compromise of the independence or objectivity of the function was observed throughout for the year under review.

## **7. In-Year Management and Monthly/Quarterly Report**

The municipality has reported monthly and quarterly to Treasury as is required by the MFMA. The Audit Committee reviewed the quality, accuracy, usefulness, reliability and appropriateness of quarterly and annual financial and performance reporting and concluded that the municipality should continue with culture/good practice of reporting timeously.

## **8. PERFORMANCE MANAGEMENT**

- 8.1** The Audit and Performance Audit Committee noted that Management has developed a performance management policy, which was approved by Council.

- 8.2** Internal Audit unit has in line with the MFMA/MSA regulations audited on a quarterly basis performance information. All system weaknesses reported were brought to the attention of the Accounting Officer.

## **9. Risk Management**

The APC is of the opinion that municipality's risk management maturity level is somewhat satisfactorily. The municipality has appointed independent Risk Management Committee Chairperson in the beginning of the financial year 2020/21.

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

The municipality recorded a notable improvement in so far as compliance with the enabling laws and regulations and APC commend management for such improvement. As result, the APC recommended strengthening of the current compliance management system with an objective of addressing the issues of non-compliance with laws and regulations.

### **11. Auditor General's Report**

The APC evaluated management responses to the report or findings of the Auditor-General (Action plan to address prior year findings) on quarterly basis and gave inputs and advice on how best to address the findings raised by the AGSA.

### **12. Interaction With The Municipal Public Accounts Committee (MPAC)**

The Chairperson of the Audit Committee and MPAC Chairperson had meetings to discuss the Annual Report with a view of finalization of the Oversight report. Meetings are schedule as per requests due to aligned activities from both committees with a view of providing and strengthening of oversight mandate.

### **13. Conclusion**

The APC 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 report above. We would also like to thank the Mayor for his support, Councilors, senior management for their efforts and internal audit for their contribution.

A handwritten signature in black ink, consisting of the letters 'SAB' followed by a stylized flourish, all enclosed within an oval shape.

.....  
**SAB Ngobeni**  
**Chairperson Audit and Performance Committee**

## AUDIT COMMITTEE SCHEDULE OF RESOLUTIONS 2020/21

AGENDA ITEM	RESOLUTION	RESPONSIBILITY	TIMEFRAME	PROGRESS	STATUS	REVISE D DATE
<b>MINUTES OF THE SPECIAL AUDIT COMMITTEE MEETING 28 JULY 2020</b>						
1. Risk Management	That the progress on COVID 19 should serve in all management meetings.	Risk Officer	September 2020	Progress on the COVID 19 checklist was presented in the Senior Management committee on the 07 September 2020.	Completed	
	That management should develop a project risk register and submit in the next Ordinary Committee meeting.	Risk Officer	September 2020	Quarterly project progress report has been adopted a project risk	Completed	
<b>MINUTES OF THESPECIAL AUDIT COMMITTEE MEETING 20 OCTOBER 2020</b>						
1. Draft Annual Financial Statements (AFS) 2019/20	That Legal Manager should get the confirmation letters of the amount disclosed in the AFS.	Legal Manager	October 2020		Completed	
	The updated version of the AFS should be submitted to the Audit Committee Members by Monday, 26 October 2020.	CFO	26 October 2020		Completed	
<b>MINUTES OF THE ORDINARY AUDIT COMMITTEE MEETING 27 OCTOBER 2020</b>						
1. Annual Performance report	The updated version of the annual performance report be submitted to the Audit Committee by the end of business 27 October 2020.	Manager Executive Support	27 October 2020	The updated version was submitted to AC for review	Completed	
Executive Summary of ICT Steering Committee Minutes	ICT governance report should include the following activities per quarter: a) Progress on IT findings raised by Auditor General and Internal Audit.	Senior Manager Corporate Services	January 2021	a), b), c) and d) are included in the ICT Governance report	In progress	

	(b) Report on the ICT targets in the approved SDBIP 2020/21. (c) The general control status of back up testing to be performed per quarter. Report on issues relating to ICT Security (confidentiality/loss of information) per quarter.					
2. Significant Litigation Matters report	(a) That management should consider the vacancy of the officer with Litigation experienced to enhance knowledge in the division. That there is a lack of adequate and secure storage facilities for files and documents	Senior Manager Corporate Services	June 2021	The vacancy to be considered for 2021/22 organogram  Alternative spacious office to be considered	In progress  In progress	
<b>MINUTES OF THE ORDINARY AUDIT COMMITTEE MEETING 14 DECEMBER 2020</b>						
1. Revised internal audit 2020/21	The position of Chief Audit Executive to be filled in February/March 2021	Senior Manager Corporate Services	February 2021	Recruitment underway and so far applications have been received and captured.	Completed	
	Additional staff within the internal audit will be included in the organogram for the next financial year (2021/22).	Municipal Manager	June 2021	The organogram will be reviewed in May with IDP and Budget for 2021/22 financial year	Completed	

	The training for teammate to be prioritized in January 2021	Senior Manager Corporate Service	January 2021	Training to be rolled out before end of the 3 <sup>rd</sup> quarter	In progress	
<b>MINUTES OF THE ORDINARY AUDIT COMMITTEE MEETING 26 JANUARY 2021</b>						
Budget Adjustment and SDBIP reviews 2020/21 1.	The Audit Committee recommended that a special meeting should be coordinated for the review of the adjustment budget and SDBIP.	CFO	Feb-21	Budget adjustment was forwarded to the Audit Committee Members for review and inputs	Completed	
Progress on Audit 2.	It was recommended that Audit Committee should be informed formally should AG decide to move the reporting date (28 February 2021).	Municipal Manager	Feb-21	The Municipality was informed by AG in a letter received on the 26 March 2021 regarding the extension of the Audit.	Completed	
<b>MINUTES OF THE SPECIAL AUDIT COMMITTEE MEETING 26 MARCH 2021</b>						
Draft management report 2019/20	To submitted the adjusted AFS by the 29th March 2021 to AG	CFO	Mar-21	Adjusted AFS were submitted to AG on the 1 April 2021	Completed	
Draft management report	Follow up Audit Committee meeting to be coordinated on the 29 March 2021.	Acting CAE	Mar-21	Special Audit Committee meeting was held on the 15 April 2021	Completed	

MINUTES OF THE SPECIAL AUDIT COMMITTEE MEETING 15 APRIL 2021						
Draft management report	I was resolved that AG be given a chance to look on to the issues raised by the Municipality and the Meeting be reconvened later or the following morning	Municipal Manager	Apr-21	The response to the issues raised was done in writing by the Auditor General. The Meeting has been scheduled to take place on the 03 May 2021	Completed	
MINUTES OF THE SPECIAL AUDIT COMMITTEE MEETING 23 APRIL 2021						
Quarterly Progress Report	<b>To engage Municipal Manager on challenges affecting Internal Audit Unit</b>	Audit Committee/Municipal Manager	June	To schedule a meeting with MM to discuss issues pertaining to internal Audit unit	In progress	
Risk Management reports	Risk assessment to be conducted prior the adoption of the IDP.			Risk Assessment was conducted on the 11 June 2021	Completed	

Litigation report	To update the status and development in the Litigation report	Legal Services Manager	June 2021	Contingent register included in the report	Completed	
Litigation report	ICT and litigation report to be presented in the next Audit committee meeting	Senior Manager Corporate Service and Legal Services Manager	July 2021	ICT and litigation reports included in the pack	Completed	
<b>MINUTES OF THE SPECIAL AUDIT COMMITTEE MEETING 26 May 2021</b>						
<b>AGENDA ITEM</b>	<b>RESOLUTION</b>	<b>RESPONSIBILITY</b>	<b>TIMEFRAME</b>	<b>PROGRESS</b>	<b>STATUS</b>	<b>REVIS D DATE</b>
IDP&Budget 2021/22	Include the Procurement plan in the next Ordinary Audit Committee Meeting	CFO	June 2021	Procurement plan included in the pack	Completed	
IDP and SDBIP	The IDP be submitted to Council for adoption and the SDBIP be developed	Manager: executive support	May-21	The IDP&budget was adopted on the 28th May 2021 and the	Completed	

				SDBIP was developed and approved on the		
IDP&Budget	Inputs regarding the IDP & Budget will be emailed to Internal Audit.	CAE	May-21	All inputs were submitted and factored in to the report	Completed	
IDP&Budget	That the risk assessment be submitted to the internal audit to prepare the risk based plan.	Risk Officer	May-21	Risk Assessment was conducted on the 11 <sup>th</sup> June 2021	Completed	
IDP&Budget	Meeting to be coordinated for the approval of the strategic risk register and the audit plan	CAE	June 2021	Special Audit Committee meeting was held on the 24 June 2021	Completed	

**MINUTES OF THE SPECIAL AUDIT COMMITTEE MEETING 24 June 2021**

AGENDA ITEM	RESOLUTION	RESPONSIBILITY	TIMEFRAME	PROGRESS	STATUS	REVISED DATE
I Audit Committee Charter	The audit Committee charter should be submitted to the Council for adoption	CAE	June 2021	Special Audit Committee meeting was held on the 24 June 2021	Completed	
Risk Management Policies	The risk management policies should be submitted to the Council for adoption  The risk management policies should be submitted to the Council for adoption	Risk Officer	June 2021	Risk Management policies were adopted by Council on the 29 <sup>th</sup> June 2022	Completed	

Annual Report Annual report	The Annual report should be submitted to the Council for adoption	Manager: Executive Support	June 202	The Annual report was adopted by Council on the 29 <sup>th</sup> June 2021	Completed	
Annual report	The Annual report be published on the Municipal website	Manager: Executive Support	June 21	The annual report and oversight report have been published on the website	Completed	
Annual Report	Give copies of the annual report to COGHSTA and other stakeholders	Manager Executive Support	Jun-21	Acknowledgement letter and the register for the recipients of the annual report from stakeholders submitted	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. Council evaluated performance of the Audit Committee to ensure that the

# APPENDICES

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

<b>Long term contracts (20 Largest Contracts Entered into during 2019/20)</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>
ModHope 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

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
<b>Basic service and Infrastructure delivery</b>									
NTHABISENG UPGRADING OF INTERNAL STREETS FROM GRAVEL TO TAR ROAD PHASE 4	MADITSI JAN CONSTRUCTION AND PROJECTS	R 12 135 965,43	Achieved	100%	None	None	13 August 2020	12 Feb 2021	3
CAPRICORN PARK UPGRADING OF INTERNAL STREETS FROM GRAVEL TO SURFACING – PHASE 3	KOEPHU BUSINESS ENTERPRISE	R 13 952 141	Achieved	100%	None	None	25 August 2020	30 June 2021	3
PLANNING , DESIGN SURFACING LINKING KGWADI PRIMARY SCHOOL AND BOTLOKWA PRIMARY SCHOOL	MORULA CONSULTING ENGINEERS	R 560 977.32	Term Project	Ongoing	None	None	27 August 2020	26 August 2022	N/A
SUPPLY AND DELIVERY OF SABS APPROVED 500 SINGLE-PHASE SPLIT PLC PREPAID ELECTRICITY METERS	JUSBEN CONSULTING ENGINEERS	R1 048 811.50	Achieved	100% /	None	None	07 October 2021	08 December 2020	3

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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
SUPPLY, DELIVERY AND INSTALLATION OF x3 ENERGY SAVING HIGHMAST LIGHTS AT BRILLIANT, SPRINGS AND SKHOKHO	JUSBEN CONSULTING ENGINEERS	R1 594 418.00	Achieved	100%	None	None	07 October 2020	08 January 2021	3
SUPPLY, DELIVERY AND COMMISSIONING OF TWO BACK-UP 25KVA THREE PHASE DIESEL GENERATORS	MOHUDI ENGINEERING	R 496 655.10	Achieved	100%	None	None	08 October 2020	08 January 2021	3
ELECTRIFICATION OF 500 HOUSEHOLDS IN FATIMA VILLAGE (TURN-KEY)	NSK ELECTRICAL AND CONSTRUCTION	R 8 714 412.24	Achieved	100%	None	None	13 November 2020	14 June 2021	3
DESIGN AND CONSTRUCTION OF 1500 GRAND STAND AND ANXILLARY WORKS AT MOHODI SPORTS COMPLEX (TRN-KEY)	RIXONGILE CONSULTING ENGINEERS	R 2 922 150.00	Achieved	100%	None	None	23 November 2020	30 April 2021	3
CONSTRUCTION OF THE 0.7 KM ROAD LINKING KGWADI PRIMARY SCHOOL AND BATLOKWA PRIMARY	MALERATE CONSTRUCTION	R 6 678 388,62	Achieved	100%	None	None	30 November 2020	30 April 2021	3

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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
SCHOOL PHASE 1									
SUPPLY, DELIVERY, INSTALLATION AND COMMISSIONING OF LED ENERGY SAVING STREET LIGHTS IN MOGWADI AND MOREBENG	115 ELECTRICAL SOLUTIONS	R 2 538 226.95	Achieved	100%	None	None	11 December 2020	14 June 2021	3
SUPPLY, INSTALLATION AND MANAGEMENT OF A STS COMPLIANT PREPAYMENT ELECTRICITY VENDING SOLUTION FOR A PERIOD OF 36 MONTHS	ONTEC SYSTEMS (PTY)LTD	R 59 097.35	Term Project	Ongoing	None	None	21 June 2021	20 June 2024	N/A
<b>Spatial rationale and Local Economic Development</b>									
DERMATICATION OF 270 SUITES	MASUGULO YA NDZAKA GROUP	R 425 000.00	Achieved	100%	None	None	01 December 2020	30 October 2021	3
SURVEYING OF EXISTING SETTLEMENT	MASUGULO YA NDZAKA GROUP	R 370 000.00	Achieved	100%	None	None	02 December 2020	30 June 2021	3
COMPILATION OF PRECINCT PLAN	BUSH LAND DEVELOPERS	R 440 020.00	Achieved	100%	None	None	02 December 2020	30 June 2021	3
SMME'S TRAINING AND DEVELOPMENT FOR FIVE (05) MONTHS	MASIKILA TRAINING SOLUTION	R545 000.00	Achieved	100%	None	None	04 March 2021	31 July 2021	3
<b>Municipal Transformation and Organizational Development</b>									

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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
SUPPLY AND DELIVERY FOR MUNICIPAL PERSONAL PROTECTIVE EQUIPMENT UNIFORM FOR A PERIOD OF 36 MONTHS	SEFULARO TRADING	R 130 025.00	Term Project	Ongoing	None	None	01 December 2021	30 June 2023	N/A
PANEL OF 3 DIESEL MECHANICS FOR SERVICES, MAINTENANCE AND REPAIRS OF MUNICIPAL FLEET FOR PERIOD OF 12 MONTHS ON A CALL OUT BASIS	<ul style="list-style-type: none"> <li>❖ NDOUKEYS TRADING AND PROJECT,</li> <li>❖ SENWABARWANA CONSTRUCTION AND PROJECT</li> <li>❖ NNL AND PARTNERS CONSTRUCTION</li> </ul>	R 72 000.00 R 80 000.00 R 136 290.00	Achieved	Ongoing	None	None	01 April 2021	02 April 2022	N/A
LEASING OF SERVICES, DELIVERY PLANT AND EQUIPMENT FOR PERIOD OF 36 MONTHS.	MASALA RAMABULANA HOLDINGS	R9 877 877.83	Term Project	Ongoing	None	None	19 April 2021	18 March 2024	N/A
SUPPLY AND DELIVERY OF THE MUNICIPAL STATIONARY AND CARTRIDGES FOR THE PERIOD OF 12 MONTHS.	CARTRIDGE HUB SA  OLRICH HOME OF TECHNOLOGY	R105,983.72 R101,437.23	Term Project	Ongoing	None	None	19 April 2021	18 April 2022	N/A
IMPLEMENTATION AND MAINTANANCE OF	BATSIBI TECHNOLOGIES	R5 733 863.64	Term Project	Ongoing	None	None	02 June 2021	01 June 2024	N/A

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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
DISASTER RECOVERY PLAN.									
SERVICE AND MAINTANANCE OF AIR CONDITIONERS FOR A PERIOD OF TWELVE MONTHS	MABRAP AIRCONDITIONING AND REFRIGERATION	R254.86	Term Project	Ongoing	None	None	01 May 2021	30 April 2022	N/A
LEASING OF 3X PHOTOCOPIER MACHINE FOR A PERIOD OF THIRTY SIX (36) MONTHS.	XLP DOCUMENTS SOLUTIONS	R1 647 550.80.	Term Project	Ongoing	None	None	01 July 2021	30 June 2024	N/A
TRAVEL MANAGEMENT SERVICES FOR A PERIOD OF 24 MONTHS	RAKOMA TRAVEL and EMKOZENI TRADING ENTERPRISE/HARVEY WORLD TRAVEL	10% 07%	Term Project	Ongoing	None	None	01 October 2020	30 September 2022	N/A
<b>Financial Viability</b>									
PREPARATION OF 2019/20 ANNUAL FINANCIAL STATEMENT AND 2020/21 THIRD QUARTER AND ANNUAL FINANCIAL STATEMENT	MUNIREPS (PTY) LTD	R 2 100 000.00	Term Project	Ongoing	None	None	13 July 2020	30 December 2021	N/A
AUDIT AND RECOVERY OF LONG OUTSTANDING VAT RECEIVABLE	MAXIMUM PROFIT RECOVERY (PTY)LTD	7.5%	Term Project	Ongoing	None	None	05 February 2021	04 February 2022	N/A
MUNICIPAL ASSETS REVALUATION	TLADI AND ASSOCIATES	R 835,593.72	Achieved	100%	None	None	01 March 2020	30 June 2020	3

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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
	MED GOLDING PHEKISO CONSULTING								
UPLOADING OF INVENTORY REGISTER ON MUNICIPAL FINANCIAL SYSTEM (SOLAR)	TLADI AND ASSOCIATES	R258 750.00	Achieved	100%	None	None	15 March 2021	30 June 2021	3
DEBTORS ANALYSIS FOR MUNICIPAL ACCOUNTS TRANSACTIONS	HCB JV TSHITEKWE PROJECTS AND INVESTMENTS	R648 000.00	Achieved	100%	None	None	10 June 2021	09 Sept 2021	3
DEVELOPMENT OF THE MUNICIPAL REVENUE ENHANCEMENT STRATEGY	MASALA RAMABULANE HOLDINGS	R 785 905.40	Achieved	100%	None	None	10 June 2021	30 June 2021	3
<b>Good Governance and Public Participation</b>									
PROVISION OF SHORT TERM INSURANCE BROKERAGE SERVICES FOR THE PERIOD OF 36 MONTHS	GOVERNOR RISK SOLUTIONS	R 1 953 224.00	Term Project	Ongoing	None	None	01 September 2020	31 August 2023	N/A

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

No	Surnames	Full names	Designation	Declaration Form	Declaration Date
1	Mosena	Maphala Lazarus	Municipal Manager	Yes	29/07/2020
2	Zulu	Khanyisile Wendy	CFO	Yes	31/07/2020
3	Mabuela	Mmbengwa Francina	Senior Manager: Community Services	Yes	27/07/2020
4	Wasilota	Yeta	Senior Manager: Technical Services	Yes	01/08/2020
5	Makgatho	Kgabo Emmanuel	Senior Manager: Corporate Services	Yes	31/07/2020
6	Nkuna	Tiyani Florence	Senior Manager: LED & P	Yes	17/03/2021

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

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

REVENUE COLLECTION PERFORMANCE BY VOTE				R' 000		
Vote Description	Year 2019/20	Current: Year 2020/21		Year 2020/21 Variance		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
<b>Vote 01 - Corporate Services</b>						
01.1 - Corporate Services Admin	17 326	276,424	0	17,356	259,068	-17,356
01.2 - Human Resources	482 513	204,317	562,317	482,513	278,196	79,804
01.3 - Information Technology Services	0	0	0	0	0	0
01.4 - Council Support	0	0	0	0	0	0
01.5 - Local Economic Development	0	0	0	0	0	0
01.6 - Municipal Planning Idp	43 334	10,462	60,462	43,334	32,872	17,128
01.7 - Town & Regional Planning	34 271	15,109,300	7,629,300	34,271	15,075,029	7,595,029

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REVENUE COLLECTION PERFORMANCE BY VOTE						R' 000	
Vote Description	Year 2019/20	Current: Year 2020/21			Year 2020/21 Variance		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget	
01.8 - Led Administration	0	0	0		0	0	
<b>Vote 02 - Municipal Manager</b>					0	0	
02.1 - Municipal Manager Admin	0	0	0		0	0	
02.2 - Legal Services	0	0	0		0	0	
02.3 - Political Office Beares	0	0	0		0	0	
02.4 - Pms	0	0	0		0	0	
02.5 - Internal Audit	0	0	0		0	0	
<b>Vote 03 - Mayors Office</b>					0	0	
03.1 - Mayors Office Admin	0	0	0		0	0	
03.2 - Office Of The Speaker	0	0	0		0	0	
03.3 - Office Of The Chief Whip	0	0	0		0	0	
03.4 - Exco Members	0	0	0		0	0	
03.5 - Council General Administration	0	0	0		0	0	
<b>Vote 04 - Budget And Treasury</b>					0	0	
04.1 - Budget And Treasury Admin	165 477 440	164,808,5 40	168,816,3 99	165,477,4 40	- 668,90 0	3,338,95 9	
04.2 - Chief Financial Officer Admin	0	0	0		0	0	
	1 729 419				0	0	
	0				0	0	
04.3 - Budget & Reporting	29 616	2,112,000	2,112,000	1,729,419	382,58 1	382,581	
04.4 - Budget & Reporting	0	0	0		0	0	
04.5 - Revenue Management	0	18,444,99 5	20,283,54 1	29,616	18,415, 379	20,253,9 25	
04.6 - Supply Chain Management		0	0		0	0	
04.7 - Expenditure	1 167 000	0	0		0	0	
<b>Vote 05 - Community Services</b>	0				0	0	
05.1 - Community Services Admin	211 717	1,167,000	1,167,000	1,167,000	0	0	
05.2 - Libraries	4 026 623	0	0		0	0	
05.3 - Sports Recreation & Social Amenitie	0	287,272	237,272	211,717	75,555	25,555	

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REVENUE COLLECTION PERFORMANCE BY VOTE						R' 000
Vote Description	Year 2019/20	Current: Year 2020/21			Year 2020/21 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
05.4 - Traffic Service	7 269	8,265,511	8,265,511	4,026,623	4,238,888	4,238,888
05.5 - Traffic Service	2 417 319	0	0		0	0
05.6 - Parks; Cemeteries	0	12,565	12,565	7,269	5,296	5,296
05.7 - Refuse		2,507,528	2,507,528	2,417,319	90,209	90,209
05.8 - Taxi Ranks	0	0	0		0	0
<b>Vote 06 - Technical Services</b>	0				0	0
06.1 - Mpac	0	0	0		0	0
06.2 - Technical Services Admin	0	0	0		0	0
06.3 - Techn Serv-Roads: Admin	35 661 444	0	0		0	0
06.4 - Techn Serv-Stormwater: Admin	8 487 575	0	0		0	0
06.5 - Project Management Unit	295 708	35,151,010	36,767,053	35,661,444	510,434	1,105,609
06.6 - Electrical & Machinery	387 682	9,750,561	9,720,026	8,487,575	1,262,986	1,232,451
06.7 - Water	17 326	2,011,785	403,536	295,708	1,716,077	107,828
	482 513				0	0
06.8 - Sanitation	0	870,563	261,169	387,682	482,881	-126,513
<b>Total Revenue by Vote</b>	0	<b>260,989,833</b>	<b>258,805,679</b>	<b>220,476,288</b>	40,513,545	38,329,391
<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

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

Revenue Collection Performance by Source						R
Description	Year 2018/19	Year 2019/20			Year 2019/20 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	2 011	23 567	49 550	49 558	(25 991 003)	(8 373)
Property rates - penalties & collection charges	-	-	-	-	-	-

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Revenue Collection Performance by Source						R
'000						
Description	Year 2018/19	Year 2019/20			Year 2019/20 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Service Charges - electricity revenue	8 285	11 272	11 272	8 433	2 838 670	2 838 670
Service Charges - water revenue	-	-	-	-	-	-
Service Charges - sanitation revenue	-	-	-	-	-	-
Service Charges - refuse revenue	2 218	2 391	2 391	919	1 471 850	1 471 850
Service Charges - other					-	-
Rentals of facilities and equipment	211	244	244	215	29 782	29 782
Interest earned - external investments	1 729	2 607	2 607	2 544	62 777	62 777
Interest earned - outstanding debtors	913	1 490	1 490	1 213	276 526	276 463
Dividends received	-	-	-	-	-	-
Fines	903	1 287	1 287	493	793 750	793 750
Licences and permits	506	7 383	7 383	4 891	2 492 768	2 492 768
Agency services	682	695	695	919	(224 846)	(224 846)
Transfers recognised - operational	148 578	185 391	185 391	185 288	102 766	102 766
Other revenue	18 531	26 330	26 330	3 027	23 302 807	23 302 807
Gains on disposal of PPE	-	-	-	-	-	-
Actuarial gains	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>2 011</b>	<b>23 567</b>	<b>49 550</b>	<b>49 558</b>	<b>(25 991 003)</b>	<b>(8 373)</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 A4.</i>						<i>T K.2</i>

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## APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Details	Budget	Adjustments	Actual	Variance		Major conditions applied by donor (continue below if necessary)
		Budget		Budget	Adjustments Budget	
<b>National Government</b>						
<i>Expanded Public Works Programme Integrated Grant</i>	1 304 000	1 304 000	1 262 447	41 553	41 553	Waste & environmental Management
<i>Municipal Disaster Relief Grant</i>	2 400 000	2 400 000	2 356 147	43 853	43 853	Interns Salaries: , Training and education , minimum competency , assets and inventory module and software licenses
<i>Local Government Financial Management Grant</i>	13 000 000	9 000 000	8 714 412	4 285 588	285 588	
<b>Provincial Government</b>						
<i>District Municipality</i>				-	-	
<b>Community and Social Services</b>		43 490	43 490	(43 490)	-	Stipend for community waste collection
<b>Total</b>	<b>19 704 000</b>	<b>15 747 490</b>	<b>14 914 724</b>	<b>4 789 276</b>	<b>832 766</b>	
<p>* This includes Neighborhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG) which is dealt with in the main report, see T 5.8.3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Obtain a list of grants from national and provincial government.</p>						T L

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

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

R '000							
Description	Year 2019/20	Year 2020/21			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY 2020/21	FY 2021/22	FY 2022/23
<u>Capital expenditure by Asset Class</u>							
<u>Infrastructure - Total</u>	36 106	55 429	54 399	44 102	52 646	37 453	50 302
Infrastructure: Road transport - Total	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>							
Infrastructure: Electricity - Total	3 330	14 841	14 841	11 793	18 200	7 800	10 500
<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>							
Infrastructure: Water - Total	–	–		–	–	–	–
<i>Dams &amp; Reservoirs</i>							
<i>Water purification</i>							
<i>Reticulation</i>							
Infrastructure: Sanitation - Total	–	–		–	–	–	–
<i>Reticulation</i>							
<i>Sewerage purification</i>							
Infrastructure: Other - Total	–	–		–	–	–	–
<i>Waste Management</i>							
<i>Transportation</i>							
<i>Gas</i>							
<i>Other</i>							
<u>Community - Total</u>	–	300	300	1 156	–	–	1 500
Parks & gardens	0	0	0	0	0	0	0

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R '000							
Description	Year 2019/20	Year 2020/21			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY 2020/21	FY 2021/22	FY 2022/23
Sportsfields & stadia							
Swimming pools				0	-		
Community halls	0	0	0	0			
Libraries							
Recreational facilities							
Fire, safety & emergency							
Security and policing							
Buses							
Clinics							
Museums & Art Galleries							
Cemeteries	0	300 000	300 000	1 156 205	0		1 500 000
	36 106	55 429	54 399	44 102	52 646	37 453	50 302
Social rental housing	32 776	40 588	39 558	32 309	34 446	29 653	39 802
Other	32 776 267	40 587 900	39 557 977	32 308 940	34 446 331	29 653 020	39 802 400
<b>Capital expenditure by Asset Class</b>							
<u>Heritage assets - Total</u>	-	-		-	-	-	-
Buildings							
Other							
<u>Investment properties - Total</u>	-	-		-	-	-	-
Housing development							
Other							
-							
<u>Other assets</u>	-	<b>1 900</b>	<b>1 900</b>	<b>1 818</b>	<b>1 350</b>	<b>900</b>	-
General vehicles	0	0	0	0	0	0	0
Specialised vehicles							
Plant & equipment	0	0	0	0	0	0	0

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R '000							
Description	Year 2019/20	Year 2020/21			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY 2020/21	FY 2021/22	FY 2022/23
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							
Surplus Assets - (Investment or Inventory)							
Other							
	-	-		-	-	-	-
<u>Agricultural assets</u>							
<i>List sub-class</i>							
<u>Biological assets</u>							
<i>List sub-class</i>	-	-		-	-	-	-
<u>Intangibles</u>							
Computers - software & programming							
Other ( <i>list sub-class</i> )							
	749	5 000	5 000	2 842	600	636	674
Total Capital Expenditure on new assets	749 055	5 000 000	5 000 000	2 842 444	600 000	636 000	674 160
<u>Specialized vehicles</u>							
Refuse	<b>36 855</b>	<b>629</b>	<b>61 599</b>	<b>49 920</b>	<b>54 596</b>	<b>38 989</b>	<b>52 477</b>
Fire							
Conservancy	-	-		-	-	-	-
Ambulances							
* Note: Information for this table may be sourced from MBRR (2009: Table SA34a)							T M.1

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

R '000							
Description	2019/20	2020/2021			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2020/2 1	2021/2 2	2022/2 3
<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			
Computers - hardware/equipment	0						
Furniture and other office equipment			0	0			
Abattoirs							
Markets							
Civic Land and Buildings		0					
Other Buildings							
Other Land							
Surplus Assets - (Investment or Inventory)							
Other							
<b>Agricultural assets</b>	-	-		-	-	-	-
<i>List sub-class</i>							
<b>Biological assets</b>	-	-		-	-	-	-

# APPENDICES

R '000							
Description	2019/20	2020/2021			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2020/2 1	2021/2 2	2022/2 3
<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 2020/21

					<b>R' 000</b>	
<b>Capital Project</b>	<b>Original Budget</b>	<b>Adjustment Budget</b>	<b>Actual</b>	<b>Variance (Act - Adj) %</b>	<b>Variance (Act - OB) %</b>	
<b>Water</b>						
None	R 0	R 0	R 0	0%	0%	
<b>Sanitation/Sewerage</b>						
None	R 0	R 0	R 0	0%	0%	
<b>Electricity</b>						
Fatima Electrification project	9 000 000	9 000 000	8 714 412,24	-3%	-3%	
Smart metering	1 200 000	1 048 812	1 048 812	0%	-14%	
<b>Housing</b>						
None	R 0	R 0	R 0	0%	0%	
<b>Refuse removal</b>						
None	0	0	0	0%	-14%	
<b>Roads and Storm water</b>						
Upgrading of Kgwadu Internal Street	6 761 981	6 761 981	6 678 388,62	-1%	-1%	
Capricorn park internal street	13 952 141	13 952 141	13 952 141	0%	0%	
Nthabiseng internal street 3	12 282 138	12 282 138	12 135 965,43	-1%	-1%	
<b>Economic development</b>						
None	0	0	0	2%	-4%	
Sports, Arts & Culture						
Mohodi Sports Complex	3 000 000	3 000 000	2 922 150	-3%	-3%	
<b>Environment</b>						
None	0	0	0	0%	-13%	
<b>Health</b>						
None	0	0	0	0%	0%	
<b>Safety and Security</b>						
None	0	0	0	0%	0%	
<b>ICT and Other</b>						
Disaster recovery	424 000	424 000	371 520	-14%	-14%	

T N

# APPENDICES

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

Capital Project	Ward(s) affected	Works completed (Yes/No)
<b>Water</b>	N/A	
None		
<b>Sanitation/Sewerage</b>	N/A	
None		
<b>Electricity</b>		
Fatima Electrification project	11, 12	No
Smart metering	1 & 10	No
<b>Housing</b>	N/A	N/A
None		
<b>Refuse removal</b>	N/A	
None		
<b>Roads and Storm water</b>		
Upgrading of Kgwadu Internal Street	06	Yes
Capricorn park internal street	01	Yes
Nthabiseng internal street 3	01	Yes
<b>Economic development</b>	01	
None	01	
Sports, Arts & Culture		
Mohodi Sports Complex	11	Yes
<b>Environment</b>		
None	N/A	No
<b>Health</b>		
None	N/A	N/A
<b>Safety and Security</b>		
None		
<b>ICT and Other</b>	Head Office	No
Disaster recovery		
		<i>T O</i>

# APPENDICES

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

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

## 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>		

# APPENDICES

Service Backlogs Experienced by the Community where another Sphere of Government is the Service Provider (where the municipality whether or not act on agency basis)		
Services and Locations	Scale of backlogs	Impact of backlogs
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
		<i>T Q</i>

## 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 obligations due to a **3:1 current ratio**. There were no grants issued by the municipality.

# APPENDICES

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

N/A



Molemole Local  
Municipality  
(Registration number  
LIM353)  
Financial statements  
for the year ended 30  
June 2021

# Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended  
20 June 2021

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**Legal form of entity**

Local Government

**Nature of business and principal activities**

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

Mayor

Cllr M E Paya

Councillors

Cllr E M Rathaha

Cllr M S

Moreroa Cllr N

W Seakamela

Cllr M P

Tawana Cllr M

D Lehong

Cllr N F

Rampyapedi Cllr

M A Kobo

Cllr P T

Rathete Cllr R

L Mpati Cllr

S R Nakana

Cllr M Q

Malema Cllr

M J Manthata

Cllr G M Sepheso

Cllr N S

Ramukhubedu

Cllr S E Kobola

Cllr M Duba

Cllr P S

Masoga Cllr

M P Makgato

Cllr M L

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# Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended  
20 June 2021

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Moabelo Cllr  
N M Hopane  
Cllr D Matlou  
  
Cllr N G  
Makgalo Cllr  
M A Makgoka  
Cllr T  
Raphaswana  
Cllr M D  
Marutha Cllr  
M I Mohafe  
Cllr M D Meso  
  
Cllr P T  
Rakimane Cllr  
M J Leferela  
Cllr M C  
Matjee Cllr M  
P Tloubatla

**Business address**

303 Church Street

Mogw  
adi  
0715

**Grading of local authority**

Level 3 Local Municipality

**Chief Finance Officer (CFO)**

Miss Khanyisile Zulu

**Accounting Officer**

Mr. ML Mosena

**Postal address**

Private Bag X44

Mogw  
adi  
0715

## **Molemole Local Municipality**

(Registration number LIM353)

Financial Statements for the year ended  
20 June 2021

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**Bankers**

Nedbank

**Auditors**

Office of the Auditor General (South Africa)

**Website Address**

[www.molemole.gov.za](http://www.molemole.gov.za)

**Email Address**

[info@molemole.gov.za](mailto:info@molemole.gov.za)

**Audit Committee chairperson**

Mr SA Ngobeni

**Audit Committee members**

Ms TE Monobe

Mr ID Maredi (up to 24  
September 2020)

Mr TA Lekoloane

# Molemole Local Municipality

(Registration number LIM353)

## INDEX

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

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Accounting Officer's Responsibilities and Approval	4
Accounting Officer's Report	5
Statement of Financial Position	6
Statement of Financial Performance	7
Statement of Changes in Net Assets	8
Cash Flow Statement	9
Statement of Comparison of Budget and Actual Amounts	10 - 13
Accounting Policies	14 - 37
Notes to the Financial Statements	37 - 76
The following supplementary information does not form part of the financial statements and is unaudited: Schedule 1 - Contingent Liabilities	77- 79
Schedule 2 - Contingent Assets	79

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

## **Molemole Local Municipality**

(Registration number LIM353)  
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

## Molemole Local Municipality

(Registration number LIM353)

### 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 2022 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.

## **Molemole Local Municipality**

(Registration number LIM353)

The financial statements set out on pages 5 to 77, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2021 and were signed on its behalf by:

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**Accounting Officer Mr  
ML Mosena**

# Molemole Local Municipality

(Registration number LIM353)

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## ACCOUNTING OFFICER'S REPORT

The accounting officer submits his report for the year ended 30 June 2021.

### 1. 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.

### 2. 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.

### 3. IMPACT OF COVID 19

The Covid -19 outbreak has development rapidly in 2020/2021 financial year, with a significant number of infections. Measures taken by various government to contain the virus have affected economic activities.

The Municipality has taken a number of measures to monitor and prevent the effects of the Covid -19 virus such as safety and health measures for our people (like social distancing and working from home), securing the supply of materials that are essential to our working environment and training of frontline officials on hygiene and sanitising of workspaces as well as on Covid-19 risk identification and response protocols.

Property rates and services revenue collection was highly vulnerable to defaulting by households as a result of income losses. Additionally, the effect of COVID-19 had a wide-ranging impact on the property market itself, which in turn impacted on property rates. The real estate industry has been heavily affected which translated into depressed property prices and lower valuations figures.

Balancing expenditure between the COVID- 19 agenda and the Business-agenda was one of the most significant challenges in the municipality. Although it was difficult to see past the current crisis, leaders needed to think about the future while managing day-to day service delivery challenges.

## **Molemole Local Municipality**

(Registration number LIM353)

At this stage the impact in the Municipality and financial results is limited. We will continue to follow the various national institute's policies and advice and in parallel will do our utmost to continue our operations in the best safest way possible without jeopardising the health of our people.

In the financial year there were 18 positive Covid 19 cases and zero death in the Municipality

At the moment no uncertainty about the entity's ability to continue as a going concern is identified due to the impact of Covid-19.

# Molemole Local Municipality

(Registration number LIM353)

## Statement of Financial Position as at 30 June 2021

Figures in Rand	Note(s)	2021	2020 Restated*
<b>Assets</b>			
Current Assets			
Inventories	8	1 052 291	261 304
Receivables from exchange transactions	9	2 541 347	2 697 015
Receivables from non-exchange transactions	10	58 824 345	73 175 444
VAT receivable	11	12 523 502	14 969 931
Cash and cash equivalents	12	89 543 805	23 010 966
		<b>164 485 290</b>	<b>114 114 660</b>
Non-Current Assets			
Investment property	3	1 614 335	1 657 668
Property, plant and equipment	4	310 334 685	272 304 287
Intangible assets	5	1	218 213
Heritage Assets	6	380 300	368 150
		<b>312 329 321</b>	<b>274 548 318</b>
<b>Total Assets</b>		<b>476 814 611</b>	<b>388 662 978</b>
<b>Liabilities</b>			
Current Liabilities			
Finance lease obligation	14	-	251 668
Payables from exchange transactions	19	19 758 536	24 025 728
Consumer deposits	20	505 376	504 476
Unspent conditional grants and receipts	15	737 365	1 236 937
Other Current Liability	17	282 504	119 771
Current Employee Benefit	18	9 746 531	8 204 405
		<b>31 030 312</b>	<b>34 342 985</b>
Non-Current Liabilities			
Employee benefit obligation	7	10 048 000	7 628 000
Provisions	16	16 002 433	15 337 830
		<b>26 050 433</b>	<b>22 965 830</b>
<b>Total Liabilities</b>		<b>57 080 745</b>	<b>57 308 815</b>
<b>Net Assets</b>		<b>419 733 842</b>	<b>331 354 145</b>
Reserves			
Revaluation reserve	13	47 707 170	47 695 020
Accumulated surplus		372 026 672	283 659 125
<b>Total Net Assets</b>		<b>419 733 842</b>	<b>331 354 145</b>

\* See Note 55 & 56

# Molemole Local Municipality

(Registration number LIM353)

## Statement of Financial Performance

Figures in Rand	Note(s)	2021	2020 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service charges	22	11 061 887	10 503 009
Rental of facilities and equipment	23	254 993	254 705
Interest received - debtors	26	628 249	425 043
Commission Received	28	718 633	683 390
Licences and permits	25	4 890 684	2 813 493
Other income	29	113 522	3 468 877
Interest received - investment	30	2 543 773	1 729 419
<b>Total revenue from exchange transactions</b>		<b>20 211 741</b>	<b>19 877 936</b>
<b>Revenue from non-exchange transactions</b>			
Property rates	31	49 558 003	20 010 884
Interest received -debtors	27	714 069	487 735
Government grants & subsidies	32	230 316 073	182 145 339
Public contributions and donations	33	1 234 955	-
Fines, Penalties and Forfeits	24	493 491	909 431
<b>Total revenue from non-exchange transactions</b>		<b>282 316 591</b>	<b>203 553 389</b>
<b>Total revenue</b>	21	<b>302 528 332</b>	<b>223 431 325</b>
<b>Expenditure</b>			
Employee related costs	34	(91 626 639)	(87 486 116)
Remuneration of councillors	35	(12 959 102)	(12 916 703)
Depreciation, amortisation and Impairment of assets	36	(12 114 550)	(15 911 406)
Finance costs	37	(183 629)	(421 596)
Debt Impairment	38	(8 871 388)	(5 758 835)
Bulk purchases	39	(11 026 473)	(10 107 196)
Contracted services	40	(39 119 438)	(27 337 190)
Loss on disposal of assets and liabilities	51	(173 105)	(161 471)
General Expenses	41	(38 086 461)	(32 684 333)
<b>Total expenditure</b>		<b>(214 160 785)</b>	<b>(192 784 846)</b>
<b>Surplus for the year</b>		<b>88 367 547</b>	<b>30 646 479</b>

\* See Note 55 & 56

# Molemole Local Municipality

(Registration number LIM353)

## Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus	Total net assets
Opening balance as previously reported	47 614 111	248 111 137	295 725 248
Adjustments			
Correction of errors - see note 56	-	4 350 953	4 350 953
<b>Restated Balance at 01 July 2019</b>	<b>47 614 111</b>	<b>252 462 090</b>	<b>300 076 201</b>
Revaluation of Land and Buildings	80 909	-	80 909
Correction of Error Note 56	-	550 556	550 556
Surplus for the year	-	30 646 479	30 646 479
	-	-	-
<b>Balance at 01 July 2020</b>	<b>47 695 020</b>	<b>283 659 125</b>	<b>331 354 154</b>
Changes in net assets			
Revaluation of Heritage Assets	12 150	-	12 150
Surplus for the year	-	88 367 547	88 367 547
<b>Balance at 30 June 2021</b>	<b>47 707 170</b>	<b>372 026 672</b>	<b>419 733 851</b>
Note(s)	13		

\* See Note 55 & 56

# Molemole Local Municipality

(Registration number LIM353)

## Cash Flow Statement

Figures in Rand	Note(s)	2021	2020 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Sale of goods and services	46	74 069 810	23 855 527
Grants	47	229 816 501	181 148 001
Interest Income	30	2 543 773	1 729 419
		<u>306 430 084</u>	<u>206 732 947</u>
<b>Payments</b>			
Employee and councillors costs	49	(104 585 741)	(100 402 819)
Suppliers	48	(86 054 660)	(63 724 649)
Finance costs		(183 629)	(421 596)
		<u>(190 824 030)</u>	<u>(164 549 064)</u>
<b>Net cash flows from operating activities</b>	45	<b><u>115 606 054</u></b>	<b><u>42 183 883</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	4	<u>(48 821 553)</u>	<u>(38 284 504)</u>
<b>Cash flows from financing activities</b>			
Finance lease payments		(251 668)	(261 638)
<b>Net cash flows from financing activities</b>		<b><u>(251 668)</u></b>	<b><u>(261 638)</u></b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>66 532 839</b>	<b>3 637 741</b>
Cash and cash equivalents at the beginning of the year		23 010 966	19 373 209
<b>Cash and cash equivalents at the end of the year</b>	12	<b><u>89 543 805</u></b>	<b><u>23 010 966</u></b>

\* See Note 55 & 56

## Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2021

### Budget on Accrual

Basis

	Approv ed budget	Adjustments amounts	Final Budget on	Actual compar able basis	Difference between final budget and	Reference
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Figures in Rand

actual

### Statement of Financial Performance

#### Revenue

##### Revenue from exchange transactions

Service Charges : Sale of electricity	11 271 705	-	<b>11 271 705</b>	8 433 035	<b>(2 838 670)</b>	(25)%- 44.1
Service Charges : Refuse removal	2 391 314	-	<b>2 391 314</b>	2 628 852	<b>237 538</b>	10 %44.2
Rental of facilities and equipment	244 463	-	<b>244 463</b>	254 993	<b>10 530</b>	4 % -
Interest received	795 375	-	<b>795 375</b>	628 249	<b>(167 126)</b>	(21)%-44.3
Commission Received	694 618	-	<b>694 618</b>	718 633	<b>24 015</b>	3 %-
Licences and permits	7 383 452	-	<b>7 383 452</b>	4 890 684	<b>(2 492 768)</b>	(34)%- 44.4.
Other income	26 854 441	(26 475 527)	<b>378 914</b>	113 522	<b>(265 392)</b>	(70)% - 44.5
Interest received - investment	2 215 488	391 062	<b>2 606 550</b>	2 543 773	<b>(62 777)</b>	(2)%-44.7
<b>Total revenue from exchange transactions</b>	<b>51 850 856</b>	<b>(26 084 465)</b>	<b>25 766 391</b>	<b>20 211 741</b>	<b>(5 554 650)</b>	

##### Revenue from non-exchange transactions

##### Taxation revenue

Property rates	23 451 683	26 097 947	<b>49 549 630</b>	49 558 003	<b>8 373</b>	- %-44.8
Interest recieved debtors	479 742	183 296	<b>663 038</b>	714 069	<b>51 031</b>	
Transfer revenue : Government grants & subsidies	205 782 000	25 163 196	<b>230 945 196</b>	230 316 073	<b>(629 123)</b>	- %-44.9
Public contributions and donations	-	-	-	1 234 955	<b>1 234 955</b>	
Traffic Fines, penalties and forfeits	4 287 241	(3 000 000)	<b>1 287 241</b>	493 491	<b>(793 750)</b>	(62)% 44.6
<b>Total revenue from non-exchange transactions</b>	<b>234 000 666</b>	<b>48 444 439</b>	<b>282 445 105</b>	<b>282 316 591</b>	<b>(128 514)</b>	
<b>Total revenue</b>	<b>285 851 522</b>	<b>22 359 974</b>	<b>308 211 496</b>	<b>302 528 332</b>	<b>(5 683 164)</b>	

#### Expenditure

Personnel	(98 165 079)	(237 324)	<b>(98 402 403)</b>	(91 626 639)	<b>6 775 764</b>	(7)%-44.10
Remuneration of Councillors	(15 010 262)	-	<b>(15 010 262)</b>	(12 959 102)	<b>2 051 160</b>	(14)% - 44.11
Depreciation and amortisation	(18 672 046)	390 294	<b>(18 281 752)</b>	(12 114 550)	<b>6 167 202</b>	(34)%-44.12
Finance costs	(2 183 605)	5 652	<b>(2 177 953)</b>	(183 629)	<b>1 994 324</b>	(92)%-44.13
Debt Impairment	(6 099 772)	(3 000 000)	<b>(9 099 772)</b>	(8 871 388)	<b>228 384</b>	(3)% - 44.14
Bulk purchases	(11 037 708)	-	<b>(11 037 708)</b>	(11 026 473)	<b>11 235</b>	- %
Contracted Services	(31 609 079)	(11 915 802)	<b>(43 524 881)</b>	(39 119 438)	<b>4 405 443</b>	(10)%- 44.15
General Expenditure	(41 224 640)	(6 870 262)	<b>(48 094 902)</b>	(38 086 461)	<b>10 008 441</b>	(21)%-44.16

## Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2021

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<b>Total expenditure</b>	<b>(224 002 191)</b>	<b>(21 627 442)</b>	<b>(245 629 633)</b>	<b>(213 987 680)</b>	<b>31 641 953</b>
<b>Operating surplus</b>	<b>61 849 331</b>	<b>732 532</b>	<b>62 581 863</b>	<b>88 540 652</b>	<b>25 958 789</b>
Loss on disposal of assets and liabilities	(250 000)	-	(250 000)	(173 105)	76 895
<b>Surplus/Deficit</b>	<b>61 599 331</b>	<b>732 532</b>	<b>62 331 863</b>	<b>88 367 547</b>	<b>26 035 684</b>

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## Molemole Local Municipality

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Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Position</b>						
Total Current Assets	141 634 636	30 857 919	<b>172 492 555</b>	164 485 290	<b>(8 007 265)</b>	(5)%-44.17
Total Non-Current Assets	343 946 323	732 531	<b>344 678 854</b>	312 329 318	<b>(32 349 536)</b>	(9)%-44.18
<b>Total Assets</b>	<b>485 580 959</b>	<b>31 590 450</b>	<b>517 171 409</b>	<b>476 814 608</b>	<b>(40 356 801)</b>	
Total Current Liability	42 234 467	14 409 991	<b>56 644 458</b>	31 030 312	<b>(25 614 146)</b>	(45)%-44.19
Total Non-Current Liability	33 348 923	-	<b>33 348 923</b>	26 050 433	<b>(7 298 490)</b>	(22)%-44.20
<b>Net Assets</b>	<b>409 997 569</b>	<b>17 180 459</b>	<b>427 178 028</b>	<b>419 733 863</b>	<b>(7 444 174)</b>	
<b>Reserves</b>						
Revaluation reserve	50 470 958	-	<b>50 470 958</b>	47 707 170	<b>(2 763 788)</b>	(5)%-
Accumulated surplus	359 526 611	17 180 459	<b>376 707 070</b>	372 026 687	<b>(4 680 383)</b>	(1)%44.21
<b>Community wealth/equity</b>	<b>409 997 569</b>	<b>17 180 459</b>	<b>427 178 028</b>	<b>419 733 858</b>	<b>(7 444 171)</b>	

## Molemole Local Municipality

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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	budget	s31 of the	approved					as % of	as % of
		s31 of the		MFMA)	policy)					final	original
		MFMA)								budget	budget
<b>2021</b>											
<b>Financial Performance</b>	23 451 683	26 097 947	49 549 630	-		49 549 630	49 558 003		8 373	100 %	211 %
Property rates	13 663 019	-	13 663 019	-		13 663 019	11 061 887		(2 601 132)	81 %	81 %
Service charges	2 215 488	391 062	2 606 550	-		2 606 550	2 543 773		(62 777)	98 %	115 %
Investment revenue	156 595 650	28 795 550	185 391 200	-		185 391 200	185 288 434		(102 766)	100 %	118 %
Transfers recognised - operational	40 739 332	(29 292 231)	11 447 101	-		11 447 101	7 813 641		(3 633 460)	68 %	19 %
Other own revenue	<b>236 665 172</b>	<b>25 992 328</b>	<b>262 657 500</b>	-		<b>262 657 500</b>	<b>256 265 738</b>		<b>(6 391 762)</b>	<b>98 %</b>	<b>108 %</b>
<b>Total revenue (excl capital transfers)</b>											
Employee costs	(98 165 079)	(237 324)	(98 402 403)	-	-	(98 402 403)	(91 626 639)	-	6 775 764	93 %	93 %
Remuneration of councillors	(15 010 262)	-	(15 010 262)	-	-	(15 010 262)	(12 959 102)	-	2 051 160	86 %	86 %
Debt impairment	(6 099 772)	(3 000 000)	(9 099 772)			(9 099 772)	(8 871 388)	-	228 384	97 %	145 %
Depreciation and asset impairment	(18 672 046)	390 294	(18 281 752)			(18 281 752)	(12 114 550)	-	6 167 202	66 %	65 %
Finance charges	(2 183 605)	5 652	(2 177 953)	-	-	(2 177 953)	(183 629)	-	1 994 324	8 %	8 %
Materials and bulk purchases	(11 037 708)	-	(11 037 708)	-	-	(11 037 708)	(11 026 473)	-	11 235	100 %	100 %
Other expenditure	(73 083 719)	(18 786 064)	(91 869 783)	-	-	(91 869 783)	(77 379 004)	-	14 490 779	84 %	106 %
<b>Total expenditure</b>	<b>(224 252 191)</b>	<b>(21 627 442)</b>	<b>(245 879 633)</b>	-	-	<b>(245 879 633)</b>	<b>(214 160 785)</b>	-	<b>31 718 848</b>	<b>87 %</b>	<b>95 %</b>
<b>Surplus/(Deficit)</b>	<b>12 412 981</b>	<b>4 364 886</b>	<b>16 777 867</b>	-		<b>16 777 867</b>	<b>42 104 953</b>		<b>25 327 086</b>	<b>251 %</b>	<b>339 %</b>

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Figures in  
Rand

	Original	Budget	Final	Shifting of	Virement	Final budget Actual	Unauthorised Variance		Actual	
	budget	adjustments	adjustments	funds (i.t.o.	(i.t.o. council	Outcome	Expenditure		Outcome	Outcome
		(i.t.o. s28 and budget		s31 of the	approved				as % of	as % of
		s31 of the		MFMA)	policy)				final	original
		MFMA)							budget	budget
Transfers	49 186 350	(3 632 354)	45 553 996	-		45 553 996	45 027 639	(526 357)	99 %	92 %
recognised - capital	-	-	-	-		-	1 234 955	1 234 955	100 %	100 %
Contributions										
recognised										
- capital and	<b>61 599 331</b>	<b>732 532</b>	<b>62 331 863</b>	-		<b>62 331 863</b>	<b>88 367 547</b>	<b>26 035 684</b>	<b>142 %</b>	<b>143 %</b>
contributed assets										
<b>Surplus (Deficit) after</b>										
<b>capital transfers</b>										

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### Cash flows

Net cash from (used) operating	60 052 575	-	297 542 535	-	297 542 535	115 606 054	(181 936 481)	39 %	193 %
Net cash from (used) investing	(61 599 331)	(732 531)	(732 531)	-	(732 531)	(48 821 553)	(48 089 022)	6 665 %	79 %
Net cash from (used) financing	1 100 279	-	-	-	-	(251 668)	(251 668)	100 %	(23)%
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(446 477)</b>	<b>(732 531)</b>	<b>296 810 004</b>	<b>-</b>	<b>296 810 004</b>	<b>66 532 833</b>	<b>(230 277 171)</b>	<b>22 %</b>	<b>(14 902)%</b>
Cash and cash equivalents at the beginning of the year	18 861 754	(18 861 754)	6 194 295	-	6 194 295	23 010 966	16 816 671	371 %	122 %
<b>Cash and cash equivalents at year end</b>	<b>18 415 277</b>	<b>(19 594 285)</b>	<b>303 004 299</b>	<b>-</b>	<b>303 004 299</b>	<b>89 543 799</b>	<b>213 460 500</b>	<b>30 %</b>	<b>486 %</b>

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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.

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### 1.4 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.

#### IMPAIRMENT TESTING

## **Molemole Local Municipality**

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The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions.

The municipality has identified all its capital assets excluding Investment Property, as non-cash generating assets as it is the municipality's view that the primary objective of these assets are to provide a service and not to generate a commercial return. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors together with economic factors.

### **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 xx

### **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.

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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 recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

### 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.

### 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 exceed.

#### 1.5 INVESTMENT PROPERTY

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

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

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

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

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

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition. 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 derecognised.

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.

## Molemole Local Municipality

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

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

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

### 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.

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

## **Molemole Local Municipality**

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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 derecognised.

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:

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- 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 derecognised.

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:

ITEM	AVERAGE USEFUL LIFE
<b>Infrastructure Assets</b>	
• Electricity	
• Power Stations	10-40 Years
• Cooling Towers	30-40 Years
• Transformer Kiosks	10-44 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
<b>ROADS</b>	
• Motorways	09-100 Years
• Other Roads	10 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	10-30 Years
• Bridges and Subway	30 Years
• Car Parks	20 Years

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• Bus Terminals	20 Years
• Pipes	10-30 Years
• Catch Pit	20-25 years
• Sign Boards	05-20 Years
• Concrete Drift	10-20 Years
• Guardrails	15-50 Years
• Kerbing	10-30 Years
• Speed Hump	05-20 Years

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• Culverts/ Low Level Bridge	05-30 Years
• Stone Pitching	05-15 Years
• Roads Studs	05-15 Years
• <b>Water</b>	0
• Meters	15 Years
• Mains	20 Years
• Rights	20 years
Supply/ Reticulation	20 Years
• Reservoirs and Tanks	05-100 years
• Rights (that is the right to draw water from particular source and source belong to another party)	20 years

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• Boreholes	05-10 Years
• SEWARAGE	<b>0</b>
• Sewers	20 Years
• Outfall Sewer	20 Years
• Purification Work	20 years
• Sewerage Pumps	10 years
• Sludge Machine	10 Years

### COMMUNITY ASSETS

• <b>Buildings</b>	0 years	
• Ambulance Station	30 Years	
• Care Centres	30 Years	
• Cementries	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	
<b>Recreation Centres</b>	<b>20-30 Years</b>	
• Stadiums (Ground field and grand stand)	20-30 Years	
• Old Age homes	30 years	
• Taxi Ranks	30 Years	
<b>Covered taxi bays</b>	<b>22-30 Years</b>	
• Passenger Shelter	22-30 Years	
• <b>RECREATIONAL ASSETS</b>		
• Bowling Greens	20-30 Years	
• Tennis Courts	20-30 Years	
• Swimming Pool	20-30 Years	
• 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 and Palisade Fence)	05-30 Years	
• Security Systems	05-10 Years	
• Access Control	05-30 Years	
• <b>BUILDINGS</b>		
• 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	
• Training Centres	30-40 Years	
• Transport Facilities	30-40 Years	
• Workshops and Depots	30-40 Years	
• Guard Room Wooden	02-20 Years	
• Mobile Offices	30-40 Years	
• Pavements	10-40 Years	
	Tip Sites	30-40 Years

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• Gazebo Shades	03-20 Years
• Market Stalls	30-40 Years
• Computer Hardware	03-15 Years
• Computer Software	03-10 Years
• Office Machines	03-15 Years
• Air Conditioners	03-15 Years
• Banners	03-05 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	03-20 Years
• Tables	03-20 Years
• Desks	03-20 Years
• Cabinets	03-20 Years
• Cupboards	03-20 Years
• Fire Cabinets	03-20 Years
• Miscellaneous	03-20 Years
• Shelve Racks	03-20 Years
• Stove and Fridge	03-20 Years
• Urn and Kettle	03-20 Years
• Bulk Containers	10-12 years
• Street Litter Bins	05-07 Years
• Fire	15 Years
• Ambulances	10 Years
• Fire Hoses	05-10 Years
• Emergency Lights	10-15 Years
• Fire Engines	10-12 Years
• Motor Vehicles	03-20 Years
• Motor Cycles	05-07 Years
• Trucks / Bakkies	03-20 Years
• Trailers	03-20 Years
• Graders	03-20 Years
• Tractors	03-20 Years
• Mechanical Horses	07 Years
• Farm Equipment and Pesticide Sprayers	05 Years
• Lawnmowers	02-10 Years
• Brush Cutters	04-10 Years
• Compressors	10-12 years
• Laboratory Equipment	05 Years
• Radio Equipment	05 Years
• Fire Arms	25-30 Years
• Telecommunication Equipment	05 Years
• Irrigation Systems	07 Years
• Conveyors	07 Years
• Feeders	08-12 Years
• Tippers	05-10 Years
• Slashers	05-15 Years
• Ladder	10-20 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.

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

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

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use 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 derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

### **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.

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

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

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

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

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

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

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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 years

Intangible assets are derecognised:

- 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 derecognised.

### 1.8 HERITAGE ASSETS

Assets are resources controlled by a municipality as a result of past events 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 arms 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.

An impairment loss of a cash generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount. An inalienable item is as asset that a municipality is required by law or otherwise to retain indefinitely and cannot be disposed of without consent.

Recoverable amount is the higher of a cash generating asset s net selling price and its value in use. Recoverable service amount is the higher of a non-cash generating assets fair value less.

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### 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 derecognizes heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

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

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Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses. Class of heritage assets means a grouping of heritage assets of a similar nature or function in an municipality's operations that is shown as a single item for the purpose of disclosure in the financial statements.

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

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

### **1.9 FINANCIAL INSTRUMENTS**

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

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.

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.

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

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**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 amortised cost, using the effective interest method, less accumulated impairment losses. Held-to-maturity investments are subsequently measured at amortised 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 analysed between translation differences resulting from changes in amortised 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 amortised cost are subsequently measured at amortised 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

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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 amortised 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**

Trade and other receivables are categorized as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised 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 reorganisation, 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.

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### **TRADE PAYABLES AND BORROWINGS**

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised 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 categorizes 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 categorised as financial liabilities: other financial liabilities carried at amortised cost.

#### **1.10 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.

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### **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.

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### 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.

#### 1.11 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.

### CONSUMABLES:

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

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

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

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

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

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

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

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the

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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

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

### SUBSEQUENT MEASUREMENT

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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 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 capitalisation to the cost of another asset.

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

### **1.12 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 subsidising 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, period'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.

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### 1.13 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

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

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

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

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

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

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

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

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

Provisions are not recognised for future operating surplus (deficit).

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 a 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

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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 amortization.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 53.

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 judgment. Indications that an outflow of resources may be probable are:

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

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

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

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### 1.14 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

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.

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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, ROYALTIES AND DIVIDENDS

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends 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.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established. Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

#### 1.15 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 transfer or.

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit. 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-

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exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange. Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality. Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others. The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law. Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

### RECOGNITION

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

## **Molemole Local Municipality**

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recognition as an asset. Transferred assets are measured at their fair value as at the date of acquisition.

### **FINES**

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset. Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality. Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

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### 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 unauthorized, 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.

### GOVERNMENT GRANTS

Government grants are recognised as revenue when:

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

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

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

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

### **1.16 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 surplus (deficit) 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.

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.

### **1.17 INVESTMENT INCOME**

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

### **1.18 UNAUTHORIZED EXPENDITURE**

Unauthorized 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 unauthorized 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.

### **1.19 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

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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.

### **1.20 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 finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

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.

### **1.21 BUDGET INFORMATION**

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

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

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

The approved budget covers the fiscal period from 2020/07/01 to 2021/06/30.

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.

### **1.22 RELATED PARTIES**

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the municipality sphere of government are considered to be related parties.

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.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

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### **1.23 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.

### **1.24 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.

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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.

### **1.25 COMMITMENTS**

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

### **1.26 VALUE ADDED TAX**

Vat is claimable on payment basis.

### **1.27 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); or

#### **INITIAL MEASUREMENT**

The municipality initially measures statutory receivables at their transaction amount.

#### **SUBSEQUENT MEASUREMENT**

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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 derecognised.

### 1.28 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

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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.

### 2. NEW STANDARDS AND INTERPRETATIONS

	<b>Effective Date</b>	<b>Expected impact</b>
• IGRAP 20: Accounting for Adjustments to Revenue	01 April 2021	Unlikely there will be a material impact
• GRAP 34: Separate Financial Statements	1 April 2021	Unlikely there will be a material impact
• GRAP 35: Consolidated Financial Statements	1 April 2021	Unlikely there will be a material impact
• GRAP 36: Investments in Associates and Joint Ventures	1 April 2021	Unlikely there will be a material impact
• GRAP 37: Joint Arrangements	1 April 2021	Unlikely there will be a material impact
• GRAP 38: Disclosure of Interests in Other Entities	1 April 2021	Unlikely there will be a material impact
• IGRAP 1 Applying the probability test on initial recognition of revenue	1 April 2021	Unlikely there will be a material impact
• GRAP 110: Living and Non-living Resources	1 April 2021	Unlikely there will be a material impact
• GRAP 18 (as amended 2016): Segment Reporting	01 April 2021	Unlikely there will be a material impact

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### 3. INVESTMENT PROPERTY

	2021		2020	
	Cost /	Accumulated Carrying value	Cost /	Accumulated Carrying value
	Valuation	depreciation and accumulated impairment	Valuation	depreciation and accumulated impairment
Investment property	2 091 000	(476 665)	1 614 335	2 091 000 (433 332)1 657 668

#### Reconciliation of investment property - 2021

	Opening balance	Depreciation	Total
Investment property	1 657 668	(43 333)	1 614 335

#### RECONCILIATION OF INVESTMENT PROPERTY - 2020

	Opening balance	Depreciation	Total
Investment property	1 701 001	(43 333)	1 657 668

#### Included in investment property are the following

	Cost	Accumulated Depreciation	Carrying Value
<b>2021</b>	R	R	R
Land	791 000	-	791 000
Buildings	1 300 000	(476 665)	823 335
	<b>2 091 000</b>	<b>(476 665)</b>	<b>1 614 335</b>
<b>2020</b>	-	-	-
Land	791 000	-	791 000
Buildings	1 300 000	(433 332)	866 668
	<b>2 091 000</b>	<b>(433 332)</b>	<b>1 657 668</b>

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### 4. PROPERTY, PLANT AND EQUIPMENT

	2021			2020		
	Cost /	Accumulated	Carrying value	Cost /	Accumulated	Carrying value
	Valuation	depreciation and accumulated impairment		Valuation	depreciation and accumulated impairment	
Land	25 701 828	-	25 701 828	25 701 828	-	25 701 828
Buildings	33 733 650	(5 079 406)	28 654 244	33 733 651	(3 867 334)	29 866 317
Infrastructure	185 638 916	(32 331 917)	153 306 999	153 224 279	(25 777 425)	127 446 854
Community	64 896 988	(6 186 113)	58 710 875	31 375 342	(5 062 538)	26 312 804
Other property, plant and equipment	55 564 307	(25 065 029)	30 499 278	49 190 271	(22 218 302)	26 971 969
Financed leased Assets	-	-	-	652 853	(375 884)	276 969
Work in Progress	13 461 461	-	13 461 461	35 727 546	-	35 727 546
<b>Total</b>	<b>378 997 150</b>	<b>(68 662 465)</b>	<b>310 334 685</b>	<b>329 605 770</b>	<b>(57 301 483)</b>	<b>272 304 287</b>

### Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Additions work in progress	Disposals	Transfers in/out	Depreciation	Total
Land	25 701 828	-	-	-	-	-	25 701 828

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Buildings (Registration number LIM353)	29 866 317	-	-	-	-	(1 212 072)	28 654 244
Infrastructure	127 446 854	32 414 637	-	-	-	(6 554 492)	153 306 999
Financial Statements for the year ended 30 June 2021	26 312 804	3 417 960	-	-	30 103 686	(1 123 573)	58 710 875
Other property, plant and equipment	<del>26 971 969</del>	<del>6 386 309</del>	-	-	-	<del>(2 858 999)</del>	<del>30 499 278</del>
Finance Leased Assets	276 969	-	-	(173 105)	-	(103 863)	1
Work in progress	35 727 546	-	7 837 602	-	(30 103 686)	-	13 461 461
	<b>272 304 287</b>	<b>42 218 906</b>	<b>7 837 602</b>	<b>(173 105)</b>	<b>-</b>	<b>(11 852 999)</b>	<b>310 334 686</b>

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## 4. PROPERTY, PLANT AND EQUIPMENT CONTINUED) RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2020

	Opening balance	Additions	Additions Work In Progress	Disposals	Transfers in/out	Revaluation
Land	25 082 178	619 650	-	-	-	
Buildings	28 708 392	94 250	-	-	2 472 195	
Infrastructure	87 416 073	30 344 840	-	-	16 656 960	
Community	27 777 622	-	-	-	-	80 90
Other property, plant and equipment	28 948 091	3 096 900	-	(160 711)	-	
Finance Leased Assets	380 832	-	-	-	-	
Work in progress	50 727 837	-	4 128 864	-	(19 129 155)	
	<b>249 041 025</b>	<b>34 155 640</b>	<b>4 128 864</b>	<b>(160 711)</b>	<b>-</b>	<b>80 90</b>

### Reconciliation of Work-in-Progress 2021

	Included in Infrastructure	Included in Community	Total
Opening balance	5 883 713	29 843 834	35 727 547
Additions/capital expenditure	7 577 749	259 852	7 837 601
Other movements [specify]	-	(30 103 686)	(30 103 686)
Transferred to completed items	-	-	-
	<b>13 461 462</b>	<b>-</b>	<b>13 461 462</b>

Included in the opening balance of WIP are assets that are taking longer to complete are as follows:

Included in the opening balance of the WIP is

**2 021**

**2 020**

Infrastructure (Cluster 3 Electrification Project)

5 883 713

5 883 713

REASON FOR DELAYS

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The project was initiated by the former Aganang Local Municipality in 2016/2017 financial year. They also appointed the engineer in the same year for the designs of the electrification of Cluster 3 as per Eskom requirements. When Aganang merged with Molemole Local Municipality the project was handed over to Molemole Local Municipality. In 2017/18 Financial year Molemole Local Municipality appointed a contractor for the Electrification of 7 villages in Cluster 3, which is also known as Ward 16. The Contractor implemented the project with the exception of energizing. Energizing is Eskom's responsibility. Due to the high backlog with Eskom they could not energize timeously hence the project took longer than expected. The Asset then was never capitalized since it was never ready for use hence it remained as WIP. Eskom managed to energize and completed the process by 30 July 2021.

#### 4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

##### Reconciliation of Work-in-Progress 2020

	Included in Infrastructure	Included in Community	Included in Other PPE	Total
Opening balance	21 159 349	28 945 578	622 911	50 727 838
Additions/capital expenditure	1 381 324	898 256	1 849 284	4 128 864
Transferred to completed items	(16 656 960)	-	(2 472 195)	(19 129 155)
	<b>5 883 713</b>	<b>29 843 834</b>	<b>-</b>	<b>35 727 547</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	18 193 948	6 280 208
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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

	2021		2020	
	Cost /	Accumulated Carrying value	Cost /	Accumulated Carrying value
	Valuation	amortisation and accumulated impairment	Valuation	amortisation and accumulated impairment
Computer software, other	3 646 149	(3 646 152)	1 3 646 148	(3 427 935) 218 213

##### Reconciliation of intangible assets - 2021

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	Opening balance	Amortisation	Total
Computer software, other	218 213	(218 218)	1

### RECONCILIATION OF INTANGIBLE ASSETS - 2020

	OPENIN G BALAN CE	Disposals	Amortisation	Total
Computer software, other	1 127 238	(760)	(908 264)	218 213

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### 6. Heritage Assets

2021 2020

	COST / VALUATION	ACCUMULATED IMPAIRMENT LOSSES	CARRYING VALUE COS	ACCUMULATED VALUATION IMPAIRMENT LOSSES	CARRYING VALUE
Mayoral Chain	380 300	-	380 300	368 150	- 368 150

#### RECONCILIATION OF HERITAGE ASSETS 2021

	OPENING BALANCE	REVALUATION	TOTAL
Mayoral Chain	368 150	12 150	380 300

#### RECONCILIATION OF HERITAGE ASSETS 2020

	OPENING BALANCE	TOTAL
Mayoral Chain	368 150	368 150

### 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: Bonitas; Discovery; LA Health; Hosmed; Samwumed; and Keyhealth.

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The Municipality's Accrued Unfunded Liability at 30 June 2021 is estimated at R10 100 000. The

Current-service Cost for the year ending 30 June 2021 is estimated at R735 000. It is estimated

to be R899 000 for the ensuing year.

### Key actuarial assumptions used

Rate of Interest		
Discount rate	10,62%	11,29%
Health Care Cost	7,15%	7,24%
Net effective Discount rate	3,24%	3,78%

### 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	7 683 000	9 070 610
Current Service Cost	735 000	860 460
Interest Cost	864 000	884 092
Benefits Paid	(50 745)	(46 488)
Actuarial (gains ) / losses	868 745	(3 085 674)

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### 7. NON-CURRENT EMPLOYEE BENEFITS (CONTINUED)

	<b>10 100 000</b>	<b>7 683 000</b>
Non-current liabilities	(10 048 000)	(7 628 000)
Current liabilities	(52 000)	(55 000)
	<b>(10 100 000)</b>	<b>(7 683 000)</b>

### 8. Inventories

Stationary		
Opening balance	261 304	194 483
Purchased	878 576	1 123 555
Issued	(810 564)	(1 056 734)
Smart Meters		
Purchased	722 975	-
<b>Closing balance</b>	<b>1 052 291</b>	<b>261 304</b>

### 9. Receivables from exchange transactions

Consumer debtors - Electricity	403 456	472 581
Consumer debtors - Refuse	1 470 465	1 440 638
Consumer debtors - Other Service Charges	82 088	92 389
<b>Sub Total - Receivables from Exchange Transactions</b>	<b>1 956 009</b>	<b>2 005 608</b>
Rental debtors	257 263	257 263
CDM water debtor	328 075	434 144
<b>Grand Total - Receivables from Exchange Transactions</b>	<b>2 541 347</b>	<b>2 697 015</b>

#### 9.1 Consumer Debtors - Service Charges Reconciliation

	2021			2020		
	Gross Debtors	Impairment	Nett Debtors	Gross Debtors	Impairment	Nett Debtors
Electricity	3 832 660	(3 429 204)	403 456	3 607 562	(3 134 981)	472 581
Refuse	13 968 813	(12 498 348)	1 470 465	10 997 470	(9 556 832)	1 440 638
Other service Charges	779 792	(697 704)	82 088	705 274	(612 885)	92 389
<b>Total</b>	<b>18 581 265</b>	<b>(16 625 256)</b>	<b>1 956 009</b>	<b>15 310 306</b>	<b>(13 304 698)</b>	<b>2 005 608</b>

#### Consumer Debtors Ageing for 2021

	Current (0 - 30 days)	31-60 days	61-90 days	+90 days	Total Gross Debtors
Electricity	135 552	65 426	59 086	3 572 596	3 832 660
Refuse	544 460	267 274	264 706	12 892 373	13 968 813
Other Service Charges	13 194	6 516	11 114	748 968	779 792
<b>Total</b>	<b>693 206</b>	<b>339 216</b>	<b>334 906</b>	<b>17 213 937</b>	<b>18 581 265</b>

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### 9. RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

#### Consumer Debtors Ageing for 2020

	Current (0 - 30 days)	31-60 days	61-90 days	+90 days	Total Gross Debtors
Electricity	560 906	22 120	20 916	3 003 620	3 607 562
Refuse	444 595	217 374	214 891	10 120 610	10 997 470
Other Service Charges	13 028	6 466	6 434	679 346	705 274
<b>Total</b>	<b>1 018 529</b>	<b>245 960</b>	<b>242 241</b>	<b>13 803 576</b>	<b>15 310 306</b>

#### Consumer Debtors - Service Charges Impairment Reconciliation

	2021			2020		
	Opening	(Provisions)/	Closing	Opening	(Provisions)/	Closing
	Balance Impairment	Reversal	Balance Impairment	Balance Impairment	Reversal	Balance Impairment
Electricity	(3 134 981)	(294 223)	(3 429 204)	(2 966 011)	(168 970)	(3 134 981)
Refuse	(9 556 832)	(2 941 516)	(12 498 348)	(7 837 541)	(1 719 291)	(9 556 832)
Other Service Charges	(612 885)	(84 819)	(697 704)	(532 435)	(80 450)	(612 885)
<b>Total</b>	<b>(13 304 698)</b>	<b>(3 320 558)</b>	<b>(16 625 256)</b>	<b>(11 335 987)</b>	<b>(1 968 711)</b>	<b>(13 304 698)</b>

#### CDM Water Debtor Reconciliation

CDM Water debtor	8 682 801	6 488 919
Less: 70 % Commission	(6 077 960)	(4 542 242)
Less: Impairment	(2 276 766)	(1 512 533)
	<b>328 075</b>	<b>434 144</b>

Refer to Principal Agent Disclosure in Note 41

### 10. Receivables from non-exchange transactions

Traffic Fines	1 571 520	1 442 612
Other debtors-XLP	3 127	146 457
Other debtors-Third Party Refunds	2 695 776	230 388
Other debtors-Under Banking	42 386	43 168
Consumer debtors -Property Rates	54 511 536	71 312 819
	<b>58 824 345</b>	<b>73 175 444</b>

10.1	<b>Statutory Receivables included in receivables from Non - Exchange transactions are as follows:</b>	<b>2021</b>	<b>2020</b>
	Property Rates	54 511 536	71 312 819

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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

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### 10. RECEIVABLES FROM NON-EXCHANGE

#### TRANSACTIONS (CONTINUED) PROPERTY RATES

#### RECONCILIATION

	2021			2020		
	Gross Debtors	Impairment	Nett Debtors	Gross Debtors	Impairment	Nett Debtors
Agricultural properties	11 400 782	(10 200 647)	1 200 135	10 237 246	(8 896 195)	1 341 051
Business and commercial	6 044 033	(5 407 791)	636 242	5 074 527	(4 409 777)	664 750
Farm properties	978	(875)	103	540	(469)	71
Government	51 381 241	-	51 381 241	67 978 787	-	67 978 787
Public service infrastructure	86 905	-	86 905	80 068	-	80 068
Residential development	11 207 071	(10 027 327)	1 179 744	9 320 894	(8 099 883)	1 221 011
Residential Vacant land	258 064	(230 898)	27 166	206 731	(179 650)	27 081
<b>Total</b>	<b>80 379 074</b>	<b>(25 867 538)</b>	<b>54 511 536</b>	<b>92 898 793</b>	<b>(21 585 974)</b>	<b>71 312 819</b>

#### Property Rates Ageing for 2021

	Current (0 - 30 days)	31-60 days	61-90 days	+90 days	Total Gross Debtors
Agricultural properties	218 543	109 168	109 104	10 963 967	11 400 782
Business and commercial	329 837	143 202	132 587	5 438 407	6 044 033
Farm properties	75	36	36	831	978
Government	4 566 613	2 245 240	2 236 981	42 332 407	51 381 241
Public service infrastructure	1 145	572	572	84 616	86 905
Residential development	471 155	225 706	225 439	10 284 771	11 207 071
Residential Vacant land	11 356	5 386	5 352	235 970	258 064
<b>Total</b>	<b>5 598 724</b>	<b>2 729 310</b>	<b>2 710 071</b>	<b>69 340 969</b>	<b>80 379 074</b>

#### Property Rates Ageing for 2020

	Current (0 - 30 days)	31-60 days	61-90 days	+90 days	Total Gross Debtors
Agricultural properties	215 241	107 515	106 221	9 808 269	10 237 246
Business and commercial	269 551	125 645	120 442	4 558 889	5 074 527
Farm properties	69	34	34	403	540
Government	2 297 395	1 136 564	1 122 698	63 422 130	67 978 787
Public service infrastructure	1 090	545	545	77 888	80 068
Residential development	421 419	201 682	199 397	8 498 396	9 320 894
Residential Vacant land	10 887	5 285	5 163	185 396	206 731
<b>Total</b>	<b>3 215 652</b>	<b>1 577 270</b>	<b>1 554 500</b>	<b>86 551 371</b>	<b>92 898 793</b>

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### 10. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED) PROPERTY RATES

#### IMPAIRMENT RECONCILIATION

	2021			2020		
	Opening Balance Impairment	(Provisions)/ Reversal	Closing Balance Impairment	Opening Balance Impairment	(Provisions)/ Reversal	Closing Balance Impairment
Agricultural properties	(8 896 195)	(1 304 452)	(10 200 647)	(8 002 723)	(893 472)	(8 896 195)
Business and commercial	(4 409 777)	(998 014)	(5 407 791)	(3 396 564)	(1 013 213)	(4 409 777)
Farm properties	(469)	(406)	(875)	(50)	(419)	(469)
Residential development	(8 099 883)	(1 927 444)	(10 027 327)	(6 991 113)	(1 108 770)	(8 099 883)
Residential Vacant land	(179 650)	(51 248)	(230 898)	(131 706)	(47 944)	(179 650)
<b>Total</b>	<b>(21 585 974)</b>	<b>(4 281 564)</b>	<b>(25 867 538)</b>	<b>(18 522 156)</b>	<b>(3 063 818)</b>	<b>(21 585 974)</b>

10.2 Statutory Receivables included in receivables from Non Exchange transactions are as follows

	2021	2020
Traffic Fines	<u>1 571 520</u>	<u>1 442 612</u>

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 Minister may declare by notice in the person's peace officers for specific purposes (1) (a) The Minister may 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 charges if not incompliance 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

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### Traffic fines reconciliation

Gross balances - Fines	4 490 060	4 184 237
<b>Less: Allowance for impairment</b>		
Traffic Fines Opening Balance	(2 741 624)	(2 280 344)
Traffic fines (Provision) / Reversal	(176 916)	(461 281)
	<b>1 571 520</b>	<b>1 442 612</b>

### 11. VAT receivable

Vat Receivable	12 523 502	14 969 931
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## 12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Cash on hand - Petty Cash	8 161	13 500
Bank balances - Cash Book balance	28 004 677	165 798
Short-term deposits	60 211 426	20 603 434
Purchasing account	88 363	-
Grants bank account	1 231 178	2 228 234
	89 543 805	23 010 966

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2021	30 June 2020	30 June 2019	30 June 2021	30 June 2020	30 June 2019
Nedbank Primary Account 146 700 0442	28 040 783	(95 825)	7 575 698	28 004 677	165 798	7 558 915
Nedbank Grants Account 1013994825	1 231 258	2 228 313	3 938 888	1 231 178	2 228 234	3 938 808
Nedbank Call Investment Deposit	60 211 426	20 603 433	7 874 015	60 211 426	20 603 434	7 558 915
Nedbank Purchasing account	86 145	-	-	88 363	-	-
<b>Total</b>	<b>89 569 612</b>	<b>22 735 921</b>	<b>19 388 601</b>	<b>89 535 644</b>	<b>22 997 466</b>	<b>19 056 638</b>

## 13. Revaluation reserve

Opening balance	47 695 020	47 614 111
Transfer in during the year	12 150	80 909
	<b>47 707 170</b>	<b>47 695 020</b>

## 14. Finance lease obligation

### Minimum lease payments due

- within one year	-	283 009
	-	283 009
less: future finance charges	-	(31 333)
<b>Present value of minimum lease payments</b>	<b>-</b>	<b>251 676</b>

### Present value of minimum lease payments due

- within one year	-	251 668
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The capitalised lease liability consist out of the following contracts:

Supplier	Description of leased item	Effective Interest Rate	Lease Term	Maturity Date
XLP Document Solution	Photocopy machine	28,95%	3 Year	31-03-2021

## 15. Unspent conditional grants and receipts

72

Unspent conditional grants and receipts comprises of:

### Unspent conditional grants and receipts

Municipal Infrastructure Grant	96 479	1 106 249
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<b>15. Unspent conditional grants and receipts (continued)</b>		
INEP	285 588	-
CDM - Integrated Transport Plan	108 614	108 614
COVID 19 Relief Fund	-	19 924
EE& DEMAND GRANT	161 273	-
	<b>737 365</b>	<b>1 236 937</b>

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 32 for more detail on Unspent grants.

### 16. Provisions

#### Reconciliation of provisions - 2021

	Opening Balance	Additions	Utilised during the year	Transfer (to) /from current portion	Actuarial(Gain s)/Loss	Total
Long service awards	3 753 999	721 000	(158 680)	(122 000)	78 606	4 272 926
Rehabilitation of Landfill Site	11 583 831	145 677	-	-	-	11 729 508
	<b>15 337 830</b>	<b>866 677</b>	<b>(158 680)</b>	<b>(122 000)</b>	<b>78 606</b>	<b>16 002 434</b>

#### Reconciliation of provisions - 2020

	Opening Balance	Additions	Utilised during the year	Transfer (to) /from current portion	Actuarial(Gain s)/Loss	Total
Long service awards	3 390 816	712 491	(424 737)	255 025	(179 596)	3 753 999
Rehabilitation of Landfill Site	11 416 299	167 533	-	-	-	11 583 831
	<b>14 807 115</b>	<b>880 024</b>	<b>(424 737)</b>	<b>255 025</b>	<b>(179 596)</b>	<b>15 337 830</b>

Non-current liabilities	16 002 433	15 337 830
Current liabilities	325 000	206 000
	<b>16 327 433</b>	<b>15 543 830</b>

Rehabilitation of Land-fill Sites

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In terms of the licensing of the landfill refuse sites, the municipality will incur licensing and rehabilitation costs of

R 11 729 508 : 2021 (2020: R 11 583 831) 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, 165 employees were eligible for Long Service Awards.

Key actuarial assumptions used:

<b>Rate of interest</b>		
Discount Rate	9,20%	7.59%
General Salary Inflation (Long term)	5.78%	4.13%
Net Effective discount Rate	3,23%	3.32%

The amounts recognised in the Statement of Financial Position are as follows:

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### 16. Provisions (continued)

#### Present Value of Liability

Balance	4 553 000	3 905 000
<b>Net liability / (asset)</b>	<b>4 553 000</b>	<b>3 905 000</b>

Reconciliation of present value of Liability:

#### Reconciliation fo present Value of liability

Present value of liability at the beginning of the year	3 905 000	3 796 842
Total Expenses	567 583	287 754
Current servie cost	430 000	417 109
Interest Cost	291 000	295 382
Benefits paid	(153 417)	(424 737)
Actuarial Losses / Gain	80 417	(179 596)
Present value of Liability	4 553 000	3 905 000
less: Transfer of current portion	(273 000)	(151 000)
<b>Balance at end of year</b>	<b>4 280 000</b>	<b>3 754 000</b>

### 17. Other liability

Unallocated receipts	246 424	118 752
Salary suspense account	36 080	1 019
	-	-
	-	-
	<b>282 504</b>	<b>119 771</b>

### 18. Current Employee Benefits

The movement in current employee benefits are reconciled as follows:

Current Portion of Long Service Provision	273 000	151 000
Current Portion of Medical aid Provision	52 000	55 000
Leave Provision for the year	9 421 531	7 998 405
<b>Balance at end of year</b>	<b>9 746 531</b>	<b>8 204 405</b>

The movement in Leave Provision are reconciled as follows:

Balance at the beginning of the year	7 998 405	6 087 309
Contribution to current portion	1 835 352	2 399 744
Expenditure funding the year	(412 226)	(488 648)
<b>Balance at end of year</b>	<b>9 421 531</b>	<b>7 998 405</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.

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## 19. Payables from exchange transactions

Trade payables	8 619 805	7 412 654
Payments received in advanced	3 184 274	5 935 218
Retention	5 332 892	3 874 700
Third Party Payments (Medical, Pension etc)	-	4 034 767
Electricity not used	372 142	312 447
CDM Creditor	360 280	742 017
Bonus	1 889 143	1 713 925
	<b>19 758 536</b>	<b>24 025 728</b>

## 20. Consumer deposits

Electricity	505 376	504 476
	<b>505 376</b>	<b>504 476</b>

## 21. Revenue

Service charges	11 061 887	10 503 009
Rental of facilities and equipment	254 993	254 705
Interest received - debtors	628 249	425 043
Agency services	718 633	683 390
Licences and permits	4 890 684	2 813 493
Other income	113 522	3 468 877
Interest received - investment	2 543 773	1 729 419
Property rates	49 558 003	20 010 884
Interest, Dividends and Rent on Land	714 069	487 735
Government grants & subsidies	230 316 073	182 145 339
Public contributions and donations	1 234 955	-
Fines, Penalties and Forfeits	493 491	909 431
	<b>302 528 332</b>	<b>223 431 325</b>

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

Service charges	11 061 887	10 503 009
Rental of facilities and equipment	254 993	254 705
Interest received - debtors	628 249	425 043
Agency services	718 633	683 390
Licences and permits	4 890 684	2 813 493
Other income	113 522	3 468 877
Interest received - investment	2 543 773	1 729 419
	<b>20 211 741</b>	<b>19 877 936</b>

### The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue - Property rates	49 558 003	20 010 884
Interest, Dividends and Rent on Land	714 069	487 735
Transfer revenue - Government grants & subsidies	230 316 073	182 145 339
Public contributions and donations	1 234 955	-
Traffic Fines, penalties and forfeits	493 491	909 431
	<b>282 316 591</b>	<b>203 553 389</b>

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<b>22. Service charges</b>		
Sale of electricity	8 433 035	8 284 596
Refuse removal	2 628 852	2 218 413
	<b>11 061 887</b>	<b>10 503 009</b>
<b>23. Rental of facilities and equipment</b>		
<b>Premises</b>		
Cattle Grazing	40 312	43 334
Community Assets	214 681	211 371
	<b>254 993</b>	<b>254 705</b>
<b>24. Fines, Penalties and Forfeits</b>		
Traffic Fines	486 700	902 900
Illegal Connections Fines	6 791	6 459
Other Fines, Penalties and Forfeits	-	72
	<b>493 491</b>	<b>909 431</b>
<b>25. Licences and permits (exchange)</b>		
Road and Transport	4 890 684	2 813 493
<b>26. Interest received - debtors</b>		
Service Charges	30 694	29 616
Waste Management	253 938	198 907
Electricity	214 766	196 520
CDM Water and Sanitation	128 851	-
	<b>628 249</b>	<b>425 043</b>
<b>27. Interest from non-exchange receivables</b>		
Interest Received-Service Debtors	714 069	487 735
<b>28. Commission Received</b>		
Commission Received	718 633	683 390
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>29. Other income</b>		
Building Plan Approvals	2 706	15 474
Clearance certificates	5 674	13 118
Actuarial Gains	-	3 265 270
Skills development refund	80 361	144 437
Sundry income	152	17 530
Grave Fees	18 284	7 269
Library Membership fees	-	100
Town Planning Fees	6 345	5 679
	<b>113 522</b>	<b>3 468 877</b>

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### 30. Interest received - external investment

#### Interest revenue

Interest received - External investments	2 543 773	1 729 419
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### 31. Property rates

#### Rates Billed

Residential	2 505 113	2 146 083
Commercial	1 795 412	1 619 278
State	43 829 530	14 843 900
Municipal	-	1 040
Small holdings and farms	1 421 572	1 394 562
Public service infrastructure	6 376	6 021
	<b>49 558 003</b>	<b>20 010 884</b>

#### Valuations

Residential	442 455 000	443 997 000
Commercial	121 101 000	120 201 000
State	682 724 000	454 884 000
Municipal	23 761 000	23 761 000
Small holdings and farms	1 721 685 000	1 847 800 000
Public service infrastructure	4 381 000	4 381 000
	<b>2 996 107 000</b>	<b>2 895 024 000</b>

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2017. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

### 32. Government grants and subsidies

#### Operating grants

Equitable share	179 962 122	142 577 970
Municipal Infrastructure Grant	1 707 718	1 751 670
FMG - Finance Management Grant	2 356 147	2 400 849
Expanded Public Works Program	1 262 447	1 167 000
Covid 19 Grant	-	338 076
	<b>185 288 434</b>	<b>148 235 565</b>

#### Capital grants

EE & Demand side Grant	2 538 227	-
INEP	8 714 412	-
MIG - Municipal infrastructure grant	33 775 000	33 909 774
	<b>45 027 639</b>	<b>33 909 774</b>
	<b>230 316 073</b>	<b>182 145 339</b>

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## 32. Government grants and subsidies (continued)

### Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	50 353 951	39 567 369
Unconditional grants received	179 962 122	142 577 970
	<b>230 316 073</b>	<b>182 145 339</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	1 106 249	1 616 693
Current-year receipts	34 504 000	35 151 000
Conditions met - transferred to revenue	(1 707 718)	(1 751 670)
Other	(33 775 000)	(33 909 774)
Adjustments/Returned to National revenue fund	(31 052)	-
	<b>96 479</b>	<b>1 106 249</b>

Conditions still to be met - remain liabilities (see note 15).

### Finance Management Grant

Balance unspent at beginning of year	2 150	225 669
Current-year receipts	2 400 000	2 403 000
Conditions met - transferred to revenue	(2 356 147)	(2 400 849)
Adjustments/Returned to National revenue fund	(2 145)	(225 670)
	<b>43 858</b>	<b>2 150</b>

Conditions still to be met - remain liabilities (see note 15).

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

Current-year receipts	9 000 000	-
Conditions met - transferred to revenue	(8 714 412)	-
	<b>285 588</b>	<b>-</b>

CDM - Mogwadi Community Hall grant received with conditions met.

### EE& DEMAND SIDE GRANT

Current-year receipts	2 699 500	-
Conditions met - transferred to revenue	(2 538 227)	-
	<b>161 273</b>	<b>-</b>

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### 32. Government grants and subsidies (continued)

#### 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 15).

Integrated transport plan grant received with conditions to be met.

#### Expanded Public Works Program

Current-year receipts	1 304 000	1 167 000
Conditions met - transferred to revenue	(1 262 447)	(1 167 000)
	<b>41 553</b>	<b>-</b>

Conditions still to be met - remain liabilities (see note 15).

Expanded public works program grant received with conditions met.

#### MSIG

Balance unspent at beginning of year	-	283 300
Other	-	(283 300)
	<b>-</b>	<b>-</b>

#### COVID 19 Relief fund

Balance unspent at beginning of year	19 924	-
Current-year receipts	-	358 000
Conditions met - transferred to revenue	-	(338 076)
Other	(19 924)	-
	<b>-</b>	<b>19 924</b>

#### Unspent conditional grants and receipts

<b>737 365</b>	<b>1 236 937</b>
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### 33. Public contributions and donations

CDM Donation	1 234 955	-
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### 34. Employee related costs

Basic Salary	55 855 831	53 023 681
PMU - MIG Salaries	1 707 718	1 709 823
Bonus	4 455 561	5 333 456
Medical aid - company contributions	4 453 754	4 127 159
UIF	302 391	296 950
Interns Salaries: FMG	460 698	419 386
Leave pay provision charge	1 835 353	2 399 744
Defined benefit plans	2 546 354	1 744 554
Travel, motor car, accommodation, subsistence and other allowances	6 129 301	5 168 038
Overtime payments	576 703	582 201
Long-service awards	721 000	712 491
Acting allowances	166 465	311 137
Housing benefits and allowances	191 113	194 793
Standby allowance	378 887	287 718
Laptop Allowance	458 045	471 501
Pension Funds - Company contribution	10 214 844	9 577 799
Telephone/Cellphone Allowance	1 153 316	1 107 676
Industrial/Bargaining Council	19 305	18 009
	<b>91 626 639</b>	<b>87 486 116</b>

#### Included in Long Service Awards are

Current Service Cost	430 000	417 109
Interest Cost	291 000	295 382
	<b>721 000</b>	<b>712 491</b>

#### Included in the Defined Benefit Contribution plan are

Actuarial Gain/Loss -Post retirement benefit	868 745	-
Actuarial Gain/Loss -Long Service Award	78 606	-
Interest Cost	735 000	860 460
Service Cost	864 000	884 092
	<b>2 546 351</b>	<b>1 744 552</b>

#### Remuneration of municipal manager

Annual Remuneration	856 125	856 125
Motor car , housing and other allowances	388 035	388 035
	<b>1 244 160</b>	<b>1 244 160</b>

The Municipal Manager is appointed on a 4years fixed contract starting 1 March 2018.

#### Remuneration of Chief France Officer

Annual Remuneration	658 320	725 340
Motor car , housing and other allowances	332 763	354 659
Performance Bonuses	54 860	49 074
	<b>1 045 943</b>	<b>1 129 073</b>

The CFO is appointed on a 5 year contract starting on 01 September 2018.

#### Remuneration of Manager - Technical Services

Annual Remuneration	713 180	807 200
Motor car , housing and other allowances	332 763	365 105

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### 34. Employee related costs (continued)

**1 045 943**      **1 172 305**

The Manager Technical Services is appointed on a 5 year contract 1 April 2018

#### Remuneration of Manager Corporate Services

Annual Remuneration	735 790	728 541
Motor car , housing and other allowances	256 690	256 690
Performance Bonuses	59 432	60 712
	<b>1 051 912</b>	<b>1 045 943</b>

The Manager Corporate Services was appointed on a 5 year contract starting 01 April 2018.

#### Remuneration of Manager - Community Services

Annual Remuneration	713 180	775 860
Motor car , housing and other allowances	332 763	354 659
	<b>1 045 943</b>	<b>1 130 519</b>

The Manager Community Services was appointed on a 5 year contract starting 01 September 2018.

#### Remuneration of Manager - Local Economic Development

Annual Remuneration	207 371	-
Motor car , housing and other allowances	105 865	-
	<b>313 236</b>	-

The Manager Local Economic Development was appointed on a 5 year contract starting on 1 March 2021.

### 35. Remuneration of Councillors

Executive Mayor	917 622	914 923
Chief Whip	702 410	699 710
Mayoral Committee Members	3 667 360	3 648 460
Speaker	745 451	742 752
Councillors	6 926 278	6 910 858
	<b>12 959 121</b>	<b>12 916 703</b>

### 36. Depreciation and amortisation

Property, plant and equipment	11 852 999	14 929 775
Investment property	43 333	43 333
Intangible assets	218 218	908 264
Impairment of Assets	-	30 034
	<b>12 114 550</b>	<b>15 911 406</b>

### 37. Finance costs

Finance Lease - Interest Paid	31 333	115 716
Other - Interest Paid	152 066	178 330
Fruitless and wasteful expenditure - Interest Paid	230	127 550
	<b>183 629</b>	<b>421 596</b>

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<b>38. Debt impairment</b>		
Debt impairment - Traffic Fines	176 916	562 210
Debt impairment - Provision	7 930 239	4 749 990
Debt impairment - provision - CDM	764 233	446 635
	<b>8 871 388</b>	<b>5 758 835</b>
<b>39. Bulk purchases</b>		
Electricity - Eskom	11 026 473	10 107 196
<b>40. Contracted services</b>		
<b>Outsourced Services</b>		
Administrative and Support Staff	12 062 863	12 729 428
Catering Services	371 520	522 006
<b>Consultants and Professional Services</b>		
Business and Advisory	7 226 954	7 280 571
<b>Contractors</b>		
Maintenance - property plant and equipment	18 193 948	6 280 208
Employee Wellness	1 264 153	524 977
	<b>39 119 438</b>	<b>27 337 190</b>
<b>41. General expenses</b>		
Accommodation and meals	3 065 699	3 905 022
Advertising	866 745	640 933
Advertising : Recruitment	88 186	106 058
Auditors remuneration	3 925 776	3 313 350
Bank charges	306 786	244 036
Commission paid	5 731 405	1 339 840
CDM Commission expense	360 244	612 693
Cleaning Materials	1 173 763	593 131
Bursaries Employees	392 982	398 736
Servitude and land surveys	567 000	495 652
Transport - events	400 170	352 560
Entertainment	9 175	9 032
Insurance - General	847 711	611 845
Ward Committee Expenses	2 303 400	2 287 564
Environmental & Waste Management	1 424 455	1 218 232
Free Basic Electricity	4 102 463	4 243 039
Fuel and Oil: Municipal Fleet	1 934 850	2 246 401
Fuel and Oil: Other	2 859	1 992
Postage and Telephone	294 649	366 962
Printing, Publication & Marketing	654 093	765 223
Protective clothing	1 003 839	1 158 561
Licences - Vehicles	116 376	139 102
Internship programme	16 000	250 989
Membership Fees	3 253	6 469
Township establishment	727 421	681 011
Training SMME	545 000	13 575
Affiliation & Membership Fees : SALGA	1 322 335	914 865
Subscriptions and Systems Licencing	1 783 603	1 619 778
Training and Conferences	2 317 441	1 844 333
Public Participation	90 000	465 322
Rental Office Machines : Usage	156 280	83 628

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<b>41. General expenses (continued)</b>		
Tracking device system	76 039	81 894
Stationery	811 737	1 030 995
Skills development Levy	664 726	641 510
	<b>38 086 461</b>	<b>32 684 333</b>

### 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

	2 021	2 020
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	718 633	683 390
Revenue recieved or to be received on behalf of the principal	2 708 517	2 577 685
No expenditure paid or incurred on behalf of the principal		
<b>Receivables held on behalf of the principal</b>		
Opening Balance	6 488 918	4 971 257
Revenue receivable	2 708 517	2 577 685
Amount written -off ,settlements or waivers of amounts due		
Amounts received	514 634	1 060 025
Closing Balance	<u>8 682 801</u>	<u>6 488 918</u>
<b>Payables held on behalf of the principal</b>		
Opening Balance	742 017	983 031
Expensed incurred	360 280	742 017
Cash Paid	742 017	983 031
Closing Balance	<u>360 280</u>	<u>742 017</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 obligations 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

- The Municipality is involved in an agency relationship with Department of Transport for the issuing of licences.

#### 41.2 DEPARTMENT OF TRANSPORT

No Resources (assets/liabilities ) recognise by the municipality that are held/incurred on behalf of a principal		
Revenue recognised as compensation for the transactions carried out on behalf of the principal	4 890 684	3 123 723
Revenue received or to be received on behalf of the principal		
Expenditure paid or incurred n behalf of the principal	7 576 897	4 465 799
<b>No Receivables held on behalf of the principal</b>		
<b>No Payables jeld on behalf of the principal</b>		

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The Municipality retain 20% Commission on licensing of motor vehicles and 80 % is being transferred to the Department of Road and Transport on monthly basis . Traffic Fine revenue is control and 100% earned by the municipality.

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### 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	18 706 258	18 638 704
	<b>18 706 258</b>	<b>18 638 704</b>

#### Key management information

##### Remuneration of Municipal Manager

Annual Remuneration	856 125	856 125
Motor Car, Housing and other allowances	388 035	388 035
	<b>1 244 160</b>	<b>1 244 160</b>

##### Remuneration of Chief Financial Officer

Annual Remuneration	658 320	725 340
Motor Car, Housing and other allowances	332 763	354 659
Bonus	54 860	49 074
	<b>1 045 943</b>	<b>1 129 073</b>

#### 2021

##### Remuneration of individual Executive Directors

	Local Economic Development( March 2021- June 2021	Technical Services	Corporate Services	Community Services
Annual remuneration	207 371	713 180	735 790	713 180
Performance and other bonuses	-	-	59 432	-
Motor car, Housing , and other allowances	105 865	332 763	256 690	332 763
	<b>313 236</b>	<b>1 045 943</b>	<b>1 051 912</b>	<b>1 045 943</b>

#### 2020

	Local Economic Development	Technical Services	Corporate Services	Community Services
Annual Remuneration	-	807 200	728 541	775 860
Motor car, Housing , and other allowances	-	365 106	256 690	354 659
Bonus	-	-	60 712	-
	-	<b>1 172 306</b>	<b>1 045 943</b>	<b>1 130 519</b>

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### 43. Related Parties (continued)

#### 2021

#### Remuneration of Councillors

Mayor ME Paya Remuneration ,pension ,cellphone allowance and housing allowance	917 622
Chief Whip (E M Rathaha) Remuneration ,pension ,cellphone allowance and housing allowance	702 410
Speaker ( M S Moreroa) Remuneration ,pension ,cellphone allowance and housing allowance	745 452
Councillors Allowance and remuneration	10 593 637
	<b>12 959 121</b>

#### Related party per Councillor

Related party per Councillor	Basic Salary	Allowances	Total 2021
ME Paya (Mayor)	645 644	271 978	917 622
M S Moreroa (Speaker)	516 516	228 936	745 452
E M Rathaha (Chief Whip)	484 235	218 175	702 410
P T Rathete (MPAC)	262 214	131 805	394 019
M Tawana ( Exco)	270 145	134 448	404 593
N F Rampyapedi ( Exco)	484 235	205 812	690 047
M D Meso ( Exco )	270 145	134 448	404 593
N W Seakamela ( Exco)	484 235	205 812	690 047
D Lehong ( Exco )	484 235	205 812	690 047
D Matlou	204 323	112 507	316 830
N G Makgalo	175 944	96 881	272 825
Mp Makgato	204 323	112 507	316 830
C Matjee	204 323	112 507	316 830
A Makgoka	204 323	112 507	316 830
M Malema	204 323	112 508	316 831
M Duba	262 214	131 805	394 019
Kobo	204 323	112 508	316 831
P T Rakimane	204 323	112 508	316 831
M I Mohafe	204 323	112 508	316 831
R L Mpati	204 323	112 508	316 831
M J Manthata	204 323	112 508	316 831
P S Masoga	204 323	112 508	316 831
M J Leferela	204 323	112 508	316 831
N S Ramukhubedi	204 323	112 508	316 831
S E Kobola	204 323	112 508	316 831
T Raphaswana	204 323	112 508	316 831
L Moabelo	204 323	112 508	316 831
G M Sepheso	204 323	112 508	316 831
M D Marutha	204 323	112 508	316 831
M P Tloubatatl	204 323	112 508	316 831
S R Nakana	204 323	112 508	316 831
N MHopane	204 323	112 508	316 831
	<b>8 630 545</b>	<b>4 328 576</b>	<b>12 959 121</b>

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### 43. Related Parties (continued)

#### 2020

##### Remuneration of Councillors

Mayor( ME Paya) Remuneration ,pension ,cellphone allowance and housing allowance	914 922
Speaker ( M S Moreroa) Remuneration ,pension ,cellphone allowance and housing allowance	742 752
Chief Whip (E M Rathaha) Remuneration ,pension ,cellphone allowance and housing allowance	699 710
Councillors allowance and remuneration	10 559 319
	<b>12 916 703</b>

##### Related party per Councillor

	Basic Salary	Allowances	Total 2020
ME Paya (Mayor)	645 644	269 278	914 922
M S Moreroa (Speaker)	516 516	226 236	742 752
E M Rathaha (Chief Whip)	484 235	215 475	699 710
P T Rathete (MPAC)	262 214	129 105	391 319
M Tawana ( Exco)	270 145	131 747	401 892
N F Rampyapedi ( Exco)	484 235	203 111	687 346
M D Meso ( Exco )	270 145	131 747	401 892
N W Seakamela ( Exco)	484 235	203 111	687 346
D Lehong ( Exco )	484 235	203 111	687 346
D Matlou	204 323	109 807	314 130
N G Makgalo	204 323	109 807	314 130
Mp Makgato	204 323	109 807	314 130
C Matjee	204 323	109 807	314 130
A Makgoka	204 323	109 807	314 130
M Malema	204 323	109 807	314 130
M Duba( Section 79)	262 214	129 104	391 318
Kobo	204 323	109 807	314 130
P T Rakimane	204 323	109 807	314 130
M I Mohafe	204 323	109 807	314 130
R L Mpati	204 323	109 807	314 130
M J Manthata	204 323	109 807	314 130
P S Masoga	204 323	109 807	314 130
M J Leferela	204 323	109 807	314 130
N S Ramukhubedi	204 323	109 807	314 130
S E Kobola	204 323	109 807	314 130
T Raphaswana	204 323	109 807	314 130
L Moabelo	204 323	109 807	314 130
G M Sepheso	204 323	109 807	314 130
M D Marutha	204 323	109 807	314 130
M P Tloubatlatla	204 323	109 807	314 130
S R Nakana	204 323	109 807	314 130
N MHopane	204 323	109 807	314 130
	<b>8 658 924</b>	<b>4 257 779</b>	<b>12 916 703</b>

### 44. BUDGET VS ACTUAL COMPARRISON VARIANCES EXPLANATIONS ABOVE 5% AND BUDGET ADJUSTMENT REASONS

#### 44.1 Service Charges - Sale of Electricity Actual

##### Variences above 5%

The municipality has projected the use of electricity based on the consumption scale/units from Eskom and the realizable amount is based on the actual figure billed by the municipality.

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**44.2** SERVICE CHARGES -REFUSE  
REMOVAL ACTUAL  
VARIANCES ABOVE 5%.

The initial budget was conducted based on the historical amount not in consideration of the number of fluctuation in relation from the number of household.

**44.3** INTEREST RECEIVED -  
DEBTORS ACTUAL  
VARIANCES ABOVE 5%.

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- 44. Budget vs Actual comparison variances explanations above 5% and budget adjustment reasons (continued)** The municipality has collected 107% of the revenue billed in the current financial year in which the allocation of the amount paid by customers was allocated to the initial long outstanding debt as per the financial system recognition criteria

### BUDGET ADJUSTMENT EXPLANATIONS

The increase in tariffs and the slow payment of debtors in other categories lead to the increase on the interest amount being charged

#### 44.4 LICENCES & PERMITS

**Actual Variances above 5%.**

Challenges regarding the pandemic had an impact on the collection of revenue special on law enforcement and traffic and licensing transactions as the traffic stations were required to close in several occasions by the government announcement and the identification of the pandemic cases from the respective stations

#### 44.5 OTHER INCOME

**Actual Variances above 5%**

Most of the municipal activities were also not moving at the initial anticipated level as community members were not visiting the municipality on regulatory bases for the approval of business plans transferring of properties and town planning activities as they were impacted by the Covid-19 Challenges.

### BUDGET ADJUSTMENT EXPLANATIONS

The municipality removed the sale of stands budget in the past including the first six months could not sell, this creates uncertainty on the expected revenue in the current financial year. The Incidental cash surpluses was also reduced since there was no certainty that the amount will be realized.

#### 44.6 TRAFFIC FINES, PENALTIES AND FORFEITS ACTUAL VARIANCES ABOVE 5%

The Challenges regarding the pandemic had an impact on the collection of revenue special on law enforcement and traffic and licensing transactions as the traffic stations were required to close in several occasions by the government announcement and due to cases identified in relation to the pandemic

### BUDGET ADJUSTMENT EXPLANATIONS

The decrease is as a result of retention forfeits. The municipality is not planning to terminate any contract as a result, we will not receive this revenue source before the end of the financial year, thus reduced

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### **44.7 INTEREST RECEIVED - EXTERNAL INVESTMENT BUDGET ADJUSTMENT EXPLANATIONS**

The municipality is expecting more interest on investments before the financial year as we have increased and diversified our investment portfolio with both Fixed and Call type of investments.

### **44.8 PROPERTY RATES**

#### **Budget adjustment explanations**

Benchmarking exercise lead the increase in government tariffs with the combination of the percentage increase from the guidelines and circular. In the first six months of the year there has been a high collection on the government rates as all their properties have been verified and this position is expected to be stable for the remainder of the year.

### **44.9 GOVERNMENT GRANTS & SUBSIDIES BUDGET ADJUSTMENT EXPLANATIONS**

An increase is as a result of an approved rollover for Mohodi sports complex from national treasury in 2019/20 financial year

### **44.10 EMPLOYEE RELATED COST ACTUAL VARIANCES ABOVE 5%**

Vacant post not filled that was budgeted for

#### **BUDGET ADJUSTMENT EXPLANATIONS**

Some of the benefits were under budgeted .

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### 44. BUDGET VS. ACTUAL COMPARISON VARIANCES EXPLANATIONS ABOVE 5% AND BUDGET ADJUSTMENT REASONS (CONTINUED)

#### 44.11 Remuneration of Councillors

##### Actual Variances above 5%

The Councillors did not receive the upper limits as budgeted for during the financial year 2021

#### 44.12 DEPRECIATION AND AMORTISATION ACTUAL VARIANCES ABOVE 5%

The municipality anticipated the capital projects would be completed before year end.

##### BUDGET ADJUSTMENT EXPLANATIONS

The municipality MIG capital funding was reduced which affected some of the capital projects that we budgeted depreciation for.

#### 44.13 FINANCE COST

##### Actual Variances above 5%

The service provider was appointed late in the 4th quarter, however the transaction was never realised for leasing as the equipment was not delivered.

##### BUDGET ADJUSTMENT EXPLANATIONS

The municipality realised by mid-year that the expenditure in the finance cost was less than what we anticipated for.

#### 44.14 DEBT IMPAIRMENT

##### Actual Variances above 5%

The municipality has collected 107% of the revenue billed in the current financial year in which the allocation of the amount paid by customers was allocated to the initial /long outstanding debt on the financial system and has initial had a reduction on the impairment

##### BUDGET ADJUSTMENT EXPLANATIONS

The increase in tariff and slow payment in debtors lead to an increase in debt impairment to avoid unauthorized expenditure at year end

#### 44.15 CONTRACTED SERVICES ACTUAL VARIANCES ABOVE 5%

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The contracted services expenditure on catering is much less than budget because of the COVID 19 pandemic which led to most meetings being held virtual.

### BUDGET ADJUSTMENT EXPLANATIONS

.Repairs and maintenance increased to cater for the infrastructure that has been damaged due to excessive rains in the last few months

#### 44.16 GENERAL EXPENSES

##### Actual Variances above 5%

The amount spend on accommodation and travel is much less than budget due to lock down restrictions.

### BUDGET ADJUSTMENT EXPLANATIONS

1. Reclassification of PMS from CAPEX to OPEX
2. Unforeseen increase of Audit fees due to an extension caused by the delays as a result of COVID-19
- 3 An increase in the government property rates and high collection resulted in an increase in the commission paid.

#### 44.17 TOTAL CURRENT ASSETS

##### Budget adjustment explanations

The increase in current assets was because more funds were received from Equitable share which enabled the municipality to invest more funds.

#### 44.18 TOTAL NON-CURRENT ASSETS ACTUAL VARIANCES ABOVE 5%

A project for the culverts could not be completed in the current financial year and it was rolled over to 2021/2022 financial year.

### BUDGET ADJUSTMENT EXPLANATIONS

The municipality capital budget was increased due to the MIG funding that was decreased and already commitment was done on the projects. The municipality had to do special adjustment budget to cover for the committed expenditure to avoid unauthorized expenditure at year end.

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### 44. BUDGET VS. ACTUAL COMPARISON VARIANCES EXPLANATIONS ABOVE 5% AND BUDGET ADJUSTMENT REASONS (CONTINUED)

#### 44.19 Total Current Liability Actual Variances above 5%

The Service Provider was appointed late in the 4th quarter and the transaction never realised for the leasing as the equipment was never delivered.

#### BUDGET ADJUSTMENT EXPLANATIONS

The municipality had an increase in payables due to increase in repairs and maintenance contracts to cater for infrastructure that was damaged due to excessive rain. An increase in the high collection of property rates led to an increases in commission payable.

#### 44.20 TOTAL NON-CURRENT LIABILITY ACTUAL VARIANCES ABOVE 5%

The Service Provider was appointed late in the 4th quarter and the transaction never realised for the leasing as the equipment was never delivered. .

#### 44.21 ACCUMULATED SURPLUS

##### Budget adjustments explanations

The increase in accumulated surplus increased because of more grants and subsidies that was received during the year

Figures in Rand	2021	2020
<b>45. Cash generated from operations</b>		
Surplus for the year	88 367 547	30 646 479
<b>Adjustments for:</b>		
Depreciation, amortisation and impairment	12 114 550	15 911 406
(Gain) / loss on sale of assets and liabilities	173 105	161 471
Public Contributions and donations	(1 234 955)	-
Movements in non-current provisions and retirement benefit liabilities	3 084 603	(848 799)
Movements in current provisions and retirement benefits	1 542 126	1 647 975
<b>Changes in working capital:</b>		
Inventories	(790 987)	(66 821)
Receivables from exchange transactions	155 668	836 505
Other receivables from non-exchange transactions	14 351 099	(10 780 060)
Payables from exchange transactions	(4 267 192)	6 559 929
VAT	2 446 429	(912 479)
Unspent conditional grants and receipts	(499 572)	(997 338)
Consumer deposits	900	1 350
Other Current Liability	162 733	24 265
	<b>115 606 054</b>	<b>42 183 883</b>

#### 46. Cash flow Statement Receipts - Sale of goods and services

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Service Charges - Electricity	8 433 035	8 284 596
Service Charges - Refuse removal	2 628 852	2 218 413
Interest earned -Outstanding debtors non exchange	714 069	487 735
Interest earned - Outstanding debtors	628 249	425 043
Commission Received	718 633	683 390
Property Rates	49 558 003	20 010 884
Traffic Fines, penalties and forfeits	493 491	909 431
Rental of facilities and equipment	254 993	254 705
Licenses and permits	4 890 684	2 813 493
Other Income	113 522	3 468 877
Movement in receivables from exchange transactions	155 668	836 505
Movement in receivables from non-exchange transactions	14 351 099	(10 780 060)
Provision for Bad Debts	(8 871 388)	(5 758 835)
Movements in Consumer deposits	900	1 350

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## 46. Cash flow Statement Receipts - Sale of goods and services (continued)

**74 069 810      23 855 527**

## 47. Cash flow Statement Receipts - Grants

Government Grant and subsidies

230 316 073      182 145 339

Movement in Unspent and Conditional Grants

(499 572)      (997 338)

**229 816 501      181 148 001**

## 48. Cash flow Statement Payments - Suppliers

Bulk Purchases

(11 026 473)      (10 107 196)

Contracted services

(39 119 438)      (27 337 190)

General Expenses

(38 086 461)      (32 684 333)

Movements in Payables from exchange transactions

(4 267 192)      6 559 929

Movements in VAT receivable

2 446 429      (912 479)

Movements in Other current liability

162 733      24 265

Movements in Employee Benefit - Current

1 542 126      1 647 975

Movement in Employee Benefit - Non Current

2 420 000      (1 379 514)

Movement in Provisions - Non current

664 603      530 715

Movement in Inventories

(790 987)      (66 821)

**(86 054 660)      (63 724 649)**

## 49. Employee Related Cost

Employee related costs

(91 626 639)      (87 486 116)

Remuneration of Councillors

(12 959 102)      (12 916 703)

**(104 585 741)      (100 402 819)**

## 50. Financial instruments disclosure

### Categories of financial instruments

#### Financial Assets

##### Investments

Fixed Deposit

Held to maturity

2021

2020

##### Consumer Debtors

Trade receivables from exchange transactions

Financial instruments at amortised cost

2 541 347      2 697 015

Trade receivables from non-exchange transactions

Financial instruments at amortised cost

58 824 345      73 175 444

Call Deposits

Financial instruments at amortised cost

89 535 644      22 997 466

##### Bank Balances and Cash

Cash Floats and Advances

Financial instruments at amortised cost

8 161      13 500

#### Summary of Financial Assets

**-      150 909 497      98 883 425**

# Molemole Local Municipality

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Figures in Rand	2021	2020	
<b>50. Financial instruments disclosure (continued)</b>			
<b>Financial Liability</b>	Classification	2021	2020
<b>Long-term Liabilities</b>			
<b>Trade Payables</b>			
Trade Creditors	Financial instruments at amortised cost	19 758 536	24 025 728
<b>Current Portion of Long-term Liabilities</b>			
Finance Lease Liability	Financial instruments at amortised cost	-	251 668
<b>Summary of Financial Liability</b>		<b>- 19 758 536</b>	<b>24 277 396</b>
<b>51. Profit/(Loss) on disposal of Assets</b>			
(Profit) / Loss on write-off of council assets as per council resolution		173 105	161 471
<b>52. Commitments</b>			
<b>Capital Commitments</b>			
<b>Already contracted for but not provided for</b>			
• Community Assets		-	1 302 918
• Infrastructure Assets		1 715 696	1 715 696
		<b>1 715 696</b>	<b>3 018 614</b>
<b>This expenditure will be financed from:</b>			
• Contributions from operating revenue		1 715 696	3 018 614
		<b>1 715 696</b>	<b>3 018 614</b>
<b>Operating Commitments</b>			
<b>Already contracted for but not provided for</b>			
• Operating Expenditure		16 373 713	15 477 927
		<b>16 373 713</b>	<b>15 477 927</b>
<b>This expenditure will be financed from</b>			
• Contributions from Operating Revenue		16 373 713	15 477 927
		<b>16 373 713</b>	<b>15 477 927</b>
<b>Total commitments</b>			
Capital Commitments		1 715 696	3 018 614
Operating Commitments		16 373 713	15 477 927
		<b>18 089 409</b>	<b>18 496 541</b>
<b>Included in Operating Commitments is the following:</b>			
Operating lease		9 877 876	-

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Figures in Rand	2021	2020
<b>52. Commitments (continued)</b>		
<b>Operating leases - as lessee (expense)</b>		
<b>Minimum lease payments due</b>		
- within one year	2 984 253	-
- in second to fifth year inclusive	6 893 623	-
	<b>9 877 876</b>	<b>-</b>

Operating lease payments represent rentals payable by the municipality for service delivery plant and equipment assets. 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.

### 53. Contingencies

Contingent Liability	5 198 631	4 460 442
Contingent Asset	706 021	206 021

For more information see supplementary schedule 2 attached

### 54. Change in estimate

#### Property, plant and equipment

The useful life of infrastructure & other asset classes were adjusted during 2020/2021 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 for the Municipality during 2020/2021 has decreased the depreciation charge for the current by R3413675.84 and increase the future periods by R3658932.38

### 55. CHANGES IN ACCOUNTING POLICY

The municipality has moved from accrual basis to payment basis for vat purposes on 1 July 2020. This change consist of a change in accounting policy and has been applied prospectively.

### 56. PRIOR PERIOD ERRORS

The correction of the error(s) results in adjustments as follows:

A supplier overcharged the municipality for rental of machines in the prior years. This error was identified in the current financial year. Receivables from non- exchange transactions were restated in the current financial year.

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Retentions payable was overstated by R4 280 201 due to contracts that were cancelled but not corrected in the Financial Statements. The impact of the error was material and the comparative period have been restated

An incorrect payment was made to a Councillor in the previous year and the debtor was not raised. The prior year have been restated

Licenses and Permits paid in June 2020 now corrected.

Government impairment which was previously included on the provision balance

A supplier was not raised as a creditor in the previous year and was now

corrected. Security Services Land and buildings was not previously on the asset

register now corrected.

### Statement of Financial Position 2019

Figures in Rand			2021	2020
Description	Balance as previously presented	Prior period error	Reclassified	Restated balance
Payables From Exchange Transactions	21 745 997	(4 280 201)	-	17 465 796
Receivables from exchange transactions	3 533 520	81 365	-	3 614 885
VAT receivable	14 057 452	(10 613)	-	14 046 839
Accumulated surplus	248 111 137	4 350 953	-	252 462 090

### Statement of Financial Position 2019

#### Accumulated Surplus 2019

Balance previously reported	248 111 137
Retention Opening Balance amount now recognised to Accumulated Surplus	4 280 201
Xlp invoices overcharged now recognised to Accumulated Surplus	70 752
	<u>252 462 090</u>

#### Vat Receivable - 2019

Balance previously reported	14 057 452
Reversal of vat on over charges for XLP Invoices for 2019 & 2018	(10 613)
	<u>-</u>
Restated Balance	<u>14 046 839</u>
	-

#### Payables from exchange transaction-2019 -

Balance previously reported	21 745 997
Retention Opening Balance amount now recognised to Accumulated Surplus	<u>(4 280 201)</u>
Restated Balance	<u>17 465 796</u>
	-

### Statement of Financial Position 2020

## Molemole Local Municipality

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<b>Description</b>	<b>Balance as previously presented</b>	<b>Prior period error</b>	<b>Reclassified</b>	<b>Restated balance</b>
Financial Statements for the year ended 30 June 2021				
Accumulated Surplus	279 415 487	4 243 638	-	283 659 125
Payables from exchange transactions	27 776 096	(3 750 368)	-	24 025 728
Receivables from Non Exchange transactions	73 012 570	(88 924)	251 798	73 175 444

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Figures in Rand	2021	2020
<b>56. Prior period errors (continued)</b>		
Receivables from exchange transactions	2 948 813	(251 798) 2 697 015
Vat Receivable	14 919 926	50 005 - 14 969 931
Property Plant and equipment	271 772 099	532 188 - 272 304 287
<b>Accumulated Surplus 2020</b>		
Balance previously reported		279 415 487
Retention Opening Balance amount now recognised to Accumulated Surplus		4 280 201
Xlp invoices overcharged now recognised to Accumulated Surplus		127 354
Councilor Over payment now corrected		21 759
Government impairment which was previously included on the provision balance		53 091
Licenses and Permits of June 2020 now corrected		(310 230)
Depreciation of Community buildings not previously reported		(18 368)
Security Services expenditure not accounted for in 2019/2020		(460 724)
Capitilizing Property plant and equipment not was not previously reported		89 000
Capitilizing Community Building that was not previously reported		417 556
Capitilizing Land that was not previously reported		44 000
Restated Balance		<u>283 659 125</u>
<b>Payables from exchange transactions-Note 19</b>		
Balance previously reported		27 776 096
Retention Opening Balance amount now recognised to Accumulated Surplus		(4 280 201)
Security Services expenditure not accounted for in 2019/2020		529 833
Restated Balance		<u>24 025 728</u>
<b>Receivables from Non exchange transactions-Note 10</b>		
Balance previously reported		73 012 570
Government Impairment which was previously included on the Provision now corrected		53 090
Other debtors reclassified as Non exchange debtor		43 168
Other debtors Under banking now classified as Non Exchange transaction		208 630
Other debtors-Councillor overpayment now raised as debtor		21 758
Licenses paid in June 2020 now corrected		(310 230)
XLP invoices overcharged now corrected		146 458
Restated Balance		<u>73 175 444</u>
<b>Receivables from exchange-Note 9</b>		
Balance previously reported		2 948 813
Other debtors reclassified as Non exchange debtor		(43 168)
Other debtors Under banking now classified as Non Exchange transaction		(208 630)
Restated Balance		<u>2 697 015</u>
<b>Vat Receivable-Note 11</b>		
Balance previously reported		14 919 926
Reversal of vat on over charges for XLP Invoices for 2018 &2019 &2020		(19 103)
Vat on security invoices now accounted for		69 108
Restated Balance		<u>14 969 931</u>
<b>Property ,Plant and equipment -Note 4</b>		
Balance previously reported		271 772 099
Capitilizing Community Building not previously reported		403 639
Capitilizing Land that was not previously included in the Fixed Asset Register		44 000
Capitilizing other Property plant that was not previously included		84 549
Restated Balance		<u>272 304 287</u>

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2021

2020

## 56. Prior period errors (continued)

### Statement of Financial Performance 2020

Description	Balance as previously presented	Prior period error	Reclassified	Restated balance	
<b>Revenue</b>					
Licences and Permits	3 123 723	(310 230)		2813 493	
<b>Expenditure</b>					
Debt Impairment	(5 811 925)	53 090	-	(5 758 835)	
Contracted Services Outsourced Services	- (26 354 460)	(460 724)	(522 006)	(27 337 190)	
Contracted Services -Contractors	- (522 006)	-	522 006	-	
General Expenses	(32 740 935)	56 602	-	(32 684 333)	
Employee Related Cost	(87 507 875)	21 759	-	(87 486 116)	
Depreciation	- (15 893 038)	(18 368)	-	(15 911 406)	
<b>Licenses and Permits- Note 25</b>					
Balance previously reported				3 123 723	
Licenses paid in June 2020 now corrected				<u>(310 230)</u>	
Restated Balance				<u>2 813 493</u>	
<b>Debt Impairment-Note 38</b>					
Balance previously reported				(5 811 925)	
Government Impairment which was previously included on the Provision now corrected				<u>53 090</u>	
Restated Balance -				<u>(5 758 836)</u>	
<b>General Expenses-Note 41</b>					
Balance previously reported				(32 740 935)	
Xlp invoices overcharged now recognised to Accumulated Surplus				<u>56 601</u>	
Restated Balance				<u>(32 684 334)</u>	
<b>Depreciation-Note 36</b>					
Balance previously reported				(15 893 038)	
Depreciation of Community Buildings not previously Reported				<u>(18 368)</u>	
Restated Balance				<u>(15 911 406)</u>	
<b>Employee Related Cost-Note 34</b>					
Balance previously reported				(87 507 875)	
Overpayment of Councillor incorrectly recorded as employee cost				<u>21 759</u>	
Restated Balance - General Expenses				<u>(87 486 117)</u>	
<b>Contracted Services-Note 40 -</b>					
Balance previously reported				(26 876 466)	
<b>Contracted Services -Contractors</b>					
Contracted services reclassified to Outsources Services as per Mscoa Chart				522 006	
<b>Contracted Services -Outsourced</b>					
Security Services expenditure not accounted for in 2019/2020				(460 724)	
Contracted services reclassified to Outsources Services as per Mscoa Chart				<u>(522 006)</u>	
Restated Balance -				<u>(27 337 191)</u>	
<b>Cash flow statement 2020</b>					
Description	Note nr	Balance as previously presented	Prior period error	Reclassified	Restated balance
Sale of Goods and Services	46	23 952 991	(97 464)	-	23 855 527
Employee and Councillors Cost	49	(100 424 578)	21 759	-	(100 402 819)
Suppliers	48	(63 800 352)	75 703	-	(63 724 649)

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2021

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## 56. Prior period errors (continued)

### Cash flow Statement Receipts - Sale of Goods and Services - Note 46 Description

Description	Balance as previously presented	Prior period error	Reclassified	Restated balance
Licenses and Permits	3 123 723	(310 230)	-	2 813 493
Movement in receivables from exchange transactions	584 707	-	251 798	836 505
Movement in receivables from non exchange transactions	(10 687 936)	159 676	(251 798)	(10 780 058)
Provision for Bad Debts	(5 811 925)	53 090	-	(5 758 835)
Net movement	-	(97 464)		

### Cash flow Statement Payments - Suppliers - Note 48

Description	Balance as previously presented	Prior period error	Reclassified	Restated balance
Contracted Services	(26 876 466)	(460 724)	-	(27 337 190)
General Expenses	(32 740 935)	56 602	-	(32 684 333)
Movement in Payables from exchange transactions	6 030 099	529 830	-	6 559 929
Movement in Vat receivable	(862 474)	(50 005)	-	(912 479)
Net Movement in Suppliers		<u>(75 703)</u>		

### Employee and Councillors cost Note 49

Balance previously reported	(100 424 578)
Overpayment of Councillor incorrectly recorded as employee cost	<u>21 759</u>
Restated Balance – Employee Related Cost	<u>(100 402 819)</u>

### Capital Commitments- Note 52

Balance previously reported	1 397 242
Variation order for Electrification cluster was not included on the capital commitment	<u>1 621 372</u>
Restated Balance	<u>3 018 614</u>

### Operating Commitments-Note 52

Balance previously reported	15 622 937
Vending system was incorrectly disclosed under commitment the payments are based on commission	<u>(145 009)</u>
Restated Balance	<u>15 477 927</u>

### Contingent Asset - Note 53

Balance previously reported	2 997 551
Management established fact over the long outstanding matter of Matebele Dinare case that the amount of R2791530 was not suppose to be disclosed as a Contingent Asset.	<u>(2 791 530)</u>
Restated Balance - Contingent Asset	<u>206 021</u>

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### **57. RISK**

#### **MANAGEMENT**

##### **LIQUIDITY RISK**

The risk that the Municipality may encounter difficulties in raising sufficient funds in meeting 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.

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### 57. RISK MANAGEMENT (CONTINUED)

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.

Figures in Rand			2021	2020
<b>At 30 June 2021</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	19 758 536	-	-	-
Other financial liabilities	282 504	-	-	-
<b>At 30 June 2020</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	24 025 728	-	-	-
Other financial liabilities	119 771	-	-	-

#### 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 are 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.

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Balances past due not impaired:

NON-EXCHANGE RECEIVABLES	2021	2021	2020	2020
	Percentage	Amount	Percentage	Amount
Rates	100%	80 379 074	100%	92 898 793
	<b>100%</b>	<b>80 379 074</b>	<b>100%</b>	<b>92 898 793</b>
<b>Exchange Receivables</b>				
	2020	2020	2021	2021
	Percentage	Amount	Percentage	Amount
Electricity	21	3 832 660	24	3 607 562
Refuse	75	13 968 813	72	10 997 470
Other	4	779 792	5	705 274
	<b>100%</b>	<b>18 581 265</b>	<b>100%</b>	<b>15 310 306</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:

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### 57. RISK MANAGEMENT (CONTINUED)

#### NON-EXCHANGE RECEIVABLES

2021

2021  
Amount

2020  
Percentage

2020  
Amount

Percentage

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Rates	100%	25 867 538	100%	21 585 974
	<b>100%</b>	<b>25 867 538</b>	<b>100%</b>	<b>21 585 974</b>

### Exchange Receivables

	2021 Percentage	2021 Amount	2020 Percentage	2020 Amount
Electricity	21	3 429 204	24	3 134 981
Refuse	75	12 498 348	72	9 556 832
Other	4	697 704	5	612 885
	<b>100%</b>	<b>16 625 256</b>	<b>100%</b>	<b>13 304 698</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 are disclosed below.

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 are 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 are 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

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### **58. GOING CONCERN**

We draw attention to the fact that at 30 June 2021, the municipality had an accumulated surplus (deficit) of R 372 026 672 and that the municipality's total assets exceed its liabilities by R 419 733 842.

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.

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

### **59. EVENTS AFTER REPORTING DATE**

#### **59.1 Impact of COVID-19**

t

The Covid -19 outbreak has development rapidly in 2020/2021 financial year, with a significant number of infections. Measures taken by various governments to contain the virus have affected economic activities.

The Municipality has taken a number of measures to monitor and prevent the effects of the Covid -19 virus such as safety and health measures for our people (like social distancing and working from home), securing the supply of materials that are essential to our working environment and training of frontline officials on hygiene and sanitising of workspaces as well as on Covid-19 risk identification and response protocols.

Property rates and services revenue collection was highly vulnerable to defaulting by households as a result of income losses. Additionally, the effect of COVID-19 had a wide-ranging impact on the property market itself, which in turn impacted on property rates. The real estate industry has been heavily affected which translated into depressed property prices and lower valuations figures.

Balancing expenditure between the COVID- 19 agenda and the Business-agenda was one of the most significant challenges in the municipality. Although it was difficult to see past the current crisis, leaders needed to think about the future while managing day-to day service delivery challenges.

At this stage the impact in the Municipality and financial results is limited. We will continue to follow the various national institute's policies and advice and in parallel will do our utmost to

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continue our operations in the best safest way possible without jeopardising the health of our people.

At the moment no uncertainty about the entity's ability to continue as a going concern is identified due to the impact of Covid-19

### 59.2 DONATION OF CHURCH SITE

As per Council resolution SC/10.3/30/08/2021, Two church sites located in Mogwadi and Nthabiseng Townships have been Donated and approved by Council after year end, however the Municipality is in the process of transferring over the title deed to the Church as at the audit report date.

Figures in Rand	2021	2020
<b>60. Unauthorised expenditure</b>		
Opening balance as previously reported	-	8 835 388
Less: Approved/condoned/authorized by council	-	(8 835 388)
<b>Closing balance</b>	<b>-</b>	<b>-</b>
<b>Analysis of unauthorised expenditure written off by council per category</b>		
Depreciation and asset impairment		4 128 585
Materials and bulk purchases		1 619 063
Loss on disposal of assets and liabilities		1 550 539
Actuarial Loss		1 537 201
		<b>8 835 388</b>
<b>61. Fruitless and wasteful expenditure</b>		
Opening balance as previously reported	-	40 916
Add: Expenditure identified - current	28 477	127 550
Less: Amount written off - current	(230)	(127 550)
Less: Amount written off - prior period	-	(40 916)
<b>Closing balance</b>	<b>28 247</b>	<b>-</b>

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Figures in Rand	2021	2020
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### 61. FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)

The fruitless and wasteful expenditure for the current year relates to interest paid on late payments and overpayment of 2 Service Providers.

#### Analysis of fruitless and wasteful expenditure written off by council per category

Interest paid on late payments	(230)	(168 466)
--------------------------------	-------	-----------

### 62. Irregular expenditure

Opening balance as previously reported	219 100	-
Add: Irregular Expenditure - current	2 303 412	2 033 617
Less: Amount written off - current	(219 100)	-
Less: Amount written off - prior period	-	(1 814 517)
<b>Closing balance</b>	<b>2 303 412</b>	<b>219 100</b>

#### Analysis of balance of irregular

Invitation to bid/quotation did not stipulate the minimum threshold for local content	-	219 100
The declaration of interest is not fully completed	197 500	-
Split of Goods into two different parts to avoid competitive bidding	2 067 979	-
Quotation sourced from one supplier	26 680	-
Deviation was Approved after appointment date	11 253	-
	<b>2 303 412</b>	<b>219 100</b>

#### Amounts written-off

After the council committee investigations, council adopted the council committee recommendation to write-off an amount of R 219 100 from the total irregular expenditure amount as it was proven without reasonable doubt that the amount was not recoverable.

The Municipal rates for the appointed bidder were in arrears for more than three months	-	1 814 517
Invitation to bid/quotation did not stipulate the minimum threshold for local content	219 100	-
	<b>219 100</b>	<b>1 814 517</b>

### 63. Additional disclosure in terms of Municipal Finance Management Act

#### Contributions to organized local government

Current year subscription / fee	1 156 070	914 865
Amount paid - current year	(1 156 070)	(914 865)

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### Audit fees

Current year subscription / fee  
Amount paid - current year

	-	-
	3 925 776	3 362 785
	(3 925 776)	(3 362 785)
	-	-

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Financial Statements for the year ended 30 June 2021

Figures in Rand	2021	2020
<b>63. Additional disclosure in terms of Municipal Finance Management Act (continued)</b>		
<b>PAYE and UIF</b>		
Current year subscription / fee	16 348 142	16 073 822
Amount paid - current year	(16 348 142)	(14 570 941)
	<b>-</b>	<b>1 502 881</b>
<b>Pension and Medical Aid Deductions</b>		
Current year subscription / fee	14 670 496	13 704 956
Amount paid - current year	(14 670 496)	(12 775 619)
	<b>-</b>	<b>929 337</b>
<b>VAT</b>		
VAT receivable	12 523 502	14 969 931

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

### Councillors' arrear consumer accounts

During the year from July 2020 to June 2021 year no Councillors had arrear accounts outstanding for more than 90 days because most of the Councillors are staying in rural areas.

## SUPPLY CHAIN MANAGEMENT REGULATIONS

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.

Incident		
Sole Supplier	1 406 964	2 330 629
	<b>1 406 964</b>	<b>2 330 629</b>

### 64. Distribution Losses

#### Electricity Distribution Losses (Units)

Units purchased	6 838 437	6 910 093
Units Sold	6 174 031	4 882 386
Units Loss	664 406	2 027 708
Percentage distribution Loss	10 %	29%
Electricity Distribution Losses(Rand)		
Electricity Purchased	11 026 473	10 107 196
Electricity Sold	8 433 035	8 284 596
Electricity Loss	2 593 438	1 822 600
Percentage distribution loss	24%	18%

# Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2021

Figures in Rand-

2021

2020

## 1. Contingent Liability

Name of the Legal Representative	Litigation	Status	Nature of Dispute	Progress	Projected Estimates 2021	Projected Estimates June 2020
SC Mdhlu li Attorn eys Tel : 015 291 5440	NF M Con sulti ng	Active	NFM claiming R447 000 for work done and interdicting the municipality has paid against appointment	After having conducted and internal investigation it was discovered by the municipality has paid for work done. Awaiting for notice of withdrawal from the plaintiff	447 000	447 000
S c Mduhluli Attorneys 015 291 5440	Sinthumule Nkumeleni	Active	Consultant on Ramokgopa Claim for unlawful confiscation and impounding of the Plaintiff's vehicle alleging lack of necessary permit. The Plaintiff is claiming loss of income of R 100,000, plus 9% interest per annum and cost of suit.	The matter was enrolled for the 19th of February 2021, Parties awaiting judgment from Court	0	100 000
SC Mdhlu Attorneys 015 291 5440	Rambuda Nditsheni Joseph	Active	Confiscation and impounding of the plaintiff vehicle alleging lack of necessary permit . The Plaintiff is claiming loss of income amounting to R100 000, Plus 9 percentage interest and cost of the Suit	The matter was enrolled for the 19th of February 2021, Parties awaiting judgment from Court.	0	100 000

## Molemole Local Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2021

A M Carrim Attorneys 015 293 1700	Badau Film and Video Production	Active	Claim for damages of and loss of income amounting to R1 560 841-10 after The Plaintiff hired the Ramokgopa Stadium for an event and the event could not take place due to the unavailability of electricity	The Plaintiff indicated an intention to stop litigating against the Municipality as per letter dated 11 June 2021, The Municipality is awaiting notice of Withdrawal from the Plaintiff.	0	1 560 841
SC Mduhluli 015 291 5440	Hlako	Active	Counter Claim on recovery of performance bonus	Settlement talks with the Plaintiff in progress	300 000	300 000
Mohale Incorporated 015 291 3645	Sedima Business Enterprise	Active	Serve the Municipality with simple summons based on failure to pay for work done after the Plaintiff alleged that it entered into SLA with the Municipality in January 2017	The Matter in Court and will proceed on 12 September 2021	305 000	305 000
None	Pothole Cover	Closed	Letter of Demand on damages as a result of pothole on the road amounting to R970	The Prescription period run on the 12th of August 2020, The matter is closed in line with Prescription ACT 68 of 1969	0	970
None	Nkotheleni Business Enterprise	Active	Served Combined Summons based on failure to pay for services rendered by the Plaintiff after she has catered food to the Municipality	A Plaintiff has proposed settlement agreement with the municipality . A follow up meeting to discuss settlement terms to be convened by the parties.	21 420	21 420

\* See Note 55 & 56

None	Dg Department of Labour	Active	Mandatory Declaratory order due to failure by the Municipality to compile with the Provision of the Employment Equity Act Letter of	The Municipality is now complying with the provisions of the Act. Awaiting settlement discussions and notice of withdrawal from the Applicant	1 500 000	1 500 000
				The Plaintiff did not pursue	125 211	125 211
None	Akani Retirement Administration Fund	Active	demand for payment of pension to a Municipal Employee	the matter further . Awaiting prescription to run its course .		
Mohale incorporated Attorneys	Lephalale Investment Pty Ltd	Active	Action for Recovery of Land that was sold by the Municipality to the Defendant for the Purpose of constructing a Mall	The Municipality has consulted with its legal representative on the 28th of April 2021. Parties still exchanging documents. The courts is to determined a date for the sitting of the matter.	2 500 000	0
					<b>5 198 631</b>	<b>4 460 442</b>

## 2. Schedule of Contingent Asset

Name of the Legal Representative	Litigant	Status	Nature of dispute	Progress	Projected Estimates 2021	Projected Estimates 2020
S C Mdhuki Attorneys 015 291 5440	Hlako	Active	Action Recovery of undue Performance Bonus	Settlement talks in Progress	106 021	106 021
S C Mdhuki Attorneys 015 291 5440	Hlako	Active	Action Recovery of rental and eviction over a house that belongs to the municipality	The Municipality instructed the Legal Representative to obtain a copy of lost deed from the Deeds office.	100 000	100 000
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	The Municipality had consultation with its lawyer on the 28th of April 2021. Parties have exchanged documents and the Municipality is awaiting for a Court date.	500 000	0
					<b>706 021</b>	<b>206 021</b>

**REPORT OF THE AUDITOR-GENERAL TO THE LIMPOPO PROVINCIAL LEGISLATION AND COUNCIL ON MOLEMOLE LOCAL MUNICIPALITY**

**REPORT ON THE 2020/21 FINANCIAL STATEMENTS**

**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 2021, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts 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 the Molemole Local Municipality as at 30 June 2021, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognized accounting Practice (Standards of GRAP) and the requirements of the Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA) and Division of Revenue Act, 2020 (Act No.4 of 2020).

**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 auditor-general's responsibilities 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.

**Restatement of corresponding figures**

7. As disclosed in note 55 to the financial statements, the corresponding figures for 30 June 2020 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2021

**Significant uncertainty**

8. With reference to note 53 to the financial statements, the municipality is a defendant in a number of claims amounting to R5 198 631. The ultimate outcome of these matters could not

be determined and no provision for any liability that may result was made in the financial statements.

### **Material losses**

9. As disclosed in note 64 to the financial statements, material electricity losses of R2 593 438 (2020: R1 822 6000) was incurred, which represents 24% (2020: 18%) of total electricity purchased

### **Material impairments**

10. As disclosed in note 37 to the financial statements, material impairment of receivables of R8 871 388 was incurred as a result of debt which is doubtful for recovery and inadequate collecting systems.

### **Other matters**

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

### **Unaudited supplementary schedules**

12. The supplementary information set out on pages XX to XX does not form part of the financial statements and is presented as additional information. We have not audited these schedules and, accordingly, we do not express an opinion on them.

### **Unaudited disclosure notes**

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

### **Responsibilities of the Accounting Officer for the financial statements**

14. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with Standards of GRAP and the requirements of the MFMA and DoRA, and for such internal controls 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.
15. 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.

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

16. 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.
17. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

**Report on the audit of the annual performance report**

**Introduction and scope**

18. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected development priorities presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
19. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipality's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
20. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected development priorities presented in the municipality's annual performance report for the year ended 30 June 2021:

<b>Development priorities</b>	<b>Pages in the Annual Performance Report</b>
KPA 2 - Basic service delivery	x - x

21. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
22. I did not identify any material findings on the usefulness and reliability of the reported performance information for this development priority:
- KPA 2 - Basic service delivery

**Other matters**

23. I draw attention to the matters below.

**Achievement of planned targets**

24. Refer to the Annual performance report on pages ... to... for information on the achievement of planned targets for the year.

**Adjustment of material misstatements**

25. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of basic service delivery. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

## Report on the audit of compliance with legislation

### Introduction and scope

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

### Annual financial statements, performance and annual report

28. 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 property, plant and equipment, cash flow statements, contingent assets, contingent liabilities, commitments and statement of comparison of budget and actual amounts identified by the auditors in the submitted financial statement were subsequently corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

### Assets management

29. An adequate management, accounting and information system which accounts for assets was not in place, as required by section 63(2)(a) of the MFMA.

### Procurement and contract management

30. Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by supply chain management regulation 19(a).

## Other information

31. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes the audit committee's report. The other information does not include the financial statements, the auditor's report and those selected development priorities presented in the annual performance report that have been specifically reported in this auditor's report.
32. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
33. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected development priorities presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
34. 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

35. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.
36. The accounting officer and management did not exercise adequate oversight responsibility regarding financial and performance reporting and compliance with laws and regulations. Leadership did not exercise effective monitoring over the implementation of the audit action plan.
37. The financial statements and the annual performance report are not adequately reviewed for accuracy and completeness by the accounting officer before submission to audit.
38. 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 2021



**O E N E R A L**  
A F R I C A

*Auditing to build public confidence*

## Annexure - Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional skepticism throughout *my* audit of the financial statements and the procedures performed on reported performance information for selected development priorities and on the municipality's compliance with respect to the selected subject matters.

### Financial statements

2. 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 by the accounting officer
  - Conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Molemole Local 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

## **Molemole Local Municipality**

(Registration number LIM353)

Financial Statements for the year ended 30 June 2021

achieves fair presentation

### **Communication with those charged with governance**

3. 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.
4. I also provide the Accounting Officer with a statement that I have complied with relevant ethical requirements regarding independence, and to 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.