



# Draft

# 2021/2022 Annual Report

**Private Bag X 44  
Mogwadi  
0715**

**Physical Address: Main Office  
303 Church Street  
Mogwadi  
0715**

**Contact no: 015 501 2300/ 015 501 0243/4**

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

**Private Bag X 44  
Morebeng  
0715**

**Morebeng Office  
25 Cnr. Roets & Viviers Street  
Morebeng 0715**

**015 501 2371**

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

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

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## CHAPTER 1: MAYORS FOREWORD AND EXECUTIVE SUMMARY

### COMPONENT A: MAYOR'S FOREWORD

#### 1. Introduction

This Annual Report is the first one for the current term of Council after the successful local government elections held in November of 2021. The report will be detailing a comprehensive service delivery outcome for the Integrated Development Plan of the 2021/22 financial year. Although the 2021/2022 IDP was approved during the previous term of Council the newly elected Council had to accept the baton and implement the service delivery programmes for the latter part of the financial year. It was not smooth sailing though because implementation of the service delivery projects was delayed through a moratorium on tender adverts by National Treasury between February to early May 2021. The delays were further compounded by the disruption caused by community protest in Mogwadi which rendered our offices closed during April of 2022. This has negatively affected implementation of the projects within targeted dates and led to most projects being rolled over into the 2022/23 financial year.

#### 2. Public participation

The Municipality have continued with engagements with public on important service delivery issues across the sixteen wards in line with the long term developmental agenda. Two Mayoral Outreach programmes were coordinated during the year under review to afford the Mayor and opportunity to give feedback to the community on the implementation of the IDP programmes. A further two IDP Representative forum meetings were coordinated to interact with sector departments, district municipality, civic society, Councillors, Traditional Authorities and other interest groups on the implementation of service delivery. Four IDP Consultative meetings were also coordinated as part of the IDP review processes. The Municipal Public Accounts Committee (MPAC) has also conducted public consultations on the 2020/2021 Annual Report. We continue to appreciate the support given during all these public outreach programmes and are calling on the community to continue attending monthly community feedback meetings convened by their respective Councillors.

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

The newly elected Council of the Municipality hit the ground running by establishing all the critical Council committees to continue with good work of discharging services to the electorate. A total of five political parties are now represented in the current council which is an increase from the previous three political parties. Soon after inauguration, the new Council established Executive Committee which is led by the Mayor, all the five portfolio committees led by members of the Executive committee to give support to the Exco, which in turn present reports to Council. The Council also established the section 79 committees, i.e. MPAC and Ethics committees. We further appreciate the Speaker of this Council, Councillor D. Matlou for having crisscrossed all the wards to successfully establish the ward committees within the stipulated timeframe. The Municipality is working with Salga to ensure all the Councillors and their respective committees are capacitated in order for them to perform their particular mandates as expected by Council.

#### 4. Financial Viability and Sustainability

The Annual Revenue budgeted for 2021/22 financial year amount to R291,428,481. The actual annual revenue collected for the period ending 30 June 2022 amounts to R 259,251,142 against the 12 months' budget. This represent 89% of the projected revenue which is a decrease of 10 percentage points compared to the previous financial year. The implementation of credit control measures continued in the year under review and despite initial resistance from the community we are pleased

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to report that we have finally found each other with the community of Mogwadi and Morebeng hence many people are busy making arrangements to settle their long outstanding debts. We encourage the residents to continue honouring their debt obligations and the revenue accruing from that will further help the municipality with financial muscle to accelerate implementation of basic services.

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

	2019/20	2020/2021	2021/2022
Cash balances at close of Financial year	23 million	R 89 million	R 105 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 be like that well into the future. The municipality’s current ratio is standing at 5:3 as at the end of the 2021/2022 financial year compared to the ratio of 5:1 in the 2020/2021 financial year.

## 5. Key service delivery achievements.

Below is a summary of key service delivery outcomes of capital projects implemented during the year under review. Although some of the projects were rolled over into the 2022/23 financial year, we are pleased to report that all the projects have now been completed, except for Fatima Electrification project, which is expected to finalized in the last quarter of the 2022/2023 financial year.

Project Name	Total Project value	Project achieved /not achieved /Term contract	Reason for variance	Mitigation measure
Mogwadi Upgrading of Internal Streets from Gravel to Surfacing (Turn Key)	R 2 859 216.25	Achieved	None	None
Construction of 1.4km Road Linking Kgwadu Primary School and Botlokwa Primary School- Phase 2	R 7 241 000.76	Achieved	None	None
Planning, Design And Project Management Of 2km Ga-Sako Upgrading Of Internal Street From Gravel To Surfacing (Multi Years)	R 311 850.00	Achieved	None	None
Planning, Design And Project Management Of Upgrading Of Phaudi Internal Street From Gravel To Surface	R 383 125.00	Achieved	None	None
Ga-Sako Upgrading of 0.4km Internal Street from Gravel to Surfacing	R 2 803 060.89	Achieved	None	None



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Project Name	Total Project value	Project achieved /not achieved /Term contract	Reason for variance	Mitigation measure
Upgrading of Phaudi Internal Street from Gravel to Surface	R11 510 293.48	Achieved	None	None
Supply, Delivery, And Installation of 15culvert Bridges (Pipes/Portal Culverts)	R 3 581 815.88	Achieved	None	None
Supply and Delivery Of Sabs Approved 150 Single Phase Split Plc Prepaid Electricity Meters	R 309 000.00	Achieved	None	None
Supply, Delivery, Commissioning of Two Back-Up 80kva Three Phase Diesel Generators	R 571, 450.00	Achieved	None	None
Supply, Delivery and Installation of 6 High Mast Lights	R 2 772 147	Achieved	None	None
Electrification Of Households In Fatima Village And Construction Of Bulk Point Turn-Key).	R 6,420,48 4.79	Not Achieved	Voltage capacity constraint caused the project to delay.	Project to be rolled over to 2nd Quarter 2022/2023

## CONSISTENCY IN SPENDING ON CAPITAL GRANTS

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

2017/18 Spending %	2018/19 Spending %	2019/20 Spending %	2020/21 Spending %	2021/2022
64%	97%	99%	99%	99%



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

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## EXECUTIVE SUMMARY

### COMPONENT B: MUNICIPAL MANAGER'S OVERVIEW

#### 1. Introduction

This Annual report seeks to provide a comprehensive performance report of the municipality against service delivery commitments made in the 2021/2022 financial year. These commitments were outlined at the beginning of the financial year during the state of municipal address by the Mayor, Councillor M.E Paya in his state of the 2021/22 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.

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

We are pleased to report that the Municipality has once again obtained an unqualified Audit opinion on the 2021/2022 Annual Financial statement. Furthermore, the municipality obtained unqualified with no material findings on Annual Performance report. The number of findings were reduced compared to the previous financial year, which is a good sign of effective Internal Control mechanism. We appreciate the supported provided by the political leadership, Management and all employees. It is through our continued team effort that we got this far. Lets keep it up.

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### 3. Summary of non-Financial Performance per Department during 2021/22- 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	01	16	100%	0	0%
2	Technical Services	15	01	07	50%	07	50%
3	Community Services	08	02	04	67%	02	33%
4	Budget and Treasury	07	0	03	43%	04	57%
5	Municipal Manager's Office	17	0	14	82%	03	18%
6	Corporate Services	12	0	08	67%	04	33%
	<b>Total</b>	<b>76</b>	<b>6</b>	<b>51</b>	<b>73%</b>	<b>19</b>	<b>23%</b>

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



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

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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.

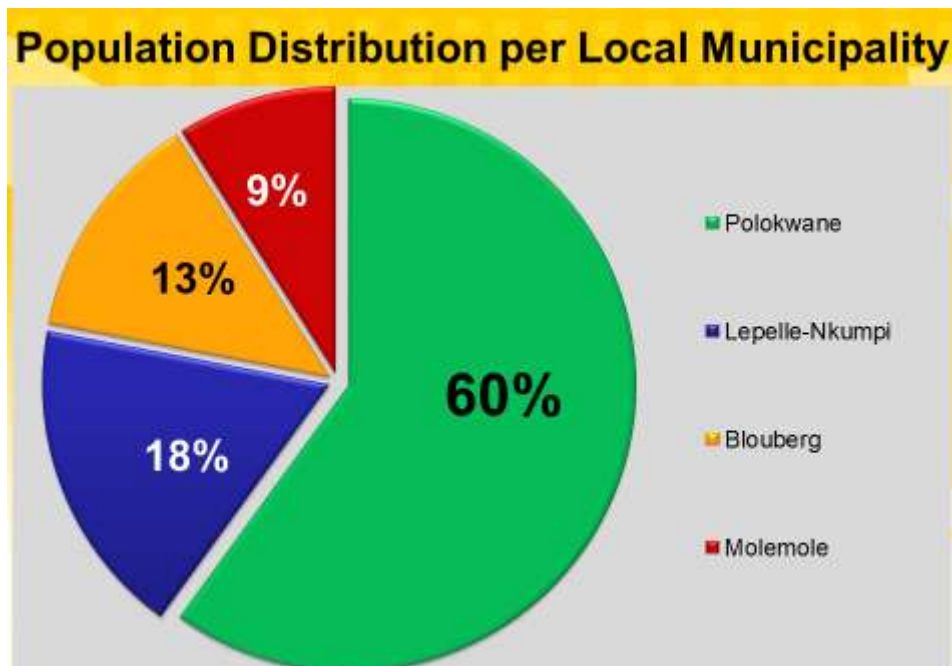
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delivery infrastructure especially since most of the roads are mainly gravel and require continuous maintenance by the municipality.

## 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.

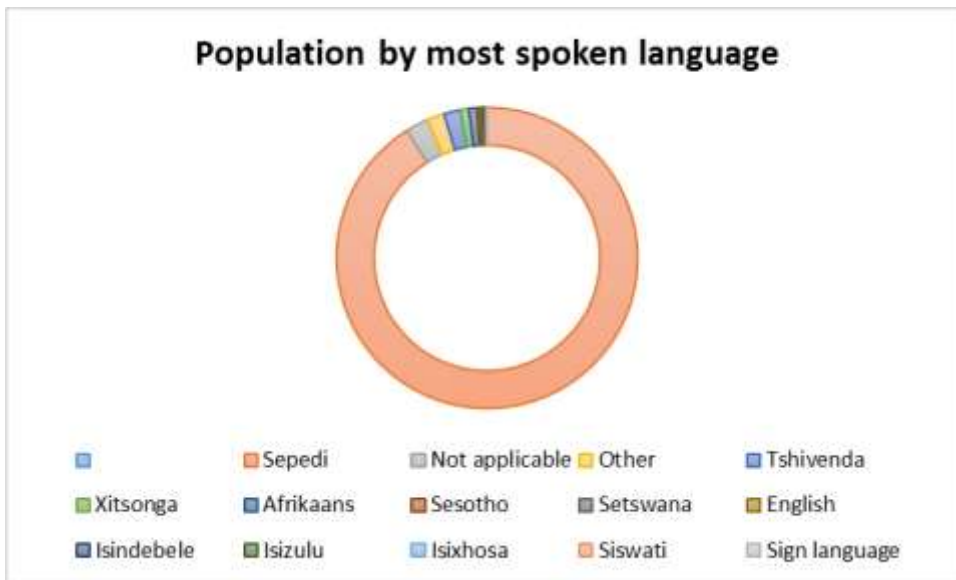


**Figure 1.1: Population Composition in the CDM**

## 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.

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**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%	

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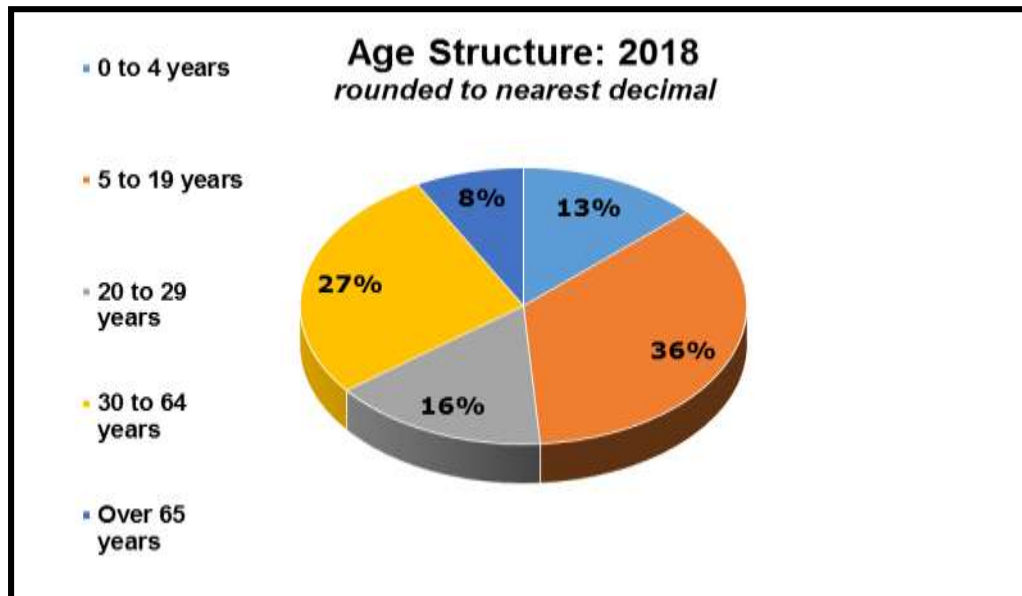


Figure 1.3 depicts age distribution of Molemole population. It is evident from the figure that 51.4% of the population is of a school going age whilst 27.6% are of general working age. Almost 10 000 (7.9%) of the population are of over the age of 65. The intensity of poverty for the municipality has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

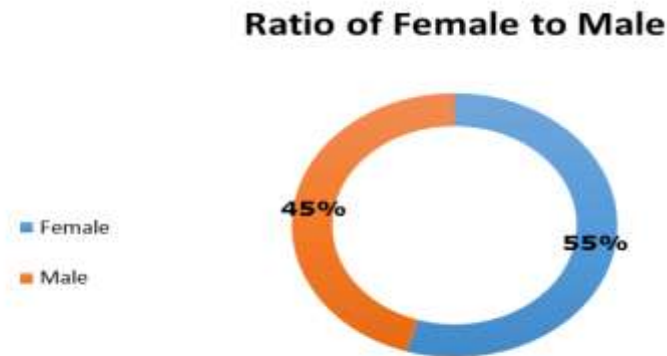
**The composition of the population above can be attributed to the following factors:**

- 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:

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**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.

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## i. Molemole Employment Status

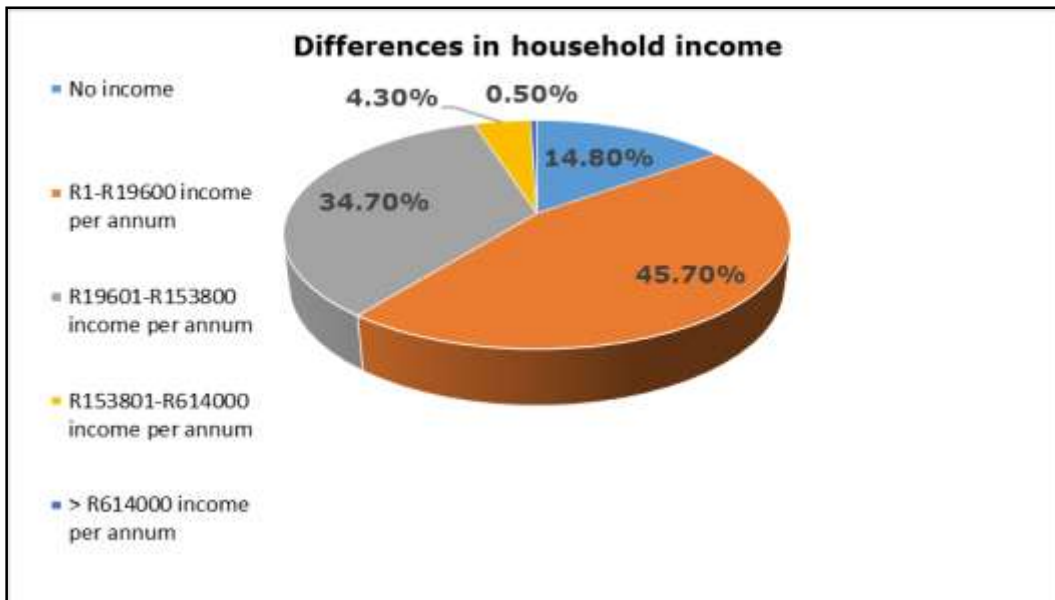
The percentage of economically active population increased significantly from 56.9% (61598) in 2011 to 56.9% (70 833) in 2016 (see **Table 1.5**).

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



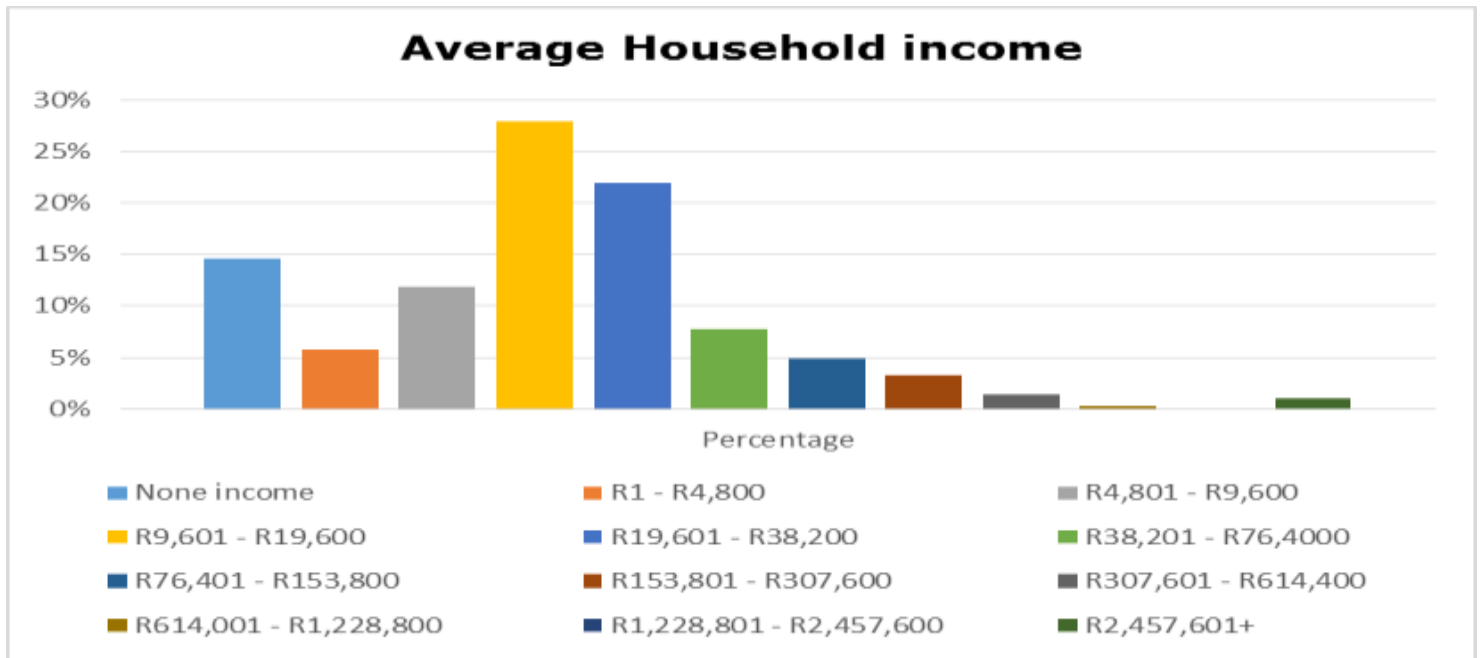
**Figure 1.6: Household income. MDB 2018**

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.

## **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. 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.

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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.

## **c) NORM**

The legislated norm ranges 1.5 to 2:1

The Current ratio:	<b>2021/22</b>	<b>2020/21</b>
Current assets	: R 178,700,099	R 164,485,290
Current liability	: R 33,551,837	R 31,030,312
Ratio	<b>5:1</b>	<b>5:1</b>

## **d) 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;

## **e) FINANCIAL**

The Municipality's net assets amount of R 455 120 361 is positive; the Net working Capital of the Municipality is significantly in a healthy balance. The Municipality has been operating in a positive cash flow for the past financial year and it is envisaged that the trend will continue in the following financial year. All creditors were paid as per the goods and services offered. The Municipality does not have significant long term borrowings and do not have any loans with any 3rd party. There are no unplanned financial commitments with any party and priority is given to the already rolled over projects. All the projects listed on the commitments register were provided for on the approved municipal budget.

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## **f) CONTINGENT LIABILITIES**

The pending contingent liabilities as at end of June 2022 amounted to R 2 625 211. 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.

## **g) MITIGATING PLANS**

The municipality's net debtors' book amounting to R 114 903 554,00 (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.

## **h) 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.

## **i) OTHER**

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

## **j) 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.

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

<b>Financial Overview: Year 2021/22</b>			
			<b>R' 000</b>
<b>Details</b>	<b>Original budget</b>	<b>Adjustment Budget</b>	<b>Actual</b>
Income:			
Grants	206,242,000.00	207,242,000.00	204,435,319.00
Taxes, Levies and tariffs	67,193,243.00	55,321,027.00	43,040,444.00
Other	39,886,815.00	28,865,454.00	11,904,405.00
Sub Total	313,322,058.00	291,428,481.00	259,380,168.00
Less: Expenditure	247,928,625.00	226,747,121.00	219,823,316.00
Net Total*	65,393,433.00	64,681,360.00	39,556,852.00
* Note: surplus/(deficit)			T 1.4.2

- Operating Ratios

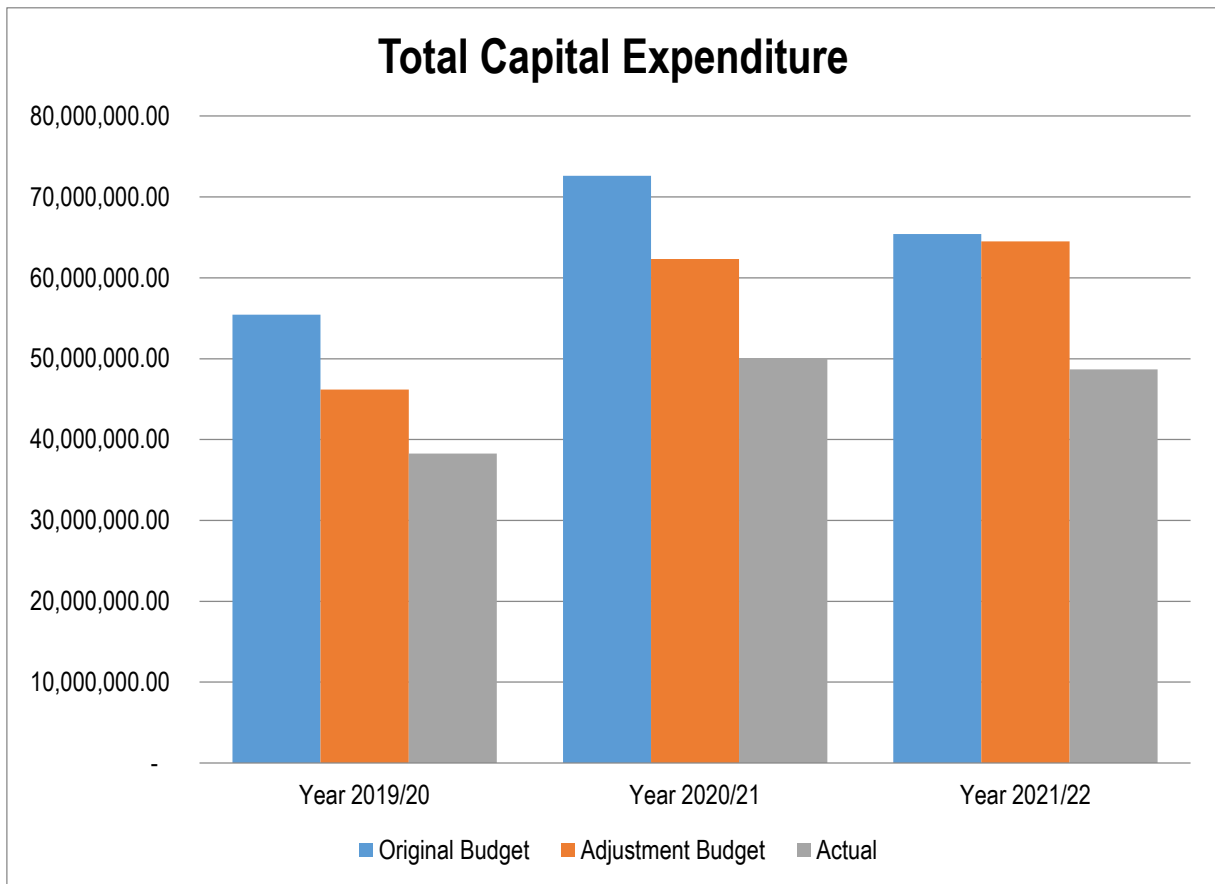
<b>Operating Ratios</b>	
<b>Detail</b>	<b>%</b>
Employee Cost	48
Repairs & Maintenance	7
Finance Charges & Impairment	1
T 1.4.3	

- Three-year Capital expenditure

<b>Total Capital Expenditure: Year 2019/20 to Year 2021/22</b>			
			<b>R'000</b>
<b>Detail</b>	<b>Year 2019/20</b>	<b>Year 2020/21</b>	<b>Year 2021/22</b>
Original Budget	55,441,271.00	72,616,548.00	65,393,793.00
Adjustment Budget	46,194,785.00	62,331,862.00	64,496,607.00
Actual	38,284,503.00	50,056,508.00	48,687,236.00
			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 two Learnership programmes were coordinated for employees and two capacity building training for Councillors. An annual training report is submitted to LGSETA as part of compliance to legislative requirements. Training programs covered included National Diploma (NQF Level5) Municipal Finance and Administration, Further Education and Training Certificate (NQF Level4) Municipal Finance and Administration, and Ethical leadership and public accountability. As part of the drive to capacitate municipal officials on good governance the municipality has identified officials who will continue to be trained on Municipal finance management and administration in the next financial year. We hope the skills acquired through the training will diligently applied in their day to day activities at work, prepare them for promotional opportunities and help enhance the municipal retention and succession strategies.

# Chapter 1

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

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

## b) INTERNAL EMPLOYEE BURSARY PROGRAMME

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

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

## c) INTERNSHIPS AND LEARNERSHIP

A total of three (2) internship and (2) Learnership programs were coordinated during the 2021/22 financial year and were placed under Budget and treasury and Corporate services. Two Learnership programs that started in 2021 will be completed during November 2022 as a result of the disrupted

# Chapter 1

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by the emergence of Covid-19 PANDEMIC. 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.

## **1.6 AUDITOR GENERAL REPORT**

### **16.1 AUDITOR GENERAL REPORT: YEAR 2021/2022**

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 2021/22 are twenty four (24).

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

a) **Significant uncertainty**

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

b) **Material losses**

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

c) **Material impairments**

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

d) **Underspending of conditional grants**

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

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

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

# Chapter 1

## 1.7 STATUTORY ANNUAL REPORT PROCESS

Molemole municipality has prepared the 2021/2022 in line with a prescribed plan as per MFMA and Circular 63 of 2012. 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 will be tabled in an open Council before public participation drive by the Municipal Public Accounts Committee. The draft Annual report will also be submitted to the office of Auditor General in line with subsection 127 (5) (b) of the Municipal Finance Management Act.

The Statutory process plan for the 2021/2022 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
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**

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N.B. Take note that the above process plan also includes 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. All departments are actively involved in the compilation of these annual report as part of accounting to the public on the use of municipal resources entrusted by the community.

# Chapter 2

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

Quarter	Number of projects visited	Projects visited and Wards
01	04	Marowe High mast (Ward 10), Phaudi Internal Street (Ward 15), Sako Internal Street (Ward 16), Kgwadu Internal Street (Ward 06)
02	02	Mogwadi Internal Street (Ward 10)
03	04	Ramogopa stadium (Ward 03) Mohodi Sports Complex (Ward 11) Ga-Phaudi village (Ward 15) Moletji Satellite office (Ward 15)
04	03	Sefoloko bridge (Ward 03) Ga Sako internal street (Ward 16) Mogwadi internal street (Ward 10)

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**

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

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

**Table 1.9: Council composition**

**f) 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  
Hon. Mayor**



**Cllr. D. Matlou  
Council Speaker**



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



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



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



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



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



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



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



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## 2.2 ADMINISTRATIVE GOVERNANCE

### a) INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

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

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 2021/2022 financial year have been compiled and approved by Council with IDP. Emerging risk register was also updated owing to the Covid19 pandemic.

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

The municipality had a relatively stable management core during the financial year under review. All the Senior Management positions have been filled. The contract for Municipal Manager's position expired in February 2022 and the Municipal council promptly approved the recruitment process to fill up the position.

All Senior Managers account to the Municipal Manager as head of administration. This is done through Management committee, comprising of Executive Management as well as Extended Management committee meetings. Management committee meetings are held in line with the approved corporate calendar. Decisions of management inform the agenda for the relevant portfolio committee meetings.

The Senior Managers are responsible for communicating with their respective departments through middle Managers and ensure that matters discussed at Senior Management level are cascaded down for effective execution of the targets set-out for each department per the IDP with respective middle managers. Decisions approved by Council are binding and become obligatory for management to implement them. Departmental Managers hold general staff meetings to cascade management decisions to all levels of employees and for implementation.

### c) TOP ADMINISTRATIVE STRUCTURE

<b>DESIGNATION</b>	<b>INITIALS AND SURNAME</b>	<b>Key Performance Areas</b>
<b>Acting Municipal Manager</b>	<b>Mr. K.E Makgatho</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>Vacant</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 Mahatlani</b>	Local economic development, Town and Regional planning services

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Senior Management Team



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



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



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



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



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

**Corporate Services**  
**Vacant**

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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 IDP development. Public participation for this Annual report will be conducted to ensure the public is given an opportunity to comment as required by applicable legislation. Accordingly, a draft Annual report will be publicized after the Mayor has tabled it in Council meeting in January 2023. The Municipal Public Accounts Committee will also conduct oversight processes through public consultations on the draft Annual report and present the oversight report to Council within two months after the draft has been tabled.

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### **2.4 PUBLIC MEETINGS**

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

Public engagements with communities is an important activity for the municipality as it is provided for in Chapter 7 of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996), as amended. The municipality has engaged the public through printing works, social media, radio and website as channels to give the public an update on the work of the municipality. Over and above the above, the municipality engages the public during municipal outreach programmes to ensure there is continuous face to face interaction with the public. The Municipality further engages other stakeholders during Intergovernmental relations forums like Premier and District IGR as well as the Monitoring and Evaluation sessions organized by Limpopo department of COGHSTA.

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

Ward Committees are a structure of Council established in line with section 80 of the Municipal Structures Act, 1998 (Act 117 of 1998). They play an important role of serving as an important link between the community and the municipality. The term of all the Ward Committees came to an end following the end of the term for the previous Council in November 2021. It is pleasing to report that Molemole Municipality is one of the few municipalities that managed to establish the new Ward Committee by the stipulated ninety days after the inauguration of the new Council. Although we have recorded some complaints from some wards it is pleasing to report that all the disputes have been resolved and all our Ward Committees members are performing their work. The Municipality has

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already started with capacity buildings interventions to ensure all Ward Committee members are given the necessary competencies to perform their on-site functions.

Generally, the municipality is happy with the effort 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 Mayoral outreach events during the year under review to report on performance of the municipality. The first imbizo was held in December 2021, at Moletji Satellite Office, to establish all the Council committees following the inauguration of the newly elected Council of Molemole Local Municipality. It was on this day that the new Moletji satellite office was officially opened and handed over to the community of Wards 10,14,15 and 16. The Mayor, Councillor Masilo Edward Paya presented the mid-year service delivery report as well as spending on the budget.

Furthermore, the Mayor of Molemole Municipality hosted two IDP Rep forum meetings which consists of Municipal Councillors, Members of Traditional Authorities, Sector departments (Eskom, RAL, CDM, Dept. of Education, etc.), civil society formations and Members of municipal Management committee.

Four IDP Consultative meetings were coordinated with the public across all the Municipal wards to engage the community as part of reviewing the 2021/22 IDP and preparing for the 2022/23 financial year. Lastly, an imbizo was held together with open Council meeting in May of 2022 wherein Council approved the final IDP and Budget for 2022/23 financial year. It on this day that the Mayor presented the state of Municipal Address outlining key service delivery programme for the year.

We thank all the community members who participated in all the Municipal outreach programmes because a local authority is in its very nature developmental in orientation. The local people are expected to actively take part in the determination of the services to be implemented by the municipality.

## 2.5 IDP PARTICIPATION AND ALIGNMENT

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

## COMPONENT D: CORPORATE GOVERNANCE

### a) OVERVIEW OF CORPORATE GOVERNANCE

Molemole municipality consists of eight service points for the residents in both Mogwadi and Morebeng, two Driver's License and Testing centers (DLTC). The municipal head office is stationed in Mogwadi where the Political Management team and three full time Councillors are based. There is also Technical Office and Library services in Mogwadi and Morebeng. There are two satellite offices

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located in Morebeng and Moletji (Ga-Phaudi village). The municipality has entered into a service level agreement with departments of Sports, Arts and Culture and Transport for the running of Library Services and Licensing Services, respectively.

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## 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 2021/22 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 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 Risk Register for attention by management in the 2021/22 financial year:

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 increase the capability of the municipality to deliver on its mandate	Electricity Distribution Losses	Service delivery	Poor Monitoring of electricity connections	Theft and vandalism of electrical infrastructure	Illegal Connections
2	To increase the capability of the municipality to deliver on its mandate	Inability to achieve municipal objectives	Outbreak of COVID-19 Pandemic	Lockdown restrictions and regulations	Poor service delivery	Bad Reputation
3	To promote sustainable basic services and infrastructure development	Inadequate revenue collection	Revenue Collection	Nonpayment services	Municipality may not be financially sustainable	Downgrading of the municipality
4		Non adherence to SCM policy	Financial Viability	Noncompliance to SCM legislations	Unauthorized, irregular and fruitless expenditure may occur	Negative Audit opinion
5	To ensure sound and stable financial management	Incomplete assets register	Financial Viability	Inadequate physical assets verification	Under or overstated assets register	Loss of municipal assets
6		Material misstatements in the Annual financial statements( AFS)		Non adherence to AFS process plan timeline and GRAP.	Misalignment of transactions and reporting items due to MSCOA implementation	Negative Audit Outcome
7	To provide sustainable basic services and infrastructure development	Failure to implement projects in the IDP	Service Delivery	Poor planning and budgeting	Withdrawal of funds by National Treasury	Community unrest
8		Inability to provide service in case of disaster		Lack of business continuity plan	Business instability	Loss of municipal data
9	To ensure institutional structures and plans are properly resourced to respond transformational objectives	Inadequate provision of intergraded waste management services	Service Delivery	Insufficient budget allocations	Negative impact on environmental resources	Community unrest
10		Illegal land occupation and land use	Service Delivery	Dispute on ownership of land	Litigations and loss of revenue	Land invasion
11	To encourage good governance and public participation	Inability to enforce By-Laws	Compliance	Outdate by-laws	Litigations	Bad reputations

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 increase the capacity of the municipal to deliver on its mandate	Poor individual performance	Performance management	Employees Performance not effectively managed	Shortage of staff in other units	Poor Performance

## 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. Council has approved various policies aimed at ensuring that there is limited room for any fraud and corruption in the municipality. 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 were no incidents of fraud and corruption during year under review.

The Municipality has also adopted the Protection of Personal Information Act and the Risk Management Committee has been tasked to ensure there is awareness amongst all employees. The POPIA manual will also be developed which will be shared amongst all employees and other governance structures

### b) Internal Audit

The Internal Audit unit consists of the Chief Audit Executive (CAE) as the Head of the unit, 2x Internal Auditors reporting directly to CAE as well 1x Intern. All the positions under the unit have been filled up. The unit reports administratively to the Accounting Officer and functionally to the Audit Committee. One of the functions of the unit is 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 conducts its audit in line with the approved risk based internal audit plan for 2021/22. The progress report on the implementation of

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the plan is reported to the Audit Committee on a quarterly basis. Other activities of the unit involve conducting compliance audit on SCM, review of the performance reports and financial reports of the municipality, to monitor the resolutions of findings of Auditor-General and to facilitate the implementation of Audit Committee resolutions.

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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 Preferential Procurement policy framework Act (Act 5 of 2005) and associated 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 2021. The policy is in line with requirements of section 112 of the MFMA as well as principles outlined in Municipal Supply Chain Regulations (2005). The SCM practices are also guided by the various Circulars issued by Treasury from time to time. The provisions of these circulars are filtered in the SCM policy during Annual policy reviews. The policy review is also guided by shortcomings identified during Audit process, both internally and externally as well as during the implementation of the policy.

### **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 place mechanism to ensure that the committees that preside over procurement are independent form

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

### Tender Adverts and Awards

Tenders are advertised on a municipal website and Tender documents are uploaded and downloadable on a municipal website. A total of 22 tenders were awarded during the 2021/22 financial year at a total value of R **68 063 760,90**

- a) 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 2021/22 financial year:

2021/2022 Procurement statistics					
Quarter	Total Procurement Bill	Bill spent on Local Suppliers	% of Local	% of District Suppliers	% outside district
1 <sup>st</sup>	33 335 369,15	27 563 210,07	89	8	3
2 <sup>nd</sup>	31 902 239,38	3 630 025,78	11	43	46
3 <sup>rd</sup>	8 052 053,23	12 368 365,87	34	53	13
4 <sup>th</sup>	23 530 744,83	3 154 244,46	59	34	7
<b>Total</b>	<b>96 820 406,59</b>	<b>46 715 846,18</b>	<b>48,25</b>	<b>34,50</b>	<b>17,25</b>

Qtr.	RFQ	Tender	Totals
1st Q	4 080 653,97	29 254 715,18	33 335 369,15
2nd Q	7 560 225,63	24 342 013,75	31 902 239,38
3rd Q	7 122 335,73	929 717,50	8 052 053,23
4th Q	9 993 430,36	13 537 314,47	23 530 744,83

<b>Totals</b>	<b>28 756 645,69</b>	<b>68 063 760,90</b>	<b>96 820 406,59</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 municipaity 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.

<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
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

All cases reported during the year under review were resolved. This shows Management is committed to addressing complaints as and when they are raised. It also shows that Batho Pele committee is functioning well to facilitate the resolution of cases by Management.

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**THE REPORT ON COMPLAINTS MANAGEMENT DURING THE 2021/2022 FINANCIAL YEAR IS  
TABULATED BELOW:**

<b>Division</b>	<b>Total cases received</b>	<b>Total cases resolved</b>	<b>Total outstanding cases</b>
Corporate Services	01	01	0
Community Service Department	02	02	0
<u>Technical department</u>	<b>04</b>	04	0
Road	01	01	0
Water & Sanitation	03	01	0
<b>TOTAL CASES</b>	<b>07</b>	<b>07</b>	<b>0%</b>

**a) CHALLENGES ON COMPLAINTS MANAGEMENT**

Total cases decreased from Eleven (11) in 2020/2021 financial year to 07 in the year under review. This represent 36% reduction and it is hoped that this is a reflection of improvement in the response to service delivery requests by the municipality.

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



# Chapter 3

## COMPONENT A: BASIC SERVICES

### a) INTRODUCTION TO BASIC SERVICES

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

# Chapter 3

## 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 2021/22: Water Services</b>					
<b>R'000</b>					
<b>Details</b>	<b>2020/21</b>	<b>2021/22</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>	328 420	438 143	438 143	742 790	41%
Expenditure:					
Employees	6 271 097	7 969 869	7 698 093	6 835 854	-17%
Repairs and Maintenance					0%
Other	107 768	113 799	685 799	728 606	84%
<b>Total Operational Expenditure</b>	6 378 865	8 083 668	8 383 892	7 564 460	-7%
<b>Net Operational Expenditure</b>	6 050 445	7 645 525	7 945 749	6 821 670	-12%
<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>					

# Chapter 3

Financial Performance Year 2021/22: Sanitation Services					
					R'000
Details	2020//21	2021/22			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	519 064	283 566	283 566	0	
Expenditure:					
Employees	2 882 640	2900785	2 589 434	2 711 010	-7%
Repairs and Maintenance					0%
Other	18 917	54 437	55 787	24 306	-124%
<b>Total Operational Expenditure</b>	2 901 557	2 955 222	2 645 221	2 735 316	-8%
<b>Net Operational Expenditure</b>	2 382 493	2 671 656	2 361 655	2 735 316	2%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.2.8

## 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 energizing of the 500 households electrified in the 2020/2021 financial year has been delayed due to late delivery of bulk point and voltage regulator. It is hoped that the bulk point and Voltage regulator will be delivered and installed in the third quarter of the 2022/2023 financial year to finally get the area energized. The electrification project will however continue in the next financial year which will benefit about four hundred households. We are grateful for the grant funding by the department of Energy and as part of the Integrated National Electrification certificate.

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## Electrification projects implemented in the *2021/22 financial year:*

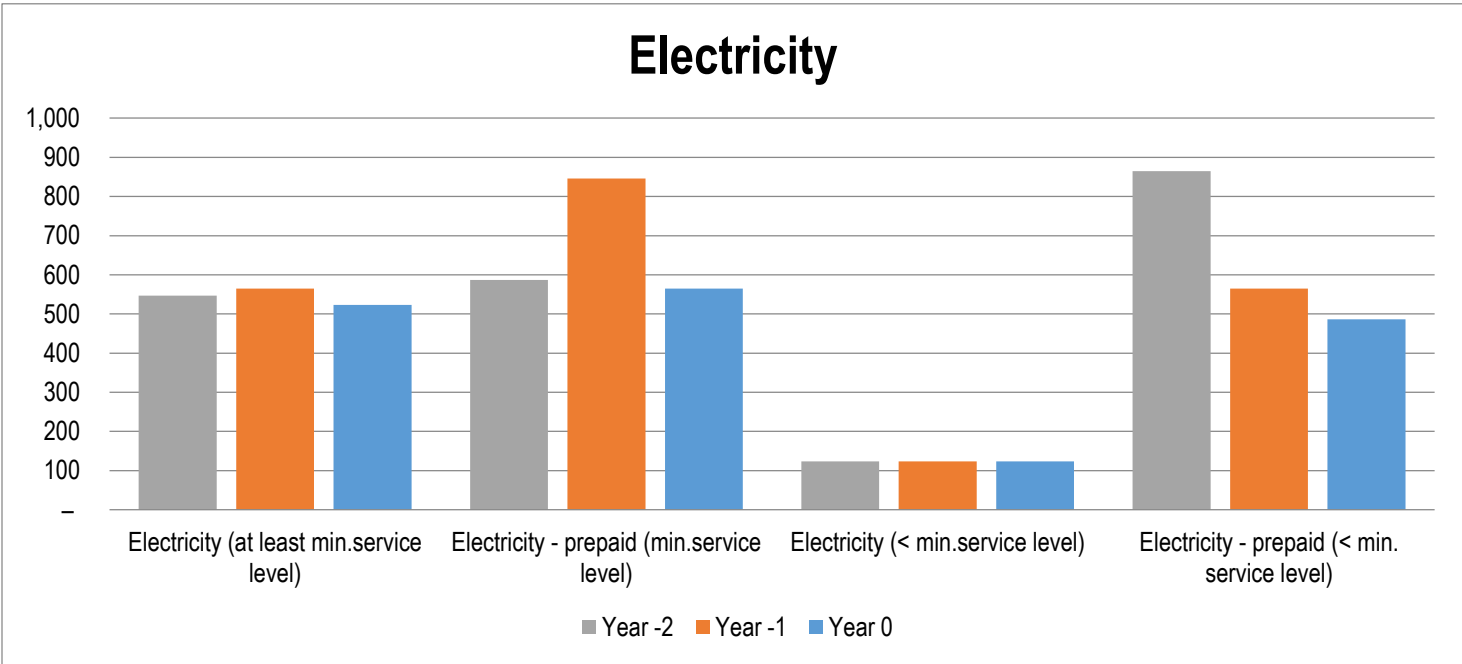
Project Name/Village name	Ward number	Budget (R'000)	Number of connections	Status
Installation of high mast lights(in Eisleben ga Sebone, Ga Makwetja, Sekakene ga Machaka, Ga Maponto, Fatima and Ga Mabitsela	2,4,8, 12,14 and 16	2 772 147	6	Completed and awaiting Energizing
Electrification of Maponto and construction of the bulk point supply in Fatima	12	10 000 000	400	Rolled over into 2022/2023 financial year
Procurement and delivery of smart split meters	1 and 10	310 000.00	150	Completed
Supply and Installation of 2 Diesel Generators in municipal buildings	1 and 10	700 000.00	2	Completed

The municipality acknowledge the persistent electricity losses experienced year in year out and in the year 2021/22 the municipality managed to decrease the losses to 19%. 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. Budget provision have also been made to replace the old Mini substations and transformers in the 2022/23 financial year. Below is a table showing financial performance for the 2021/22 under Electricity services:

# Chapter 3

Financial Performance Year 2021/22: Electricity Services					
					R'000
Details	2020/21	2021/22			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	19907232	22300209	22300209	15799013	-41%
Expenditure:					
Employees	3263300	3593126	3593126	3512372	-2%
Repairs and Maintenance	1997788	2078000	2578000	2546472	18%
Other	15928700	18116541	18851541	18628696	3%
<b>Total Operational Expenditure</b>	21189788	23787667	25022667	24687540	4%
<b>Net Operational Expenditure</b>	1282556	1487458	2722458	8888527	83%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.6.1

# Chapter 3



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

# Chapter 3

## Capital Expenditure Year 2021/22: Electricity Services

R' 000

Capital Projects	2021/22				Total Project Value
	Original Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All	15 500 000	1 468 2147	9 575 372	-62%	9 575 372
Smart Meters	500 000	310 000	309 000	-62%	309 000
High mast lights	3 600000	2 772 147	1 500 949	-140%	1 500 949
Electrification of cluster 3 project	700 000	700 000	535 983	-31%	535 983
Standby Generator	700 000	700 000	610 866	-15%	610 866
Solar Panels	0	200 000	198 089	100%	198 089
ELECTR 1350 HOUSEHLDs FATIMA VIL PHSE 1	10 000 000	10 000 000	6 420 485	-56%	6 420 485
<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 licenses for waste disposal, the Mogwadi, Morebeng and Ramokgopa landfill sites but only two landfill sites (Mogwadi and Morebeng) are currently in use to dispose waste from the two towns and surrounding villages. The function for Waste management resides within the Community Service department and is led by Superintended Waste and Environmental Management. The Waste collection is rendered mainly in Morebeng Towns and Mogwadi Town. The municipality also receives EPWP grant from the department

# Chapter 3

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of Public works and has recruited a total number 79 beneficiaries in the 2021/2022 financial year under review to assist with Waste Collection services.

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

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



# Chapter 3

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

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

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

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Financial Performance Year 2021/22: Solid Waste Management Services					
R'000					
Details	Year 2020/21	Year 2021/22			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	2 882 790	2 723 476	2 723 476	3 081 305	12%
Expenditure:					
Employees	4 955 311	6 100 219	5 856 343	5 129 388	-19%
Repairs and Maintenance					0%
Other	1 497 253	1 612 695	1 612 695	1 603 702	-1%
<b>Total Operational Expenditure</b>	6 452 564	7 712 914	7 469 038	6 733 090	-15%
<b>Net Operational Expenditure</b>	3 933 473	4 989 438	4 745 562	3 933 473	-27%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					<i>T 3.4.7</i>

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

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

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## 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 was at 950 of which 400 units were built in the year 2018/19. The municipality was again allocated 80 in 2020/2021 financial year and 268 units in 2021/2022 financial year. The housing backlog currently is at 202 not forgetting the development of stands on day to day in the entire jurisdiction of the municipality. Due to the backlog then there were illegal land invasion that took place in 2017, the municipality planned 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, which is coordinated by COGHSTA.

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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>2020/21</b>	<b>2021/22</b>			
	<b>Employees</b>	<b>Posts</b>	<b>Employees</b>	<b>Vacancies (fulltime equivalents)</b>	<b>Vacancies (as a % of total posts)</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>%</b>
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	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

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 4 961 households received free basic services including our two towns namely Mogwadi and Morebeng. This is a decrease of 4% compared to the 5 168 beneficiaries for 2020/2021 financial year. Council has approved the extension of Free Basic Alternative Energy to rural villages. This is in line with the Free Basic Services Policy which is reviewed annually by Council to cater for changes in economic dynamics of communities. The Municipality continues to encourage those qualifying for these free basic services to submit their applications in all Municipal service points of Mogwadi, Moletji and Morebeng. The coverage of free basic services by Molemole Municipality is illustrated below:

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)

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

Free Basic Services To Low Income Households										
Financial Year	Number of households									
	Total	Households earning less than R3,500 per month								
		Free Basic Water			Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse	
		Total	Access	%	Access	%	Access	%	Access	%
Year 2019/20	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%
Year 2021/22	4,961	4,961	4,961	100%	4,961	100%	4,961	100%	4,961	100%
T 3.6.3										

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

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Service Delivered	2020/21	2021/22			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budgeted
Water	0				-
Waste Water (Sanitation)	0				-
Electricity	5 080 879	5 080 879	4 937 729	4 714 034	0.05%
Waste Management (Solid Waste)	0				-
<b>Total</b>	5 080 879	5 080 879	4 937 729	4 714 034	<b>0.05</b>
					T3.6.4

# Chapter 3

## COMPONENT B: ROAD TRANSPORT

### 3.7 ROADS

#### a) INTRODUCTION TO ROADS

Molemole municipality relies mostly on the Municipal Infrastructure Grant (MIG) to implement road infrastructure projects to reduce the road infrastructure backlog within our communities. MIG allocation in the 2021/2022 financial year was R 37,000,000 compared to R 34,933,000 in the 2020/21 financial year. This represents an increase of 9.44 % (or R 2,067 000). Five percent (or R 1,850,000) of the allocation went to cover PMU overheads (salaries, furniture and office equipment). The funding was used to implement the following road infrastructure projects:

Item	Project Name	Ward(s) benefitted	Contract Amount	Expenditure	% Construction
1	The road linking Kgwadu and Botlokwa primary schools phase 2	06 & 08	R 11 088 019.78	R 9,641,51 3.78	100%
2	Ga-Sako Upgrading of Internal Streets phase 1	15	R 4 061 981.00	R 3,532,15 7.36	100%
3	Ga-Phaudi Upgrading of Internal Streets	16	R 20 000 000.00	R 17,383,735.00	100%

Gravel Road Infrastructure				
Year	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Kilometers
				Gravel roads graded/maintained
2019/20	596.1	0	4	617
2020/2021	591.9	0	4.2	623
2021/2022	618.8	0	4.3	623
				T 3.7.2

# Chapter 3

Tarred Road Infrastructure					
Kilometers					
Year	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
2019/20	47.9	4	0	0	0
2020/21	52.1	4.2	0	0	0
2021/22	56.3	4.3	0	0	0
					<i>T 3.7.3</i>

- Road Maintenance and construction costs

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



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Employees: Road Services					
Job Level	2020/21	2021/22			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	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
16 - 18	1	1		0	0
19 - 20				1	0%
Total	9	4		4	0%
					T3.7.7
<i>Financial Performance Year 2021/22: Road Services</i>					
R'000					

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

Financial Performance Year 2021/22: Road Services					
Details	Year 2020/21	Year 2021/22			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	3 5482 718	37 000 000	38 000 000	37 991 020	3%
Expenditure:					
Employees	4 642 706	4 865 940	4 865 940	6 513 398	25%
Repairs and Maintenance	11 147 294	1 745 408	1 745 408	9 879 711	82%
Other	6 800 019	23 091 460	22 438 150	13 837 197	-67%
<b>Total Operational Expenditure</b>	22 590 019	29 702 808	29 049 498	30 230 306	2%
<b>Net Operational Expenditure</b>	-12 892 699	-7 297 192	-8 950 502	-7 760 714	6%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.7.8

# Chapter 3

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

<b>Capital Expenditure Year 2021/22: Road 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	44 110 000	4 337 2704	34 516 616	-28%	34 516 616
MOGWADI INTERNAL STREET	3 000 000	2 640 888	2 486 207	-21%	2 486 207
PHAUDI PARK INTERNAL STREET	20 000 000	20 000 000	17 383 735	-15%	17 383 735
KGWADU INTERNAL STREET	11 088 019	11 088 019	9 641 514	-15%	9 641 514
SAKO INTERNAL STREET	4 061 981	4 061 981	3 532 157	-15%	3 532 157
EXTENSION OF MOGWADI OFFICE BLOCK	2 000 000	2 000 000	0		0
20X CULVERT BRIDGES (CIRCULAR/BOX)	3 960 000	3 581 816	1 473 003	-169%	1 473 003
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					<i>T 3.7.9</i>

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

### a) INTRODUCTION TO TRANSPORT

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

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The Limpopo's road network within the District consist of National, Provincial and District roads. The national roads are managed by SANRAL, Provincial and District road network is managed by Road Agency Limpopo and the Provincial Department of Public Works, Roads and Infrastructure. The municipality has Law Enforcement Officers and through concerted law enforcement and educational campaigns, we strive for the reduction of fatal crashes on our municipal roads especially along the N1 from Polokwane to Musina. 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 51 road safety in 2021/2022 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

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- Kgwadu primary school
- Makgato cross

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

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 Road **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
2019/20	145	20	3	110
2020/21	165	20	5	130
2021/22	185	20	10	150
				T 3.9.2

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<b>Cost of Construction/Maintenance</b>			
<b>R' 000</b>			
<b>Year</b>	<b>Storm water Measures</b>		
	<b>New</b>	<b>Upgraded</b>	<b>Re-worked</b>
2019/20	2000	1500	300
2020/21	3000	2000	550
2021/22	3500	2500	600
<i>T 3.9.3</i>			

<b>Employees: Storm water Services</b>					
<b>Job Level</b>	<b>2020/21</b>	<b>202/22</b>			
	<b>Employees</b>	<b>Posts</b>	<b>Employees</b>	<b>Vacancies (fulltime equivalents)</b>	<b>Vacancies (as a % of total posts)</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>%</b>
0 - 3	0	0	0	0	0%
4 - 6	0	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>					

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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.

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

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,

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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	2020/2021	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

- Below is a table detailing financial performance for the planning services in the 2021/22 financial year:

Financial Performance Year 2021/22: Planning Services					
Details	Year 2020/21	Year 2021/22			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	55 037	6 506 508	8 146 068	83 186	-7722%
Expenditure:					
Employees	1 996 775	3 490 280	2 251 847	2 201 125	-59%
Repairs and Maintenance	0	0	0	0	
Other	3 137 888	2 619 830	2 709 430	2 382 318	-10%
<b>Total Operational Expenditure</b>	5 134 663	6 110 110	4 961 277	4 583 443	-33%
<b>Net Operational Expenditure</b>	5 079 626	-396 398	-3 184 791	4 500 257	109%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.10.5

# Chapter 3

- Capital Expenditure for planning services

Capital Expenditure 2021/22: Planning Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	1 375 000	1 355 300	1 311 747	-5%	
Spatial Planning awareness workshop conducted	100 000	100 000	99 962	0%	99 962
Demarcation of sites	450 000	450 000	438 800	-3%	438 800
Compilation of precinct plan	300 000	280 300	275 992	-9%	275 992
Survey of existing settlements	400 000	400 000	397 000		397 000
Erection of sign boards	125 000	125 000	99 993		99 993
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					<i>T 3.10.6</i>

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

### a) INTRODUCTION TO ECONOMIC DEVELOPMENT

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

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

# Chapter 3

- 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

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## Wholesale and Retail SETA (WRSETA) – Skills development programme

Once again the Municipality has entered into a partnership with WR Seta and the South African Youth Movement to enroll about 35 participants for a Learnership programme in the Wholesale and Retail Sector. It is expected that on completion of this programme the beneficiaries will be able to find job opportunities in the sector. This programme will commence in the third quarter of the financial year and will run for a 12-month programme;

## Community Works Programme (CWP)

The municipality is pleased to announce that the CWP programme is still continuing in the current financial. The CWP is a government’s initiative to provide a job safety net for unemployed people of working age. Beneficiaries of this programme help with community cleaning campaigns in the neighborhoods for a monthly stipend. At the beginning of the financial year the municipality had about 1 065 participants in the programme. To date more than 250 additional beneficiaries were recruited to increase the overall number of beneficiaries to 1 315. This is part of our commitment to contribute to job creation and enable more people to participate in the economic mainstream. Furthermore, a total of 60 job opportunities were created for EPWP programme deployed within the municipality.

- Summary of jobs created through EPWP and CWP Projects

Details	Jobs created through EPWP (Infrastructure & Environment) projects No.	Jobs created through CWP projects No.
2018/19 FY	85	1123
2019/20	67	38
2020/21	89	52
2021/2022	60	250

# 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 2021/22: Local Economic Development Services					R 000
Details	Year 2020/21	Year 2021/22			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
<b>Total Operational Revenue</b>	0	0	0	0	#DIV/0!
Expenditure:					
Employees	1 765 512	2 476 141	2 395 860	3 131 495	21%
Repairs and Maintenance	0	0	0	0	0%
Other	446 771	1 159 298	1 189 298	1 119 998	-4%
<b>Total Operational Expenditure</b>	2 212 283	3 635 439	3 585 158	4 251 493	14%
<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

## COMPONENT D: COMMUNITY & SOCIAL SERVICES

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

#### a) LIBRARIES

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

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

<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%
<b>Total</b>	<b>0</b>	<b>02</b>	<b>02</b>	<b>0</b>	<b>0%</b>

T3.12.4

<b>Financial Performance Year 2021/22: Libraries; Archives; Museums; Galleries; Community Facilities; Other</b>					
<b>R'000</b>					
<b>Details</b>	<b>Year 2020/21</b>	<b>Year 2021/22</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>	10990541	10691864	10691864	7492994	-43%
Expenditure:					
Employees	25815640	19823468	19823468	21335052	7%
Repairs and Maintenance	1168863	851674	851674	786016	-8%
Other	5006163	4719048	4719048	3925047	-20%
<b>Total Operational Expenditure</b>	31990666	25394190	25394190	26046115	3%
<b>Net Operational Expenditure</b>	21000125	14702326	14702326	18553121	21%
<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 2021/22: Libraries; Archives; Museums; Galleries; Community Facilities; Other</b>					
<b>R' 000</b>					
<b>Capital Projects</b>	<b>Year 2021/22</b>				
	<b>Budget</b>	<b>Adjustment Budget</b>	<b>Actual Expenditure</b>	<b>Variance from original budget</b>	<b>Total Project Value</b>
Total All	310000	310000	163043	-90%	
TRACTOR	700000	700000	600000	-17%	
TRAFFIC EQUIPMENT	310000	310000	163043	-90%	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 3.12.6</i>

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### 3.13 CEMETORIES AND CREMATORIIUMS

#### 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 has insourced the function as the outsourcing has proved to not be cost-effective. A Tractor Loader Backhoe (TLB) has been procured to enable the insourcing.

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

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

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

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

- **Local Aids Council:** Five local aids Council meetings were coordinated during the 2021/22 financial year. The Local Aids Council meetings are preceded by the Wards Aids Council meetings, the technical meetings as well as Monitoring and Evaluation. We appreciate our sector departments and the district for providing the necessary support to ensure our Local Aids Structures are functional.



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- **Older Persons forum:** Three older persons support programmes were coordinated during the year under review at a cost of R 70 000. Our elderly people were also given an opportunity to participate in the local as well as district local games to keep them fit and reduce the effect of diseases, thus prolonging their lives.
  - **Disability forum:** Three support programmes were coordinated at a cost of R 50 000 during the year under review.
  - **Women and Children:** Three support programmes were organized during the year under review at a cost of R 229 950. The programmes includes given an opportunity for children from primary schools to participate in the IDP consultative process in order to ensure their needs and aspirations are catered for by the municipality. The Municipality is serious about issues of gender based violence, hence every year we take part in the annual commemoration of the 16 days of Activism for no violence against women and children. We also recognize the role played by women in society by facilitating the Annual women’s day celebration.
  - **Youth Support activities:** Two youth support programmes were coordinated in the 2021/22 financial year to focus on youth entrepreneurship and career preparation.

**b) CHALLENGES OF SOCIAL PROGRAMMES FUNCTION**

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

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

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

## **COMPONENT E: ENVIRONMENTAL PROTECTION**

### **3.15 POLLUTION CONTROL**

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

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

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

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

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## COMPONENT F: HEALTH

### 3.17 **CLINICS**

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

### 3.18 **AMBULANCE SERVICES**

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

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

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

## COMPONENT G: SECURITY AND SAFETY

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

### 3.20 **POLICE**

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

### 3.21 **FIRE**

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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. The Municipality however make budget allocations for the maintenance of our two sports complexes: Ramokgopa and Mohodi to ensure they continue to be first choice for recreational needs of the community.

## **COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES**

### **3.24 EXECUTIVE AND COUNCIL**

#### **a) INTRODUCTION TO CORPORATE POLICY OFFICES**

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

**b) THE EXECUTIVE AND COUNCIL**

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

**3.25 FINANCIAL SERVICES**

Debt Recovery								
								R' 000
Details of the types of account raised and recovered	Year (2019-2020)			Year (2021-2022)			Year (2022-2023)	
	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %	Estimated outturn for accounts billed in year	Estimated Proportion of accounts billed that were collected %
Property Rates	20,174,331.54	9,708,430.84	48%	30,620,884.19	28,858,881.81	0.94	32,470,500.88	100%
Electricity	1,904,066.65	1,663,161.54	87%	343,863.31	759,780.26	2.21	622,875.68	100%
Water	1,246,632.07	429,024.84	34%	1,398,612.70	416,837.08	0.30	1,458,362.00	100%
Sanitation	757,785.00	253,743.91	33%	869,377.60	311,274.20	0.36	912,560.00	100%
Refuse	2,203,225.04	432,357.63	20%	2,750,397.53	493,520.53	0.18	2,522,979.40	100%
Other	1,203,695.48	366,261.83	30%	2,818,670.33	798,696.88	0.28	181,782,418.00	100%
								T 3.25.2

Financial Performance Year 2021/22: Financial Services					
R'000					
Details	Year 2020/21	Year 2021/22			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	235164807	233156453	208623316	193892922	-20%
Expenditure:					
Employees	15019469	16399000	16399000	16267041	-1%
Repairs and Maintenance	0	0	0	0	
Other	23972789	18232358	18232358	17737132	-3%
<b>Total Operational Expenditure</b>	38992258	34631358	34631358	34004173	-2%
<b>Net Operational Expenditure</b>	-196172549	-198525095	-173991958	-159888749	-24%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.25.5

Employees: Financial Services					
Job Level	2020/2021	2021/22			
	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	2	8	6	2	25%
10 - 12	0	03	03	0	0%
13 - 15	0	04	04	0	0%
16 - 18	0	04	04	0	0%
19 - 20	0	0	0	0	0%
Total	02	19	17	02	1%
					T 3.25.4

Capital Expenditure Year 2021/22: Financial Services					
					R' 000
Capital Projects	Year 2020/21				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All	-	-	-	-	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.25.6

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## **3.26 HUMAN RESOURCE SERVICES**

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

Human Resources management and development is critical in building stability in a municipality and ensure that the municipality is appropriately resourced and capacitated 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.



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### 3.26.3 Individual Performance Management

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 Cascading of Individual Performance Management system is proceeding well and the municipality managed to assess all employees for the 2020/2021 financial year. A total of 151 out of 161 employees (93%) who were eligible for annual assessments were assessed and 117 employees qualified and were paid performance bonus. A total of 59 employees of the 117 employees lodged appeals on the outcome of their assessments and were reconsidered by the Moderation Committee. A total of 31 employees of the 59 who lodged appeals succeeded and qualified for performance bonus.

Overall the municipality is satisfied with the acceptance of PMS in the municipality. We hope to continue with ongoing training of employees to ensure all the shortcomings identified during the first year of cascading PMS are addressed going forward. The cascading of Individual Performance management will be migrated to electronic system in the 2022/2023 financial year. This will ensure the safety and credibility of the POE for each employee. The PMS policy framework have been revised to be in line with the new staff regulations which came into effect from the 1<sup>st</sup> July 2022

### 3.26.4 Personnel Provisioning

- **Recruitment and retention of employees – 4 Interns and 09** positions were filled in the 2021/22 financial year. The recruitment per department was as follows:

Department	Total new recruits
LED & P	01
Technical Services	02
Community Services	02
Budget and Treasury	05
Municipal Manager	02
Corporate Services	01
<b>Total</b>	<b>13</b>

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<b>EMPLOYMENT EQUITY ALL EMPLOYEES</b>	
Female	77
Male	103
<b>Grand Total</b>	<b>180</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	3	3	5
Budget and reporting	14	13	26
Technical Services	4	36	40
Municipal Manager's office	9	3	13
<b>Grand Total</b>	77	103	<b>180</b>

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

Number of total employees = 180  
 Number of people with disability = 3  
 Percentage = 1.6% (Unchanged compared to previous financial year)

- **Equity Status** at managerial level as at end 2021/2022 Financial year.

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

- **Occupational Health and Safety** – Occupational Health and Safety committee is established and fully functional. The municipality has complied with the Collective Agreement by ensuring that legislated Committees that handle human resources related issues are established and active. OHS meeting were held in the 2021/22 financial year to address OHSA related issues in the workplace.
- **Human Resources Development** – The municipality continue to offer funding to employees to further their studies as part of support for career development. In the 2021/22 financial year the municipality has approved 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 2022. The municipality has complied with the WSP by running intervention that were identified during the WSP compilation. For the year under review the municipality has spent significantly well on the annual budget on implementation of the Workplace skills plan.

- **Leave Management** - The electronic leave management is now fully in place and all employees have been capacitated to use the system. The online system makes it easy to manage leave accurately. The Human resource division is conducting leave audits on a quarterly basis. Total Annual leave days taken for the year under review was 3108 and total sick leave days taken was ??
- **Labour Relations** – The Municipality continued to facilitate Local Labour forum meetings during the 2021/22 financial year. This signals a good working relationship between Management and labour unions, hence there was no employee strike during the year under review. Only one (01) unfair labour practice dispute was referred to the SALGBC during the year under review and the matter is before the high court to pronounce on the legality of the decision that gave rise to the dispute.

Employees: Human Resource Services					
Job Level	2020/21	2021/22			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	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.

Financial Performance Year 2021/22: Human Resource Services					
					R'000
Details	Year 2020/21	Year 2021/22			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	80361	221839	221839	178631	-24%
Expenditure:					
Employees	2874059	2972730	2972730	2999004	1%
Repairs and Maintenance		0	0		0%
Other	3651341	4163227	4163227	3624174	-15%
<b>Total Operational Expenditure</b>	6525400	7135957	7135957	6623178	-8%
<b>Net Operational Expenditure</b>	6445039	6914118	6914118	6444547	-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>					T 3.26.5

Capital Expenditure Year 2021/22: Human Resource Services					
					R' 000
Capital Projects	Year 2021/22				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	#DIV/0!	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.26.6

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### 3.27 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 municipal systems, Provision of Email and Internet services, Support and monitoring of Voice Over Internet Protocol services (VOIP) Telephone system in five municipal offices, Supporting and monitoring of Financial and Payroll Systems. The staff complement in the unit consist of Manager: ICT Services and Desktop Technician.

The ICT unit manages a total of five (05) physical Servers and six (06) Virtual servers. A total of 154 users have been given access to the emails and internet services. All satellite offices are using wireless network connection to connect to the head office. There were no reports of serious system failures during the year under review and the municipality is happy with the level of professionalism displayed by the various service providers appointed to provide ICT services.

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

<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

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 project for installation of ICT infrastructure at Moletji satellite office was successfully completed. Three network towers has been installed and the office is fully functional. The ICT equipment like printers and telephone gadgets will be installed in 2022/23 Financial year.

<b>EMPLOYEES: ICT SERVICES</b>					
<b>Job Level</b>	<b>2020/21</b>	<b>2021/22</b>			
	<b>Employees No.</b>	<b>Posts No</b>	<b>Employees No.</b>	<b>Vacancies (full time equivalent) No.</b>	<b>Vacancies (as a % of total posts)</b>
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	1	1	1	0	0
<b>Total</b>	<b>3</b>	<b>2</b>	<b>3</b>	<b>0</b>	

Financial Performance Year 2021/22: ICT Services					
R'000					
Details	Year 2020/21	Year 2021/22			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>		0	0		
Expenditure:			0		
Employees	1894392	1902658	1902658	1938091	2%
Repairs and Maintenance	2405554	1991206	1991206	1556547	-28%
Other	2073733	2352683	2352683	2118425	-11%
<b>Total Operational Expenditure</b>	6373679	6246547	6246547	5613063	-11%
<b>Net Operational Expenditure</b>	6373679	6246547	6246547	5613063	-11%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					<i>T 3.27.5</i>

Capital Expenditure Year 2021/22: ICT Services					
R' 000					
Capital Projects	Year 2021/22				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	636000	636000	592069	-7%	
ICT EQUIPMENT (MDTG)	636000	636000	592069	-7%	0
					90
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					<i>T 3.27.6</i>



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

Legal services and Risk Management services falls under Municipal Manager's office whilst Procurement services are under the jurisdiction of Budget and Treasury department. The municipality has appointed a panel of six Law firms for a period of three years after the contract for the previous panel expired. The advantage of having a panel is that the municipality will not have to go through same procurement processes as and when there is a need for professional legal services.

As at close of the financial year on the 30th June 2022 the municipality had three active cases instituted by the municipality which if they become successful can bring a total income of R 1 044 400 compared to R 706 000 in the previous financial year. Furthermore, the Municipality is a defended in two cases instituted against it which may cost R 2 625 211 should the municipality not successfully defend the case.

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

#### COMPONENT J: MISCELLANEOUS

- **None.**

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

1. FINANCIAL PERFORMANCE OF THE MUNICIPALITY FOR THE FINANCIAL YEAR  
2021/2022

1.1 *Total Revenue and Expenditure by Source*

DESCRIPTION	ANNUAL BUDGET	ANNUAL ACTUAL	DIFFERENCE BETWEEN ACTUAL AND FINAL BUDGET	% INCOME	VARIANCE	REASONS FOR VARIANCE
<b>Revenue By Source</b>						
Property Rates	39,609,853	30,599,234	(9,010,619)	77	(23)	The collection from government properties was lower in the 2021/22 financial year as compared to the previous year.
Service Charges- Electricity Revenue	11,711,304	8,206,021	(3,505,283)	70	(30)	The municipality has implemented credit control and debt collection measures which specifically focuses on disconnections of electricity. Most rate payers were disconnected during the financial year which led to the reduction in electricity usage.
Service Charges-Refuse Revenue	2,484,576	2,742,345	257,769	110	10	Additional rate payers. requested for refuse during the financial year which was inclusive of business and residential rate payers.

DESCRIPTION	ANNUAL BUDGET	ANNUAL ACTUAL	DIFFERENCE BETWEEN ACTUAL AND FINAL BUDGET	% INCOME	VARIANCE	REASONS FOR VARIANCE
Rental of facilities and equipment	253,998	218,131	(35,867)	86	(14)	The budget also took into account the rental of community halls and stadiums and which it was never achieved due to current economic challenges.
Interest earned- external investment	2,708,206	4,708,768	2,000,562	174	74	The municipality had excess funds to invest during the period when procurement processes were halted.
Interest earned-outstanding debtors	1,515,294	1,492,845	(22,449)	99	(1)	None
Fines, penalties and forfeits	1,338,690	628,430	(710,260)	47	(53)	Less traffic fines were issued by traffic officials and the budget was done based on previous financial years analysis.
Licences and permits	7,686,174	5,091,640	(2,594,534)	66	(34)	Continuous interruption of system challenges lead to the municipality not achieving what was anticipated.
Agency services	721,709	742,790	21,081	103	3	None
Transfers and subsidies	207,242,000	204,435,318	(2,806,682)	99	(1)	None
Other revenue	16,156,677	385,621	(15,771,056)	2	(98)	The municipality has budgeted for the sale of vacant stands and the processes has not yet been finalised for the amount to be realised.

DESCRIPTION	ANNUAL BUDGET	ANNUAL ACTUAL	DIFFERENCE BETWEEN ACTUAL AND FINAL BUDGET	% INCOME	VARIANCE	REASONS FOR VARIANCE
Total Revenue (including Capital transferred)	291,428,481	259,251,142	(32,177,339)	89	(11)	

The Annual Revenue budgeted for 2021/22 financial year amount to **R291,428,481**. The actual annual revenue collected for the period ending 30 June 2022 amounts to **R 259,251,142** against the 12 months' budget. The municipality has collected 89% by end of June 2022. On average 100% of all allocated annual budget should be collected by end of June 2022.

## 1.2 Operating Budget and Expenditure for the 2021/2022 financial year

DESCRIPTION	ANNUAL BUDGET	ANNUAL ACTUAL	DIFFERENCE BETWEEN ACTUAL AND FINAL BUDGET	% EXPENDITURE	VARIANCE	REASONS FOR VARIANCE
Employee related costs	98,229,953	96,269,842	1,960,111	98	2	None
Remuneration of Councillors	14,347,013	12,952,123	1,394,890	90	10	The initial budget for Councillors based on CPI of 7% however when a new gazette came it only reflected a cost of living adjustment of 3%.The structure of the new council has changed some of the position that were full time became part time which reduced the salary paid out.
Debt impairment	3,909,664	3,837,624	72,040	98	2	None
Depreciation & asset impairment	19,104,790	19,095,029	9,761	100	0	None

DESCRIPTION	ANNUAL BUDGET	ANNUAL ACTUAL	DIFFERENCE BETWEEN ACTUAL AND FINAL BUDGET	% EXPENDITURE	VARIANCE	REASONS FOR VARIANCE
Bulk purchases	12,768,179	12,585,146	183,033	99	1	None
Contracted services	39,368,143	36,709,368	2,658,775	93	7	Some of the projects were halted due to a moratorium implemented by treasury on procurement, thus resulted into lower spending.
Finance Cost	150,000	13,536	136,464	9	91	The municipality budgeted for Interest on landfill.

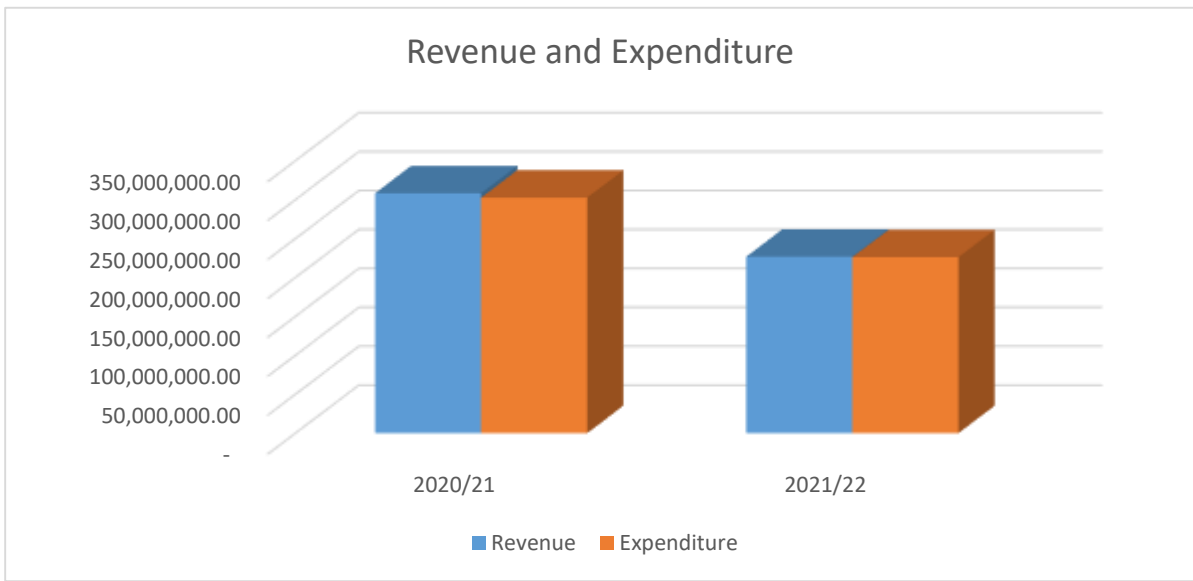
DESCRIPTION	ANNUAL BUDGET	ANNUAL ACTUAL	DIFFERENCE BETWEEN ACTUAL AND FINAL BUDGET	% EXPENDITURE	VARIANCE	REASONS FOR VARIANCE
Other expenditure	38,869,379	45,428,069	(6,558,690)	117	-17	The project was initiated by the former Aganang local municipality in 2016/17 financial year and was handed over when Molemole municipality and Aganang was merged.in 2017/18 financial year the municipality appointed a contractor for the electrification of 7 villages in cluster 3 which is ward 16. The contract implemented the project with the exception of energizing since it is the responsibility of Eskom. Eskom managed to Energize and finalise the process during the 2021/22 financial year. Due to the fact that Eskom is responsible for providing electricity and maintenance of the Infrastructure going forward. The municipality needs to transfer the asset to

DESCRIPTION	ANNUAL BUDGET	ANNUAL ACTUAL	DIFFERENCE BETWEEN ACTUAL AND FINAL BUDGET	% EXPENDITURE	VARIANCE	REASONS FOR VARIANCE
						Eskom hence the unauthorised expenditure as it was initially budgeted under the capital expenditure while under construction as work in progress and currently it should be part of the operational expenditure. The municipality could not have budgeted for this expenditure as we were not aware as to when Eskom would finalise their processes.
<b>TOTAL OPERATING EXPENDITURE</b>	<b>226,747,121</b>	<b>226,890,737</b>	<b>(143,616)</b>	100	-0	

The Annual operating budget for 2021/22 financial year amounts to **R 226,747,121**. The actual annual expenditure for the period ending 30 June 2022 amounts to **R 226,890,737**. On average 100% of all allocated annual budget should be spent by end of June 2022, the municipality has spent 94% against the 12 months' budget on operating expenditure inclusive of staff benefits.

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### 1.3 Chart: Revenue and Expenditure for 2021/2022





### 1.4 Capital Budget and Expenditure for the 2021/2022 financial year

DESCRIPTION	ANNUAL BUDGET	12 MONTHS ACTUAL	DIFFERENCE BETWEEN ACTUAL AND FINAL BUDGET	% EXPENDITURE	VARIANCE	REASONS FOR VARIANCE	
	R			%	%		
Property, plant and Equipment	64,688,807	48,687,236	(16,001,571)	75	25	-	The major unspent portion relates to the Electrification of Fatima as a result of some technical challenges experienced in the project and also some projects were rolled over due to a moratorium implemented by treasury on procurement, thus resulted into lower spending
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>64,688,807</b>	<b>48,687,236</b>	<b>-16,001,571</b>	<b>75</b>	25	-	

The Annual capital budget for 2021/22 financial year amounts to **R 64,688,807**. The actual annual capital expenditure for the period ending 30 June 2022 amounts to **R 48,687,236**. On average 100% of all allocated annual budget should be spent by end of June 2022, the municipality has spent 75% against the 12 months' budget.

## 1.5 COMPREHENSIVE ANALYSIS OF SERVICE DEBTORS

Service Categories	Sum of Current balance	Sum of 30 days + vat	Sum of 60 days + vat	Sum of 90 days + vat	Sum of Total Debt	Sum of Total Debt VAT	Sum of Total Service Debt
Electricity	14,646.85	14,646.73	15,144.46	3,252,654.15	3,297,039.00	234,138.36	3,297,039.00
Other service charges	6,282.30	6,963.46	6,917.41	812,691.83	832,855.00	61,893.21	832,855.00
Rates : Agricultural properties	112,942.67	112,922.62	111,661.08	12,063,621.48	12,401,147.85	-	12,401,147.85
Rates : Business and commercial	181,445.39	155,915.46	147,982.70	6,622,598.42	7,107,941.97	-	7,107,941.97
Rates : Farm properties	39.25	39.15	39.15	1,329.93	1,447.48	-	1,447.48
Rates : national government	1,760,636.14	1,758,458.89	1,744,950.88	46,291,871.17	51,555,917.08	-	51,555,917.08
Rates : Public service infrastructure	585.65	585.93	585.93	92,148.37	93,905.88	-	93,905.88
Rates : Residential development	245,706.55	238,105.03	240,226.35	11,608,021.36	12,332,059.29	-	12,332,059.29
Rates : Residential Vacant land	6,685.10	6,568.27	6,461.91	307,274.06	326,989.34	-	326,989.34
Waste	287,149.27	290,446.14	278,844.32	15,756,160.43	16,612,600.16	1,987,973.64	16,612,600.16
Waste water	100,952.10	102,983.14	96,180.00	3,492,387.22	3,792,502.46	411,231.37	3,792,502.46
Water	122,438.67	114,857.51	147,273.19	6,164,622.91	6,549,192.28	702,785.35	6,549,192.28
<b>Grand Total</b>	<b>2,839,509.94</b>	<b>2,802,492.33</b>	<b>2,796,267.38</b>	<b>106,465,381.33</b>	<b>114,903,597.79</b>	<b>3,398,021.93</b>	<b>114,903,597.79</b>

## 1.6 NON-FINANCIAL/SERVICE DELIVERY PERFORMANCE

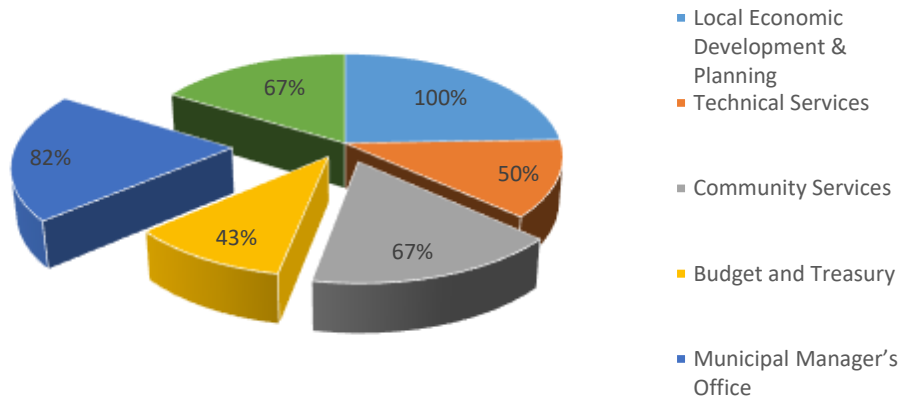
### A. SUMMARY OF NON-FINANCIAL PERFORMANCE PER MUNICIPAL DEPARTMENTS: 2020/2021

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>

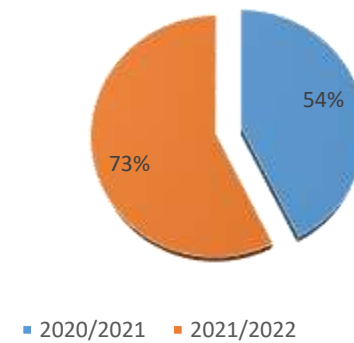
### B. SUMMARY OF NON-FINANCIAL PERFORMANCE PER MUNICIPAL DEPARTMENTS DURING 2021/2022

No	Department	No. of planned targets	No of targets Discontinued / Target not verifiable	No of targets achieved	% targets achieved	No of targets not achieved	% targets not achieved
1	Local Economic Development & Planning	17	01	16	100%	0	0%
2	Technical Services	15	01	07	50%	07	50%
3	Community Services	08	02	04	67%	02	33%
4	Budget and Treasury	07	0	03	43%	04	57%
5	Municipal Manager's Office	17	0	14	82%	03	18%
6	Corporate Services	12	0	08	67%	04	33%
	<b>Total</b>	<b>76</b>	<b>6</b>	<b>51</b>	<b>73%</b>	<b>19</b>	<b>23%</b>

Percentage of targets achieved per department



**GRAPHICAL ILLUSTRATION: PERCENTAGE OF TARGETS**



N.B: There were 73 targets in the 2021/2022 financial year compared to 80 targets in the 2019/20 financial year. Overall achievement is 73% for the 2021/2022, compared to 77% in the previous financial year. This is a regression of 4 percentage points or 5% compared to the 2020/21 financial year.

## C. 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>		
All KPIs achieved	Not applicable	Not applicable
<b>2. TECHNICALSERVICES</b>		
Construction of Culvert Bridges	Heavy rains led to soil erosion which affected the initial measurements	Amendment of the contract and Roll-over the project into 2022/23 financial year
Extension of Mogwadi office block	Notice by National Treasury advising all the organs of state to put on hold all the projects advertised beyond 16th February 2022	The project was rolled over to 2022/2023 financial year
Electrification of Households	Voltage capacity constraint caused the project to delay.	Project rolled over to 2022/2023
Supply and Installation of High Mast Lights	There was delay in manufacturing high mast lights material	Project rolled over to 2022/2023
Implementation of Internal Audit action plan	Outstanding findings not resolved	Findings to be resolved in 2022/2023 Financial year
Implementation of AG Action Plan	Electricity Distribution and loss above threshold (19%)	Ongoing installation of smart meters
Implementation of Risk Register (50%)	Electricity distribution above the threshold (19%)	Ongoing installation of smart meters
<b>3. COMMUNITY SERVICES</b>		

<b>DESCRIPTION OF TARGETS NOT ACHIEVED</b>	<b>REASON FOR VARIANCE</b>	<b>CORRECTIVE MEASURES</b>
Construction of Ramokgopa land fill site	Notice by National Treasury advising all the organs of state to put on hold all the projects advertised beyond 16/02/ 2022.	The project was rolled over to 2022/2023 financial year
Implementation of Audit action plan (33%)	Outstanding findings not resolved	To be resolved in 2022/2023 financial year
<b>4. BUDGET AND TREASURY</b>		
Development of the General valuation roll	Valuation roll is still being developed and extension has been received from COGHSTA	Valuation roll will be implemented on the 1st of July 2023
Implementation of internal Audit action plan (73%)	SCM findings not resolved	To be resolved in 2022/23
75% of Risk register implemented	Disconnection of services still outstanding	To be implemented in the new financial year 2021/22
AG findings not resolved (57%)	Most findings to be implemented during the preparation of the AFS by end of 31 August 2022	To be resolved in 1st Quarter 2022/23
<b>5. OFFICE OF MUNICIPAL MANAGER</b>		
Printing and Distribution of Newsletters	Awaiting delivery of Newsletters	To be delivered in the 1st quarter 2022/23
Implementation of Internal Audit action plan (90%)	Outstanding findings not resolved	To be resolved in the 2022/2023 FY
Implementation of Risk register (50%)	Awaiting Public participation for By-laws	To be resolved in 1st Quarter 2022/23



DESCRIPTION OF TARGETS NOT ACHIEVED	REASON FOR VARIANCE	CORRECTIVE MEASURES
Implementation of Audit Committee resolutions (59%)	Outstanding resolutions for Legal and Risk Unit not implemented	To be resolved in 2022/23
<b>6. CORPORATE SERVICES</b>		
Training of Councillors	National treasury directive On tenders and request for quotations	To be implemented in 2022/23 Financial year
Training of ward committee members	National treasury directive to stop tenders and request for quotations	To be implemented in 2022/23 Financial year
Internal Audit action plan (0%)	All HR related findings not addressed	To be resolved in 2022/232 financial year

### 1.7 Departmental performance against planned targets as per the 2021/2022 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 2021/22 provides a comprehensive picture of the performance per Department. It consists of objectives, indicators and targets derived from the approved SDBIP.



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




A. LOCAL ECONOMIC DEVELOPMENT AND PLANNING




Key performance area			KPA 1 & 3 - SPATIAL RATIONALE and LOCAL ECONOMIC DEVELOPMENT										
Outcome 9			To enhance conditions for Economic growth and job creation To manage and coordinate spatial planning within the Municipality										
Outputs			Implement a differentiated approach to municipal financing, planning and support; Improve access to basic services; Implementation of the community works programme; Actions Supportive of human settlement outcome;										
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	2021/22 Annual Target	2021/22 Revised Annual Target	2020/21 Actual Achievement	2021/22 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2021/2022 Budget	2021/2022 Expenditure	Means of verification
LED&P01-2021/22	Number of workshops conducted	Spatial Planning awareness workshop conducted	4 Spatial planning awareness workshops conducted	4 Spatial Planning awareness workshops conducted	None	4 workshops conducted	4 Spatial planning awareness workshops conducted		None	Not Applicable	100,000.00	99,962.17	Invites, attendance register, agenda, program, presentations
LED&P02-2021/22	Number of settlements demarcated	Demarcation of sites	270 sites demarcated	250 sites demarcated	None	270 sites demarcated	257 sites demarcated		7 more sites demarcated on remaining 4400 m <sup>2</sup> portion	Not Applicable	559,000.00	438,800	Advert, Specification, Appointment letter, Layout plan, Approval letter








<b>Key performance area</b>			<b>KPA 1 &amp; 3 - SPATIAL RATIONALE and LOCAL ECONOMIC DEVELOPMENT</b>										
<b>Outcome 9</b>			<b>To enhance conditions for Economic growth and job creation To manage and coordinate spatial planning within the Municipality</b>										
<b>Outputs</b>			<b>Implement a differentiated approach to municipal financing, planning and support; Improve access to basic services; Implementation of the community works programme; Actions Supportive of human settlement outcome;</b>										
<b>Key Organizational Strategic Objective</b>			<b>To enhance conditions for Economic growth and job creation To manage and coordinate spatial planning within the Municipality</b>										
<b>IDP Ref no</b>	<b>Key Performance Indicator</b>	<b>Project name</b>	<b>Baseline</b>	<b>2021/22 Annual Target</b>	<b>2021/22 Revised Annual Target</b>	<b>2020/21 Actual Achievement</b>	<b>2021/22 Actual Achievement</b>	<b>Annual Outcome</b>	<b>Reason for variance</b>	<b>Corrective measure</b>	<b>2021/2022 Budget</b>	<b>2021/2022 Expenditure</b>	<b>Means of verification</b>
LED&P03-2021/22	Number of precinct plans compiled	Compilation of precinct plan	1 Precinct plan compiled	1 Precinct plan compiled	None	1 Precinct plan compiled	1 Precinct Plan compiled		None	None	280,600.00	275,991.80	Specification, Advert Appointment letter, Draft Precinct Plan, Final Precinct plan report Council resolution
LED&P04-2021/22	Number of settlements surveyed	Survey of existing settlements	1 settlement surveyed	1 settlement surveyed	None	1 settlement surveyed	1 settlement surveyed		None	None	400,000.00	397,000	Specification, Advert Appointment letter Draft, and Final Survey reports




Key performance area			KPA 1 & 3 - SPATIAL RATIONALE and LOCAL ECONOMIC DEVELOPMENT										
Outcome 9			To enhance conditions for Economic growth and job creation To manage and coordinate spatial planning within the Municipality										
Outputs			Implement a differentiated approach to municipal financing, planning and support; Improve access to basic services; Implementation of the community works programme; Actions Supportive of human settlement outcome;										
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	2021/22 Annual Target	2021/22 Revised Annual Target	2020/21 Actual Achievement	2021/22 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2021/2022 Budget	2021/2022 Expenditure	Means of verification
LED&P05-2021/22	Number of sign boards erected	Erection of sign boards	30 sign boards erected	30 sign boards erected	None	30 sign boards erected	30 signboards erected		None	None	125,000.00	99,993.00	Approved Specification, Advert, Order, Invoice, Deliver Note
LED-006-2021/22	Number of IDP/Budget reviewed and adopted by Council	Review and Adoption of IDP/Budget	2021/22 IDP/Budget reviewed and IDP/Budget adopted by Council	2022/23 IDP/Budget reviewed and IDP/Budget adopted by Council	None	2021/22 IDP/Budget reviewed and IDP/Budget adopted by Council	2022/23 IDP/Budget reviewed and IDP/Budget adopted by Council		None	None	180,222.00	179,900.00	Attendance registers, invites and IDP document, Council Resolution

Key performance area			KPA 1 & 3 - SPATIAL RATIONALE and LOCAL ECONOMIC DEVELOPMENT										
Outcome 9			To enhance conditions for Economic growth and job creation To manage and coordinate spatial planning within the Municipality										
Outputs			Implement a differentiated approach to municipal financing, planning and support; Improve access to basic services; Implementation of the community works programme; Actions Supportive of human settlement outcome;										
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	2021/22 Annual Target	2021/22 Revised Annual Target	2020/21 Actual Achievement	2021/22 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2021/2022 Budget	2021/2022 Expenditure	Means of verification
LED-007-2021/22	Number of IDP Representative Forums coordinated	Coordination of IDP Representatives Forums	3 IDP Rep Forums coordinated	2 IDP Representative Forum coordinated	None	3 IDP Rep Forums coordinated	2 IDP Rep forums coordinated		None	None	152,879.00	151,158.00	Attendance registers, invites and IDP Rep forum reports
LED-008-2021/22	Number of Strategic planning sessions coordinated	Coordination of strategic planning sessions	3 strategic planning sessions coordinated	3 Strategic planning sessions coordinated	None	3 strategic planning sessions coordinated	3 Strategic planning sessions coordinated		None	None	379,290.00	308,901.92	Attendance registers, invites, Agenda and IDP document
LED&P-009-2021/22	Number of LED Forum meetings held	Coordination of LED forum meetings	4 LED forum meetings coordinated	4 LED forum meetings coordinated	None	4 LED forum meetings coordinated	4 LED forum meetings coordinated		None	None	80,000.00	78,619.13	Invites, Attendance registers, agendas and minutes



Key performance area			KPA 1 & 3 - SPATIAL RATIONALE and LOCAL ECONOMIC DEVELOPMENT										
Outcome 9			To enhance conditions for Economic growth and job creation To manage and coordinate spatial planning within the Municipality										
Outputs			Implement a differentiated approach to municipal financing, planning and support; Improve access to basic services; Implementation of the community works programme; Actions Supportive of human settlement outcome;										
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	2021/22 Annual Target	2021/22 Revised Annual Target	2020/21 Actual Achievement	2021/22 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2021/2022 Budget	2021/2022 Expenditure	Means of verification
LED&P-010-2021/22	Number of households supplied with assorted seeds	Procurement and distribution of assorted seeds	New indicator	1500 households supplied with assorted seeds	None	None	1500 households supplied with assorted seeds		None	None	1,082,960.00	1,029,500.00	Approved Specification, Advert, Appointment letter, Distribution register
LED&P-011-2021/22	Number of emerging farmers mentored	Agricultural skills development and mentorship	40 Agricultural projects and farmers mentored	40 Emerging Farmers mentored	None	40 Agricultural projects and farmers mentored	40 Emerging farmers mentored		None	None	300,000.00	246,000.00	Specification Advert, Appointment letter, Monitoring reports, Attendance register
LED&P-012-2021/22	Percentage of Job opportunities	Job opportunities facilitated/	100% (212 of 212)	100% Job opportunities	None	100% (212 of 212)	100% (236 of 236) job opportunities		None	None	Opex	Opex	Job opportunities report


Key performance area			KPA 1 & 3 - SPATIAL RATIONALE and LOCAL ECONOMIC DEVELOPMENT										
Outcome 9			To enhance conditions for Economic growth and job creation To manage and coordinate spatial planning within the Municipality										
Outputs			Implement a differentiated approach to municipal financing, planning and support; Improve access to basic services; Implementation of the community works programme; Actions Supportive of human settlement outcome;										
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	2021/22 Annual Target	2021/22 Revised Annual Target	2020/21 Actual Achievement	2021/22 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2021/2022 Budget	2021/2022 Expenditure	Means of verification
	facilitated/coordinated	coordinated		facilitated/coordinated			es facilitated						
LED&P-OP-001-2021/22	Percentage of internal audit queries addressed	Implementation of Internal Audit action plan	No findings raised	100	None	No findings raised	100% (1 of 1)		None	None	Opex	Opex	Updated Internal Audit action plan
LED&P-OP-002-2021/22	Percentage of AG Action Plan implemented	Implementation of AG Action Plan	0% (0 of 1) (2018/19 Action plan)	100	None	0% (0 of 1) (2018/19 Action plan)	100% (1 of 1) (2018/19 Action plan)		No AG findings raised	None	Opex	Opex	Update AG Action plan
LED&P-OP-003-2021/22	Percentage of risk register implementation	Implementation of risk register	100% (2 of 2)	100	None	100% (2 of 2)	100% (1 of 1)		None	None	Opex	Opex	Updated Strategic risk register

<b>Key performance area</b>			<b>KPA 1 &amp; 3 - SPATIAL RATIONALE and LOCAL ECONOMIC DEVELOPMENT</b>										
<b>Outcome 9</b>			<b>To enhance conditions for Economic growth and job creation To manage and coordinate spatial planning within the Municipality</b>										
<b>Outputs</b>			<b>Implement a differentiated approach to municipal financing, planning and support; Improve access to basic services; Implementation of the community works programme; Actions Supportive of human settlement outcome;</b>										
<b>Key Organizational Strategic Objective</b>			<b>To enhance conditions for Economic growth and job creation To manage and coordinate spatial planning within the Municipality</b>										
<b>IDP Ref no</b>	<b>Key Performance Indicator</b>	<b>Project name</b>	<b>Baseline</b>	<b>2021/22 Annual Target</b>	<b>2021/22 Revised Annual Target</b>	<b>2020/21 Actual Achievement</b>	<b>2021/22 Actual Achievement</b>	<b>Annual Outcome</b>	<b>Reason for variance</b>	<b>Corrective measure</b>	<b>2021/2022 Budget</b>	<b>2021/2022 Expenditure</b>	<b>Means of verification</b>
LED&P-OP-004-2021/22	Percentage of Council resolutions implemented	Implementation of Council resolutions	100% (7 of 7)	100	None	100% (7 of 7)	100% (16 of 16)		None	None	Opex	Opex	Updated Council resolution register
LED&P-OP-005-2021/22	Percentage of Audit Committee resolutions implemented	Implementation of Audit Committee resolutions	None	100	None	No resolutions taken	No resolutions taken		No findings raised	None	Opex	Opex	Updated Audit Committee resolution register



<b>Summary of performance: LED &amp; Planning</b>		
	<b>Number of targets achieved</b>	<b>16</b>
	<b>Number of Targets Not achieved</b>	<b>0</b>
	<b>Targets Discontinued/Not verifiable</b>	<b>01</b>
<b>Total Number of KPIs</b>		<b>17</b>



## B. BASIC SERVICES – TECHNICAL SERVICES DEPARTMENT


Key performance area		KPA 2 - BASIC SERVICE DELIVERY											
Outcome		To provide sustainable basic services and infrastructure development											
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	2021/22 Annual Target	2021/22 Revised Annual Target	2020/21 Actual Achievement	2021/22 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2021/2022 Budget	2021/2022 Expenditure	Means of verification
TECH-001-2021/22	Number of Culvert Bridges Constructed	Construction of Culvert Bridges.	0 Culvert bridges constructed	15x Culvert bridges constructed	None	0 Culvert bridges constructed	0 Culvert bridges constructed (Site establishment, Earthworks and procurement of Units completed)		Heavy rains led to soil erosion which affected the initial measurements	1. The project scope and contract period were amended in June 2022 to accommodate the changes in the initial measurement 2. The project will be completed during the 1st quarter of 2022/23	3,581,816.00	1,473,003	Approved Specification, Tender Advert, Appointment Letter and signed SLA and monthly progress report, Practical completion certificate
TECH-002-2021/22	Number of road kilometers constructed	Upgrading of Mogwadi Internal Street from Gravel to Surface	3.5 km Gravel to Surfacing upgraded	400 meters	None	None	400 meters of Mogwadi Internal Street upgraded		None	None	2,640,888.00	2,486,207	Appointment Letter and Signed SLA Monthly Progress Reports and Practical, Completion Certificate, Tender Advert



Key performance area			KPA 2 - BASIC SERVICE DELIVERY										
Outcome			To provide sustainable basic services and infrastructure development										
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	2021/22 Annual Target	2021/22 Revised Annual Target	2020/21 Actual Achievement	2021/22 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2021/2022 Budget	2021/2022 Expenditure	Means of verification
													and Approve Specification
TECH-003-2021/22	Number of road kilometers constructed	Upgrading of Phaudi Internal Street from Gravel to Surface Phase 3	New Indicator	2.5 km gravel to surfacing upgraded	None	None	2.5 km gravel to surfacing upgraded		None	None	20,000,000.00	17,383,735.00	Approved Specification, Tender Advert, Appointment Letter and Signed SLA Monthly Progress Reports and Practical and Completion Certificates








Key performance area			KPA 2 - BASIC SERVICE DELIVERY										
Outcome			To provide sustainable basic services and infrastructure development										
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	2021/22 Annual Target	2021/22 Revised Annual Target	2020/21 Actual Achievement	2021/22 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2021/2022 Budget	2021/2022 Expenditure	Means of verification
TECH-004-2021/22	Number of road kilometers constructed	Upgrading of Kgwadu to Botlokwa Primary school from gravel to surface	0.7km Gravel to surfacing upgraded phase 1	Upgrading of 1.4 km road from Kgwadu to Botlokwa primary school from Gravel to Surface	None	0.7km Gravel to surfacing upgraded phase 1	1.4 km road of Kgwadu to Botlokwa primary school upgraded		None	None	11,088,019.00	9,641,513.78	Tender advert and approved specification Appointments letter and Signed SLA, Monthly progress reports, and practical, completion certificate
TECH-006-2021/22	Number of road kilometers constructed	Design and upgrading of Sako Internal streets	New Indicator	Design for Upgrading of Sako internal streets 2.1 km and construction of 400m	None	None	2.1km of Sako Internal Streets designed and 400m of road upgraded from gravel to surfacing		None	None	4,061,981.00	3,532,157.36	Tender advert Approved Specification, Appointment letter and signed SLA, Approved designs,

Key performance area			KPA 2 - BASIC SERVICE DELIVERY										
Outcome			To provide sustainable basic services and infrastructure development										
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	2021/22 Annual Target	2021/22 Revised Annual Target	2020/21 Actual Achievement	2021/22 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2021/2022 Budget	2021/2022 Expenditure	Means of verification
TECH-007-2021/22	Number of office blocks extended	Extension of Mogwadi office block	New Indicator	1 Mogwadi Office block extended	None	None	Not Achieved		Notice by National Treasury advising all the organs of state to put on hold all the projects advertised beyond 16th February 2022	1. The municipality applied for exemption to advertise and was granted during the month of April 2022. 2. The project was re-advertised in May 3. The project implementation to be finalized in the 1st quarter of 2022/2023 Financial year	2,000,000.00	0	Approved Specification, tender advert, Appointment letter and signed SLA, Completion certificate
TECH-008-2021/22	Number of smart split meters procured and	Procurement and delivery of smart split meters	550 smart split meters procured and delivered	150 Smart split meters procured and	None	550 smart split meters procured and	150 Smart split meters procured and delivered		None	None	310,000.00	309,000.00	Approved Specification, tender advert, Appointment letter and signed SLA, Delivery note




Key performance area			KPA 2 - BASIC SERVICE DELIVERY										
Outcome			To provide sustainable basic services and infrastructure development										
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	2021/22 Annual Target	2021/22 Revised Annual Target	2020/21 Actual Achievement	2021/22 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2021/2022 Budget	2021/2022 Expenditure	Means of verification
	delivered			delivered		delivered							
TECH-009-2021/22	Number of households electrified	Electrification of Households	500 households electrified	Electrification of 278 Households in Fatima and Maponto Villages	Electrification of 400 Households in Fatima and Maponto Villages	500 households electrified	Zero households electrified (Design approved, hole digging, MV line stringing are done, LV line pole planting, Voltage regulator procured)		Voltage capacity constraint caused the project to delay.	1. Council approved extension of the scope to include the voltage regulator to address capacity constraints. 2. Components of the Voltage regulator delivered in June 2022, Remaining components to be delivered in 2nd quarter of 2022/23 Financial year. 3. The Project will be	10,000,000.00	6,420,484.79	Approved specification, tender advert, appointment letter and signed SLA Approved designs, Completion certificates

Key performance area			KPA 2 - BASIC SERVICE DELIVERY										
Outcome			To provide sustainable basic services and infrastructure development										
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	2021/22 Annual Target	2021/22 Revised Annual Target	2020/21 Actual Achievement	2021/22 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2021/2022 Budget	2021/2022 Expenditure	Means of verification
										finalized in the 2022/23 financial year			
TECH-010-2021/22	Number of High Mast Lights installed	Supply and Installation of High Mast Lights	3 High Mast Lights installed	6 High mast lights installed	None	3 High Mast Lights installed	Zero High mast lights Installed (Site establishment, Foundation, soil test, cube test, Plinth and Connection fees completed)		There was delay in manufacturing high mast lights material	1. Council approved extension of the contract by 3 months to account for the time lost due to delay in manufacturing to complete the project. 2. The project will be finalized in the 1st Quarter of 2022/23 financial year.	2,772,147	1,500,949	Approved Specification, Tender Advert Appointment Letter and Signed SLA Monthly Progress Reports and Practical and Completion Certificate.
TECH-011-2021/22	Number of Diesel Generators supplied	Supply and Installation of 2 Diesel Generators	2 Diesel Generators Installed.	Supply and Installation of 2 Diesel Generators	None	2 Diesel Generators Installed	2 Diesel Generators supplied and installed in		None	None	700,000	571,450.00	Approved Specification, Tender Advert Appointment Letter, Signed SLA and

Key performance area			KPA 2 - BASIC SERVICE DELIVERY										
Outcome			To provide sustainable basic services and infrastructure development										
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	2021/22 Annual Target	2021/22 Revised Annual Target	2020/21 Actual Achievement	2021/22 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2021/2022 Budget	2021/2022 Expenditure	Means of verification
	and installed	in municipal buildings		ors in municipal buildings			Municipal Buildings						completion certificate.
TECHOP - 001-2021/22	Percentage of internal audit queries addressed	Implementation of Internal Audit action plan	No findings raised	100	None	None	50% (1 of 2)		The finding relates to the target not being measurable. The performance agreement could not be amended because the finding was raised in the 4th quarter.	Target to be revised in accordance with smart principle during the signing of the 2022/23 performance agreement	Opex	Opex	Updated Internal Audit action plan
TECHOP - 002-2021/22	Percentage of AG Action Plan implemented	Implementation of AG Action Plan	83% (5 of 6) (2018/19)	100	None	83% (5 of 6) (2018/19)	83% (5 of 6)		Electricity distribution loss was above the threshold (19%)	Continuous installation of smart meters and identification as well as disconnection of illegal connection	Opex	Opex	Update AG Action plan

Key performance area			KPA 2 - BASIC SERVICE DELIVERY										
Outcome			To provide sustainable basic services and infrastructure development										
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	2021/22 Annual Target	2021/22 Revised Annual Target	2020/21 Actual Achievement	2021/22 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2021/2022 Budget	2021/2022 Expenditure	Means of verification
TECHOP - 003-2021/22	Percentage of risk register implemented	Implementation of Risk Register	50% (1 of 2)	100	None	50% (1 of 2)	50% (1 of 2)		Electricity distribution loss was above the threshold (19%)	Continuous installation of smart meters and identification as well as disconnection of illegal connection	Opex	Opex	Updated Strategic risk register
TECHOP - 004-2021/22	Percentage of Council resolutions implemented	Implementation of Council resolutions	50% (1 of 2)	100	None	50% (1 of 2)	100% (6 of 6)		None	None	Opex	Opex	Updated Council resolution register
TECHOP - 005-2021/22	Percentage of Audit Committee resolutions implemented	Implementation of Audit Committee resolutions	None	100	None	No resolutions raised	None		No resolutions taken	None	Opex	Opex	Updated Audit Committee resolution register


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<b>Summary of performance: Basic Service Delivery</b>		
	<b>Number of targets achieved</b>	<b>07</b>
	<b>Number of Targets Not achieved</b>	<b>07</b>
	<b>Targets Discontinued/Not verifiable</b>	<b>01</b>
<b>Total Number of KPIs</b>		<b>15</b>



### C. COMMUNITY SERVICES

Key performance area		KPA 2 - BASIC SERVICE DELIVERY											
Outcome		Responsible, 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	2021/22 Annual Target	2021/22 Revised Annual Target	2020/21 Actual Achievement	2021/22 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2021/2022 Budget	2021/2022 Expenditure	Means of verification
COMM-001-2021/22	Number of traffic equipment procured	Procurement of traffic equipment	0 traffic equipment procured	Procurement of 1 traffic equipment	None	0 traffic equipment procured	1 traffic equipment procured (Speed Machine)	😊	None	None	310,000.00	163,043.48	Approved Specification, Advert, Appointment Letter, Delivery note
COMM-002-2021/22	Number of tractor with grass cutting machine procured	Procurement of tractor with grass cutting machine	New Indicator	Procurement of 1 Tractor with grass cutting machine	None	None	1 tractor with grass cutting machine procured	😊	None	None	700,000.00	600,000.00	Approved Specification, Advert, Appointment Letter, Delivery note
COMM-003-2021/22	Number of Land fill sites constructed	Construction of Ramokgopa land fill site	New indicator	Design of 1 Landfill site	None	None	Zero Landfill site designed	😞	Notice by National Treasury advising all the organs of state to put on hold all the	1. The municipality applied for exemption to advertise and was granted during	1,800,000	0	Tender advert Approved Specification, Appointment letter and signed SLA, Approved designs






Key performance area			KPA 2 - BASIC SERVICE DELIVERY										
Outcome			Responsible, 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	2021/22 Annual Target	2021/22 Revised Annual Target	2020/21 Actual Achievement	2021/22 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2021/2022 Budget	2021/2022 Expenditure	Means of verification
									projects advertised beyond 16/02/2022	the month of May. 2. The project was re-advertised in May 3. The project implementation to be finalized in the 1st quarter of 2022/2023 Financial year			
COMM-OP-001-2021/22	Percentage of internal audit queries	Implementation of Audit action plan	None	100	None	No findings raised	33% (1 of 3)		Finding relates to Targets not being measurable	Targets to be revised in accordance with smart	Opex	Opex	Updated Internal Audit action plan




Key performance area			KPA 2 - BASIC SERVICE DELIVERY										
Outcome			Responsible, 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	2021/22 Annual Target	2021/22 Revised Annual Target	2020/21 Actual Achievement	2021/22 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2021/2022 Budget	2021/2022 Expenditure	Means of verification
	addressed								e and specific. The performance agreement could not be amended because the finding was raised in the 4th quarter.	principle in 2022/23 financial year			
COMM-OP-002-2021/22	Percentage of AG Action Plan implementation	Implementation of AG Action	None	100	None	No findings raised	None	😊	No findings raised	None	Opex	Opex	Update AG Action plan
COMM-OP-003-2021/22	Percentage of risk register implemented	Implementation of risk register	50% (1 of 2)	100	None	50% (1 of 2)	100% (1 of 1)	😊	None	None	Opex	Opex	Updated Strategic risk register

Key performance area		KPA 2 - BASIC SERVICE DELIVERY											
Outcome		Responsible, 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	2021/22 Annual Target	2021/22 Revised Annual Target	2020/21 Actual Achievement	2021/22 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2021/2022 Budget	2021/2022 Expenditure	Means of verification
COMM-OP-004-2021/22	Percentage of Council resolutions implemented	Implementation of Council resolutions	None	100	None	No resolutions for implementation	100% (2 of 2)		None	None	Opex	Opex	Updated Council resolution
COMM-OP-005-2021/22	Percentage of Audit Committee resolutions implemented	Implementation of Audit committee resolutions	None	100	None	No audit Committee resolutions taken	None		No Audit committee resolutions taken	None	Opex	Opex	Updated Audit Committee resolution register

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<b>Summary of performance: Basic Service Delivery</b>		
	<b>Number of targets achieved</b>	<b>04</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>08</b>

#### D. BUDGET AND TREASURY DEPARTMENT





Key performance area		KPA 4 - MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT											
Outcome		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	2021/22 Annual Target	2021/22 Revised Annual Target	2020/21 Actual Achievement	2021/22 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2021/2022 Budget	2021/2022 Expenditure	Means of verification
BTN-001-2021/22	Number of General valuation rolls developed	Development of the General valuation roll	Supplementary Valuation roll has been fully developed	1 valuation roll developed	None	Supplementary Valuation roll has been fully developed	Zero valuation rolls developed (Service provider appointed)		Valuation roll is still being developed and extension has been received from COGHSTA	Valuation roll will be implemented on the 1st of July 2023	2,200,000.00	1,434,428	Approved Specification, Advert, Appointment letter, Approved valuation roll
BNT-002-2021/22	Number of Annual Financial Statements (AFS) compiled	Compilation of Annual Financial Statements (AFS)	2019/20 Annual Financial Statements (AFS) compiled	Compilation of 2020/21 Annual Financial Statements	None	2019/20 Annual Financial Statement (AFS) compiled	2020/2021 Annual Financial Statements compiled		None	None	1,130,700	934,750	Signed 2019/20 Annual Financial Statements Acknowledgment letter
BNTOP-001-2021/22	Percentage of internal audit queries addressed	Implementation of internal Audit action plan	1. 2019/20: 71% (25 of 35) 2. 2020/21: 0% (0 of 20)	100%	None	1. 2019/20: 71% (25 of 35) 2. 2020/21: 0% (0 of 20)	4% (1 of 24)		Outstanding findings not resolved	To be resolved in 2022/23	Opex	Opex	Updated Internal Audit action plan

Key performance area		KPA 4 - MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT											
Outcome		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	2021/22 Annual Target	2021/22 Revised Annual Target	2020/21 Actual Achievement	2021/22 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2021/2022 Budget	2021/2022 Expenditure	Means of verification
BTNO P-002-2021/22	Percentage of AG Action Plan implementation	Implementation of AG Action Plan	2019/20: 13% (1 of 8)	100%	None	2019/20: 13% (1 of 8)	64% (9 of 14)	☹️	Most findings to be implemented during the preparation of the AFS by end of 31 August 2022	To be resolved in 1 <sup>st</sup> Quarter 2022/23	Opex	Opex	Update AG Action plan
BNT0 P-003-2021/22	Percentage of risk register implemented	Implementation of Risk register	75% (3 of 4)	100%	None	75% (3 of 4)	75% (3 of 4)	☹️	revenue collection 81.6% remained in progress	Continue to implement credit control measures	Opex	Opex	Updated Strategic risk register
BNT0 P-004-2021/22	Percentage of Council resolutions implemented	Implementation of Council resolutions	100%	100%	None	100%	100% (18 of 18)	😊	None	None	Opex	Opex	Updated Council resolution register
BNT0 P-005-2021/22	Percentage of Audit Committee resolutions	Implementation of Audit Committee	100% (4 of 4)	100%	None	100% (4 of 4)	100% (17 of 17)	😊	None	None	Opex	Opex	Updated Audit Committee resolution register




<b>Key performance area</b>			<b>KPA 4 - MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT</b>										
<b>Outcome</b>			<b>Responsive, Accountable, Effective and Efficient Local Government System</b>										
<b>Outputs</b>			<b>Administrative and financial capability</b>										
<b>Key Organizational Strategic Objective</b>			<b>To ensure sound financial management and self-sustainable organization</b>										
<b>IDP Ref no</b>	<b>Key Performance Indicator</b>	<b>Project name</b>	<b>Baseline</b>	<b>2021/22 Annual Target</b>	<b>2021/22 Revised Annual Target</b>	<b>2020/21 Actual Achievement</b>	<b>2021/22 Actual Achievement</b>	<b>Annual Outcome</b>	<b>Reason for variance</b>	<b>Corrective measure</b>	<b>2021/2022 Budget</b>	<b>2021/2022 Expenditure</b>	<b>Means of verification</b>
	implemented	resolutions											




<b>Summary of performance: Financial Viability</b>		
	<b>Number of targets achieved</b>	<b>03</b>
	<b>Number of Targets Not achieved</b>	<b>04</b>
	<b>Targets Discontinued/Not verifiable</b>	<b>0</b>
<b>Total Number of KPIs</b>		<b>07</b>




## E. MUNICIPAL MANAGER'S OFFICE




Key performance area			KPA 5 - GOOD GOVERNANCE AND PUBLIC PARTICIPATION										
Outcome			Responsive, Accountable, Effective and Efficient Local Government System										
Outputs			- Deepen democracy through a refined ward committee model - Administrative and financial capability										
Key Organizational Strategic Objective			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	Key Performance Indicator	Project name	Baseline	2021/22 Annual Target	2021/22 Revised Annual Target	2020/21 Actual Achievement	2021/22 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2021/2022 Budget	2021/2022 Expenditure	Means of verification
MM-001-2021/22	Number of Diaries printed	Printing and distribution of Municipal Diaries	1500 Diaries printed	800 Diaries printed	None	1500 Diaries printed	800 Diaries printed		None	None	169,160.00	169,160.00	Order, Diaries, advert, Delivery Note
MM-002-2021/22	Number of Calendars printed	Printing and Distribution of Municipal Calendars	2000 Calendars Printed	1000 Calendars printed	1200 dairies printed	2000 Calendars Printed	1200 Calendars printed		None	None	172,000.00	146,600.00	Order, Advert, Delivery Note
MM-003-2021/22	Number of Newsletters printed and distributed	Printing and Distribution of Newsletters	6000 Newsletters printed	3000 Newsletters printed and distributed	None	6000 Newsletters printed	Service Provider Appointed		None	None	177,000.00	166,420.00	Order, Advert, Delivery Note,
MM-004-2021/22	Number of IDP documents printed	Printing and Distribution of IDP documents	200 IDP documents printed	300 IDP documents printed	None	200 IDP documents printed	300 IDP Documents printed		None	None	196,170.00	189,991.00	Order, Advert, Delivery Note







Key performance area		KPA 5 - GOOD GOVERNANCE AND PUBLIC PARTICIPATION											
Outcome		Responsive, Accountable, Effective and Efficient Local Government System											
Outputs		- Deepen democracy through a refined ward committee model - Administrative and financial capability											
Key Organizational Strategic Objective		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	Key Performance Indicator	Project name	Baseline	2021/22 Annual Target	2021/22 Revised Annual Target	2020/21 Actual Achievement	2021/22 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2021/2022 Budget	2021/2022 Expenditure	Means of verification
MM-005-2021/22	Number of Annual Reports documents printed	Printing of Annual Reports documents	2-00 Annual Report documents printed	300 Annual Report documents printed	None	200 Annual Report documents printed	300 Annual reports printed		None	None	140,000	139,129	Order, Advert, Delivery Note
MM-006-2021/22	Percentage of municipal activities and notices publicized and marketed	Marketing, Publicity and Advertising	100% (15 of 15)	100% Municipal Activities and notices marketed, advertised and publicized	None	100% (15 of 15)	100% Municipal Activities and notices marketed, advertised and publicized		None	None	410,000.00	407,986.17	Order, Invoice, Copy of Advert
MM-007-2021/22	Percentage of Events management Equipment procured	Procurement of Events Management Equipment	100% (21 of 21)	100% of Events management Equipment procured	None	100% (21 of 21)	100% of Events management Equipment procured		None	None	90,000.00	75,640.00	Advert, Order and delivery note

Key performance area		KPA 5 - GOOD GOVERNANCE AND PUBLIC PARTICIPATION											
Outcome		Responsive, Accountable, Effective and Efficient Local Government System											
Outputs		- Deepen democracy through a refined ward committee model - Administrative and financial capability											
Key Organizational Strategic Objective		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	Key Performance Indicator	Project name	Baseline	2021/22 Annual Target	2021/22 Revised Annual Target	2020/21 Actual Achievement	2021/22 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2021/2022 Budget	2021/2022 Expenditure	Means of verification
MM-008-2021/22	Number of youth support programmes coordinated	Coordination of Youth Support Programmes	2 Youth Support Programmes coordinated	2 Youth Support Programmes coordinated	None	2 Youth Support Programmes coordinated	2 youth support programmes coordinated		None	None	132,175.00	130,200.00	Attendance register, Invitation Report Concept document
MM-009-2021/22	Number of women and children programmes coordinated	Coordination of Women and Children programmes	3 women and children programmes coordinated	3 women and children programmes coordinated	None	3 women and children programmes coordinated	3 women and children programmes coordinated		None	None	233,964.00	229,950.00	Attendance register, Invitation Report Concept document
MM-010-2021/22	Number of disability programmes coordinated	Coordination of Support programmes for People living with Disabilities	3 Disability Support Programmes coordinated	3 Disability Support Programmes coordinated	None	3 Disability Support Programmes coordinated	4 support programmes coordinated		1 additional disability forum meeting was held in June 2022 for	None	55,054.00	50,000.00	Attendance register, Invitation, Report Concept document




Key performance area		KPA 5 - GOOD GOVERNANCE AND PUBLIC PARTICIPATION											
Outcome		Responsive, Accountable, Effective and Efficient Local Government System											
Outputs		- Deepen democracy through a refined ward committee model - Administrative and financial capability											
Key Organizational Strategic Objective		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	Key Performance Indicator	Project name	Baseline	2021/22 Annual Target	2021/22 Revised Annual Target	2020/21 Actual Achievement	2021/22 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2021/2022 Budget	2021/2022 Expenditure	Means of verification
									close up report				
MM-011-2021/22	Number of older persons programmes coordinated	Coordination of Older persons Support programmes	3 Older Persons Support Programmes coordinated	3 Older Persons Support Programmes coordinated	None	3 Older Persons Support Programmes coordinated	3 Older Persons Programmes coordinated		None	None	70,000.00	70,000.00	Attendance register, Invitation Report Concept document
MM-012-2021/22	Number of Local AIDs Council meetings coordinated	Coordination of Local Aids Council meetings	4 Local AIDs Council meetings coordinated	4 Local AIDs Council meetings coordinated	None	4 Local AIDs Council meetings coordinated	05 Local Aids Council meetings coordinated		1 additional meeting was coordinated for Ward Aids Council in 2 <sup>nd</sup> quarter	None	177,408.00	176,436.04	Attendance register, Minutes
MMO P - 001-2021/22	Percentage of internal audit queries	Implementation of Internal Audit action plan	2019/20: 100% (6 of 6)	100	None	2019/20: 100% (6 of 6)	90% (9 of 10)		Outstanding findings not resolved	To be resolved in the 2022/2023 FY	Opex	Opex	Updated AG Audit action plan




Key performance area		KPA 5 - GOOD GOVERNANCE AND PUBLIC PARTICIPATION											
Outcome		Responsive, Accountable, Effective and Efficient Local Government System											
Outputs		- Deepen democracy through a refined ward committee model - Administrative and financial capability											
Key Organizational Strategic Objective		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	Key Performance Indicator	Project name	Baseline	2021/22 Annual Target	2021/22 Revised Annual Target	2020/21 Actual Achievement	2021/22 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2021/2022 Budget	2021/2022 Expenditure	Means of verification
	addressed												
MMOP - 002-2021/22	Percentage of audit queries addressed	Implementation of AG Audit action plan	2020/21: 100% (3 of 3) 2019/20: 100% (6 of 6) 2020/21: 100% (3 of 3)	100	None	2020/21: 100% (3 of 3) 2019/20: 100% (6 of 6) 2020/21: 100% (3 of 3)	100% (3 of 3)		None	None	Opex	Opex	Updated AG Audit Action Plan
MMOP - 003-2021/22	Percentage of risk register implemented	Implementation of Risk register	100% (1 of 1)	100	None	100% (1 of 1)	50% (1 of 2)		Awaiting Public participation for By-laws	To be resolved in 1st Quarter 2022/23	Opex	Opex	Updated Strategic risk register
MMOP - 004-2021/22	Percentage of Council resolutions implemented	Implementation of Council resolutions	100% (22 of 22)	100	None	100% (22 of 22)	100% (27 of 27)		None	None	Opex	Opex	Updated Council resolution register





Key performance area		KPA 5 - GOOD GOVERNANCE AND PUBLIC PARTICIPATION											
Outcome		Responsive, Accountable, Effective and Efficient Local Government System											
Outputs		- Deepen democracy through a refined ward committee model - Administrative and financial capability											
Key Organizational Strategic Objective		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	Key Performance Indicator	Project name	Baseline	2021/22 Annual Target	2021/22 Revised Annual Target	2020/21 Actual Achievement	2021/22 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2021/2022 Budget	2021/2022 Expenditure	Means of verification
MMO P - 005-2021/22	Percentage of Audit Committee resolutions implemented	Implementation of Audit Committee resolutions	92% (22 of 24)	100	None	92% (22 of 24)	81% (30 of 37)		Outstanding resolutions for Legal and Risk Unit not implemented	To be resolved in 2022/23	Opex	Opex	Updated Audit Committee resolution register

Summary of performance: Good Governance & Public Participation		
	Number of targets achieved	14
	Number of Targets Not achieved	03
	Targets Discontinued/Not verifiable	0
Total Number of KPIs		17

F. CORPORATE SERVICES




Key performance area		KPA 6 - MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT												
Outcome		Provide an accountable and transparent municipality through sustained public participation, coordination of administration and council committees.												
Outputs		Implement a differentiated approach to municipal financing, planning, and support												
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												
ID P Ref no	Key Performance Indicator	Project name	Baseline	2021/22 Annual Target	2021/22 Revised Annual Target	2020/21 Actual Achievement	2021/22 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2021/2022 Budget	2021/2022 Expenditure	Means of verification	
CO RP-001 2021/22	Number of municipal buildings deployed with security personnel	Provision of security services	Provision of 24/7 security services in 08 municipal buildings	Provision of 24/7 security services in 08 municipal buildings	None	Provision of 24/7 security services in 08 municipal buildings	24/7 Security provided in 08 Municipal buildings		None	None	7,183,571.00	6,798,674.01	Monthly invoices, monthly reports	
CO RP-002 2021/22	Percentage of required office furniture items procured	Procurement of office furniture	100% (63 of 63) furniture items procured	100% of required office furniture items procured	None	100% (63 of 63) furniture items procured	100% (69 of 69) of required office furniture items procured		None	None	300,000.00	299,839.13	Approved Specification, Appointment Letter, Delivery Note, Furniture request memo	
CO RP-003 - 2021/22	Number of Municipal vehicles procured	Procurement of Municipal vehicles	New indicator	2 municipal vehicles procured	None	None	2 municipal vehicles procured		None	None	1,500,000.00	1,485,593.00	Approved Specification, Appointment Letter,	

Key performance area		KPA 6 - MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT											
Outcome		Provide an accountable and transparent municipality through sustained public participation, coordination of administration and council committees.											
Outputs		Implement a differentiated approach to municipal financing, planning, and support											
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											
ID P Ref no	Key Performance Indicator	Project name	Baseline	2021/22 Annual Target	2021/22 Revised Annual Target	2020/21 Actual Achievement	2021/22 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2021/2022 Budget	2021/2022 Expenditure	Means of verification
													Delivery Note
CO RP-004 - 2021/22	Number of Councilor training programmes coordinated	Training of Councilors	5 Councilor training programmes coordinated	4 Councilor training programmes coordinated	None	5 Councilor training programmes coordinated	Not Achieved		National treasury directive On tenders and request for quotations	To be implemented in 2022/23 Financial year	790,536.00	728,658	Training Report, Attendance Register
CO RP-005 - 2021/22	Number of Employees training programmes coordinated	Training of Employees	5 Employee training programmes coordinated	5 Employee training programmes coordinated	None	5 Employee training programmes coordinated	5 Employee training programmes coordinated		None	None	600,000.00	599,756.00	Training report and attendance register
CO RP-006 - 2021/22	Number of fire extinguishers serviced and maintained	Service and maintain the fire extinguishers	30 Fire extinguishers serviced	30 fire extinguishers serviced and maintained	None	30 Fire extinguishers serviced	30 Fire Extinguishers serviced		None	None	29,950.00	29,950.00	Purchasing order

Key performance area		KPA 6 - MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT											
Outcome		Provide an accountable and transparent municipality through sustained public participation, coordination of administration and council committees.											
Outputs		Implement a differentiated approach to municipal financing, planning, and support											
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											
ID P Ref no	Key Performance Indicator	Project name	Baseline	2021/22 Annual Target	2021/22 Revised Annual Target	2020/21 Actual Achievement	2021/22 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2021/2022 Budget	2021/2022 Expenditure	Means of verification
CO RP-007 2021/22	Number of ward committee members trained	Training of ward committee members	New indicator	Training of 160 ward committee members	None	None	Not Achieved		National treasury directive to stop tenders and request for quotations	To be implemented in 2022/23 Financial year	400,000.00	243,427.39	Appointment letter, Advert, Specification, Training report
CO RP-001 2021/22	Percentage of internal audit queries addressed	Internal Audit action plan	2019/20: 67% (4 of 6)	100	None	2019/20: 67% (4 of 6)	0% (0 of 5)		All HR related findings not addressed	To be resolved in 2022/23	Opex	Opex	Updated Internal audit action plan
CO RP-002 - 2021/22	Percentage of AG audit queries addressed	Implementation of AG Audit action plan	None	100	None	No findings raised	100% (2 of 2)		None	None	Opex	Opex	Updated AG, Action Plan
CO RP-OP-	Percentage of risk register	Implementation of	100% (2 of 2)	100	None	100% (2 of 2)	100% (2 of 2)		Awaiting Job evaluation	None	Opex	Opex	Risk register



Key performance area		KPA 6 - MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT											
Outcome		Provide an accountable and transparent municipality through sustained public participation, coordination of administration and council committees.											
Outputs		Implement a differentiated approach to municipal financing, planning, and support											
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											
ID P Ref no	Key Performance Indicator	Project name	Baseline	2021/22 Annual Target	2021/22 Revised Annual Target	2020/21 Actual Achievement	2021/22 Actual Achievement	Annual Outcome	Reason for variance	Corrective measure	2021/2022 Budget	2021/2022 Expenditure	Means of verification
003 202 1/2 2		Risk Register											
CO RP OP- 004 202 1/2 2	Percentage of Council resolutions implemented	Implementation of Council resolutions	100% (6 Of 6)	100	None	100% (6 Of 6)	100% (21 of 21)	😊	None	None	Opex	Opex	Updated Council Resolution register
CO RP OP- 005 202 1/2 2	Percentage of Audit committee	Implementation of audit committee resolutions	50% (3 of 6)	100	None	50% (3 of 6)	20% (1 of 5)	😞	HR related resolutions outstanding	2022/2023	Opex	Opex	Updated Audit Committee resolution register

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

### C. KEY CHALLENGES DURING THE YEAR UNDER REVIEW – 2021/2022

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

DESCRIPTION OF CHALLENGE	PROPOSED INTERVENTION
Delays in implementation of service delivery projects due to suspension of Tenders adverts by National treasury from February to May 2022	The Municipality had applied for exemption from Treasury as this has affected service delivery programme in line with approved IDP. The projects could not be completed by end of the financial year and have been rolled over into the 2022/23 financial year.

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

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

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

Training is implemented in line with the Workplace skills Plan and closely monitored by the duly constituted Municipal Training committee. The municipality continues to appropriate the budget for a continuous human capital investment through training and development as well as support through employee wellness programmes. We believe this is the only way for continued functionality and sustainability of the municipality

#### 4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees					
Description	2019/20	2020/21			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Budget & Treasury	24	29	29	01	10%
Municipal Manager's Office	26	22	21	02	15%
Technical services	15	35	31	0	10%
Local Economic Development and Planning	5	8	7	01	15%
Community & Social Services	35	59	54	3	15%
Corporate Services	34	40	38	2	10%
<b>Totals</b>	<b>164</b>	<b>193</b>	<b>180</b>	<b>09</b>	<b>100%</b>
					<i>T 4.1.1</i>

<b>Vacancy rate: 2021/22</b>			
<b>Designations</b>	<b>Total Approved Posts</b>	<b>Vacancies (fulltime equivalent)</b>	<b>Vacancies (as a percentage of total posts in each category)</b>
Municipal Manager	1	1	0%
CFO	1	0	0%
Other S57 (excl. Finance)	3	0	33%
Managers (Excl. Finance)	11	0	0%
Managers: Finance	4	0	0%
Supervisors/Specialized skills	10	0	0%

T 4.1.2

<b>Turnover Rate as at 30 June 2022</b>			
<b>Details</b>	<b>Total appointments as of beginning of financial year</b>	<b>Terminations during the Financial year</b>	<b>Turnover rate*</b>
2019/20	179	13	7%
2020/21	187	9	4.8%
2021/22	180	11	3.2%

T4.1.3

## COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

### a. Introduction to Managing Municipal Workforce

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

Advertisements, recruitment, selection, promotions and transfers all form part of staff provisioning policy. Management, Line Managers, Human Resources, Council and Trade Unions are involved in the entire 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.

#### 4.2 HR POLICIES

HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
1.	Leave policy	100%	Yes	28 May 2021
2.	Transfer and Placement policy	100%	Yes	28 May 2021
3.	Medical incapacity policy	100%	Yes	28 May 2021
4.	Car Allowances	100%	Yes	28 May 2021
5.	Cell phone Allowance	100%	yes	28 May 2021
6.	Health and Safety	100%	yes	28 May 2021
7.	Employee Bursary	100%	yes	28 May 2021
8.	Overtime policy	100%	yes	28 May 2021
9.	Staff Provisioning and Recruitment policy	100%	yes	28 May 2021
10.	Standby policy	100%	yes	28 May 2021

<b>HR Policies and Plans</b>				
	<b>Name of Policy</b>	<b>Completed %</b>	<b>Reviewed %</b>	<b>Date adopted by council or comment on failure to adopt</b>
11.	Laptop policy	100%	yes	28 May 2021
12.	Travel and subsistence policy	100%	yes	28 May 2021
13.	Sexual Harassment	100%	yes	28 May 2021
14.	HIV and Aids	100%	yes	28 May 2021
15.	Employee assistance program	100%	yes	28 May 2021
16.	Employee Relations	100%	yes	28 May 2021
17.	Employment Equity	100%	yes	28 May 2021
18.	Dress code	100%	yes	28 May 2021
19.	Code of conduct	100%	yes	28 May 2021
20.	Absenteeism and attendance	100%	yes	28 May 2021
21.	Emergency and evacuation	100%	yes	28 May 2021
22.	Training and development	100%	yes	28 May 2021
23.	Covid-19 Danger Allowance	100%	yes	28 May 2021
24.	Municipal wide danger allowance			
25.	Staff Retention			
26.	Bereavement policy			

*T 4.2.1*

### 4.3 INJURY ON DUTY

Number and Cost of Injuries on Duty 2020/21					
Type of Injury	Injury leave taken (days)	Employees using injury leave No.	Proportion of employees using sick leave (%)	Average injury leave per employee (days)	Total estimated cost (R 000)
Required basic medical attention only	0	0	0	0	0
Temporary total disablement	0	0	0	0	0
Permanent disablement	0	0	0	0	0
Fatal	0	0	0	0	0
<b>Total</b>	0	0	0	0	0

T4.3.1

Number of Sick leave (excluding Injury on duty) as at 30 June 2021						
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	
Total	<b>570</b>	<b>0%</b>	<b>72</b>	<b>187</b>	4.77	
						<i>T 4.3.2</i>

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

## PERFORMANCE REWARDS

Performance Management rewards will be considered after the 2021/2022 Annual Assessments are completed and moderated. The final assessment report will be reviewed by the PMS Committee and the Moderation Committee as established by the Municipal Manager 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. Employees who are not happy with the outcome of the assessments will be given a chance to lodge a dispute, which will be considered and a response provided within twenty-one days.

## COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

### a. Introduction

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

#### 4.5 SKILLS DEVELOPMENT AND TRAINING

SKILLS MATRIX														
Management Level	Gender	Employee s at post at 30 June 2019/20	Number of skilled employees required and actual as at 30 June 2021/22											
			Learnership			Skills Programmes Short Courses			Other forms of training			Total		
			No.	Actual 19/20	Target 21/22	Actual 21/22	Actual 21/22	Target 21/22	Actual 21/22	Actual 21/22	Target 21/22	Actual 21/22	Actual 21/22	Target 21/22
Councillors	Male	17	4	0	0	7	17	16	17	17	0	28	17	16
	Female	15	6	0	0	8	15	15	15	15	0	29	15	16
MM and S57	Male	0	0	0	0	0	2	2	0	3	0	03	2	0
	Female	0	0	0	0	0	1	1	0	2	0	0	1	0
Managers	Male	12	3	0	0	0	10	0	0	12	0	03	10	02
	Female	6	0	0	0	0	6	0	0	6	0	0	6	1
Technicians	Male	3	0	0	0	0	2	0	0	3	0	0	2	2
	Female	0	0	0	0	0	0	0	0	0	0	0	0	0
Professionals	Male	18	5	0	0	18	4	0	0	8	0	23	4	0
	Female	5	0	0	0	0	7	2	0	5	0	0	7	2
<b>Totals</b>		71	18			33	64	36	46	71	0	86	64	36

T4.5.1

- Skills Development Expenditure

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

Employee Level	Gender	Actual (No.)	Original Budget R	Actual R
MM & S57	Male	2	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
Sales & Services Workers	Male	2		0
	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>			<b>0</b>	
				T4.5.3

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

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

4.6 EMPLOYEE EXPENDITURE

Number of employees whose salaries were increased due to their positions being upgraded		
Beneficiaries	Gender	Total
MM & S57	Male	0
	Female	0
Managers	Male	0
	Female	0
Officers and Supervisors	Male	0
	Female	0
Clerical	Male	0
	Female	0
General Assistants/Cleaners	Male	0
	Female	0
<b>Total</b>		0
		T4.6.2

Employees Whose Salary Levels Exceed The Grade Determined By Job Evaluation				
Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
None	None	None	None	None
				T 4.6.3

Employees appointed to posts not approved				
Department	Level	Date of appointment	No. appointed	Reason for appointment when no established post exist
None	None	None	None	None
				<i>T 4.6.4</i>

**DISCLOSURES OF FINANCIAL INTERESTS:**

**See Appendix J below.**

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## CHAPTER 5 – FINANCIAL PERFORMANCE

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

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

*T 5.0.1*

### COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

#### 5.1 INTRODUCTION TO FINANCIAL STATEMENTS

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

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

##### a) **Reconciliation of A1 Budget Summary**

Description	Year 2021/22										
	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
R thousands	1	2	3	4	5	6	7	8	9	10	11
<b>Financial Performance</b>											
Property rates	51,482	(11,872)	39,610	-	-	39,610	30,599		9,011	77	59
Service charges	14,196	-	14,196	-	-	14,196	10,948		3,248	77	77
Investment revenue	2,708	-	2,708	-	-	2,708	4,709		(2,001)	174	174
Transfers recognised - operational	161,092	1,000	162,092	-	-	162,092	161,911		181	100	101
Other own revenue	38,694	(11,021)	27,673	-	-	27,673	8,688		18,984	31	22
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>268,172</b>	<b>(21,894)</b>	<b>246,278</b>	<b>-</b>	<b>-</b>	<b>246,278</b>	<b>216,856</b>	<b>-</b>	<b>29,423</b>	<b>88</b>	<b>81</b>



Description	Year 2021/22										
	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
Employee costs	105,732	(7,502)	98,230	-	-	98,230	96,274	-	1,956	98	91
Remuneration of councillors	15,010	(663)	14,347	-	-	14,347	12,948	-	1,399	90	86
Debt impairment	6,338	(2,428)	3,910	-	-	3,910	3,259	-	651	-	51
Depreciation & asset impairment	18,995	110	19,105			19,105	19,095	-	10	100	101
Finance charges	1,056	(906)	150	-	-	150	14	-	136	9	1
Materials and bulk purchases	11,468	1,300	12,768	-	-	12,768	12,585	-	183	99	110
Transfers and grants	-	-	-	-	-	-	-	-	-		
Other expenditure	89,330	(11,092)	78,238	-	-	78,238	76,296	6,420	1,941	98	85
<b>Total Expenditure</b>	247,929	(21,182)	226,747	-	-	226,747	220,471	6,420	6,276	97	89
<b>Surplus/(Deficit)</b>	20,243	(712)	19,531	-	-	473,026	437,327	6,420	35,699	92	

Description	Year 2021/22										
	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
R thousands											
Transfers recognised - capital	45,150	-	45,150	-		45,150	42,525		2,625	94	94
Contributions recognised - capital & contributed assets			-			-				-	
<b>Surplus/ (Deficit) after capital transfers &amp; contributions</b>										-	
Share of surplus/ (deficit) of associate	-	-	-	-		-	-		0	-	
<b>Surplus/ (Deficit) for the year</b>	65,393	(712)	64,681	-	-	64,681	38,909	6,420	38,324	60	60
<b>Capital expenditure &amp; funds sources</b>											
<b>Capital expenditure</b>											
Transfers recognised - capital	45,150	-	45,150	-		45,150	42,525		2,625	94	94
Public contributions & donations						-	-		-	-	-
Borrowing	-		-			-	-		-	-	-
Internally generated funds	20,244	705	19,539	-		19,539	6,163		13,376	32	30

Description	Year 2021/22										
	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>R thousands</b>											
<b>Total sources of capital funds</b>	65,394	705	64,689	-	-	64,689	48,687	-	16,002	75	74
<b>Cash flows</b>											
Net cash from (used) operating	85,563	3,574	81,989	-		81,989	64,409		17,580	79	75
Net cash from (used) investing	(65,394)	705	(64,689)	-		(64,689)	(48,687)		(16,002)	75	74
Net cash from (used) financing	(362)	(6,693)	(7,055)			(7,055)			(7,055)	-	-
Net increase/(decrease) in cash and cash equivalents	19,807	(2,414)	17,393	-	-	17,393	15,722	-	1,671	90	79
<b>Cash/cash equivalents at the beginning of the year</b>	89,546	-	89,546			89,546	89,546		-	100	100
<b>Cash/cash equivalents at the year end</b>	109,353	(2,414)	106,939	-	-	106,939	105,268	-	1,671	98	96
						-					
T 5.1.1											

**b) FINANCIAL PERFORMANCE: OPERATING SERVICES**

**Financial Performance of Operational Services**

**R '000**

Description	Year 2020/21	Year 2021/22			Year 202122 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
<b><u>Operating Cost</u></b>						
Water	-	-	-	-		
Waste Water (Sanitation)	-	-	-	-	0.00%	0.00%
Electricity	21,190	22,788	25,023	24,688	7.70%	-1.36%
Waste Management	6,453	7,713	7,469	6,733	-14.55%	-10.93%
Housing	-	-	-	-	0.00%	0.00%
Component A: sub-total	27,642	30,501	32,492	31,421	2.93%	-3.41%
Waste Water (Stormwater Drainage)		-	-		0.00%	0.00%
Roads	20,887	29,703	29,049	30,230	1.74%	3.91%
Transport	-	-	-	-	0.00%	0.00%
Component B: sub-total	20,887	29,703	29,049	30,230	1.74%	3.91%
Planning						
Local Economic Development						
Component B: sub-total	-	-	-	-	-	-
Planning (Strategic & Regulatory)	3,206	6,110	4,961	4,583	0.00%	0.00%
Local Economic Development	2,212	3,635	3,585	4,251	0.00%	0.00%
Component C: sub-total	5,418	9,746	8,546	8,835	0.00%	0.00%
Community & Social Services	31,991	25,394	25,394	26,046	2.50%	2.50%
Enviromental Protection		-	-		0.00%	0.00%
Health		-	-		0.00%	0.00%
Security and Safety		-	-		0.00%	0.00%

Financial Performance of Operational Services						
						R '000
Description	Year 2020/21	Year 2021/22		Year 202122 Variance		
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Sport and Recreation		-	-		0.00%	0.00%
Corporate Policy Offices and Other	128,223	152,585	131,265	123,291	-23.76%	-6.47%
Component D: sub-total	160,214	177,980	156,659	149,337	-19.18%	-4.90%
<b>Total Expenditure</b>	<b>214,161</b>	<b>247,929</b>	<b>226,747</b>	<b>219,823</b>	-12.79%	-3.15%
In this table operational income is offset against operational expenditure leaving a net operational expenditure total for each service as shown in the individual net service expenditure tables in chapter 3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						T 5.1.2

### c) COMMENT ON FINANCIAL PERFORMANCE

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

- Current ratio = 3.1:1
- Acid test ratio = 3.3:1
- Net Assets/Working Capital = 419 733 842

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

## 5.2 GRANTS PERFORMANCE

R' 000						
Description	2020/21	2021/22		2021/22 Variance		
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
<b>Operating Transfers and Grants</b>						
<b>National Government:</b>	<b>184,026</b>	<b>159,663</b>	<b>160,663</b>	<b>160,491</b>		
Equitable share	179,962	155,513	155,513	155,513	-	-
Municipal Systems Improvement	-	-	-	-	-	-
Department of Water Affairs	-	-	-	-	-	-
Levy replacement	-	-	-	-	-	-
Financial Management Grant	2,356	2,300	2,300	2,128	7	7
Municipal Infrastructure Grant	1,708	1,850	1,850	1,850	-	-
Municipal Disaster Grant	-	-	1,000	1,000		-
<b>Provincial Government:</b>	<b>1,262</b>	<b>1,429</b>	<b>1,429</b>	<b>1,420</b>	1	1
Health subsidy	-	-	-	-		
Housing	-	-	-	-		
Ambulance subsidy	-	-	-	-		
Sports and Recreation	-	-	-	-		
Expanded Public Works Programme	1,262	1,429	1,429	1,420	1	1
<b>District Municipality:</b>	-	-	-	-		
CDM	-	-	-	-		
<b>Other grant providers:</b>	-	-	-	-		
<i>[insert description]</i>						
<b>Total Operating Transfers and Grants</b>	<b>185,288</b>	<b>161,092</b>	<b>162,092</b>	<b>161,911</b>	(1)	0
<i>Variations are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national grants available from published gazettes.</i>						T 5.2.1

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

The financial Management grant got allocation of R 2 400 000 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 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.

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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.

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

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.

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

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



<b>TREATMENT OF THE LARGEST ASSETS ACQUIRED YEAR 2021/22</b>	
<b>Asset 1</b>	
Name	Electrification of Cluster 3 - Ward 15 and 16
Description	Electrification of Cluster 3 - Ward 15 and 16
Asset Type	Infrastructure Asset (Electricity)
Key Staff involved	Asset Managers and Technical Manager
Staff Responsibilities	Physical and Financial Management of Asset
Asset Value	R6,419,694.00
Capital Implications	Yes
Future Purpose of Asset	Provision of Electricity. Capital asset was subsequently transferred to Eskom.
Describe key Issues	Upgrading of electrical infrastructure for effective electrical system
Policies in Place to Manage Asset	Yes
<b>Asset 2</b>	
Name	Sefoloko Low Level Bridge
Description	Construction of Sefoloko Low Level Bridge
Asset Type	Infrastructure Asset (Roads)
Key Staff involved	Asset Managers
Staff Responsibilities	Physical and Financial Management of Asset
Asset Value	R869,565.22
Capital Implications	Yes
Future Purpose of Asset	Roads
Describe key Issues	Enabling easy commute during raining seasons
Policies in Place to Manage Asset	Yes
<b>Asset 3</b>	

<b>TREATMENT OF THE LARGEST ASSETS ACQUIRED YEAR 2021/22</b>	
Name	Surfacing of Road linking Kgwadi Primary School and Botlokwa Primary School Phase 2
Description	Upgrading of gravel road to tar
Asset Type	Infrastructure Asset (Roads)
Key Staff involved	Asset Managers
Staff Responsibilities	Physical and Financial Management of Asset
Asset Value	R9,641,513.78
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 Mogwadi Internal street on Kieser Street
Description	Upgrading of gravel road to tar
Asset Type	Infrastructure Asset (Roads)
Key Staff involved	Asset Managers
Staff Responsibilities	Physical and Financial Management of Asset
Asset Value	R2,486,207.99
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 Phaudi Internal Street Gravel to Surface

<b>TREATMENT OF THE LARGEST ASSETS ACQUIRED YEAR 2021/22</b>	
Description	Upgrading of gravel road to tar
Asset Type	Infrastructure Asset (Roads)
Key Staff involved	Asset Managers
Staff Responsibilities	Physical and Financial Management of Asset
Asset Value	R17,383,735.24
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 Ga-Sako Internal Street Gravel to Surface
Description	Ga-Sako Internal Street Gravel to Surface
Asset Type	Infrastructure Asset (Roads)
Key Staff involved	Asset Managers
Staff Responsibilities	Physical and Financial Management of Asset
Asset Value	R3,532,157.36
Capital Implications	Yes
Future Purpose of Asset	Infrastructure Asset (Roads)
Describe key Issues	Upgrading of gravel road to tar for effective transport system
Policies in Place to Manage Asset	Yes
<b>Asset 7</b>	
Name	2x Standby Diesel Generator
Description	Provision, installation and configuration of 2x Standby Diesel Generator
Asset Type	Infrastructure Assets (Electricity)

<b>TREATMENT OF THE LARGEST ASSETS ACQUIRED YEAR 2021/22</b>	
Key Staff involved	Asset Managers
Staff Responsibilities	Physical and Financial Management of Asset
Asset Value	R571,450.00
Capital Implications	Yes
Future Purpose of Asset	Infrastructure Asset (Electricity)
Describe key Issues	Provide standby electricity to Administration municipal offices and Traffic Stations to ensure there are no disruptions of services during load shedding or load reduction.
Policies in Place to Manage Asset	Yes

<b>Repair and Maintenance Expenditure: 2021/22</b>				
<b>R' 000</b>				
	<b>Original Budget</b>	<b>Adjustment Budget</b>	<b>Actual</b>	<b>Budget variance</b>
	18,077,244.00	16,491,244.00	15,760,045.00	4
<i>T 5.3.4</i>				

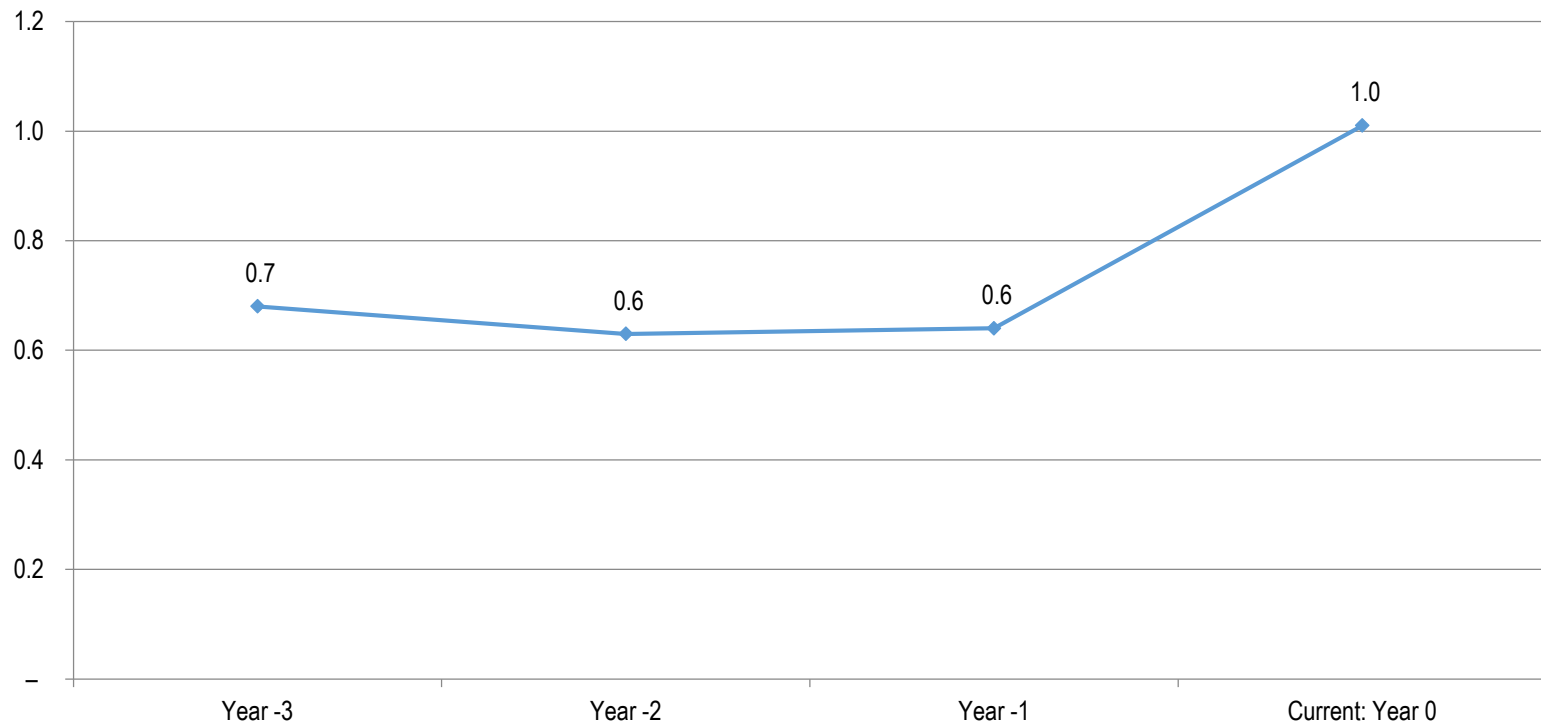
**c) COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE**

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 2021/22 as described under financial overview above are illustrated hereunder in a graphical display

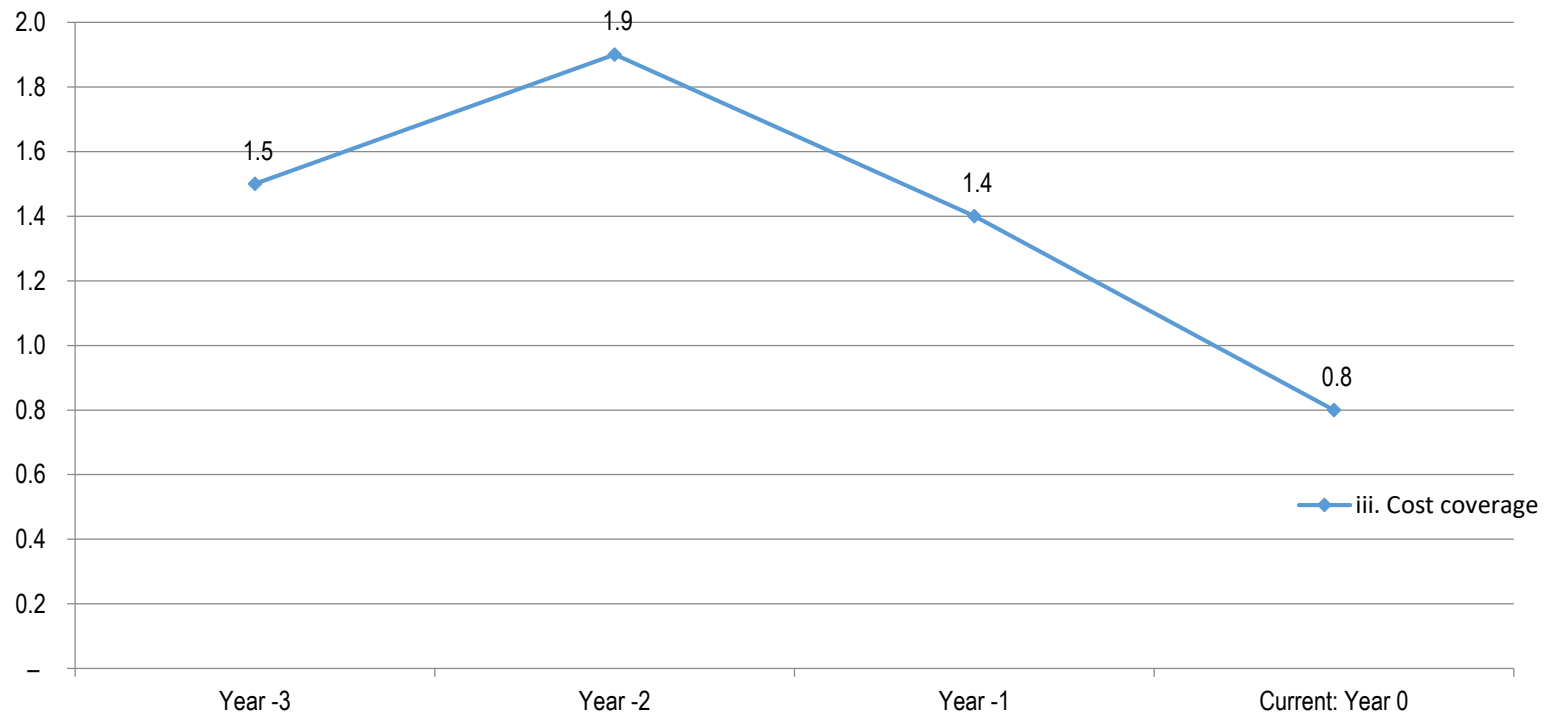
## Liquidity Ratio



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

Data used from MBRR SA8

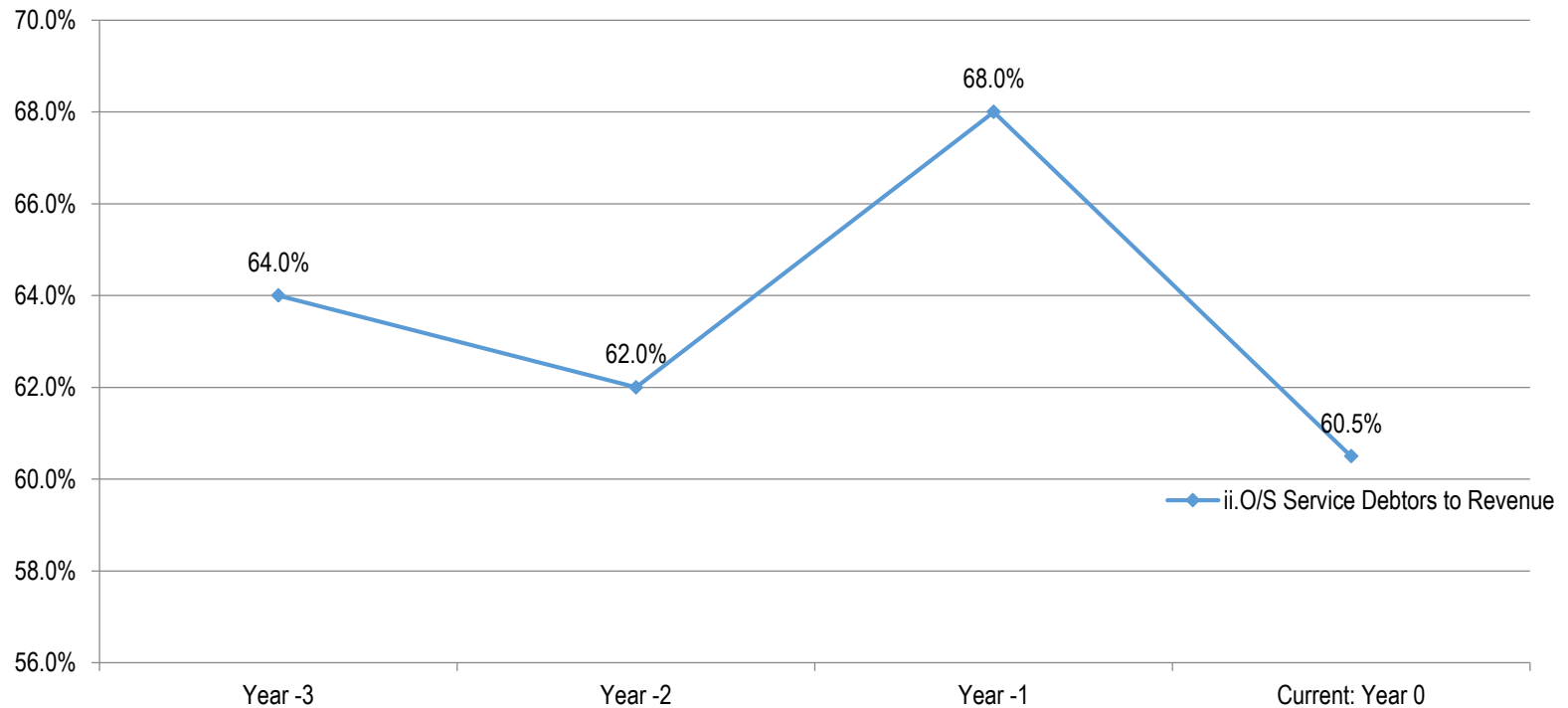
## Cost Coverage



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

Data used from MBRR SA8

## Total Outstanding Service Debtors



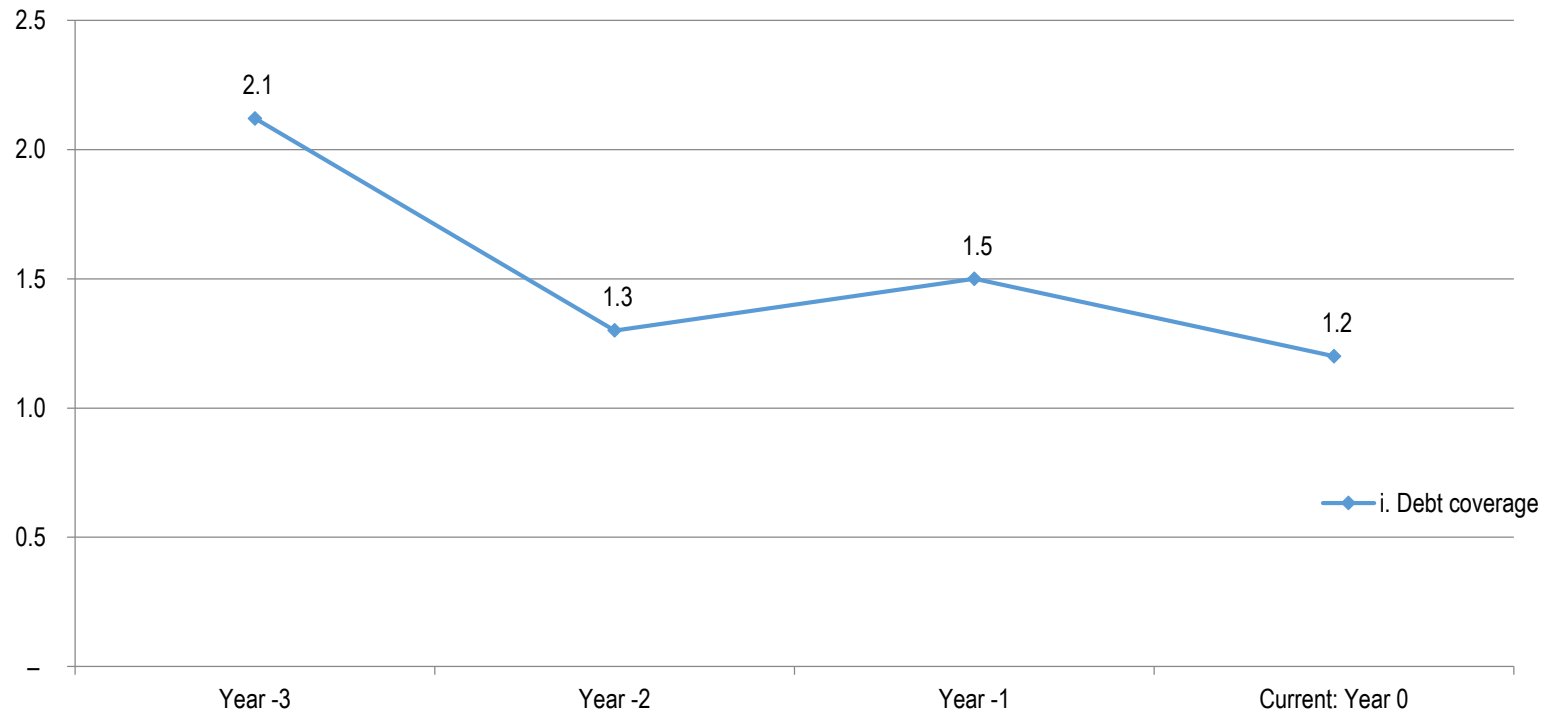
Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower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

Data used from MBRR SA8





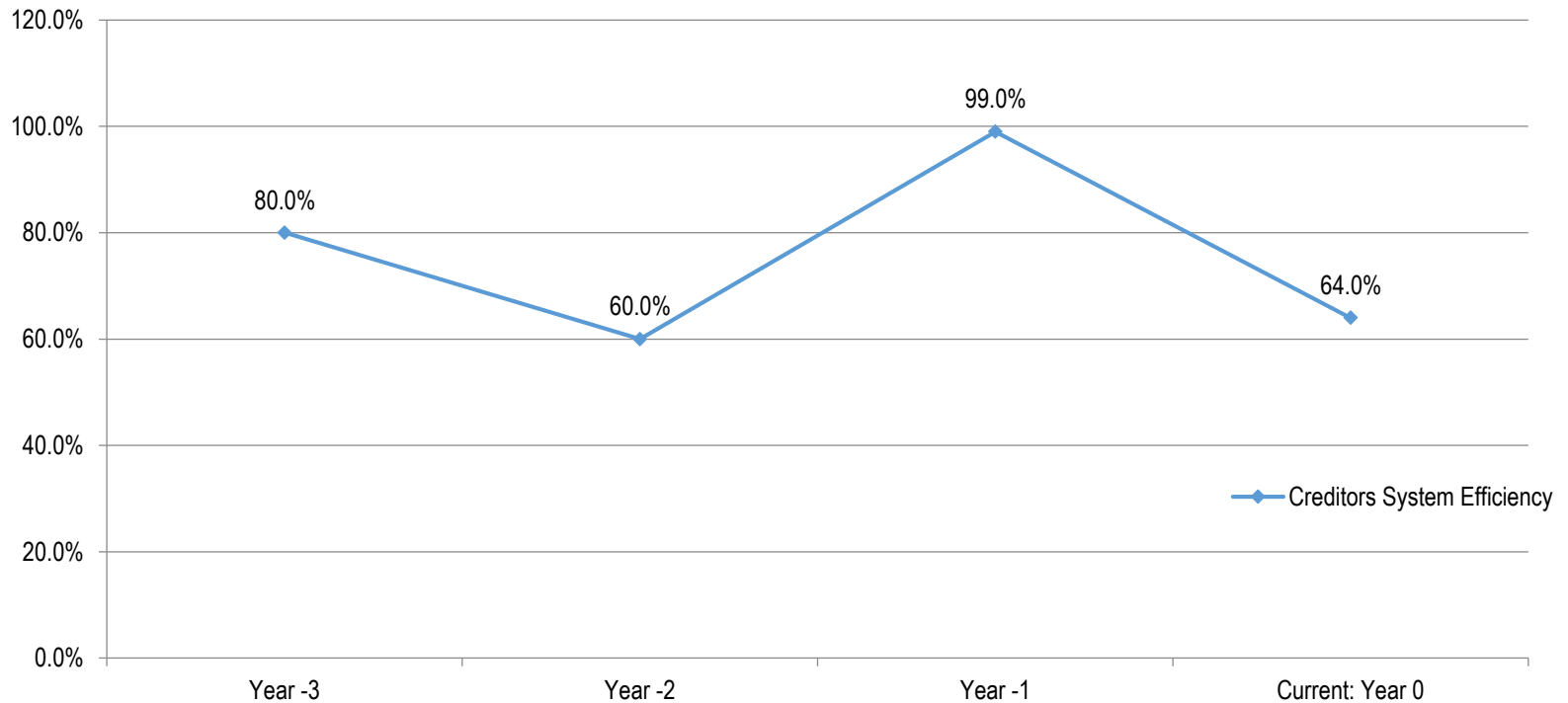
## Debt Coverage



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

Data used from MBRR SA8

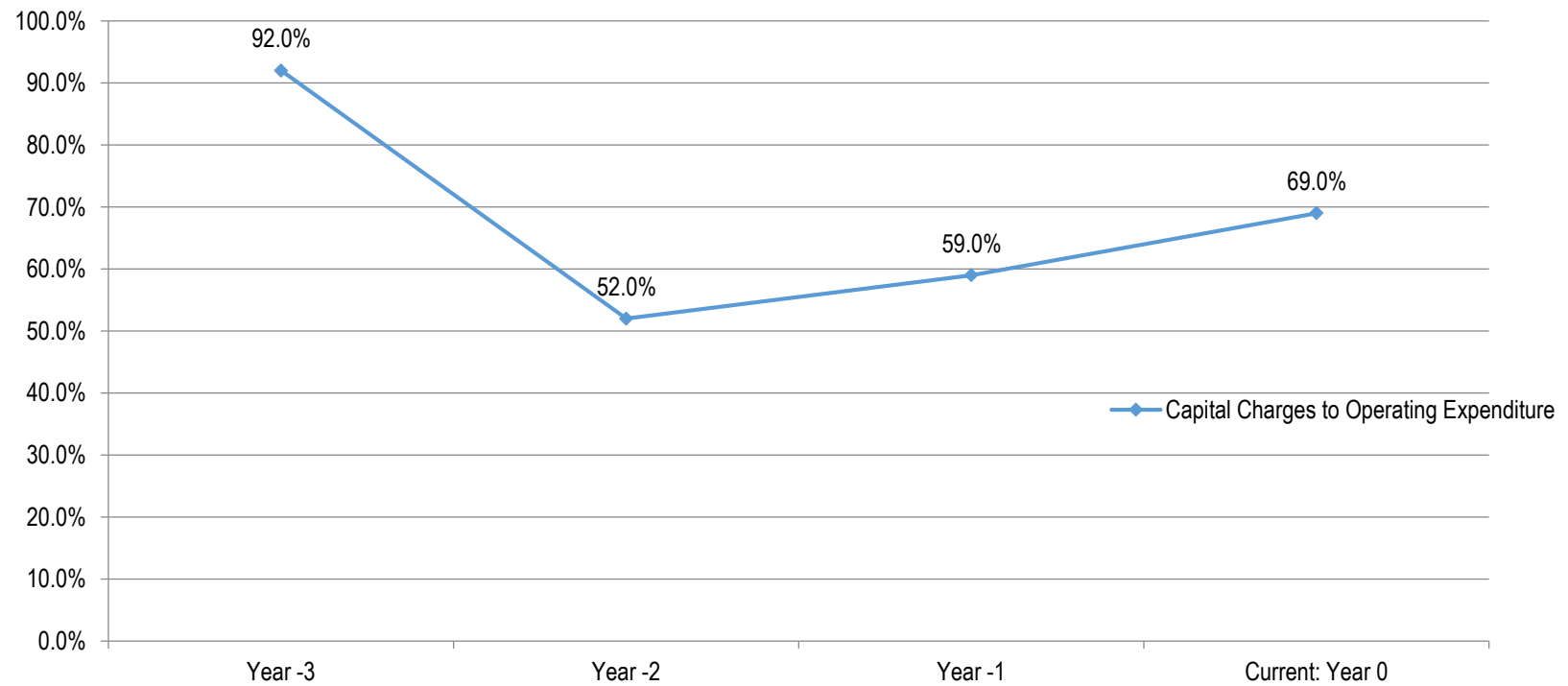
## Creditors System Efficiency



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

Data used from MBRR SA8

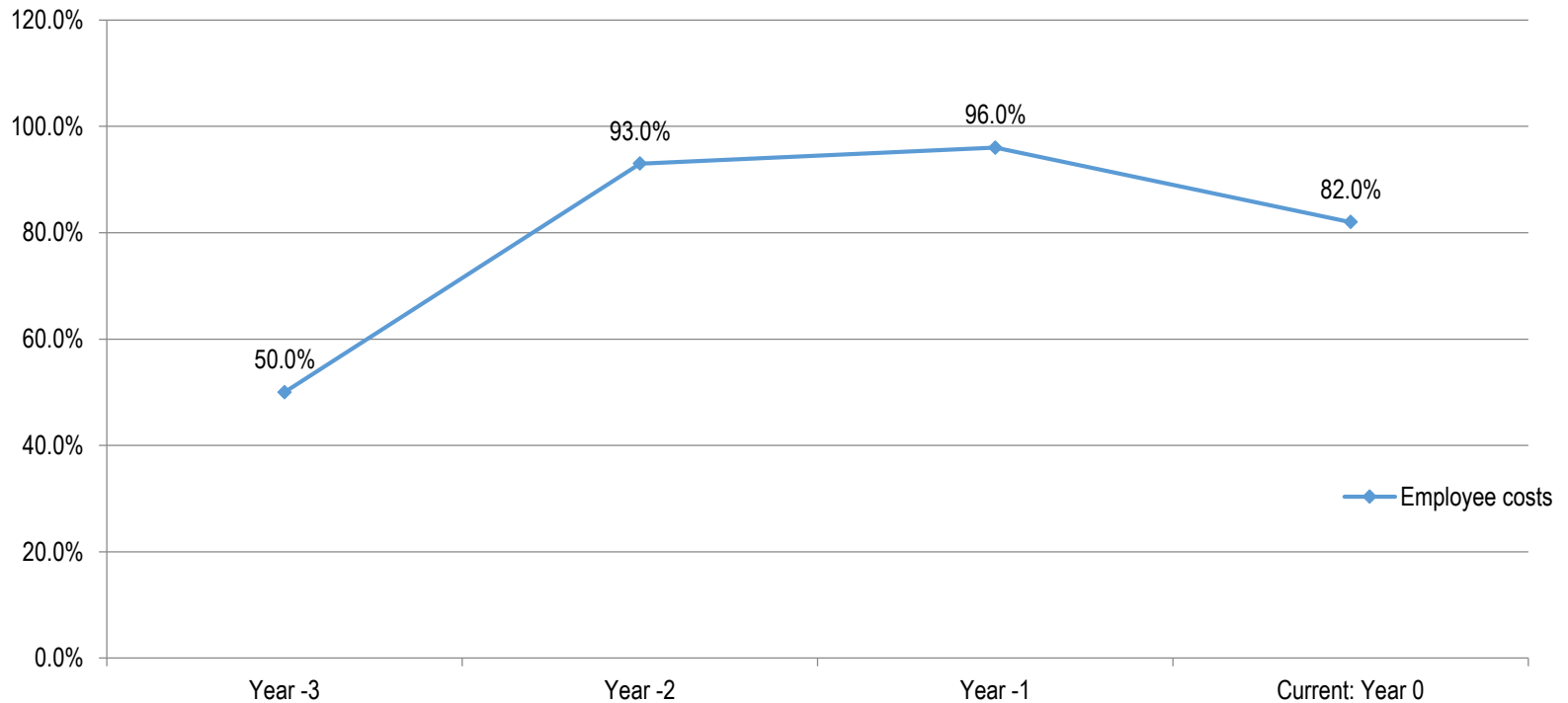
## Capital Charges to Operating Expenditure



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

Data used from MBRR SA8

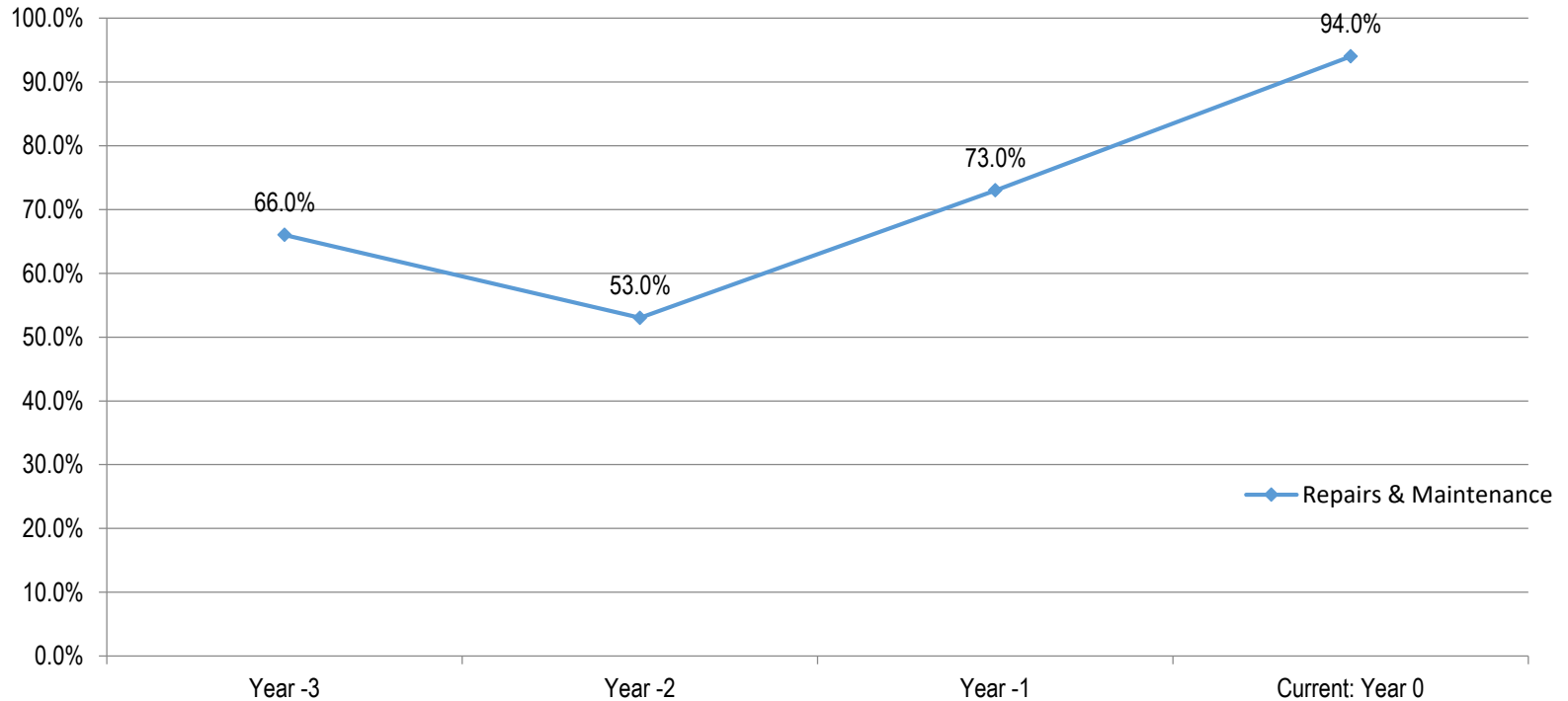
## Employee Costs



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

Data used from MBRR SA8

## Repairs & Maintenance



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

Data used from MBRR SA8

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

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

## A. SOURCES OF FINANCE

Capital Expenditure - Funding Sources: Year 2020/21 to Year 2021/22							
R' 000							
Details	Year 2019/20	Year 2020/21					
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)	
External loans	0	0	0	0			
Public contributions and donations	1234955	0	0	0			
Grants and subsidies	230316073	206242000	207242000	204435319	0.48%	-0.88%	
Other	70977304	107080058	84186481	54944849	-21.38%	-48.69%	
<b>Total</b>	<b>302528332</b>	<b>313322058</b>	<b>291428481</b>	<b>259380168</b>	-6.99%	-17.22%	
<i>Percentage of finance</i>							
External loans	0.0%	0.0%	0.0%	0.0%			
Public contributions and donations	0.4%	0.0%	0.0%	0.0%			
Grants and subsidies	76.1%	65.8%	71.1%	78.8%	-6.9%	5.1%	
Other	23.5%	34.2%	28.9%	21.2%	306.0%	282.8%	
<b>Capital expenditure</b>							
Water and sanitation					0.00%		
Electricity	12516404	15500000	14682147	9575372	-5.28%	-38.22%	
Housing							
Roads and storm water	32308940	44110000	43372704	34516616	-1.67%	-21.75%	
Other	5231164	5783793	6441756	4595248	11.38%	-20.55%	
<b>Total</b>	<b>50056508</b>	<b>65393793</b>	<b>64496607</b>	<b>48687236</b>			



Capital Expenditure - Funding Sources: Year 2020/21 to Year 2021/22							
							R' 000
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>							
	Water and sanitation	0.0%	0.0%	0.0%	0.0%		
	Electricity	25.0%	23.7%	22.8%	19.7%		
	Housing	0.0%	0.0%	0.0%	0.0%		
	Roads and storm water	64.5%	67.5%	67.2%	70.9%		
	Other	10.5%	8.8%	10.0%	9.4%		
							<i>T 5.6.1</i>

Capital Expenditure of 5 largest projects*					
Name of Project	Current: Year 21/22			Variance: Current Year 21/22	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
	PHAUDI INTERNAL STREET	20,000,000	20,000,000	17,383,735	-15%
GA SAKO INTERNAL STREET	4,061,981	4,061,981	3,532,157	-15%	-15%
KGWADU INTERNAL STREET	11,088,019	11,088,019	9,641,514	-15%	-15%
ELECTRIFICATION OF FATIMA HOUSEHOLDS	10,000,000	10,000,000	6,420,485	-56%	-56%
CULVERT BRIDGES	3,960,000	3,581,816	1,473,003	-169%	-143%
					T5.7.1

## 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				
R'000				
Description	2020/21	Current: 2021/22		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Ratepayers and other	74,070	100,861	78,498	44,699
Government - operating	184,789	161,092	162,092	161,911
Government - capital	45,028	45,150	45,150	44,702
Interest	2,544	2,708	2,708	4,709
Dividends				
<b>Payments</b>				
Suppliers and employees	(190,640)	(221,540)	(203,751)	(191,611)
Finance charges	(184)	-	-	
Transfers and Grants	-	-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>115,606</b>	<b>88,271</b>	<b>84,697</b>	<b>64,409</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Receipts</b>				
Proceeds on disposal of PPE	-	-	-	-
Decrease (Increase) in non-current debtors	-	-	-	-
Decrease (increase) other non-current receivables	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-
Purchase of intangibles	-	-	-	-
<b>Payments</b>				
Capital assets	(48,822)	(65,394)	(64,497)	(48,687)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(48,822)</b>	<b>(65,394)</b>	<b>(64,497)</b>	<b>(48,687)</b>

Cash Flow Outcomes				
				R'000
Description	2020/21	Current: 2021/22		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Receipts</b>				
Short term loans				
Borrowing long term/refinancing	(252)			
Increase (decrease) in consumer deposits				
<b>Payments</b>				
Repayment of borrowing	-		-	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(252)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>66,533</b>	<b>22,878</b>	<b>20,201</b>	<b>15,722</b>
Cash/cash equivalents at the year begin:	<b>23,011</b>	<b>89,546</b>	<b>89,546</b>	<b>89,546</b>
Cash/cash equivalents at the year end:	<b>89,544</b>	<b>112,423</b>	<b>109,746</b>	<b>105,268</b>
Source: MBRR A7				T 5.9.1

## 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			
R' 000			
Investment* type	Year 2019/20	Year 2020/21	Year 2021/22
	Actual	Actual	Actual
<b>Municipality</b>			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank	20,603,434.00	60,211,426.00	90,634,845.00
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			

<b>Municipal and Entity Investments</b>			
			<b>R' 000</b>
<b>Investment* type</b>	<b>Year 2019/20</b>	<b>Year 2020/21</b>	<b>Year 2021/22</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
Municipal Bonds			
Other			
<b>Municipality sub-total</b>	20603434	60211426	90634845
<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>	20603434	60211426	90634845
			<i>T 5.10.4</i>

#### **a. PARTNERSHIPS**

The municipality did not have any official partnerships

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## COMPONENT D: OTHER FINANCIAL MATTERS

### 5.12 GRAP COMPLIANCE

GRAP is an acronym for **G**enerally **R**ecognized **A**ccounting **P**ractice and it provides the rules for which municipalities are required to maintain their financial accounts. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality. It will also ensure that the municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is needed to enable the National Treasury to assess the pace of progress and to consider the implications if not adhered to. Molemole Municipality followed the directives issued by the Accounting Standards Board in compiling the 2019/20 Annual Financial Statements. Molemole municipality's Asset management policy and Asset register are in compliance with GRAP

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## CHAPTER 6: AUDITOR-GENERAL AUDIT FINDINGS

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

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

<b>Financial year</b>	<b>2020/21</b>
<b>Municipality name</b>	<b>Molemole</b>
<b>Audit opinion</b>	<b>Unqualified</b>
<b>Reporting period</b>	<b>Jun-2021</b>

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

Audit Report status*:	Unqualified
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
<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</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>



Audit Report status*:	Unqualified
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
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.	
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

COMPONENT B: AUDITOR-GENERAL OPINION YEAR (2021/2022)

6.2 AUDITOR GENERAL REPORT YEAR 2021/2022

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

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

<b>Auditor-General Report on Financial Performance 2021/2022</b>	
Audit Report status*:	Unqualified
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
<p>1. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA.</p> <p>Material misstatements of general expenses and principal and agents identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.</p>	<p>Timely preparation of the Annual Financial Statement process plan.</p> <p>Monthly Audit Steering Committee meetings to monitor implementation of the audit action plans on issues raised by the Auditor General and Internal Audit.</p>

<b>Auditor-General Report on Financial Performance 2021/2022</b>	
<p>2. Expenditure management</p> <p>Reasonable steps were not taken to prevent irregular expenditure amounting to R2 477 091 as disclosed in note 63 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by incorrect application of the pre-qualification criteria.</p>	<p>Preparation of accurate and complete financial statement that are supported and evidenced by reliable information</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) <span style="float: right;">T6.1.1</span></p>	
<b>Auditor-General Report on Service Delivery Performance 2020/21</b>	
<p>Audit Report status*:</p>	<p>Unqualified</p>
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
<p>No material findings on the usefulness and reliability of the reported performance information for the following development priority:</p> <p><b>KPA 2: Basic service delivery</b></p>	<p>Unqualified</p>
<p><b>b) COMMENTS ON AUDITOR-GENERAL’S OPINION 2021/22</b></p> <p>There was a marked improvement in the resolution of issues raised by Auditor-General for the 2021/22 financial year. As at 30 June 2022 the municipality has resolved 100% of audit findings raised by Auditor-General as well as 55% issues raised by Internal Audit. These efforts have helped our cause to maintain the unqualified audit opinion in the current financial year.</p>	

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

All section 71 reports for the 2021/22 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. Matlou Dikeledi	FT	Speaker	ANC	100%	N/A
3. Emmanuel Masilo Rathaha	PT	Chief Whip	ANC	100%	N/A
4 Ngaletjane Frank Rampyapedi	FT	Ward Councillor MAYORAL COMMITTEE	ANC	100%	N/A
5. Moabelo Letta Moloko	FT	Ward Councillor MAYORAL COMMITTEE	ANC	100%	N/A
6. Hlapa Boitumelo moyahabo	PT	Ward Councillor MAYORAL COMMITTEE	ANC	80%	20%
7. Motolla Matome Oscar	PT	Ward Councillor MAYORAL COMMITTEE	EFF	80%	20%
8. Mafona Shobane Wilson	PT	PR Councillor	CICAF	90%	10%
9. Rahlana Mokgadi Elizabeth	PT	PR Councillor	ANC	100%	N/A
10.Moyahabo Paulina Makgato	PT	PR Councillor	ANC	60%	40%
11. Rathete Tshepiso Paul	PT	Ward Councillor	ANC	80%	20%
12. Moloko Calvin Matjee	PT	PR Councillor	DA	70%	70%
13.Kgopane Thabitha Olga	PT	Ward Councillor	ANC	80%	20%
14. Letlalo Selina Matlou	PT	Ward Councillor	ANC	90%	10%
15. Nakana Sewatlalene Robert	PT	PR Councillor	ANC	80%	20%
16.Ngobene Mashilo Simon	PT	Ward Councillor	ANC	100%	N/A
17. Nong Molema Corncious	PT	Ward Councillor	ANC	90%	10%
18. Poopedi Mohlala Joyce	PT	PR Councillor	EFF	80%	20%
19.Ramarutha Maropene Evans	PT	Ward Councillor	CICAF	90%	10%
20.Mapholletja Tshimanki Marcus	PT	PR Councillor	EFF	90%	10%
21.Modiba Godfrey Molema	PT	Ward Councillor	ANC	90%	10%
22. Ramusi Moshaba Victor	PT	Ward Councillor	ANC	90%	10%
23. Sekgota Ntata Jeffrey	PT	PR Councillor	EFF	90%	10%
24. Selabe Machale Martha	PT	PR Councillor	EFF	90%	10%
25 Senamolela Mohlatlego Yvonne	PT	PR Councillor	EFF	80%	20%
26,Kubjana Jonathana Mokete	PT	PR Councillor	CIVIC WARRIORS	80%	N/A
27. Phuti Standford Masoga	PT	Ward Councillor	ANC	100%	N/A
28. Malebana Tlou Granny	PT	PR Councillor	ANC	100%	N/A
29. Chepape Sedupe Portia	PT	Ward Councillor	ANC	100%	N/A

Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
30. Machaka sina Matsheba	PT	<i>Ward Councillor</i>	ANC	90%	10%
31.Mabitsela Ramaru Isaac	PT	<i>Ward Councillor</i>	ANC	100%	N/A
32. Machete Matlala Elizabeth	PT	<i>Ward Councillor(5)</i>	ANC	100%	N/A

## APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

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

<b>Committees (other than Mayoral / Executive Committee) and Purposes of Committees</b>				
<b>Municipal Committees</b>	<b>Members</b>	<b>No. of meetings attended</b>	<b>No of meetings not attended</b>	<b>Purpose of Committee</b>
MUNICIPAL PUBLIC ACCOUNTS COMMITTEE  TOTAL MEETINGS HELD: 04	Rathete P.T	04	0	To perform an oversight function on behalf of the Council over the executive functionaries of the Council
	Modiba M.G	04	0	
	Nong M.C	04	0	
	Nakana S.R	04	0	
	Machaka C.M	04	0	
	Matjee M.C	02	02	
	Ramarutha E.M	04	0	
	Kubyana M.J	03	01	
	Sekgota N	03	01	
AUDIT & PERFORMANCE AUDIT COMMITTEE  TOTAL MEETINGS HELD: 07	Mr. Ngobeni	11	0	Established in terms of Section 166 of the MFMA. Committee established per Council resolution 5.1/11/08/2014 dated 11 August 2014.
	Mr. Maredi ID	10	01	
	Mr. Lekoloane T	11	0	
	Adv. Monobe TE	10	01	
	K Mathibela – Risk Chair	10	01	
ETHICS & INTERGRITY COMMITTEE TOTAL MEETINGS HELD:04	Cllr Nakana S.R	04	04	Enforcement of Councillor code of conduct
	Cllr Modiba G.M	04	04	
	Cllr Nong M.C	04	04	
	Cllr Kgotane T.O	04	04	
	Cllr Selabe M	04	04	
RISK MANAGEMENT COMMITTEE TOTAL MEETINGS HELD:04	Chairperson: Mathibela K	01	04	Appointed by the Accounting Officer / Authority to review the Institution's system of risk management
	Senior Managers And Risk Officer Chief Audit Executive	04	04	
ICT STEERING COMMITTEE  TOTAL MEETINGS HELD:	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	
	Moloto J : CAE	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

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

## APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

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

Municipal Functions	Function applicable to Municipality (Yes/No)*	Function applicable to Entity (yes/no)
Constitution schedule 4, Part B functions		
Air Pollution	NO	N/A
Building Regulations	YES	N/A
Child Care facilities	NO	N/A
Electricity and gas reticulation	YES	N/A
Firefighting services	NO	N/A
Local tourism	NO	N/A
Municipal airports	NO	N/A
Municipal planning	YES	N/A
Municipal Health Services	NO	N/A
Municipal Public Transport	NO	N/A
Municipal Public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this constitution or any other	YES	N/A
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related	NO	N/A
Storm water management systems in built up areas	NO	N/A
Trading regulations	YES	N/A

<b>Municipal Functions</b>	<b>Function applicable to Municipality (Yes/No)*</b>	<b>Function applicable to Entity (yes/no)</b>
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
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 2021/2022</b>					
<b>Ward No.</b>	<b>Name of ward Councillor elected committee members &amp; ward</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	07 reports submitted	02 ward public meetings held
	Sebone M				
	Nakana MA				
	Serakwasna NC				
	Sedima MA				
	Chabalala JM				
	Ramaila KS				
	Baloyi MS				
	Lebepe MJ				
	Manaka TS				
	Mutsusi TS				
2.	Cllr Rampyapedi N	Yes	07 meetings held	07 reports submitted	04 ward public meetings held
	Monyeseale MC				
	Ramaphakela SM				
	Phalakatshela LE				
	Monyepao MP				
	Ramotlou MA				
	Sediela ML				
	Hamise MM				
	Hamese MC				
	Makganyoha MS				
	Mapokgole Jm				
3.	Cllr Chopape S	Yes	07 meetings held	07 reports submitted	04 ward public meetings held
	Mukwevho MD				
	Saasa KC				
	Modiba MC				
	Makaepea AM				
	Lekgetha SA				
	Mamotheti DR				
	Ramaboea MO				
	Ramokgopa MP				
	Mantji MA				
	Matjehe NP				
4.	Cllr Rathaha M	Yes	07 meetings held	07 reports submitted	03 ward public meetings held
	Mmantji MM				
	Seshibedi KJ				
	Mashilompana MY				

<b>WARD COMMITTEE FUNCTIONALITY 2021/2022</b>						
<b>Ward No.</b>	<b>Name of ward Councillor elected committee members &amp; ward</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>	
	Mokgawa Mj Lefofane MM Ngaka MD Phooko MM Ratema MJ Phosa PP Leshabana MS					
5.	ClIr Ramarutha ME Mailula KP Mohale M Matlala BM Mohale DA Mogale MM Phosa SE Thepa MC Matlala MY Chohledi MJ Rakumako MP	Yes	07 meetings held	07 reports submitted	03 ward public meetings held	
6.	ClIr Machaka MS Pheena MP Maleka QM Makwala MH Monchela MD Rapholo MJ Rapholo IM Mokgokong RL Sekgota RS Machete MC Mailula MS	Yes	12 meetings held	07 reports submitted	03 ward public meetings held	
7.	ClIr Machethe ME Baloyi MH Raphadu DM Ramakgolo MS Racheku MC Ramonenyiwa MM Sebone TB Phooko MB Ramalatswa LM	Yes	12 meetings held	12 reports submitted	03 ward public meetings held	

<b>WARD COMMITTEE FUNCTIONALITY 2021/2022</b>					
<b>Ward No.</b>	<b>Name of ward Councillor elected &amp; 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>
	Kgopane LN Malema MJ				
8.	Cllr Ramusi M Mokgawa ML Ramahlelo MJ Matsapola KS Matjutla MI Matsapola TG Makwela SM Maake MN Rapudi MM Thobakgale TG Sebola MJ	Yes	12 meetings held	12 reports submitted	03 ward public meetings held
9.	Cllr Modiba M Motlalamobi T Ramadisa IC Makgobatlou DSP Pheeha MN Pheeha MH Ramanala MC Ramapuputla SS Masipa ME Machaka MD Kganakga TH	Yes	12 meetings held	12 reports submitted	03 ward public meetings held
10.	Cllr Moabelo ML Ramachela MM Morokolo SC Morifi LC Manthose MJ Machabaphala MS Sebone NJ Phukubye MC Masalesa MP Tsoke SM Kabe TM	Yes	12 meetings held	12 reports submitted	03 ward public meetings held
11.	Cllr Ngobeni M Mashapa SM	Yes	12 meetings held	12 reports submitted	03 ward public



<b>WARD COMMITTEE FUNCTIONALITY 2021/2022</b>					
<b>Ward No.</b>	<b>Name of ward Councillor elected &amp; 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>
	Ntlatla MS Mothemela MJ Moningi SE Matjea MJ Maupye(Kobe) MS Mabala MJ Chuene SM Manthata MV Selamolela MM				meetings held
12.	Cllr Letlalo MS Maluleke CM Molele SC Mokgota MB Mohlabeng TA Sebola N Mokwena MA Manthata JS Molemisi KM Manetshe MP Morata MJ	Yes	12 meetings held	12 reports submitted	04 ward public meetings held
13.	Cllr Kgopane Motimele PK Moeketsi MP Matjee TC Matlhadisa SJ Raphiri MJ Manokwane NC Mokgomme MW Masasane MA Makobela MC Mapanda PC	Yes	12 meetings held	12 reports submitted	04 ward public meetings held
14.	Cllr Mabitsela				

<b>WARD COMMITTEE FUNCTIONALITY 2021/2022</b>						
<b>Ward No.</b>	<b>Name of ward Councillor elected committee members &amp; ward</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>	
	Tau MS Ramaphala MR Matsapola MP Maphoto KP Seliti MN Thupana PJ Mathopa ME Kgatla MR Dipela MJ Kgare MM					
15.	ClIr Masoga PS Moitsi ME Matsebane TT Maupye KP Mashishi TL Mabitsela MO Nkoana MS Lamola LS Sebata MM Mothapo MF Buthane MS	Yes	12 meetings held	12 reports submitted	02 ward public meetings held	
16.	Nong M.C Mabetoa NR Tsiri RD Hlakola TP Maboya Kj Machabaphala JM Moholola MA	Yes	12 meetings held	8 reports submitted	02 ward public meetings held	

<b>WARD COMMITTEE FUNCTIONALITY 2021/2022</b>						
<b>Ward No.</b>	<b>Name of ward Councillor elected committee members</b>	<b>ward &amp; ward</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>
	Nkoana DB					
	Machaba MM					
	Mamabolo DM					
	Makgoka ML					

## 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 ELECTRICITY METERS	JUSBEN CONSULTING ENGINEERS	R1 048 811.50	Achieved	100% /	01 AND 10	None	07 October 2021	08 December 2020	3
SUPPLY, DELIVERY AND INSTALLATION OF x3 ENERGY SAVING HIGHMAST LIGHTS AT BRILLIANT, SPRINGS	JUSBEN CONSULTING ENGINEERS	R1 594 418.00	Achieved	100%	6,7 and 14	None	07 October 2020	08 January 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
AND SKHOKHO									
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 COMPLEX (TRN-KEY)	RIXONGILE CONSULTING ENGINEERS	R 2 922 150.00	Achieved	100%	12	None	23 November 2020	30 April 2021	3
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	115 ELECTRICAL SOLUTIONS	R 2 538 226.95	Achieved	100%	1 and 10	None	11 December 2020	14 June 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
AND MOREBENG									
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
<b>LOCAL ECONOMIC DEVELOPMENT AND PLANNING</b>									
DERMATATION 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	❖ NDOUKEYS TRADING AND PROJECT,	R 72 000.00	Achieved	Ongoing	All wards	None			

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
SERVICES, MAINTENANCE AND REPAIRS OF MUNICIPAL FLEET FOR PERIOD OF 12 MONTHS ON A CALL OUT BASIS	❖ SENWABAR WANA CONSTRUCTION AND PROJECT	R 80 000.00					01 April 2021	02 April 2022	N/A
	❖ 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	R105,983.72	Term Project	Ongoing	All wards	None	19 April 2021	18 April 2022	N/A
	OLRICH HOME OF TECHNOLOGY	R101,437.23							
IMPLEMENTATION AND MAINTENANCE 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 MAINTENANCE 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
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

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
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
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>									



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
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. Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 166 of the Municipal Finance Management Act and Circular 65 issued by National Treasury. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, and it has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein, except that we have not reviewed changes in accounting policies and practices.

### 2. Audit Committee members and attendance

The Audit Committee, consisting of independent outside members, meets at least four times per annum as per its approved terms of reference, although additional special meetings may be called as the need arises. The table below illustrates the number of meetings held during the 2021/2022 financial year and the attendance thereof by members:

Surname and Initial	Ordinary meeting	Special meetings	Total
Ngobeni SAB	4	7	11
Monobe T	4	6	10
Lekoloane T	4	7	11
Nevhutalu T*	4	7	10

\*appointed after year-end

### 3. The Effectiveness of Internal Control

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

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

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

#### **5. Performance Management**

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

#### **6. Risk Management**

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

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

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

#### **8. Internal Audit**

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

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

AGSA and Internal Audit recommendations were material implemented by management at the time of this report.

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

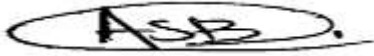
A material number of Audit Committee recommendations to management were implemented which is commendable.

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

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

#### **12. Conclusion**

The Audit Committee wishes to acknowledge the commitment from Council, management and staff of the municipality. The stability in terms of the political and administrative leadership of the municipality has contributed to these improvements reported above. We would also like to thank the Mayor for his support, Councillors, senior management for their efforts and internal audit for their contribution.

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

---

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

## **AUDIT COMMITTEE SCHEDULE OF RESOLUTIONS 2021/22**

AGENDA ITEM	RESOLUTION	RESPONSIBILITY	TIMEFRAME	PROGRESS	STATUS	REVISED DATE
<b>MINUTES OF THE ORDINARY AUDIT COMMITTEE MEETING 28 JULY 2021</b>						
1.Asset management	The management must ensure that the outstanding sample is verified to ensure the existence of assets.	CFO	Oct-21	Physical Verification of assets performed at year end	Completed	
2. Section 71 report	Develop a summary report on section reports	CFO	Oct-21	In year reporting summary (Section 52)	Completed	
3. SCM management audit	Submit outstanding information relating to SCM audit to the internal audit for conclusion	CFO	Oct-21	Updated Internal Audit Action plan	Completed	
4. Risk Management	The risk management closeout report should be submitted to the Audit Committee	Risk Officer	Oct-21	Closeout report submitted to Audit Committee	Completed	
5.Risk Management	Progress on the risk management implementation plan be circulated to Audit Committee members	Risk Officer	Oct-21	Risk implementation plan included in the pack	Completed	
6.Risk Management	The strategic summary report should show the comparison of achievement per quarter.	Risk Officer	Oct-21		Completed	
7. Litigation reports	Submit in the next meeting a summary report of all cases that have been finalized, how they were finalized and show whether they were in favor of the Municipality or not.	Legal Manager	Oct-21	The report has been included in the agenda	Completed	
	A separate report that shows the cases where the municipality is defending and initiating the matter.	Legal Manager	Oct-21	The report has been included in the agenda	Completed	
	A separate report on Labour related matters	Legal Manager	Oct-21	There were no labor-related issues reported to the legal department.	Completed	

	Have a summary of costs incurred for each case which will assist the municipality to track the spending on legal costs for each case.	Legal Manager	Oct-21	A legal fees column will be added to the upcoming presentation to display how much money is being spent on these cases.	In progress	
	Audit Committee member Adv Monobe to meet with the Legal Service manager to have further discussion on the contingent register.	Legal Manager	Oct-21		Completed	
8. AFS process plan	Coordinate two Special Audit Committee Meetings for the review of the first and the final draft annual financial statement and the draft performance report.	CAE	Oct-21	Special Audit Committed was held on the 17 August 2021 and 28 August 2021	Completed	
9. Quarterly performance report	Submit the report on the implementation of the current SDBIP 2021/22.	Manager Executive Support	Oct-21	Quarterly performance report has been included in the pack	Completed	
<b>MINUTES OF THE SPECIAL AUDIT COMMITTEE MEETING 17 AUGUST 2021</b>						
1. 2020/21 APR	The APR should be submitted to the various stakeholders by the 20th August 2021.	Manager Executive Support	Oct-21	The APR has been sent to various stakeholders for review	Completed	
	The outstanding information should be submitted by 18 August 2021	Manager Executive Support	Oct-21	All outstanding information departments has been submitted has been submitted	Completed	
<b>MINUTES OF THE SPECIAL AUDIT COMMITTEE MEETING 28 AUGUST 2021</b>						
1. AFS 2020/21	Updated version of the AFS to be circulated to all members on the 29 August 2021.	CFO	Oct-21	Final version of the AFS was circulated to members of the Audit Committee.	Completed	

2. 2020/21 AFS and APR	The Audit Committee Pack should include the following reports: APR, AFS, Internal Audit Report and the observation of Provincial Treasury and CoGHSTA.	CAE	Oct-21	The special Audit Committee pack for the meeting held on the 28 August 2021 included the APR, AFS, Internal Audit Report and the observation of Provincial Treasury and CoGHSTA.	Completed	
<b>MINUTES OF THE ORDINARY AUDIT COMMITTEE MEETING 26 OCTOBER 2021</b>						
1. SCM Performance report	The inclusion of the local content in the SCM report	CFO	Jan-22	The report on local content has been included in the SCM report	Completed	
2. Section 71 report	The analysis on section 71 reports should include the column for the corrective action	CFO	Jan-22	Analysis on section 71 and corrective measures have been included in the report	Completed	
	Provide reasons on transactions that do not show actual on the summary report for section 71	CFO	Jan-22	Analysis on section 71 and corrective measures have been included in the report	Completed	
3. Internal Audit unit	Arrange a meeting with AG to discuss the audit fees	CAE	Oct-21	The audit fees meeting has been coordinated and held	Completed	
4. The appointment of Internal Auditors	To speed up the appointment of the 02 internal auditors position to improve the human resource within the unit.	Senior Manager Corporate Services	Apr-22	The internal audit positions have been filled effective from 1 June 2022	Completed	
<b>MINUTES OF THE ORDINARY AUDIT COMMITTEE MEETING 26 JANUARY 2022</b>						
1. Mscoa Quarterly report	Schedule a mSCOA steering committee to address the issues raised during the assessment of data streams	CFO	Apr-22	Issues of data strings raised are being resolved on a monthly basis and update the Mscoa roadmap on a	Completed	

				quarterly basis for progress.		
2. Risk Management	The risk implementation strategy will be distributed to members of the Audit Committee.	Risk Officer	Immediately		In progress	
	Popi act should be a standing item in the risk committee meeting, with a report to the Audit Committee at the following meeting.	Risk Officer	Apr-22	The POPIA was discussed at the risk management meeting.	Completed	
Internal Audit	The municipality should find a dedicated person to facilitate the process of updating the FMCMM report and submit to internal audit for review	Acting Municipal Manager	Apr-22	The risk management officer has been designated as the official in charge of coordinating the FMCMM.	Completed	
	FMCMM action plan should be submitted to Audit Committee on quarterly basis	CAE	Apr-22	The FMCMM action plan has been included in the agenda	Completed	
Annual report	Include an item on the Annual report in the next special Committee Meeting	Manager Executive Support	Apr-22	The matter was discussed during the meeting	Completed	
	Include information on the issues raised in the annual report as well as progress toward resolution of those issues.	Manager Executive Support	Apr-22	This section was included in the Mid-year report. Issues by MPAC were resolved. There were no issues raised by community	Completed	
	MPAC's key issues identified during public participation on the annual report	Manager Executive Support	Apr-22	This section was included in the Mid-year report. Issues by MPAC were resolved. There were no issues raised by community	Completed	
Legal Services	Inclusion of legal reports in the next special Audit Committee meeting	Manager legal Services	Apr-22	Litigation reports were submitted and discussed in a	Completed	

				meeting held on the 6 July 2022		
<b>MINUTES OF THE SPECIAL AUDIT COMMITTEE MEETING 22 FEBRUARY 2022</b>						
1. Budget adjustment	The inclusion of current expenditure in the report for comparison.	CFO	Apr-22	The inclusion of the current expenditure was done.	Completed	
	The report should include the reason for the debt impairment.	CFO	Apr-22	The reason for impairment was included in the council pack of adjustment budget	Completed	
	Give reasons for non-adjusted items and expand on the reason for adjustment given.	CFO	Apr-22	Reasons for adjustments was expanded and non-adjustments items were given reasons.	Completed	
	Rephrase the reasons for expenditure under capital expenditure.	CFO	Apr-22	Reasons for capital expenditure was rephrased.	Completed	
2.Adjustment budget	The adjusted SDBIP should be finalized five days after the approval of the budget. The budget adjustment was recommended to Council for approval	Manager executive support	Apr-22	Adjusted SDBIP approved and pasted on the website	Completed	
3. Ad hoc	It was resolved that the request be approved subject to the appointment of the two internal auditor positions	Senior Manager Corporate Services	Apr-22	The internal Audit has performed the review on the performance bonus of all employees	Completed	
4. ICT Report	The column for progress should be added onto the resolution register	Senior Manager Corporate Services	Apr-22		In progress	



**MINUTES OF THE ORDINARY AUDIT COMMITTEE MEETING 26 APRIL 2022**

1. Risk Management	The risk management should be coordinated seven days before the Audit Committee Meeting.	Risk Officer	Next meeting		In progress	
	POPIA should be a standing item in the Audit Committee Meeting	Risk Officer	Next meeting	Item on POPIA has been added to the AC agenda	Completed	
	Submit the strategic risk register to the special Audit Committee meeting in May 2022.	Risk Officer	May-22	A strategic risk register was submitted at a meeting on 24 May 2022	Completed	
	The development of the POPIA risk assessment by the risk office.	Risk Officer	Jun-22		In progress	
2. Internal audit progress report	The SCM project has been approved for an extension, with a completion date of end of May	CAE	Jun-22	SCM project has been completed and included is part of the agenda items	Completed	

**MINUTES OF THE SPECIAL AUDIT COMMITTEE MEETING 24 MAY 2022**

Budget 2022/23	Management must ensure that all Treasury guidelines for budgeting are taken in to consideration	CFO	27-May-22	Approved Budget prepared in line with Budget Circular	Completed	
	All assumptions, particularly the inflation increase, should be adequately explained in the budget.	CFO	27-May-22	Approved Budget prepared in line with Budget Circular	Completed	
	Because the municipality used both the zero-based method and the incremental method, the budget must show the year-to-date actual to justify the proposed budget.	CFO	27-May-22	Approved Budget prepared in line with Budget Circular	Completed	
	Management must ensure that the budget is submitted to Council in the prescribed format as required by the MBRR.	CFO	27-May-22	Approved Budget prepared in line with Budget Circular	Completed	

Litigation report	The Audit Committee has requested that a meeting be called to discuss the issue of non-submission of litigation reports.	Manager executive support	Immediately	Litigation reports were submitted and discussed in a meeting held on the 6 July 2022	Completed	
IDP 2022/23	Review the IDP as some of the paragraphs appear to be outdated.	Senior Manager LED&P	Immediately	IDP was adequately reviewed and updated	Completed	
	Alignment of the Budget and the IDP should also be done to ensure that a credible document is submitted to Council.	Senior Manager LED&P	Immediately	The exercise of the alignment between the budget and IDP was done	Completed	

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

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

# APPENDICES

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

<b>Long term contracts (20 Largest Contracts Entered into during 2020/21)</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>									
Mogwadi Upgrading of Internal Streets from Gravel to Surfacing (Turn Key)	Sef Mod JV Fubu Africa	R 2 859 216.25	Achieved	100%	None	None	4-Aug-21	14-Jan-22	3
Construction of 1.4km Road Linking Kgwadu Primary School and Botlokwa Primary School-Phase 2	Pheladi Noko B1 Funeral And Construction	R 7 241 000.76	Achieved	100%	None	None	4-Aug-21	18-Feb-22	3
Planning, Design And Project Management Of 2km Ga-Sako Upgrading Of Internal Street From Gravel To Surfacing (Multi Years)	Nevhutalo Consulting Engineers	R 311 850.00	Achieved	100%/	None	None	26-Aug-21	30-Jun-23	3
Planning, Design And Project Management Of Upgrading Of Phaudi Internal Street From	Tshashu Consulting And Projects Managers	R 383 125.00	Achieved	100%	None	None	26-Aug-21	30-Jun-22	3-

# APPENDICES

Project Name	Appointed service provider (consultant / contractor / supplier)	Total Project value	Project achieved /not achieved /Term contract	Project status quo	Reason for variance	Mitigation measure	Project Start Date	Project End Date	Rating Score
Gravel To Surface									
Ga-Sako Upgrading of 0.4km Internal Street from Gravel to Surfacing	Putuku Trading And Projects (Pty) Ltd	R 2 803 060.89	Achieved	100%	None	None	12-Nov-21	30-Jun-22	3
Upgrading of Phaudi Internal Street from Gravel to Surface	Pheladi Noko B/Mgoda Jv	R11 510 293.48	Achieved	100%	None	None	12-Nov-21	30-Jun-22	3
Supply, Delivery, And Installation of 15culvert Bridges (Pipes/Portal Culverts)	Courtesy Management	R 3 581 815.88	Not Achieved	Active	Heavy rains led to soil erosion which affected the initial measurements	Amendment of the contract and Roll-over the project into 2022/23 financial year	21-Dec-21	2022/2023 Financial year	N/A
Supply and Delivery Of Sabs Approved 150 Single Phase Split Plc Prepaid Electricity Meters	Maborooroo PTY Ltd	R 309 000.00	Achieved	100%	None	None	17-Dec-21	17-Mar-22	3
Supply, Delivery, Commissioning of Two Back-Up 80kva Three Phase Diesel Generators	Winding Technologies	R 657 167.50	Achieved	100%	None	None	15-Dec-21	15-Mar-22	3
Supply, Delivery and	Xsemble (Pty) Ltd	R 2 772 146.20	Not Achieved	Active	There was delay in manufacture	Project to be rolled	5-Jan-22	31-Dec-222	N/A

# APPENDICES

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
Installation of 6 High Mast Lights					ing high mast lights material	over to 1 <sup>st</sup> Quarter 2022/23			
Electrification Of Households In Fatima Village And Construction Of Bulk Point Turn-Key).	Jusben Engineering Services	R 6,514,750.00	Not Achieved	Active	Voltage capacity constraint caused the project to delay.	Project to be rolled over to 2nd Quarter 2022/2023	15-Dec-21	31 December 2022	N/A
<b>Municipal Transformation and Organizational Development</b>									
Provision Of Security Services For A Period Of 36 Months	Motane Investment Cc (West)  TDP Enterprise And Projects(East)	R 16 650 727.28  R 8 325 695.37	Term Project	Ongoing	None	None	1-Aug-21	31-Jul-24	N/A
Supply and Delivery Of 2x Brand New Vehicles	Deelight Group	R 1 485 593.00	Achieved	100%	None	None	6-Dec-21	31-Dec-21	3
Supply And Delivery Of A Tractor With Grass Cutting Machine	Mpekeng General Trading	R 600 000.00	Achieved	100%	None	None	13-Dec-21	30-Jan-22	3
Development And Maintenance Of The Municipality Valuation Roll	Mod Hope	R1 950 000.00	Achieved	100%	None	None	14-Apr-22	13-Apr-25	3
<b>Spatial rationale and Local Economic Development</b>									
Surveying Of Existing Settlement	Masungulo Ya Ndzaka	R 275 000.00	Achieved	100%	None	None	7-Jun-22	31-Jul-22	3

# APPENDICES

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
Demarcation Of 250 Sites At Mogwadi	Masungulo Wa Ndzaka Group	R 305 000.00	Achieved	100%	None	None	7-Jun-22	31-Dec-22	3
Compilation Of Precinct Plan	Global Solution Development	R 280 600.00	Achieved	100%	None	None	8-Dec-21	30-May-22	3
Agricultural Skills Development And Mentorship	Agriesy Investment (Pty)Ltd	R 282 900.00	Achieved	100%g	None	None	3-Jun-22	30-Jun-22	3
Procurement, Supply And Delivery Of Assorted Seeds Packs.	Msmiley (Pty) Ltd	R 1 029 500.00	Achieved	100%	None	None	17-Dec-21	30-Jun-22	3

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

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

# APPENDICES

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

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

Revenue Collection Performance by Vote						
						R' 000
Vote Description	Year 2020/21	Current: Year 2021/22			Year 0 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
<b>Vote 01 - Corporate Services</b>						
01.1 - Corporate Services Admin	17,326	0	0	0	-	-
01.2 - Human Resources	482,513	213,512	213,513	80,361	133,151	133,152
01.3 - Information Technology Services	0	0	0	0	-	-
01.4 - Council Support	0	0	0	0	-	-
01.5 - Local Economic Development	0	0	0	0	-	-
01.6 - Municipal Planning Idp	43,334	35,427	35,427	40,312	(4,885)	(4,885)
01.7 - Town & Regional Planning	34,271	114,221	114,221	14,725	99,496	99,496
01.8 - Led Administration	0	0	0	0	-	-
<b>Vote 02 - Municipal Manager</b>						
02.1 - Municipal Manager Admin	0	0	0	0	-	-
02.2 - Legal Services	0	0	0	0	-	-
02.3 - Political Office Beares	0	0	0	0	-	-
02.4 - Pms	0	0	0	0	-	-
02.5 - Internal Audit	0	0	0	0	-	-
<b>Vote 03 - Mayors Office</b>						
03.1 - Mayors Office Admin	0	0	0	0	-	-
03.2 - Office Of The Speaker	0	0	0	0	-	-
03.3 - Office Of The Chief Whip	0	0	0	0	-	-
03.4 - Exco Members	0	0	0	0	-	-
03.5 - Council General Administration	0	0	0	0	-	-
<b>Vote 04 - Budget And Treasury</b>						
					-	-



# APPENDICES

Revenue Collection Performance by Vote						
						R' 000
Vote Description	Year 2020/21	Current: Year 2021/22			Year 0 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
04.1 - Budget And Treasury Admin	165,477,440	212,574,668	232,574,668	232,590,341	(20,015,673)	(15,673)
04.2 - Chief Financial Officer Admin	0	0	0	0	-	-
04.3 - Budget & Reporting	1,729,419	2,606,550	2,606,550	2,543,773	62,777	62,777
04.4 - Budget & Reporting	0	0	0	0	-	-
04.5 - Revenue Management	29,616	29,797	29,797	30,694	(897)	(897)
04.6 - Supply Chain Management	0	0	0	0	-	-
04.7 - Expenditure	0	0	0	0	-	-
<b>Vote 05 - Community Services</b>					-	-
05.1 - Community Services Admin	1,167,000	1,304,000	1,304,000	2,497,402	(1,193,402)	(1,193,402)
05.2 - Libraries	0	0	0	0	-	-
05.3 - Sports Recreation & Social Amenities	211,717	247,951	247,951	214,681	33,270	33,270
05.4 - Traffic Service	4,026,623	8,637,460	8,637,460	5,377,384	3,260,076	3,260,076
05.5 - Traffic Service	0	0	0	0	-	-
05.6 - Parks; Cemeteries	7,269	13,131	13,131	18,284	(5,153)	(5,153)
05.7 - Refuse	2,417,319	2,621,246	2,621,246	2,882,790	(261,544)	(261,544)
05.8 - Taxi Ranks	0	0	0	0	-	-
<b>Vote 06 - Technical Services</b>					-	-
06.1 - Mpac	0	0	0	0	-	-
06.2 - Technical Services Admin	0	0	0	0	-	-
06.3 - Techn Serv-Roads: Admin	0	0	0	0	-	-
06.4 - Techn Serv-Stormwater: Admin	0	0	0	0	-	-
06.5 - Project Management Unit	35,482,718	37,000,000	38,000,000	37,991,020	(991,020)	8,980
06.6 - Electrical & Machinery	19,907,232	22,300,209	22,300,209	15,799,013	6,501,196	6,501,196
06.7 - Water	328,420	438,143	438,143	742,790	(304,647)	(304,647)
06.8 - Sanitation	519,064	283,566	283,566	0	283,566	283,566
<b>Total Revenue by Vote</b>	<b>231,881</b>	<b>288,420</b>	<b>309,420</b>	<b>300,824</b>	<b>(12,403,689)</b>	<b>8,596,312</b>
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3</i>						T K.1

# APPENDICES

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

Revenue Collection Performance by Source						
R '000						
Description	Year 2020/21	Year 2021/22			Year 0 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	48,558	51,482	39,610	30,599	20,882,836	9,010,620
Property rates - penalties & collection charges	-	-	-	-	-	-
Service Charges - electricity revenue	8,433	11,711	11,711	8,206	3,505,283	3,505,283
Service Charges - water revenue	-	-	-	-	-	-
Service Charges - sanitation revenue	-	-	-	-	-	-
Service Charges - refuse revenue	2,629	2,391	2,391	2,742	(351,031)	(351,031)
Service Charges - other	-	-	-	-	-	-
Rentals of facilities and equipment	255	254	254	218	35,867	35,867
Interest earned - external investments	2,678	2,708	2,708	4,709	(2,000,562)	(2,000,562)
Interest earned - outstanding debtors	1,342	1,515	1,515	1,493	22,449	22,449
Dividends received	-	-	-	-	-	-
Fines	493	1,339	1,339	629	709,793	709,793
Licences and permits	4,891	7,686	7,686	5,092	2,594,534	2,594,534
Agency services	719	722	722	743	(21,081)	(21,081)
Transfers recognised - operational	185,288	161,092	162,092	161,911	(818,741)	181,259
Other revenue	1,348	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>256,634</b>	<b>267,230</b>	<b>256,358</b>	<b>219,368</b>	<b>47,862,154</b>	<b>36,989,938</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>						T K.2

# APPENDICES

## APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants: excluding MIG						
						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
<b>National Government:</b>						
<i>Expanded Public Works Programme Integrated Grant</i>	1,429,000	1,429,000	1,420,270	8,730	8,730	Waste & environmental Management
<i>Local Government Financial Management Grant</i>	2,300,000	2,300,000	2,127,729	172,271	172,271	Interns Salaries: , Training and education , minimum competency , assets and inventory module and software licenses
<i>Intergrated National Electricity Programme</i>	10,000,000	10,000,000	7,383,558	2,616,442	2,616,442	
<b>Provincial Government:</b>				-	-	
<i>MSIG</i>	-	-	-	-	-	
				-	-	
<i>District Municipality:</i>				-	-	
<b>Community and Social Services</b>				-	-	Stipend for community waste collection
				-	-	
				-	-	
				-	-	
<b>Total</b>	13,729,000	13,729,000	10,931,557	2,797,443	2,797,443	
<p>* This includes Neighbourhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG) which is dealt with in the main report, see T 5.8.3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Obtain a list of grants from national and provincial government.</p>						T L

# APPENDICES

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

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

Capital Expenditure - New Assets Programme*							
R '000							
Description	Year 2019/20	Year 2020/21			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY 2021/22	FY 2022/23	FY 2023/24
<b>Capital expenditure by Asset Class</b>							
<b>Infrastructure - Total</b>	<b>36,106</b>	<b>55,429</b>	<b>54,399</b>	<b>44,102</b>	<b>52,646</b>	<b>37,453</b>	<b>50,302</b>
<b>Infrastructure: Road transport - Total</b>	32,776	40,588	39,558	32,309	34,446	29,653	39,802
<i>Roads, Pavements &amp; Bridges</i>	32,776,267	40,587,900	39,557,977	32,308,940	34,446,331	29,653,020	39,802,400
<i>Storm water</i>							
<b>Infrastructure: Electricity - Total</b>	<b>3,330</b>	<b>14,841</b>	<b>14,841</b>	<b>11,793</b>	<b>18,200</b>	<b>7,800</b>	<b>10,500</b>
<i>Generation</i>							
<i>Transmission &amp; Reticulation</i>	3,329,856	14,840,885	14,840,885	11,793,428	18,200,000	7,800,000	10,500,000
<i>Street Lighting</i>							
<b>Infrastructure: Water - Total</b>	-	-		-	-	-	-
<i>Dams &amp; Reservoirs</i>							
<i>Water purification</i>							
<i>Reticulation</i>							
<b>Infrastructure: Sanitation - Total</b>	-	-		-	-	-	-
<i>Reticulation</i>							
<i>Sewerage purification</i>							
<b>Infrastructure: Other - Total</b>	-	-		-	-	-	-
<i>Waste Management</i>							
<i>Transportation</i>							
<i>Gas</i>							
<i>Other</i>							
<b>Community - Total</b>	-	<b>300</b>	<b>300</b>	<b>1,156</b>	-	-	<b>1,500</b>
<i>Parks &amp; gardens</i>	0	0	0	0	0	0	0
<i>Sportsfields &amp; stadia</i>							
<i>Swimming pools</i>							
<i>Community halls</i>				0	-		

# APPENDICES

## 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 2021/22	FY 2022/23	FY 2023/24
Libraries							
Recreational facilities	0	0	0	0			
Fire, safety & emergency							
Security and policing							
Buses							
Clinics							
Museums & Art Galleries							
Cemeteries							
Social rental housing							
Other	0	300,000	300,000	1,156,205	0		1,500,000
<i>Table continued next page</i>							
<i>Table continued from previous page</i>							

## Capital Expenditure - New Assets Programme\*

R '000

Description	Year 2017/18	Year 2018/19			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
<b>Capital expenditure by Asset Class</b>							
<b>Heritage assets - Total</b>	-	-		-	-	-	-
Buildings							
Other							
<b>Investment properties - Total</b>	-	-		-	-	-	-
Housing development							
Other							
-							
<b>Other assets</b>	-	1,900	1,900	1,818	1,350	900	-
General vehicles	0	0	0	0	0	0	0
Specialised vehicles							
Plant & equipment	0	0	0	0	0	0	0
Computers - hardware/equipment	0	1,600,000	1,600,000	1,518,852	0	0	0

# APPENDICES

## Capital Expenditure - New Assets Programme\*

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

# APPENDICES

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

Capital Expenditure - Upgrade/Renewal Programme*							
							R '000
Description	Year 2017/18	Year 2018/19			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY 2019/20	FY 2020/21	FY 2021/22
<b>Capital expenditure by Asset Class</b>							
<b>Infrastructure - Total</b>	-	-	-	-	-	-	-
Infrastructure: Road transport -Total	-	-	-	-			
<i>Roads, Pavements &amp; Bridges</i>	0	0	0	0			
<i>Storm water</i>							
<b>Infrastructure: Electricity - Total</b>	-	-	-	-	-	-	-
<i>Generation</i>							
<i>Transmission &amp; Reticulation</i>	0	0	0	0	0	0	0
<i>Street Lighting</i>							
<b>Infrastructure: Water - Total</b>	-	-		-	-	-	-
<i>Dams &amp; Reservoirs</i>							
<i>Water purification</i>							
<i>Reticulation</i>							
<b>Infrastructure: Sanitation - Total</b>	-	-		-	-	-	-
<i>Reticulation</i>							
<i>Sewerage purification</i>							
<b>Infrastructure: Other - Total</b>	-	-		-	-	-	-
<i>Waste Management</i>							
<i>Transportation</i>							
<i>Gas</i>							
<i>Other</i>							
<b>Community</b>	-	-	-	-	-	-	-
Parks & gardens							
Sportsfields & stadia	0	0	0	0			
Swimming pools							
Community halls							
Libraries							
Recreational facilities			0	0	0		
Fire, safety & emergency							
Security and policing							
Buses							

# APPENDICES

## Capital Expenditure - Upgrade/Renewal Programme\*

R '000

Description	Year 2017/18	Year 2018/19			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY 2019/20	FY 2020/21	FY 2021/22
Clinics							
Museums & Art Galleries							
Cemeteries		0				0	
Social rental housing							
Other							
<b>Heritage assets</b>	-	-	-	-	-	-	-
Buildings							
Other							
<i>Table continued next page</i>							
<i>Table continued from previous page</i>							

## Capital Expenditure - Upgrade/Renewal Programme\*

R '000

Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 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							
Other Buildings		0					
Other Land							
Surplus Assets - (Investment or Inventory)							
Other							
<b>Agricultural assets</b>	-	-		-	-	-	-



# APPENDICES

## Capital Expenditure - Upgrade/Renewal Programme\*

R '000

Description	Year 2017/18	Year 2018/19			Planned Capital expenditure			
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY 2019/20	FY 2020/21	FY 2021/22	
<i>List sub-class</i>								
<b>Biological assets</b>	-	-		-	-	-	-	
<i>List sub-class</i>								
<b>Intangibles</b>	-	-	-	-	-	-	-	
Computers - software & programming	0		0	0	0			
Other ( <i>list sub-class</i> )								
<b>Total Capital Expenditure on renewal of existing assets</b>	-	-	-	-	-	-	-	
<b>Specialised vehicles</b>	-	-		-	-	-	-	
Refuse								
Fire								
Conservancy								
Ambulances								
* Note: Information for this table may be sourced from MBRR (2009: Table SA34b)								T M.2

# APPENDICES

## APPENDIX N – CAPITAL PROGRAMME BY PROJECT YEAR 2020/21

Capital Programme by Project: Year 2020/21					
					R' 000
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
<b>Electricity</b>					
Smart Meters	310,000.00	310,000.00	309,000.00	0%	0%
Electrification of Fatima Households	10,000,000.00	10,000,000.00	6,420,484.79	-0.55751479	-56%
High mast Lights	2,772,147.00	2,772,147.00	1,500,949.00	-85%	-85%
Standby Generators	700,000.00	700,000.00	610865.86	-15%	-15%
<b>Storm water /Roads</b>					
Culvert Bridges	3,960,000.00	3,581,817.00	1,473,003.00	-143%	-169%
Mogwadi Internal Streets	3,000,000.00	2,640,888.00	2,486,207.00	-6%	-21%
Phaudi Internal Streets	20,000,000.00	20,000,000.00	17,383,735.00	-15%	-15%
Kgwadu Internal Streets	11,088,019.00	11,088,019.00	9,641,513.78	-15%	-15%
Ga Sako Internal Streets	4,061,981.00	4,061,981.00	3,532,157.36	-15%	-15%
Mogwadi Office Block	2,000,000.00	2,000,000.00	-		
<b>ICT</b>					
ICT Equipment	636,000.00	636,000.00	592,069.00	-7%	-7%
					T N

# APPENDICES

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

Capital Programme by Project by Ward: Year 2021/22		
		R' 000
Capital Project	Ward(s) affected	Works completed (Yes/No)
<b>Electricity</b>		
Smart Meters	01 and 10	Yes
Electrification of 400 Fatima Households	11 and 12	No
Installation of 6 High mast Lights	2,4,8, 12,14 and 16	Yes
Installation of 2 Standby Generators	01 and 10	Yes
<b>Storm water /Roads</b>		
Installation of 10 Culvert Bridges	1, 3,4, 5, 7, 8 and 9	Yes
Upgrading of 400 meter Mogwadi Internal Streets	10	Yes
Upgrading of 2.5 km Phaudi Internal Streets	15	Yes
Upgrading of 1.4 Kgwadu Internal Streets	6	Yes
Upgrading of 400 m Ga Sako Internal Streets	16	Yes
Mogwadi Office Block	10	No
<b>ICT</b>		
ICT Equipment	Municipal Wide	No
		<i>T O</i>

## 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

# APPENDICES

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

T Q

## 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

# APPENDICES

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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 Municipality  
(Registration number  
LIM353)  
Financial statements  
for the year ended 30  
June 2022

# Molemole Municipality

(Registration number LIM353)

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## Nature of business and principal activities

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

Mayor

Cllr M E Paya

Speaker

Moreroa MS(July 2021-October 2021)

Matlou D (November 2021-current)

Chief Whip

Rathaha EM

Councillors

Cllr P T Rathete

Cllr Nakana SR

Cllr MD Lehong (July 2021-  
October 2021) Cllr ML Moabelo

Cllr NW Seakamela (July 2021-  
October 2021) Cllr NF Rampyapedi

Cllr MD Meso(July 2021-October  
2021) Cllr SW Mafona

(November 2021-Current) Cllr

MO Motolla (November 2021-

Current) Cllr BM Hlapa

(November 2021-Current) Cllr

MC Matjee

Cllr MP Makgato

Cllr MA Makgoka (July 2021-  
October 2021) Cllr MQ Malema

(July 2021-October 2021) Cllr PT

Rakimane (July 2021-October

2021) Cllr MA Kobo(July 2021-  
October 2021)

Cllr MI Mohafe(July 2021-

October 2021 Cllr RL Mpati

(July 2021-October 2021)



## Molemole Municipality

(Registration number LIM353)

Cllr M J Manthata(July 2021-  
~~October 2021) Cllr PS Masoga~~

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Cllr MJ Leferela (July 2021-October 2021)

Cllr NS Ramukhubedi(July 2021-  
October 2021) Cllr SE Kobola (July  
2021-October 2021)

Cllr TE Raphaswana(July 2021-  
October 2021) Cllr GM Sepheso(July  
2021-October 2021) Cllr MD  
Marutha (July 2021-October 2021)  
Cllr MP Tloubatla (July 2021-August  
2021) Cllr NM Hopane(July 2021-  
October 2021)

Cllr M Mufamadi (September 2021-  
October 2021) Cllr FM Mokwele  
(October 2021 & December 2021) Cllr  
ME Ramarutha(November 2021-  
Current)

Cllr MS Machaka(November 2021-  
Current) Cllr MY  
Senamolela(November 2021-  
Current) Cllr NG Sekgota  
(November 2021-Current) Cllr TM  
Mapholletja (November 2021-  
Current) Cllr MJ Poopedi  
(November 2021-Current) Cllr Mm  
Selabe (November 2021-Current)  
Cllr RL Sepuru (November 2021-  
Current)

Cllr MV Ramusi (November  
2021-Current) Cllr MC  
Nong(November 2021-Current)

Cllr MS Ngobene (November 2021-Current)

# Molemole Municipality

(Registration number LIM353)

## GENERAL INFORMATION

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Cllr SP Chepape (November 2021-  
Current) Cllr TG Malebana  
(November 2021-Current) Cllr ME  
Rahlana (November 2021-  
Current) Cllr RI  
Mabitsela(November 2021-  
Current) Cllr TO  
Kgopane(November 2021-  
Current) Cllr MS  
Letlalo(November 2021-Current)  
Cllr ME Machethe (November  
2021-Current) Cllr GM  
Modiba(November 2021-Current)  
Cllr MJ Kubyana(April 2021-  
Current)

**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**

Acting Miss Khanyisile Zulu

**Business address**

303 Church Street

Mogw  
adi  
0715

**Postal address**

Private Bag X44

Mogw  
adi  
0715

# Molemole Municipality

(Registration number LIM353)

**Bankers**

Nedbank

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**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  
T.G Nevhutalu Mr  
TA Lekoloane

# Molemole 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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## Molemole Municipality

(Registration number LIM353)

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

## Molemole Municipality

(Registration number LIM353)

### ACCOUNTING OFFICER'S RESPONSIBILITIES AND APPROVAL

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the 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 Recognized 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 she is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

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

The financial statements set out on pages 6 to 78, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2022 and were signed on its behalf by:



**Accounting Officer Miss Khanyisile Zulu**

# Molemole Municipality

(Registration number LIM353)

## ACCOUNTING OFFICER'S REPORT

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The accounting officer submits her report for the year ended 30 June 2022.

### 1. GOING CONCERN

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

We draw attention to the fact that at 30 June 2022, the municipality had an accumulated surplus/ (deficits) of 407 400 641 and that the municipality's total assets exceed its liabilities by 455 120 361.

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

- There is no intention to cease operation and municipal budget for MTREF period is support this
- The municipality has a healthy solvency and liquidity ration
- The municipality continue to achieve net surplus for 2022 and 2021 financial year.
- There are no material commitments or litigation at balance sheet that threatens the going concern assumption.

### 2. SUBSEQUENT EVENTS

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

### 3. ACCOUNTING POLICIES

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

# Molemole Municipality

(Registration number LIM353)

## Statement of Financial Position as at 30 June 2022

Figures in Rand	Note(s)	2022	2021 Restated*
<b>Assets</b>			
Current Assets			
Inventories	8	546 907	1 052 291
Receivables from exchange transactions	9	4 143 002	2 675 147
Receivables from non-exchange transactions	10	58 660 439	58 424 655
VAT receivable	11	10 082 009	12 523 910
Cash and cash equivalents	12	105 267 742	89 545 719
		<b>178 700 099</b>	<b>164 221 722</b>
Non-Current Assets			
Investment property	3	1 546 001	1 614 335
Property, plant and equipment	4	334 024 909	311 014 463
Intangible assets	5	1 150 575	1 567 913
Heritage assets	6	392 850	380 300
		<b>337 114 335</b>	<b>314 577 011</b>
<b>Total Assets</b>		<b>515 814 434</b>	<b>478 798 733</b>
<b>Liabilities</b>			
Current Liabilities			
Payables from exchange transactions	18	19 346 174	19 398 292
Consumer deposits	19	509 126	505 376
Unspent conditional grants and receipts	14	2 915 046	737 365
Other current liability	16	235 693	282 504
Current Employee Benefit	17	10 545 798	9 746 531
		<b>33 551 837</b>	<b>30 670 068</b>
Non-Current Liabilities			
Employee benefit obligation	7	11 839 000	10 048 000
Provisions	15	15 303 236	15 462 262
		<b>27 142 236</b>	<b>25 510 262</b>
<b>Total Liabilities</b>		<b>60 694 073</b>	<b>56 180 330</b>
<b>Net Assets</b>		<b>455 120 361</b>	<b>422 618 396</b>
Reserves			
Revaluation reserve	13	47 719 720	47 707 170
Accumulated surplus		407 400 641	374 911 211
<b>Total Net Assets</b>		<b>455 120 361</b>	<b>422 618 381</b>

\* See Note 56 & 57



# Molemole Municipality

(Registration number LIM353)

## Statement of Financial Performance

Figures in Rand	Note(s)	2022	2021 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service charges	21	10 948 366	11 061 887
Rental of facilities and equipment	22	258 443	254 993
Interest received - debtors	25	583 334	628 249
Commission Received	27	742 790	718 633
Licences and permits	24	5 091 640	4 890 684
Other income	28	474 334	113 522
Interest received - investment	29	4 708 768	2 677 572
<b>Total revenue from exchange transactions</b>		<b>22 807 675</b>	<b>20 345 540</b>
<b>Revenue from non-exchange transactions</b>			
Property rates	30	30 599 233	49 558 003
Interest received -debtors	26	909 511	714 069
Government grants & subsidies	31	204 435 319	230 316 073
Public contributions and donations	32	-	1 234 955
Fines, Penalties and Forfeits	23	628 430	493 491
<b>Total revenue from non-exchange transactions</b>		<b>236 572 493</b>	<b>282 316 591</b>
<b>Total revenue</b>	20	<b>259 380 168</b>	<b>302 662 131</b>
<b>Expenditure</b>			
Employee related costs	33	(96 269 842)	(91 626 639)
Remuneration of councillors	34	(12 952 123)	(12 959 102)
Depreciation, amortisation and Impairment of assets	35	(19 095 029)	(12 254 119)
Finance costs	36	(13 536)	(181 714)
Debt Impairment	37	(3 258 960)	(8 871 388)
Bad debts written off	38	(578 664)	-
Bulk purchases	39	(12 585 146)	(11 026 473)
Contracted services	40	(36 709 369)	(39 119 438)
Loss on disposal of assets and liabilities	51	(647 727)	(173 105)
Loss on Transfer of Assets	52	(6 419 695)	-
General Expenses	41	(38 360 647)	(38 125 499)
<b>Total expenditure</b>		<b>(226 890 738)</b>	<b>(214 337 477)</b>
<b>Surplus for the year</b>		<b>32 489 430</b>	<b>88 324 654</b>

\* See Note 56 & 57

## Molemole 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	47 695 020	283 659 125	331 354 145
Adjustments			
Correction of errors - see note 57	-	2 927 432	2 927 432
<b>Restated Balance at 01 July 2020</b>	<b>47 695 020</b>	<b>286 586 557</b>	<b>334 281 577</b>
Revaluation of Heritage Assets	12 150	-	12 150
Surplus for the year	-	88 324 654	88 324 654
	-	-	-
<b>Restated Balance at 01 July 2021</b>	<b>47 707 170</b>	<b>374 911 211</b>	<b>422 618 390</b>
Changes in net assets			
Revaluation of Heritage Assets	12 550	-	12 550
Surplus for the year	-	32 489 430	32 489 430
<b>Balance at 30 June 2022</b>	<b>47 719 720</b>	<b>407 400 641</b>	<b>455 120 370</b>
Note(s)	13		

\* See Note 56 & 57

# Molemole Municipality

(Registration number LIM353)

## Cash Flow Statement

Figures in Rand	Note(s)	2022	2021 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Sale of goods and services	46	44 698 568	74 335 701
Grants	47	206 613 000	229 816 501
Interest Income	29	4 708 768	2 677 572
		256 020 336	306 829 774
<b>Payments</b>			
Employee and councillors costs	49	(109 221 965)	(104 585 741)
Suppliers	48	(82 375 565)	(86 454 351)
Finance costs		(13 536)	(181 714)
		(191 611 066)	(191 221 806)
<b>Net cash flows from operating activities</b>	45	<b>64 409 270</b>	<b>115 607 968</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	4	(48 687 236)	(48 821 553)
<b>Cash flows from financing activities</b>			
Finance lease payments		-	(251 668)
<b>Net cash flows from financing activities</b>		-	<b>(251 668)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>15 722 034</b>	<b>66 534 747</b>
Cash and cash equivalents at the beginning of the year		89 545 719	23 010 966
<b>Cash and cash equivalents at the end of the year</b>	12	<b>105 267 753</b>	<b>89 545 713</b>

\* See Note 56 & 57

# Molemole Municipality

(Registration number LIM353)

Financial Statements for the year ended 30 June 2022

## Budget on Accrual

Basis	Approved budget	Adjustments amounts	Final Budget	Actual on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

### Statement of Financial Performance

#### Revenue

##### Revenue from exchange transactions

Service Charges : Sale of electricity	11 711 304	-	<b>11 711 304</b>	8 206 021	<b>(3 505 283)</b>	(30)%- 44.1
Service Charges : Refuse removal	2 484 576	-	<b>2 484 576</b>	2 742 345	<b>257 769</b>	10 %44.2
Rental of facilities and equipment	253 998	-	<b>253 998</b>	218 131	<b>(35 867)</b>	(14)% 44.9-
Interest received	826 397	-	<b>826 397</b>	583 334	<b>(243 063)</b>	(29)%-44.3
Commission Received	721 709	-	<b>721 709</b>	742 790	<b>21 081</b>	3 %-
Licences and permits	7 686 174	-	<b>7 686 174</b>	5 091 640	<b>(2 594 534)</b>	(34)%- 44.4.
Other income	27 178 038	(11 021 361)	<b>16 156 677</b>	514 646	<b>(15 642 031)</b>	(97)% - 44.5
Interest received - investment	2 708 206	-	<b>2 708 206</b>	4 708 768	<b>2 000 562</b>	74 %-44.7
<b>Total revenue from exchange transactions</b>	<b>53 570 402</b>	<b>(11 021 361)</b>	<b>42 549 041</b>	<b>22 807 675</b>	<b>(19 741 366)</b>	

##### Revenue from non-exchange transactions

##### Taxation revenue

Property rates	51 482 069	(11 872 216)	<b>39 609 853</b>	30 599 233	<b>(9 010 620)</b>	(23)%-44.8
Interest recieved debtors	688 897	-	<b>688 897</b>	909 511	<b>220 614</b>	-44.3
Transfer revenue : Government grants & subsidies	206 242 000	1 000 000	<b>207 242 000</b>	204 435 319	<b>(2 806 681)</b>	(1)%-
Traffic Fines, penalties and forfeits	1 338 690	-	<b>1 338 690</b>	628 430	<b>(710 260)</b>	(53)% 44.6
<b>Total revenue from non-exchange transactions</b>	<b>259 751 656</b>	<b>(10 872 216)</b>	<b>248 879 440</b>	<b>236 572 493</b>	<b>(12 306 947)</b>	
<b>Total revenue</b>	<b>313 322 058</b>	<b>(21 893 577)</b>	<b>291 428 481</b>	<b>259 380 168</b>	<b>(32 048 313)</b>	

#### Expenditure

Personnel	(105 732 276)	7 502 323	<b>(98 229 953)</b>	(96 269 842)	<b>1 960 111</b>	(2)%-44.10
Remuneration of councillors	(15 010 262)	663 249	<b>(14 347 013)</b>	(12 952 123)	<b>1 394 890</b>	(10)% - 44.11
Depreciation and amortisation	(18 994 790)	(110 000)	<b>(19 104 790)</b>	(19 095 029)	<b>9 761</b>	- %-44.12
Finance costs	(1 055 833)	905 833	<b>(150 000)</b>	(13 536)	<b>136 464</b>	(91)%-44.13
Debt Impairment	(6 337 664)	2 428 000	<b>(3 909 664)</b>	(3 258 960)	<b>650 704</b>	(17)%- 44.17
Bad debts written off	-	-	<b>-</b>	(578 664)	<b>(578 664)</b>	-44.17
Bulk purchases	(11 468 179)	(1 300 000)	<b>(12 768 179)</b>	(12 585 146)	<b>183 033</b>	(1)%44.14
Contracted Services	(43 843 741)	4 475 598	<b>(39 368 143)</b>	(36 709 369)	<b>2 658 774</b>	(7)%- 44.15
General Expenditure	(45 485 880)	6 616 501	<b>(38 869 379)</b>	(38 360 647)	<b>508 732</b>	(1)%-44.16
<b>Total expenditure</b>	<b>(247 928 625)</b>	<b>21 181 504</b>	<b>(226 747 121)</b>	<b>(219 823 316)</b>	<b>6 923 805</b>	
<b>Operating surplus</b>	<b>65 393 433</b>	<b>(712 073)</b>	<b>64 681 360</b>	<b>39 556 852</b>	<b>(25 124 508)</b>	

## Molemole Municipality

(Re)classification of assets and liabilities	-	-	-	(647 727)	<b>(647 727)</b>	44.18
Financial Statements for the year ended 30 June 2022	-	-	-	(6 419 695)	<b>(6 419 695)</b>	44.19
Loss on transfer of assets	-	-	-	<b>(7 067 422)</b>	<b>(7 067 422)</b>	
<b>Surplus/Deficit</b>	<b>65 393 433</b>	<b>(712 073)</b>	<b>64 681 360</b>	<b>32 489 430</b>	<b>(32 191 930)</b>	

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### Budget on Accrual

Basis	Approved budget	Adjustments amounts	Final Budget	Actual on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Position</b>						
Total Current Assets	161 591 098	72 290 384	<b>233 881 482</b>	178 700 099	<b>(55 181 383)</b>	(24)%-44.20
Total Non-Current Assets	375 938 641	(704 986)	<b>375 233 655</b>	337 114 331	<b>(38 119 324)</b>	(10)%-44.21
<b>Total Assets</b>	<b>537 529 739</b>	<b>71 585 398</b>	<b>609 115 137</b>	<b>515 814 430</b>	<b>(93 300 707)</b>	
Total Current Liability	52 250 925	(9 979 163)	<b>42 271 762</b>	33 551 837	<b>(8 719 925)</b>	(21)%-44.22
Total Non-Current Liability	29 939 246	-	<b>29 939 246</b>	27 142 236	<b>(2 797 010)</b>	(9)%-44.23
<b>Net Assets</b>	<b>455 339 568</b>	<b>81 564 561</b>	<b>536 904 129</b>	<b>455 120 357</b>	<b>(81 783 781)</b>	
<b>Reserves</b>						
Revaluation reserve	55 518 054	(3 000 000)	<b>52 518 054</b>	47 719 720	<b>(4 798 334)</b>	(9)%-44.24
Accumulated surplus	399 821 514	84 564 561	<b>484 386 075</b>	407 400 648	<b>(76 985 427)</b>	(16)%43.25
<b>Community wealth/equity</b>	<b>455 339 568</b>	<b>81 564 561</b>	<b>536 904 129</b>	<b>455 120 369</b>	<b>(81 783 761)</b>	
<b>Cash Flow Statement</b>						
<b>Net cash from (used) operating</b>	<b>85 563 249</b>	<b>3 574 248</b>	<b>81 989 001</b>	<b>64 409 270</b>	<b>(17 579 731)</b>	21% -44.26
<b>Net cash from (used) investing</b>	<b>(65 393 793)</b>	<b>704 986</b>	<b>(64 688 807)</b>	<b>(48 687 236)</b>	<b>16 001 571</b>	24%-44.27
Net increase/decrease in cash held	19 807 477	(2 689 262)	<b>17 480 194</b>	15 722 034	<b>(1 758 160)</b>	
Cash and cash equivalents at the beginning of the year	-	-	<b>89 549 144</b>	89 545 719	<b>(3 425)</b>	- %
<b>Cash and cash equivalents at the end of the year</b>	<b>19 807 477</b>	<b>(2 689 262)</b>	<b>106 939 338</b>	<b>105 267 753</b>	<b>(1 671 585)</b>	1 %

Refer to Note 44 for explanations of any material variances.

Material Variances are considered to be any variance above 5%. Explanation on the changes in budget is noted on the Executive summary adjustment budget available on the municipal website that was approved in February 2022.

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Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
<b>2022</b>											
<b>Financial Performance</b>											
Property rates	51 482 069	(11 872 216)	39 609 853	-		39 609 853	30 599 233		(9 010 620)	77 %	59 %
Service charges	14 195 880	-	14 195 880	-		14 195 880	10 948 366		(3 247 514)	77 %	77 %
Investment revenue	2 708 206	-	2 708 206	-		2 708 206	4 708 768		2 000 562	174 %	174 %
Transfers recognised - operational	161 092 000	1 000 000	162 092 000	-		162 092 000	161 910 741		(181 259)	100 %	101 %
Other own revenue	38 693 903	(11 021 361)	27 672 542	-		27 672 542	8 688 482		(18 984 060)	31 %	22 %
<b>Total revenue (excl capital transfers)</b>	<b>268 172 058</b>	<b>(21 893 577)</b>	<b>246 278 481</b>	<b>-</b>		<b>246 278 481</b>	<b>216 855 590</b>		<b>(29 422 891)</b>	<b>88 %</b>	<b>81 %</b>
Employee costs	(105 732 276)	7 502 323	(98 229 953)	-	-	(98 229 953)	(96 273 963)	-	1 955 990	98 %	91 %
Remuneration of councillors	(15 010 262)	663 249	(14 347 013)	-	-	(14 347 013)	(12 948 002)	-	1 399 011	90 %	86 %
Debt impairment	(6 337 664)	2 428 000	(3 909 664)			(3 909 664)	(3 258 960)	-	650 704	83 %	51 %
Depreciation and asset impairment	(18 994 790)	(110 000)	(19 104 790)			(19 104 790)	(19 095 029)	-	9 761	100 %	101 %
Finance charges	(1 055 833)	905 833	(150 000)	-	-	(150 000)	(13 536)	-	136 464	9 %	1 %
Materials and bulk purchases	(11 468 179)	(1 300 000)	(12 768 179)	-	-	(12 768 179)	(12 585 146)	-	183 033	99 %	110 %
Other expenditure	(89 329 621)	11 092 099	(78 237 522)	-	-	(78 237 522)	(76 296 407)	(6 419 695)	4 478 580	98 %	85 %
<b>Total expenditure</b>	<b>(247 928 625)</b>	<b>21 181 504</b>	<b>(226 747 121)</b>	<b>-</b>	<b>-</b>	<b>(226 747 121)</b>	<b>(220 471 043)</b>	<b>(6 419 695)</b>	<b>8 813 543</b>	<b>97 %</b>	<b>89 %</b>
<b>Surplus/(Deficit)</b>	<b>20 243 433</b>	<b>(712 073)</b>	<b>19 531 360</b>	<b>-</b>		<b>19 531 360</b>	<b>(3 615 453)</b>		<b>(20 609 348)</b>	<b>(19)%</b>	<b>(18)%</b>

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Figures in  
Rand

	ORIGI NAL	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	s31 of the	approved			as % of	as % of	
		s31 of the	MFMA)	MFMA)	policy)			final	original	
		MFMA)						budget	budget	
Transfers recognised - capital	45 150 000	-	45 150 000	-		45 150 000	42 524 578	(2 625 422)	94 %	94 %
Contributions recognised - capital and contributed assets	-	-	-	-		-	-	-	100 %	100 %
<b>Surplus (Deficit) after capital transfers</b>	<b>65 393 433</b>	<b>(712 073)</b>	<b>64 681 360</b>	<b>-</b>		<b>64 681 360</b>	<b>38 909 125</b>	<b>(25 772 235)</b>	<b>60 %</b>	<b>60 %</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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### **14 SIGNIFICANT JUDGEMENTS AND USE OF ESTIMATES**

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

#### **TRADE RECEIVABLES / HELD TO MATURITY INVESTMENTS AND/OR LOANS AND RECEIVABLES**

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

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

#### **ALLOWANCE FOR SLOW MOVING, DAMAGED AND OBSOLETE STOCK**

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

#### **FAIR VALUE ESTIMATION**

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based

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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 OF STATUTORY RECEIVABLES

The calculation in respect of the impairment of receivables is based on an assessment of the extent to which receivables have defaulted on payments, and an assessment of their ability to make payments based on their credit worthiness.

This is performed per identifiable categories across all classes of receivables.

### IMPAIRMENT OF NON FINANCIAL ASSETS

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

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

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

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

### PROVISIONS

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

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

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 7

### EFFECTIVE INTEREST RATE

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

### ALLOWANCE FOR DOUBTFUL DEBTS

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

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

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

### USEFUL LIVES OF ASSETS

The municipality's management determines the estimated useful lives and related depreciation charges. This estimate is

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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.

#### 15 INVESTMENT PROPERTY

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

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

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

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

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

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

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is 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

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becomes an investment property, the municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

### COST MODEL

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

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

ITEM	USEFUL LIFE
Property - land	indefinite
Property - buildings	30 years

Investment property is 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.

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### 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 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.

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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:

- 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.



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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	30-40 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
• Motorways	09-100 Years
<b>ROADS</b>	
• Other Roads	10 Years
• Traffic Islands	10 Years
• Traffic Lights	20 Years
• Road furniture/Signs	05-20 Years
• Street Lighting	20-33 Years
• Overhead Bridges	30 Years
• Storm Water Drains	10-20 Years
• Bridges and Subway	5-100 Years
• Car Parks	30 Years
• Bus Terminals	20 Years
• Pipes	10-20 Years
• Catch Pit	20-25 Years
• Sign Boards	05-20 Years
• Concrete Drift	10-15 Years
• Guardrails	15-50 Years
• Kerbing	10-30 Years
• Speed Hump	05-100 Years
• Culverts/Low Level Bridge	05-30 Years
• Stone Pitching	05-15 Years
• Roads Studs	05-15 Years
• Water	0
• <b>Meters</b>	15 Years
• Mains	30 Years
• Rights	20 Years
• Supply/Reticulation	20 Years
<b>Community</b>	
• Reservoirs and Tanks	20 Years
• Rights (that is the right to draw water from particular source and source belong to another party)	20 Years
• Boreholes	05-10 Years
• <b>SEWARAGE</b>	0
• Sewers	20 Years
• Outfall Sewer	20 Years
• Purification work	20 Years
• Sewerage Pumps	10 Years
• Sludge Machine	10 Years
<b>OTHER PROPERTY, PLANT AND EQUIPMENT</b>	
• <b>Buildings</b>	0 Years

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• Air Pollution Station	30 Years
• Care Centres	30 Years
• Cemeteries	30 Years
• Clinic and Hospitals	30 Years
• Community Centre	10-30 Years
• Fire Stations	30 Years
• Game Reserve and Rest Camps	30 Years

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• Indoor Sport Stadium	30 Years
• Libraries	30 Years
• Museum and Art Galleries	30 Years
• Parks	20-30 Years
• Public Convenience	30 Years

## Ancillary fleet equipment and security

• Recreation Centres	10-30 Years
• Stadiums (Ground field and grand stand)	10-30 Years
• Old Age Homes	30 Years

## Artwork

• Taxi Ranks	10-30 Years
• <b>Covered Taxi bays</b>	22-30 Years
• Passenger Shelter	22-30 Years
• 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)	10-30 Years
• Jukskei Pitches	20-30 Years
• Outdoor Sport Facilities	10-30 Years
• Lakes and Dams	20-30 Years
• Fountains	20-30 Years
• Floodlighting	15-30 Years
• Cricket Field	20-30 Years
• Fencing (Mesh and Palisade Fence)	05-30 Years
• Security Systems	05-10 Years
• <b>Access Control</b>	05-30 Years
• Buildings	
• Caravan Parks	30-40 Years
• Compacting Stations	30-40 Years
• Housing Schemes	30-40 Years
• Laboratories	30-40 Years
• Nurseries	30-40 Years
• Office Buildings	30-40 Years
• Quarries	30-40 Years
• Stores	30-40 Years
• Tip Sites	30-40 Years
• Training Centres	30-40 Years
• Transport Facilities	30-40 Years
• Workshops and Depots	30-40 Years
• Guard Room Wooden	02-20 Years
• Mobile Offices	30-40 Years
• Pavements	20-40 Years
• Gazebo Shades	03-30 Years
• Market Stalls	30-40 Years
• Computer Hardware	03-20 Years
• Computer Software	03-20 Years
• Office Machines	03-15 Years
• Air Conditioners	07-15 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	03-30 Years
• Tables	03-30 Years
• Desks	03-30 years
• Cabinets	03-30 Years
• Cupboards	03-30 Years
• Fire Cabinets	03-30 Years
• Miscellaneous	03-30 Years
• Shelve Racks	03-30 Years

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• Stove and Fridge	03-30 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	03-30 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	05-20 Years
• Slashers	05-10 Years
• Ladder	05-15 Years

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

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

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

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

Items of property, plant and equipment are 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

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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.

### **17 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.

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An intangible asset is recognised when:

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

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

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

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

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

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

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

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

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

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

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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.

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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 an 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 asset's fair value less.

### 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



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

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

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.

### **19 FINANCIAL INSTRUMENTS**

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

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

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

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

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

### INITIAL RECOGNITION AND MEASUREMENT

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

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

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

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

Loans and receivables are subsequently measured at 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.

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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 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 categorised as either held-to-maturity where the criteria for that categorisation 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**

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Trade and other receivables are categorised 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.

### 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 categorises cash and cash equivalents as financial assets: loans and receivables.

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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 DERECOGN

ITON

FINANCIAL

ASSETS

The municipality derecognises financial assets using trade date accounting. The municipality derecognises a financial asset only when:

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

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

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

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

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the

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

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

### 1.11 LEASES

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

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

### **FINANCE LEASES - LESSOR**

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

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

### **FINANCE LEASES - LESSEE**

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

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

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

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

### **OPERATING LEASES - LESSOR**

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

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

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis. The aggregate benefit of incentives is recognised as a reduction of rental expenses over the lease term on a straight-line basis. Income for leases is disclosed under revenue in the Statement of Financial Performance.

### **OPERATING LEASES - LESSEE**

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

#### **1.12 INVENTORIE**

##### **S 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.

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

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

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



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

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

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

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

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

### INITIAL RECOGNITION

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

### SUBSEQUENT MEASUREMENT

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

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

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a) distribution at no charge or for a nominal charge; or

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

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

### 1.13 EMPLOYEE BENEFITS

#### Short-term employee benefits

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

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

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

#### POST RETIREMENT MEDICAL OBLIGATION

The Municipality provides post-retirement medical benefits by 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

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valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

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**

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

### PROVISION FOR PERFORMANCE BONUSES

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

#### 1.14 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

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

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

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

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

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

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

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

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A provision is used only for expenditures for which the provision was

originally recognised. Provisions are not recognised for future operating deficits.

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 amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 54.

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

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

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

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

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

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

### 1.15 REVENUE FROM EXCHANGE TRANSACTIONS

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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

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When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied: the amount of revenue can be measured reliably; it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; the stage of completion of the transaction at the reporting date can be measured reliably; and the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable. Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by a variety of methods. Depending on the nature of the transaction, the methods may include:

surveys of work performed;

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

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

### INTEREST, 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.



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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.

### **1.16 REVENUE FROM NON-EXCHANGE TRANSACTIONS**

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners. Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arises when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit. Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations. Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange. Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

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

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### FINES

Fines are measured at the transaction amount and the related asset as statutory receivable if not received in cash. Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

### BEQUESTS

Bequests that satisfy the definition of an asset are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality, and the fair value of the assets can be measured reliably.

### GIFTS AND DONATIONS, INCLUDING GOODS IN-KIND

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

### UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is when it is probable that the future economic benefits will flow to the municipality and the amount can be measured reliably.

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

### 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

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- 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, whichever is earlier.

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

### **1.17 COST OF SALES**

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all deficits of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales. Contract costs comprise:

- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the contract on a systematic and rational basis; and
- such other costs as are specifically chargeable to the customer under the terms of the contract.

### **1.18 INVESTMENT INCOME**

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

### **1.19 UNAUTHORISED EXPENDITURE**

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Unauthorised expenditure means:

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

All expenditure relating to unauthorised expenditure is recognised as an expense in the Statement of Financial Performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance. The Unauthorised expenditure is disclosed in a note to the Annual Financial Statements.

### **120** FRUITLESS AND WASTEFUL EXPENDITURE

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

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the Statement of Financial Performance in the year that the expenditure was incurred, unless if it is recoverable (i.e. receivable), it will be raised as an asset in the Statement of Financial Position. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Fruitless and wasteful expenditure will be de-recognised as soon as the nature of the fruitless and wasteful expenditure has been submitted to Council and a formal Council decision has been taken to condone the expenditure. The Fruitless and Wasteful expenditure is disclosed in a note to the Annual Financial Statements.

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### 121 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.

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

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policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance. The Irregular expenditure is disclosed in a note to the Annual Financial Statements.

### 1.22 SEGMENTAL REPORTING

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by Management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available

Based on the definition above, the municipalities functions are structured per department based on service delivery objectives. Each department performs its responsibilities per determined objective and individual indicators are set to measure performance of service delivery objectives. The reporting of performance is not done per geographic location of the communities serviced, consolidated budget vs actual is reported in the financial statement to evaluate performance of the municipality. Performance reporting is done per designed service delivery objectives.

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The Departments are centralised to provide service delivery function to all the geographical areas namely Ward 1 to Ward 16 on implementation of infrastructure requirements of the municipality. Based on how the budget of the Municipality is determined, annually the communities from all the Wards are consulted on their needs through the integrated development plan processes. This information is then used to allocate resources available to implement these needs. Resources are not allocated based on how the unit has performed or the activity within the unit has performed, but based on the needs priorities and the available funds at the time that the Municipality holds

Municipal revenue, expenditure and assets are not reviewed as per geographical area, these are the same services across all wards and presented as a consolidated figure. The service provided to communities are the same for all Wards, therefore the level of information of each ward within the municipal jurisdiction may not be relevant for decision making purposes, as such reporting of segments is deemed not applicable

### **123 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 2021/07/01 to 2022/06/30.

The budget for the economic entity includes all the entities approved budgets under its control.

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

Explanations for material differences 5% between the final budget amounts and actual amounts are included in te notes to annual financial statements .

### **124 RELATED PARTIES**



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A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities

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

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

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

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

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

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

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

### **1.25 RETIREMENT BENEFITS**

The municipality provides retirement benefits for its employees and councillors. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recognised as a liability and are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities.

### **1.26 IMPAIRMENT OF ASSETS**

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

Irrespective of whether there is any indication of impairment, the municipality also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing their carrying amount with their recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

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

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

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An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

### **127 IMPAIRMENT OF NON-CASH-GENERATING ASSETS**

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

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

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

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

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

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

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. Useful life is either:

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

### IDENTIFICATION

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

### VALUE IN USE

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

### DEPRECIATED REPLACEMENT COST APPROACH

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an oversized or overcapacity asset. Oversized

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assets contain features which are unnecessary for the goods or services the asset provides.

Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

### RECOGNITION AND MEASUREMENT

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

### REVERSAL OF AN IMPAIRMENT LOSS

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

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An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

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

### **1.28 COMMITMENTS**

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

Commitments are not recognised in the statement of financial position as a liability but are included in the disclosure notes. Disclosures are required in respect of 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.

### **1.29 VALUE ADDED TAX**

Vat is claimable on payment basis.

### **1.30 STATUTORY**

#### **RECEIVABLES**

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### IDENTIFICATION

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

### RECOGNITION

The municipality recognises statutory receivables as follows:

- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers);

### INITIAL MEASUREMENT

The municipality initially measures statutory receivables at their transaction amount.

### SUBSEQUENT MEASUREMENT

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

- impairment losses; and
- amounts derecognised.

### 1.31 ACCOUNTING BY PRINCIPALS

### AND AGENTS IDENTIFICATION

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

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

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

### IDENTIFYING WHETHER AN ENTITY IS A PRINCIPAL OR AN AGENT

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

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

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

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

### RECOGNITION

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

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



# Molemole Municipality

(Registration number LIM353)

## NOTES TO THE FINANCIAL STATEMENTS

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### 2. NEW STANDARDS AND INTERPRETATIONS

#### 21 Standards and interpretations not yet effective or relevant

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

	<b>Effective Date</b>	<b>Expected impact</b>
• Guideline : Guideline on Accounting for landfill Sites	01 April 2023	Unlikely there will be a material impact
• GRAP 25(as revised : Employee Benefits	1 April 2023	Unlikely there will be a material impact
• GRAP 104(as revised ): Financial instruments	1 April 2025	Unlikely there will be a material impact
• GRAP 103 Heritage Assets	1 April 2023	Unlikely there will be a material impact

## Molemole Municipality

(Registration number LIM353)

### 3. Investment property

	2022			2021		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	2 066 000	(519 999)	1 546 001	2 091 000	(476 665)	1 614 335

#### RECONCILIATION OF INVESTMENT PROPERTY - 2022

	Opening balance	Transfers	Depreciation	Total
Investment property	1 614 335 R	(25 000)	(43 333)	1 546 001

#### RECONCILIATION OF INVESTMENT PROPERTY - 2021

	OPENING BALANCE	DEPRECIATION TOTAL	
Investment property	1 657 668	(43 333)	1 614 335

#### Included in investment property are the following

	Cost	Accumulated Depreciation	Transfers	Carrying Value
<b>2022</b>				
Land	791 000	-	(25 000)	766 000
Buildings	1 300 000	(519 999)	-	780 000
	<b>2 091 000</b>	<b>(519 999)</b>	<b>(25 000)</b>	<b>1 546 000</b>
<b>2021</b>				
Land	791 000	-	-	791 000
Buildings	1 300 000	(476 665)	-	823 335
	<b>2 091 000</b>	<b>(476 665)</b>	<b>-</b>	<b>1 614 335</b>

## **Molemole Municipality**

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## Molemole Municipality

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### 4. Property, plant and equipment

	2022			2021		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	25 726 828	-	25 726 828	25 701 828	-	25 701 828
Buildings	33 733 650	(6 292 730)	27 440 920	33 733 650	(5 079 406)	28 654 244
Infrastructure	220 415 599	(42 088 090)	178 327 509	185 638 916	(32 236 099)	153 402 817
Community	64 896 987	(8 611 578)	56 285 409	64 896 988	(6 069 506)	58 827 482
Other property, plant and equipment	54 508 979	(25 236 922)	29 272 057	55 564 307	(24 597 677)	30 966 630
Financed leased Assets	-	-	-	479 748	(479 747)	1
Work in Progress	16 972 186	-	16 972 186	13 461 461	-	13 461 461
<b>Total</b>	<b>416 254 229</b>	<b>(82 229 320)</b>	<b>334 024 909</b>	<b>379 476 898</b>	<b>(68 462 435)</b>	<b>311 014 463</b>

### Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Additions work in progress	Disposals	Transfers	Other changes, movements	Depreciation	Impairment loss	Total
Land	25 701 828	-	-	-	-	25 000	-	-	25 726 828
Buildings	28 654 244	-	-	-	-	-	(1 213 313)	-	27 440 920
Infrastructure	153 402 817	34 776 683	-	-	-	-	(9 534 879)	(317 111)	178 327 509
Community	58 827 482	-	-	-	-	-	(2 542 072)	-	56 285 409
Other property, plant and equipment	30 966 630	3 980 134	-	(647 724)	-	-	(5 026 983)	-	29 272 057
Work in progress	13 461 461	-	9 930 419	-	(6 419 695)	-	-	-	16 972 186
	<b>311 014 462</b>	<b>38 756 817</b>	<b>9 930 419</b>	<b>(647 724)</b>	<b>(6 419 695)</b>	<b>25 000</b>	<b>(18 317 247)</b>	<b>(317 111)</b>	<b>334 024 909</b>

## Molemole Municipality

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

	Opening balance	Additions	Additions through transfer of functions / mergers	Disposals	Transfers	Depreciation	Total
Land	25 701 828	-	-	-	-	-	25 701 828
Buildings	29 866 317	-	-	-	-	(1 212 072)	28 654 244
Infrastructure	127 527 641	32 414 637	-	-	-	(6 539 461)	153 402 817
Community	26 423 386	3 417 960	-	-	30 103 686	(1 117 550)	58 827 482
Other property, plant and equipment	27 400 818	6 386 309	-	-	-	(2 820 497)	30 966 630
Finance Leased Assets	276 969	-	-	(173 105)	-	(103 863)	1
Work in progress	35 727 545	-	7 837 602	-	(30 103 686)	-	13 461 461
	<b>272 924 504</b>	<b>42 218 906</b>	<b>7 837 602</b>	<b>(173 105)</b>	<b>-</b>	<b>(11 793 443)</b>	<b>311 014 463</b>

### Reconciliation of Work-in-Progress 2022

	INCLUDED IN INFRASTRUCTURE	Total
Opening balance	13 461 462	13 461 462
Additions/capital expenditure	44 415 049	44 415 049
Other movements	(40 904 324)	(40 904 324)
Transferred to completed items	-	-
	<b>16 972 187</b>	<b>16 972 187</b>

## Molemole Municipality

(Registered in terms of the MFMA)

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2 021

Infrastructure (Cluster 3 Electrification Project)  
713

5 883

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Included in WIP transfers is an infrastructure project Electrification of Moletjie Cluster 3 which has been handed over to ESKOM because economic benefits will not flow to the municipality and maintenance of the project will be the responsibility of ESKOM.

# Molemole Municipality

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## 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)
	<b>13 461 462</b>	<b>-</b>	<b>13 461 462</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	15 789 995	18 193 948
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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

	2022			2021		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	3 646 149	(2 495 578)	1 150 575	3 646 149	(2 078 239)	1 567 913

## RECONCILIATION OF INTANGIBLE ASSETS - 2022

	Opening balance	Amortisation	Total
Computer software, other	1 567 912	(417 337)	1 150 575

## RECONCILIATION OF INTANGIBLE ASSETS - 2021

	OPENING BALANCE	AMORTISATION	TOTAL
Computer software, other	1 985 251	(417 342)	1 567 910

## Molemole Municipality

(Registration number LIM353)

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### 6. Heritage assets

	2022			2021		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Mayoral Chain	392 850	-	392 850	380 300	-	380 300

#### Reconciliation of heritage assets 2022

	Opening balance	Revaluation	Total
Mayoral Chain	380 300	12 550	392 850

#### Reconciliation of heritage assets 2021

	Opening balance	Revaluation	Total
Mayoral Chain	368 150	12 150	380 300

### 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;

Discover

Life; LA

Health;

Hosmed

;

Samwumed;

and

Keyhealth.



## Molemole Municipality

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The Municipality's Accrued Unfunded Liability at 30 June 2022 is estimated at R10 894 000. The

Current-service Cost for the year ending 30 June 2022 is estimated at R899 000. It is estimated

to be R1012 000 for the ensuing year.

### Key actuarial assumptions used

Rate of Interest		
Discount rate	11.48%	10,62%
Health Care Cost	8.45%	7,15%
Net effective Discount rate	3.13%	3.24%

### 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	10 100 000	7 683 000
Current Service Cost	899 000	735 000
Interest Cost	1 070 000	864 000
Benefits Paid	(56 696)	(50 745)
Actuarial (gains ) / losses	(118 304)	868 745
	<b>11 894 000</b>	<b>10 100 000</b>

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Non-current liabilities	(11 839 000)	(10 048 000)
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# Molemole Municipality

(Registration number LIM353)

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Current liabilities	(55 000)	(52 000)
	<b>(11 894 000)</b>	<b>(10 100 000)</b>

## 8. Inventories

### Stationary

Opening balance	329 316	261 304
Purchased	1 037 010	878 576
Issued	(1 185 980)	(810 564)
Closing Balance	<b>180 346</b>	<b>329 316</b>

### Smart Meters

Opening Balance	722 975	-
Purchased	309 000	912 010
Issued	(665 414)	(189 035)
Closing Balance	<b>366 561</b>	<b>722 975</b>

### Closing balance

**546 907      1 052 291**

## 9. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Consumer debtors - Electricity	523 685	403 456
Consumer debtors - Refuse	2 638 662	1 470 465
Consumer debtors - Other Service Charges	132 286	82 088
<b>Sub Total - Receivables from Exchange Transactions</b>	<b>3 294 633</b>	<b>1 956 009</b>
Rental debtors	257 263	257 263
Other debtors - Insurance	6 933	-
Accrued Interest- Investments	149 153	133 800
CDM water debtor	435 020	328 075
<b>Grand Total - Receivables from Exchange Transactions</b>	<b>4 143 002</b>	<b>2 675 147</b>

### 9.1 Consumer Debtors - Service Charges Reconciliation

	2022			2021		
	Gross Debtors	Impairment	Nett Debtors	Gross Debtors	Impairment	Nett Debtors
Electricity	3 297 039	(2 773 354)	523 685	3 832 660	(3 429 204)	403 456
Refuse	16 612 601	(13 973 939)	2 638 662	13 968 813	(12 498 348)	1 470 465
Other service Charges	832 855	(700 569)	132 286	779 792	(697 704)	82 088
<b>Total</b>	<b>20 742 495</b>	<b>(17 447 862)</b>	<b>3 294 633</b>	<b>18 581 265</b>	<b>(16 625 256)</b>	<b>1 956 009</b>

### Consumer Debtors Ageing for 2022

	Current (0 - 30 days)	31-60 days	61-90 days	+90 days	Total Gross Debtors
Electricity	14 594	14 647	15 144	3 252 654	3 297 039
Refuse	287 151	290 446	278 844	15 756 160	16 612 601
Other Service Charges	6 282	6 964	6 917	812 692	832 855
<b>Total</b>	<b>308 027</b>	<b>312 057</b>	<b>300 905</b>	<b>19 821 506</b>	<b>20 742 495</b>

# Molemole Municipality

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## 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>

## Consumer Debtors - Service Charges Impairment Reconciliation

	2022			2021		
	OPENING	(Provisions)/	Closing	Opening	(Provisions)/	Closing
	Balance Impairment	Reversal	Balance Impairment	Balance Impairment	Reversal	Balance Impairment
Electricity	(3 429 204)	655 850	(2 773 354)	(3 134 981)	(294 223)	(3 429 204)
Refuse	(12 498 348)	(1 475 591)	(13 973 939)	(9 556 832)	(2 941 516)	(12 498 348)
Other Service Charges	(697 704)	(2 865)	(700 569)	(612 885)	(84 819)	(697 704)
<b>Total</b>	<b>(16 625 256)</b>	<b>(822 606)</b>	<b>(17 447 862)</b>	<b>(13 304 698)</b>	<b>(3 320 558)</b>	<b>(16 625 256)</b>

## CDM Water Debtor Reconciliation

CDM Water debtor	10 341 695	8 682 801
Less: 70 % Commission	(7 239 187)	(6 077 960)
Less: Impairment	(2 667 488)	(2 276 766)
	<b>435 020</b>	<b>328 075</b>

Refer to Principal Agent Disclosure in Note 41

## 10. Receivables from non-exchange transactions

Traffic Fines	1 257 259	1 571 520
Other debtors-Third Party Refunds	601 449	2 299 213
Other debtors-Under Banking	42 257	42 386
Consumer debtors -Property Rates	56 759 474	54 511 536
	<b>58 660 439</b>	<b>58 424 655</b>

10.1	<b>Statutory Receivables included in receivables from Non - Exchange transactions are as follows:</b>	<b>2022</b>	<b>2021</b>
		56 759 474	54 511 536

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

# Molemole Municipality

(Registered on the number of payments made by customer and the long outstanding  
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## Molemole Municipality

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### Property Rates reconcillation

	2022			2021		
	Gross Debtors	Impairment	Nett Debtors	Gross Debtors	Impairment	Nett Debtors
Agricultural properties	12 401 148	(10 431 413)	1 969 735	11 400 782	(10 200 647)	1 200 135
Bussiness and commercial	7 107 942	(5 978 953)	1 128 989	6 044 033	(5 407 791)	636 242
Farm properties	1 447	(1 218)	229	978	(875)	103
Government	51 555 917	-	51 555 917	51 381 241	-	51 381 241
Public service infrastructure	93 906	-	93 906	86 905	-	86 905
Residential development	12 332 059	(10 373 298)	1 958 761	11 207 071	(10 027 327)	1 179 744
Residential Vacant land	326 989	(275 052)	51 937	258 064	(230 898)	27 166
<b>Total</b>	<b>83 819 408</b>	<b>(27 059 934)</b>	<b>56 759 474</b>	<b>80 379 074</b>	<b>(25 867 538)</b>	<b>54 511 536</b>

### Property Rates Ageing for 2022

	Current (0 - 30 days)	31-60 days	61-90 days	+90 days	Total Gross Debtors
Agricultural properties	112 944	112 923	111 661	12 063 620	12 401 148
Bussiness and commercial	181 445	155 916	147 983	6 622 598	7 107 942
Farm properties	39	39	39	1 330	1 447
Government	1 760 636	1 758 459	1 744 951	46 291 871	51 555 917
Public service infrastructure	586	586	586	92 148	93 906
Residential development	245 709	238 103	240 226	11 608 021	12 332 059
Residential Vacant land	6 685	6 568	6 462	307 274	326 989
<b>Total</b>	<b>2 308 044</b>	<b>2 272 594</b>	<b>2 251 908</b>	<b>76 986 862</b>	<b>83 819 408</b>

### 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
Bussiness 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>

## Molemole Municipality

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### PROPERTY RATES IMPAIRMENT RECONCILIATION

	2022			2021		
	OPENING Balance Impairment	(Provisions)/ Reversal	Closing Balance Impairment	Opening Balance Impairment	(Provisions)/ Reversal	Closing Balance Impairment
Agricultural properties	(10 200 647)	(230 766)	(10 431 413)	(8 896 195)	(1 304 452)	(10 200 647)
Bussiness and commercial	(5 407 791)	(571 162)	(5 978 953)	(4 409 777)	(998 014)	(5 407 791)
Farm properties	(875)	(343)	(1 218)	(469)	(406)	(875)
Residential development	(10 027 327)	(345 971)	(10 373 298)	(8 099 883)	(1 927 444)	(10 027 327)
Residential Vacant land	(230 898)	(44 154)	(275 052)	(179 650)	(51 248)	(230 898)
<b>Total</b>	<b>(25 867 538)</b>	<b>(1 192 396)</b>	<b>(27 059 934)</b>	<b>(21 585 974)</b>	<b>(4 281 564)</b>	<b>(25 867 538)</b>

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

	2022	2021
Traffic Fines	1 257 259	1 571 520

Section 3 of National road traffic Act 93 of 1996 provide the municipality with an authority to appoint a traffic officer for inspection of licences , examining of vechiles ,examiner for driving licences. Criminal Procedure Act 51 1977 section 334 states that the Minister may declare by notice in the person's peace officers for specific purposes (1) (a) The Minister may by notice in the Gazette declare that any person who by virtue of his office ,falls within any category defined in the notice shall within an area specified in the notice ,be a peace officer for the purpose of exercising with reference to any provision of this Act or any offence or any class of offences likewise specified the powers defined in the notice. The municipality appoints traffic officers as per Section 3 of the National Road Traffic Act 93 of 1996 which in turn an inspection of licences and road laws and regulations will be conducted and any offender will be charged if not incompliant with the legislated laws and regulations and a fine will be determined and realised as revenue /debtor. The impairment is conducted based on

historical collections of the outstanding amounts

#### Traffic fines reconcillation

Gross balances - Fines	5 029 035	4 490 060
<b>Less: Allowance for impairment</b>		
Traffic Fines Opening Balance	(2 918 540)	(2 741 624)
Traffic fines (Provision) / Reversal	(853 236)	(176 916)
	<b>1 257 259</b>	<b>1 571 520</b>

#### 11. VAT receivable

Vat Receivable	10 082 009	12 523 910
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Vat is claimable on the payment basis

# Molemole Municipality

(Registration number LIM353)

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Figures in Rand	2022	2021
<b>12. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Cash on hand - Petty Cash	13 500	8 161
Bank balances - Cash Book balance	13 327 362	28 006 591
Short-term deposits	90 634 845	60 211 426
Purchasing account	66 383	88 363
Grants bank account	1 225 652	1 231 178
	<b>105 267 742</b>	<b>89 545 719</b>

## The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2022	30 June 2021	30 June 2020	30 June 2022	30 June 2021	30 June 2020
Nedbank Primary Account 146 700 0442	13 338 163	28 040 783	(95 825)	13 327 362	28 006 591	165 798
Nedbank Grants Account 1013994825	1 225 732	1 231 258	2 228 313	1 225 652	1 231 178	2 228 234
Nedbank Call Investment Deposit	90 634 845	60 211 426	20 603 433	90 634 845	60 211 426	20 603 434
Nedbank Purchasing account	66 383	86 145	-	66 383	88 363	-
<b>Total</b>	<b>105 265 123</b>	<b>89 569 612</b>	<b>22 735 921</b>	<b>105 254 242</b>	<b>89 537 558</b>	<b>22 997 466</b>

## 13. Revaluation reserve

Opening balance	47 707 170	47 695 020
Transfer in during the year	12 550	12 150
		-
	<b>47 719 720</b>	<b>47 707 170</b>

## 14. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Municipal Infrastructure Grant	8 981	96 479
Finance management grant	172 279	43 858
EPWP	8 730	41 553
INEP	2 616 442	285 588
CDM - Integrated Transport Plan	108 614	108 614
EE& DEMAND GRANT	-	161 273
	<b>2 915 046</b>	<b>737 365</b>

## Molemole Municipality

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The Unspent grants are cash-backed by term deposits. The municipality complied with the conditions attach to all grants received to the extent of revenue recognized. Please refer to note 32 for more detail on Unspent grants.

### 15. PROVISIONS

#### Reconciliation of provisions - 2022

	Opening Balance	Additions	Utilized during the year	Reversed during the year	Change in discount factor	Total
Long service awards	4 272 925	879 000	(343 087)	(670 000)	104 087	4 242 925
Rehabilitation of Landfill Site	11 189 337	-	-	(129 025)	-	11 060 312
	<b>15 462 262</b>	<b>879 000</b>	<b>(343 087)</b>	<b>(799 025)</b>	<b>104 087</b>	<b>15 303 237</b>



## Molemole Municipality

(Registration number LIM353)

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Figures in Rand			2022	2021		
<b>Reconciliation of provisions - 2021</b>						
	<b>Opening Balance</b>	<b>Additions</b>	<b>Utilised during the year</b>	<b>Reversed during the year</b>	<b>Change in discount factor</b>	<b>Total</b>
Long service awards	3 753 999	721 000	(158 680)	(122 000)	78 606	4 272 925
Rehabilitation of Landfill Site	11 583 831	145 677	-	(540 171)	-	11 189 337
	<b>15 337 830</b>	<b>866 677</b>	<b>(158 680)</b>	<b>(662 171)</b>	<b>78 606</b>	<b>15 462 262</b>
Non-current liabilities					15 303 236	15 462 262
Current liabilities					998 000	325 000
					<b>16 301 236</b>	<b>15 787 262</b>

Rehabilitation of Land-fill Sites

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

R 11 060 313: 2022 (2021: R 11 189 337) to restore the site at the end of its useful life, estimated to be in the 2025 (Soekmekaar landfill site) and 2032 (Dendron Landfill site) financial year. Provision has been made for the best estimate of costs at the reporting date with reference to the inflation rate.

### LONG SERVICE AWARDS

The Long Service Awards is a liability in respect of Long service awards to employees. As at year end, 168 employees were eligible for Long Service Awards.

Key actuarial assumptions used:

<b>Rate of interest</b>		
Discount Rate	10.98%	9,20%
General Inflation (Long term)	7.33%	5.78%
Net Effective discount Rate	3.40%	3,23%

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

<b>Present Value of Liability</b>		
Balance	5 193 000	4 553 000
<b>Net liability / (asset)</b>	<b>5 193 000</b>	<b>4 553 000</b>

Reconciliation of present value of Liability:

<b>Reconciliation fo present Value of liability</b>		
Present Value of liability at the beginning of the year	4 553 000	3 905 000
Total Expenses	535 913	567 583
Current service Cost	472 000	430 000
Interest Cost	407 000	291 000
Benefits Paid	(343 087)	(153 417)
Actuarial Losses/Gain	104 087	80 417

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Present Value of Liability	5 193 000	4 553 000
Less: Transfer of current portion	(943 000)	(273 000)
<b>Balance at end of year</b>	<b>4 250 000</b>	<b>4 280 000</b>

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## 16. Other current liability

Unallocated receipts	235 692	246 424
Salary suspense account	-	36 080
	-	-

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	<b>235 692</b>	<b>282 504</b>

## 17. Current Employee Benefits

The movement in current employee benefits are reconciled as follows:

Current Portion of Long Service Provision	943 000	273 000
Current Portion of Medical Aid Provisions	54 999	52 000
Leave Provision for the year	9 547 799	9 421 531
<b>Balance at end of year</b>	<b>10 545 798</b>	<b>9 746 531</b>

The movement in Leave Provision are reconciled as follows:

Balance at beginning of the year	9 421 530	7 998 405
contribution of to the current portion	518 223	1 835 352
Expenditure during the year	(391 954)	(412 226)
<b>Balance at end of year</b>	<b>9 547 799</b>	<b>9 421 531</b>

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave.

## 18. Payables from exchange transactions

Trade payables	5 584 247	8 261 722
Payments received in advanced	3 877 498	2 824 030
Retention	6 218 084	5 332 892
Electricity not used	307 059	372 142
CDM Creditor	806 794	360 280
Department of Transport and Community Safety	551 887	358 083
Bonus	2 000 605	1 889 143
	<b>19 346 174</b>	<b>19 398 292</b>

## 19. Consumer deposits

Electricity	509 126	505 376
	<b>509 126</b>	<b>505 376</b>

## 20. Revenue

Service charges	10 948 366	11 061 887
Rental of facilities and equipment	218 131	254 993
Interest received - debtors	583 334	628 249
Agency services	742 790	718 633
Licences and permits	5 091 640	4 890 684
Other income	474 334	113 522
Interest received - investment	4 708 768	2 677 572
Property rates	30 599 233	49 558 003
Interest, Dividends and Rent on Land	909 511	714 069
Government grants & subsidies	204 435 319	230 316 073
Public contributions and donations	-	1 234 955
Fines, Penalties and Forfeits	628 430	493 491
	<b>259 339 856</b>	<b>302 662 131</b>

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

Service charges	10 948 366	11 061 887
Rental of facilities and equipment	218 131	254 993
Interest received - debtors	583 334	628 249
Agency services	742 790	718 633
Licences and permits	5 091 640	4 890 684
Other income	474 334	113 522
Interest received - investment	4 708 768	2 677 572

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Figures in Rand	2022	2021
	<b>22 767 363</b>	<b>20 345 540</b>
<b>The amount included in revenue arising from non-exchange transactions is as follows:</b>		
Taxation revenue - Property rates	30 599 233	49 558 003
Interest, Dividends and Rent on Land	909 511	714 069
Transfer revenue - Government grants & subsidies	204 435 319	230 316 073
Public contributions and donations	-	1 234 955
Traffic Fines, penalties and forfeits	628 430	493 491
	<b>236 572 493</b>	<b>282 316 591</b>
<b>21. Service charges</b>		
Sale of electricity	8 206 021	8 433 035
Refuse removal	2 742 345	2 628 852
	<b>10 948 366</b>	<b>11 061 887</b>
<b>22. Rental of facilities and equipment</b>		
<b>Premises</b>		
Cattle Grazing	40 312	40 312
Community Assets	218 131	214 681
	<b>258 443</b>	<b>254 993</b>
<b>23. Fines, Penalties and Forfeits</b>		
Traffic Fines	628 400	486 700
Illegal Connections Fines	-	6 791
Other Fines, Penalties and Forfeits	30	-
	<b>628 430</b>	<b>493 491</b>
<b>24. Licences and permits (exchange)</b>		
Department of transport and community safety	5 091 640	4 890 684
<b>25. Interest received - debtors</b>		
Service Charges	34 939	30 694
Waste Management	338 961	253 938
Electricity	209 434	214 766
CDM Water and Sanitation	-	128 851
	<b>583 334</b>	<b>628 249</b>
<b>26. Interest from non-exchange receivables</b>		
Interest Received-Service Debtors	909 511	714 069
<b>27. Commission Received</b>		
Commission Received	742 790	718 633

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

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### 28. OTHER INCOME

Building Plan Approvals	402	2 706
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Figures in Rand	2022	2021
Clearance certificates	136 390	5 674
Actuarial Gains	118 304	-
Skills development refund	178 631	80 361
Sundry income	-	152
Grave Fees	5 500	18 284
Town Planning Fees	35 107	6 345
	<b>474 334</b>	<b>113 522</b>

## 29. Interest received - external investment

### Interest revenue

Interest received - External investments	4 708 768	2 677 572
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## 30. Property rates

### Rates Billed

Residential	2 609 100	2 505 113
Commercial	1 877 616	1 795 412
State	24 703 052	43 829 530
Small holdings and farms	1 402 912	1 421 572
Public service infrastructure	6 553	6 376
	<b>30 599 233</b>	<b>49 558 003</b>

### Valuations

Residential	442 455 000	442 455 000
Commercial	121 101 000	121 101 000
State	682 924 000	682 724 000
Municipal	23 761 000	23 761 000
Small holdings and farms	1 723 685 000	1 721 685 000
Public service infrastructure	4 381 000	4 381 000
	<b>2 998 307 000</b>	<b>2 996 107 000</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.

## 31. Government grants and subsidies

### Operating grants

Equitable share	155 512 751	179 962 122
Municipal Infrastructure Grant	1 850 000	1 707 718
FMG - Finance Management Grant	2 127 720	2 356 147
Expanded Public Works Program	1 420 270	1 262 447
Municipal Disaster Relief Grant	1 000 000	-
	<b>161 910 741</b>	<b>185 288 434</b>

### Capital grants

EE & Demand side Grant	-	2 538 227
INEP	7 383 558	8 714 412
MIG - Municipal infrastructure grant	35 141 020	33 775 000
	<b>42 524 578</b>	<b>45 027 639</b>

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	<b>204 435 319</b>	<b>230 316 073</b>
Figures in Rand	2022	2021

## Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	48 922 568	50 353 951
Unconditional grants received	155 512 751	179 962 122
	<b>204 435 319</b>	<b>230 316 073</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	96 479	1 106 249
Current-year receipts	37 000 000	34 504 000
Conditions met - transferred to revenue Operational	(1 850 000)	(1 707 718)
Conditions met-transfer to revenue Capital	(35 141 020)	(33 775 000)
Adjustments/Returned to National revenue fund	(96 478)	(31 052)
	<b>8 981</b>	<b>96 479</b>

Conditions still to be met - remain liabilities (see note 14).

## Finance Management Grant

Balance unspent at beginning of year	43 858	2 150
Current-year receipts	2 300 000	2 400 000
Conditions met - transferred to revenue	(2 127 720)	(2 356 147)
Adjustments/Returned to National revenue fund	(43 859)	(2 145)
	<b>172 279</b>	<b>43 858</b>

Conditions still to be met - remain liabilities (see note 14).

Finance management grant received with conditions to be met. The money returned to the national revenue fund is because the municipality did not appoint the intern timeously.

## INEP

Balance unspent at beginning of year	285 588	-
Current-year receipts	10 000 000	9 000 000
Conditions met - transferred to revenue	(7 383 558)	(8 714 412)
Adjustments /Returned ot National Revenue fund	(285 588)	-
	<b>2 616 442</b>	<b>285 588</b>

## EE& DEMAND SIDE GRANT

Balance unspent at beginning of year	161 273	-
Current-year receipts	-	2 699 500
Conditions met - transferred to revenue	-	(2 538 227)
Adjustments/Returned to National revenue fund	(161 273)	-
	<b>-</b>	<b>161 273</b>

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<b>Integrated Transport Plan</b>		
Balance unspent at beginning of year	108 614	108 614
Conditions still to be met - remain liabilities (see note 14).		
Integrated transport plan grant received with conditions to be met.		
<b>Expanded Public Works Program</b>		
Balance unspent at beginning of year	41 553	-
Current-year receipts	1 429 000	1 304 000
Conditions met - transferred to revenue	(1 420 270)	(1 262 447)
Adjustments/Returned to National revenue fund	(41 553)	-
	<b>8 730</b>	<b>41 553</b>
Conditions still to be met - remain liabilities (see note 14).		
Expanded public works program grant received with conditions met.		
<b>MDRG</b>		
Current-year receipts	1 000 000	-
Conditions met - transferred to revenue	(1 000 000)	-
	-	-
<b>COVID 19 Relief fund</b>		
Balance unspent at beginning of year	-	19 924
Current-year receipts	-	-
Other	-	(19 924)
	-	-
<b>Unspent conditional grants and receipts</b>	<b>2 915 046</b>	<b>737 365</b>
<b>32. Public contributions and donations</b>		
CDM Donation	-	1 234 955



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Figures in Rand	2022	2021
<b>33. Employee related costs</b>		
Basic Salary	58 892 457	55 855 831
PMU - MIG Salaries	1 771 030	1 707 718
Bonus	5 602 654	4 455 561
Medical aid - company contributions	4 825 601	4 453 754
UIF	356 052	302 391
Interns Salaries: FMG	279 838	460 698
Leave pay provision charge	518 223	1 835 353
Defined benefit plans	2 073 088	2 546 354
Travel, motor car, accommodation, subsistence and other allowances	7 092 596	6 129 301
Overtime payments	668 794	576 703
Long-service awards	879 000	721 000
Acting allowances	189 970	166 465
Housing benefits and allowances	194 185	191 113
Standby allowance	383 847	378 887
Laptop Allowance	486 670	458 045
Pension Funds - Company contribution	10 817 997	10 214 844
Telephone/Cellphone Allowance	1 217 479	1 153 316
Industrial/Bargaining Council	20 366	19 305
	<b>96 269 847</b>	<b>91 626 639</b>

#### Included in Long Service Awards are

Current Service Cost	472 000	430 000
Interest Cost	407 000	291 000
	<b>879 000</b>	<b>721 000</b>

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

Actuarial Gain/Loss-Post retirement benefit	-	868 745
Actuarial Gain/Loss- Long Service Award	104 087	78 606
Interest Cost	1 070 000	735 000
Service Cost	899 000	864 000
	<b>2 073 087</b>	<b>2 546 351</b>

#### Remuneration of municipal manager

Annual Remuneration	601 190	856 125
Motor car , housing and other allowances	228 249	388 035
Leave Pay	163 071	-
	<b>992 510</b>	<b>1 244 160</b>

The Municipal Manager is appointed on a 4years fixed contract starting 1 March 2018 to 28 February 2022.

#### Remuneration of Chief Finance Officer

Annual Remuneration	658 320	658 320
Motor car , housing and other allowances	332 763	332 763
Bonuses	54 860	54 860
	<b>1 045 943</b>	<b>1 045 943</b>

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

#### Remuneration of Manager - Technical Services

Annual Remuneration	713 180	713 180
Motor car , housing and other allowances	332 763	332 763
	<b>1 045 943</b>	<b>1 045 943</b>

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Figures in Rand	2022	2021
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The Manager Technical Services is appointed on a 5 year contract 1 April 2018

## Remuneration of Manager Corporate Services

Annual Remuneration	728 541	735 790
Motor car , housing and other allowances	256 690	256 690
Bonuses	60 712	59 432
Acting Allowance :MM	42 528	-
	<b>1 088 471</b>	<b>1 051 912</b>

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

## Remuneration of Manager - Community Services

Annual Remuneration	713 180	713 180
Motor car , housing and other allowances	332 763	332 763
	<b>1 045 943</b>	<b>1 045 943</b>

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

## Remuneration of Manager - Local Economic Development

Annual Remuneration	660 120	207 371
Motor car , housing and other allowances	332 763	105 865
Bonus	53 060	-
	<b>1 045 943</b>	<b>313 236</b>

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

## 34. Remuneration of councillors

Executive Mayor	932 496	917 622
Chief Whip	520 760	702 410
Mayoral Committee Members	3 762 585	3 667 360
Speaker	763 901	745 451
Councillors	6 972 387	6 926 278
	<b>12 952 129</b>	<b>12 959 121</b>

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## 35. Depreciation and amortisation and impairment

Property, plant and equipment	18 317 248	11 793 444
Investment property	43 333	43 333
Intangible assets	417 337	417 342
Impairment of Assets	317 111	-
	<b>19 095 029</b>	<b>12 254 119</b>

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## 36. Finance costs

Finance Lease - Interest Paid	-	31 333
Other - Interest Paid	12 599	150 151
Fruitless and wasteful expenditure - Interest Paid	937	230
	<b>13 536</b>	<b>181 714</b>

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## 37. Debt impairment

Debt impairment - Traffic Fines	853 236	176 916
Debt impairment - Provision	2 015 002	7 930 239
Debt impairment - provision - CDM	390 722	764 233

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Figures in Rand	2022	2021
	<b>3 258 960</b>	<b>8 871 388</b>
<b>38. Bad Debts written off</b>		
Bad debts written off	578 664	-
<b>39. Bulk purchases</b>		
Electricity - Eskom	12 585 146	11 026 473
<b>40. Contracted services</b>		
<b>Outsourced Services</b>		
Administrative and Support Staff	13 065 001	12 062 863
Catering Services	728 658	371 520
<b>Consultants and Professional Services</b>		
Business and Advisory	6 094 211	7 226 954
<b>Contractors</b>		
Maintenance - property plant and equipment	15 789 995	18 193 948
Employee Wellness	1 031 504	1 264 153
	<b>36 709 369</b>	<b>39 119 438</b>
<b>41. General expenses</b>		
Accommodation and meals	2 748 406	3 065 699
Advertising	948 395	866 745
Advertising : Recruitment	61 675	88 186
Auditors remuneration	3 446 880	3 925 776
Bank charges	159 073	306 786
Commission paid	2 820 280	5 731 405
Cleaning Materials	2 097 769	1 173 763
Bursaries Employees	494 405	392 982
Servitude and land surveys	397 000	567 000
Transport - events	274 495	400 170
Entertainment	14 237	9 175
Insurance - General	943 044	847 711
Ward Committee Expenses	1 627 255	2 303 400
Environmental & Waste Management	1 507 183	1 424 455
Free Basic Electricity	4 937 729	4 499 025
Fuel and Oil: Municipal Fleet	3 341 915	1 934 850
Fuel and Oil: Other	13 960	2 859
Postage and Telephone	7 660	294 649
Printing, Publication & Marketing	811 300	654 093
Protective clothing	1 048 675	1 003 839
Licences - Vehicles	196 234	116 376
Internship programme	-	16 000
Membership Fees	-	3 253
Township establishment	1 028 960	727 421
Training SMME	-	545 000
Affiliation & Membership Fees : SALGA	1 169 102	1 322 335
Subscriptions and Systems Licencing	1 172 346	1 783 603
Training and Conferences	2 192 352	2 317 441
Public Participation	405 785	90 000
Operating lease expense	2 397 517	159 000
Tracking device system	67 767	76 039
Stationery	1 185 980	811 737
Skills development Levy	843 268	664 726
	<b>38 360 647</b>	<b>38 125 499</b>

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Figures in Rand	2022	2021
<b>Included in the Operating lease expense is the following:</b>		
<b>Operating Leases(as a lessee)</b>	<b>2021/2022</b>	<b>2020/2021</b>
Minimum lease payments	-	-
Within one year	3 490 447	2 748 719
In second to fifth year inclusive	3 201 143	5 593 223
After five years	-	-
<b>Total</b>	<b>6 691 590</b>	<b>8 341 942</b>
Total future minimum sublease payments expected to be received at the reporting date.		
Total contingent rents recognised as expense in the period		
<b>42. Principals and Agents</b>		
<ul style="list-style-type: none"> <li>The Municipality is involved in an agency relationship with Capricorn District Municipality for the provision of water services.</li> </ul>		
<b>42.1 Capricorn District Municipality</b>		
	<b>2 022</b>	<b>2 021</b>
No Resources (assets/liabilities recognise by the municipality that are held /incurred on behalf of the principal)		
Revenue recognised as compensation for the transactions carried on behalf of the principal	742 790	718 633
Revenue recieved or to be received on behalf of the principal	2 811 456	2 708 517
No expenditure paid or incurred on behalf of the principal		
<b>Recievables held on behalf of the principal</b>		
Opening Balance	8 682 801	6 488 918
Revenue receivable	2 811 456	2 708 517
Amount written of settlements or waivers of amounts due		
Amounts received	1 152 563	514 634
Closing balance	<u>10 341 695</u>	<u>8 682 801</u>
<b>Payables held on behalf of the principal</b>		
Opening Balance	360 280	742 017
Payables for current year	806 794	360 280
Cash paid	(360 280)	(742 017)
Closing Balance	<u>806 794</u>	<u>360 280</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 ,dutiress and obligation of the parties in terms of the agreement are limited to the provision of water and annually services. The scope of the agreement is limited to the water service areas , all the assets regarding the Provision of water are owned and maintained by the district CDM

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

## 42.2 Department of Transport and Community Safety

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	5 091 640	4 890 684
Revenue received or to be recieved on behalf of the principal	7 537 286	7 576 897
Expenditure paid or incurred on behalf of the principal	-	-
<b>No receivables held on behalf of the principal</b>		
<b>Payables held on behalf of the principal</b>		
Opening Balance	358 083	770 380
Expenses incurred	<u>551 887</u>	<u>358 083</u>

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Cash Paid	(358 083)	(770 380)
Closing balance	<u>551 887</u>	<u>358 083</u>

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



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202 202

## 2022

### Remuneration of Councillors

Mayor ME Paya Remuneration ,pension ,cellphone allowance and housing allowance	932 496
Chief Whip ( E M Rathaha) Remuneration ,pension ,cellphone allowance and housing allowance	520 760
Speaker ( M S Moreroa) Remuneration ,pension ,cellphone allowance and housing allowance (July 2021-October 2021)	271 219
Speaker ( D Matlou) Remuneration ,pension ,cellphone allowance and housing allowance (November 2021-June 2022)	492 681
Councillors Allowance and remuneration	10 734 973
	<b>12 952 129</b>

### Related party per Councillor

	Basic Salary	Allowances	Total 2022
ME Paya (Mayor)	665 014	267 482	932 496
MS Moreroa (Speaker)July 2021-October 2021)	189 428	81 791	271 219
D Matlou (Speaker)	348 997	143 684	492 681
EM Rathaha (Chief Whip)	356 765	163 995	520 760
PT Rathete (MPAC)	270 979	131 278	402 257
SR Nakana (MPAC)	180 575	87 564	268 139
MD Lehong (Exco)	177 589	73 723	251 312
M Duba	96 165	46 582	142 747
ML Moabelo (Exco)	325 816	135 957	461 773
PM Tawana (Exco)	99 074	47 553	146 627
NW Seakamela (Exco)	177 589	73 724	251 313
NF Rampyapedi (Exco)	498 761	207 206	705 967
MD Meso (Exco)	99 074	47 552	146 626
SW Mafona (Exco)	179 176	86 669	265 845
MO Motolla (Exco)	179 176	86 150	265 326
BM Hlapa (Exco)	321 172	133 482	454 654
MC Matjee	211 153	111 356	322 509
MP Makgato	211 153	111 356	322 509
D Matlou	70 290	37 030	107 320
MA Makgoka	74 934	39 505	114 439
MQ Malema	74 934	39 505	114 439
ML Moabelo	70 290	37 029	107 319
PT Rakimane	74 934	39 505	114 439
MA Kobo	74 934	39 505	114 439
MI Mohafe	74 934	39 505	114 439
RL Mpati	74 934	39 505	114 439
MJ Manthata	74 934	39 505	114 439
PS Masoga	211 153	111 356	322 509
MJ Leferela	74 934	39 505	114 439
NS Ramukhubedi	74 934	39 505	114 439
SE Kobola	74 934	39 505	114 439
TE Raphaswana	74 934	39 505	114 439
GM Sepheso	74 934	39 505	114 439
MD Marutha	74 934	39 505	114 439
MP Tloubatla	35 075	18 492	53 567
SR Nakana	70 290	37 030	107 320
NM Hopane	74 934	39 505	114 439
M Mufamadi	34 597	19 341	53 938
FM Mokwele	13 529	7 151	20 680
ME Ramarutha	136 219	71 811	208 030
MS Machaka	136 219	71 811	208 030
MY Senamolela	136 219	71 811	208 030
NG Sekgota	136 219	71 811	208 030
TM Mapholletja	136 219	71 811	208 030
MJ Poopedi	136 219	71 811	208 030
MM Selabe	136 219	71 811	208 030
RL Sepuru	83 605	44 074	127 679
MV Ramusi	136 219	71 811	208 030
MC Nong	136 219	71 811	208 030
MS Ngobene	136 219	71 811	208 030

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		202	202
SP Chepape	136 219	71 811	208 030
TG Malebana	136 219	71 811	208 030
ME Rahlana	136 219	71 811	208 030
RI Mabitsela	136 219	71 811	208 030
TO Kgopane	136 219	71 811	208 030
MS Letlalo	136 219	71 811	208 030
ME Machethe	136 219	71 811	208 030
GM Modiba	136 219	71 811	208 030
MJ Kubyana	52 613	27 738	80 351
	<b>8 730 116</b>	<b>4 222 013</b>	<b>12 952 129</b>



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Figures in Rand	2022	2021	
<b>2021</b>			
<b>Remuneration of Councillors</b>			
Mayor ME Paya Remuneration ,pension ,cellphone allowance and housing allowance	917 622		
Chief Whip ( E M Rathaha) Remuneration ,pension ,cellphone allowance and housing allowance	745 452		
Speaker ( M S Moreroa) Remuneration ,pension ,cellphone allowance and housing allowance	702 410		
Councillors Allowance and remuneration	10 593 637		
	<b>1 646 395</b>	<b>719 089</b>	
		<b>12 959 121</b>	
<b>Related party per Councillor</b>	<b>Basic Salary</b>	<b>Allowances</b>	<b>Total 2021</b>
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 Tloubatla	204 323	112 508	316 831
S R Nakana (Mpac)	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>

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

### 44.1 Service Charges - Sale of Electricity Budget Variances above 5%

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The municipality has implemented credit control and debt collections measures which specifically focusses on disconnections of electricity. Most rate payers were disconnected during the financial year which led to the reduction in electricity usage.

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

Additional rate payers requested for refuse during the financial year which was inclusive of business and residential rate payers.

## Molemole Municipality

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Figures in Rand

2022

2021

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

Interest received debtors-Non exchange transactions - more budget was allocated to the exchange transactions Interest Received debtors- Exchange transactions- -Incorrect estimate during budget %.

**44.4 LICENCES & PERMITS**

**Budget Variances above 5%**

Continuous interruption of system challenges leads to the municipality not achieving what was anticipated

**44.5 OTHER INCOME**

**Budget Variances above 5%**

The municipality has budgeted for the sale of vacant stands and the processes has not yet been finalized for the amount to be realized.

**44.6 TRAFFIC FINES, PENALTIES  
AND FORFEITS BUDGET  
VARIANCES ABOVE 5%**

The traffic department had shortage of staff in the 21-22 financial year which led to the department not being

able to achieve it's annual target of traffic fines issued. The budget was allocated based on previous financial year analysis.

**44.7 INTEREST RECEIVED - EXTERNAL  
INVESTMENT BUDGET  
VARIANCES ABOVE 5%**

The municipality had access funds to invest during the period when procurement processes were halted.

**44.8 PROPERTY RATES**

**Budget Variances above 5%**

The tariff for government properties changed from the previous financial year to the current year.

**44.9 RENTAL OF FACILITIES AND  
EQUIPMENT BUDGET**

## Molemole Municipality

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### 44.10 VARIANCES ABOVE 5%

The budget took into account the rental of community halls and stadiums and which it was never achieved due to current economic challenges.

### 44.11 EMPLOYEE RELATED COST BUDGET

VARIANCES LESS 5%  
Immaterial variance less than 5%

### 44.12 REMUNERATION OF COUNCILLORS BUDGET VARIANCES ABOVE 5%

The initial budget for councillors based on CPI of 7% however when a new gazette came it only reflected a cost of living adjustment of 3%. The structure of the new council has changed some of the position that were full time became part time which reduced the salary paid out.

### 44.13 Depreciation and amortisation Budget Variances less 5% Immaterial variance less than 5 %

### 44.14 FINANCE COST

**Budget Variances above 5%**

The municipality during the budget process they took into account the interest on landfill site based on the previous year spending. During the audit process it was noted that the interest of landfill was overstated in the current year under review which led to the underspending with regard to vote.

### 44.15 BULK PURCHASES

**Budget Variances less 5%**

Immaterial variance.

### 44.16 CONTRACTED SERVICES BUDGET VARIANCES ABOVE 5%

## Molemole Municipality

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Financial Statements for the year ended 30  
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Figures in Rand	2022	2021
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Some of the projects were halted due to a moratorium implemented by treasury on procurement, thus resulted into lower spending.

### 44.17 GENERAL EXPENSES

**Budget Variances less 5%**

Immaterial variance less than 5% .

### 44.18 DEBT IMPAIRMENT AND BAD

DEBTS WRITTEN OF ACTUAL  
VARIANCES ABOVE 5%

The budget for debt impairment and bad debts written of is R3909664 and the expense for the two combined together is R3837624 which is 98% towards the budget amount. The variance of 17% on debt impairment is as a result of that the budget is inclusive of the throw but the expenditure there is exclusive of bad debts. .

### 44.19 LOSS ON DISPOSAL OF

ASSETS ACTUAL

VARIANCES ABOVE 5%

No budget allocated during budget period.

### 44.20 Loss on transfer of Assets Actual

**Variations above 5%** Previously  
budgeted under Capex

.

## STATEMENT OF FINANCIAL POSITION

### 44.21 Total Current Assets Actual

**Variations above 5%**

The municipality allocated more budget for the debtors during the budgeting period .

### 44.22 TOTAL NON

CURRENT ASSETS

ACTUAL VARIANCES

ABOVE 5

Projects were halted due to National Treasury procurement process.

### 44.23 TOTAL CURRENT LIABILITY

Projects were halted due to National Treasury procurement process

### 44.24 TOTAL NON CURRENT LIABILITY

Municipality budgeted for the provision of landfill site

### 44.25 REVALUATION RESERVE

The municipality budgeted more during budget period

## Molemole Municipality

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Financial Statements for the year ended 30

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### 44.26 ACCUMULATED SURPLUS

The municipality budgeted more during budget period

## CASH FLOW STATEMENT

### 44.27 Net Cash used from operating

The municipality had more funds available due to the projects being halted by National Treasury procurement processes

### 44.28 NET CASH USED FROM INVESTING

The municipality could not complete or procure new capital projects because of the National Treasury processes being halted

### 45. CASH GENERATED FROM OPERATIONS

Surplus for the year

32 489 430 88 324 654

## ADJUSTMENTS FOR:

# Molemole Municipality

(Registration number LIM353)

Financial Statements for the year ended 30  
June 2022

Figures in Rand	2022	2021
Depreciation, amortization and impairment	19 095 029	12 254 119
(Gain) / loss on sale of assets and liabilities	647 727	173 105
Public Contributions and donations	-	(1 234 955)
Asset transfer to Eskom	6 419 695	-
Movements in non-current provisions and retirement benefit liabilities	1 631 974	2 938 925
Movements in current provisions and retirement benefits	799 267	1 001 955
<b>Changes in working capital:</b>		
Inventories	505 384	(790 987)
Receivables from exchange transactions	(1 467 855)	21 869
Other receivables from non-exchange transactions	(235 784)	14 750 789
Payables from exchange transactions	(52 118)	(4 627 436)
VAT	2 441 901	2 446 021
Unspent conditional grants and receipts	2 177 681	(499 572)
Consumer deposits	3 750	900
Other current liability	(46 811)	162 733
	<b>64 409 270</b>	<b>114 922 120</b>

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

Service Charges - Electricity	8 206 021	8 433 035
Service Charges - Refuse removal	2 742 345	2 628 852
Interest earned -Outstanding debtors non exchange	909 511	714 069
Interest earned - Outstanding debtors	583 334	628 249
Commission Received	742 790	718 633
Property Rates	30 599 233	49 558 003
Traffic Fines, penalties and forfeits	628 430	493 491
Rental of facilities and equipment	258 443	254 993
Licenses and permits	5 091 640	4 890 684
Other Income	474 334	113 522
Movement in receivables from exchange transactions	(1 467 855)	21 869
Movement in receivables from non-exchange transactions	(235 784)	14 750 789
Provision for Bad Debts	(3 837 624)	(8 871 388)
Movements in Consumer deposits	3 750	900
	<b>44 698 568</b>	<b>74 335 701</b>

## 47. Cash flow Statement Receipts - Grants

Government Grant and subsidies	204 435 319	230 316 073
Movement in Unspent and Conditional Grants	2 177 681	(499 572)
	<b>206 613 000</b>	<b>229 816 501</b>

## 48. Cash flow Statement Payment -Suppliers

Bulk Purchases	(12 585 146)	(11 026 473)
Contracted services	(36 709 369)	(39 119 438)
General Expenses	(38 360 647)	(38 125 499)
Movements in Payables from exchange transactions	(52 118)	(4 627 437)
Movements in VAT receivable	2 441 901	2 446 021
Movements in Other current liability	(46 811)	162 733
Movements in Employee Benefit - Current	799 267	1 542 126
Movement in Employee Benefit - Non Current	1 791 000	2 420 000
Movement in Provisions - Non current	(159 026)	664 603
Movement in Inventories	505 384	(790 987)
	<b>(82 375 565)</b>	<b>(86 454 351)</b>

## 49. Employee Related Cost

Employee related costs	(96 269 842)	(91 626 639)
Remuneration of councillors	(12 952 123)	(12 959 102)
	<b>(109 221 965)</b>	<b>(104 585 741)</b>

# Molemole Municipality

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Financial Statements for the year ended 30  
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## 50. Financial instruments disclosure

### Categories of financial instruments

Financial Assets	Classification	2022	2021
<b>Consumer Debtors</b>			
Trade receivables from exchange transactions	Financial instruments at amortised cost	4 143 002	2 675 147
Trade receivables from non-exchange transactions	Financial instruments at amortised cost	58 660 439	58 424 655
Cash and cash equivalents	Financial instruments at amortised cost	105 254 242	89 537 558
<b>Bank Balances and Cash</b>			
Cash Floats and Advances	Financial instruments at amortised cost	13 500	8 161
<b>Summary of Financial Assets</b>		<b>- 168 071 183</b>	<b>150 645 521</b>

Financial Liability	Classification	2022	2021
<b>Long-term Liabilities</b>			
<b>Trade Payables</b>			
Trade Creditors	Financial instruments at amortised cost	19 346 174	19 398 292
<b>Current Portion of Long-term Liabilities</b>			

## 51. Profit/(Loss) on disposal of Assets

(Profit) / Loss on write-off of council assets as per council resolution	647 727	173 105
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## 52. Loss on Transfer of Assets

Loss on Transfer of Electrification Project to Eskom	6 419 695	-
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## 53. Commitments

### Capital Commitments

#### Already contracted for but not provided for

• Infrastructure Assets	5 538 028	1 715 696
	<b>5 538 028</b>	<b>1 715 696</b>

#### This expenditure will be financed from:

• Government grants	2 604 110	-
• Contributions from operating revenue	2 933 918	1 715 696
	<b>5 538 028</b>	<b>1 715 696</b>

### Operating Commitments

#### Already contracted for but not provided for

• Operating Expenditure	31 664 423	16 700 641
	<b>31 664 423</b>	<b>16 700 641</b>

#### This expenditure will be financed from

• Contributions from Operating Revenue	31 664 423	16 700 641
	<b>31 664 423</b>	<b>16 700 641</b>



## Molemole Municipality

(Registration number LIM353)

Financial Statements for the year ended 30  
~~June 2022~~

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**Total commitments**

## Molemole Municipality

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Financial Statements for the year ended 30  
June 2022

	202	202
Capital Commitments	5 538 028	1 715 696
Operating Commitments	31 664 423	16 700 641
	<b>37 202 451</b>	<b>18 416 337</b>
<b>Included in Operating Commitments is the following:</b>		
Operating Lease-Graders	8 014 086	9 877 876
Operating Lease-Printers	1 098 367	-
	<b>9 112 453</b>	<b>9 877 876</b>

### Operating leases - as lessee (expense)

<b>Minimum lease payments due</b>		
- within one year	3 490 447	2 984 253
- in second to fifth year inclusive	3 201 143	6 893 623
	<b>6 691 590</b>	<b>9 877 876</b>

Operating lease payments represent rentals payable by the municipality for service delivery plant and equipment assets a. Lease period is for a term of three years and rentals are exalates at 10% annually over the lease term. No contingent rent is payable. Operating lease payments also include rentals payable by the municipality for printing machines . Lease period is for a term of three years there is no excalation annually over the lease term. No Contingent rent is payable.

### 54. Contingencies

Contingent Liability	2 625 211	5 198 631
Contingent Asset	1 044 400	706 021

For more information, see supplementary schedule 2 attached

### 55. Change in estimate

#### Property, plant and equipment

The useful life of infrastructure & other asset classes was adjusted during 2021/2022 to more accurately reflect the period of economic benefits or service potential derived from these assets. Refer to note 4. The effect of changing the remaining useful life of assets for the Municipality during 2021/2022 has been treated retrospectively as an error. Prior period error change amounts to R2 247 690.75 and increase the future periods by R1 847 436.41

### 56. CHANGES IN ACCOUNTING POLICY

There are no changes in Accounting Policy

## Molemole Municipality

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Financial Statements for the year ended 30

~~June 2022~~

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57. PRIOR PERIOD ERRORS	202	202
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The correction of the error(s) results in adjustments as follows:

An amount of R1914.74 was double accounted for in Fleet Charges for 2021 now corrected. An amount of R3127 for XLP invoices was understated now corrected

An amount of R396 563 was overstated under the Genral expenses for Free Basic Electricity

An Adjustment was made to Property Plant and equipment as a result of Change in Estimate from 2021 Financial Year Respectively

An amount for 133799 was not accounted for Interest recieved in Investment now accounted for

### STATEMENT OF FINANCIAL POSITION 2020

Description	Balance as previously presented	Prior period error	Reclassified	Restated balance
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# Molemole Municipality

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 Figures in Rand

2022 2021

Accumulated surplus 283 659 125 2 927 432 - 286 586 557

## STATEMENT OF FINANCIAL POSITION 2020

### Accumulated Surplus 2020

Balance previously reported	283 659 125
Depreciation adjustment made in respect of Change in Estimate	<u>2 387 262</u>
	<u>286 046 387</u>

### Statement of Financial Position 2021

Description	Balance as previously presented	Prior period error	Reclassified	Restated balance
Receivables From Non-Exchange Transactions	58 824 345	(399 690)	-	58 424 655
Receivables from exchange transactions	2 541 347	133 799	-	2 675 146
VAT receivable	12 523 502	408	-	12 523 910
Cash and cash equivalents	89 543 805	1 915	-	89 545 720
Property, plant and equipment	310 334 685	679 778	-	311 014 463
Intangible assets	-	1 567 913	-	1 567 913
Payables from Exchange Transactions -Trade Payables	8 611 905	-	(358 083)	8 253 822
Payables from Exchange Transactions -Department of Transport Community and Safety	-	-	358 083	-
Payables from exchange transactions	19 758 537	(360 244)	-	19 398 293
Provisions	16 002 433	(540 171)	-	15 462 262
Accumulated surplus	372 026 672	2 884 539	-	374 911 211

### Statement of Financial Position 2021

#### Cash and cash equivalents 2021

Balance previously reported	89 543 805
Fleet interest double accounted for in Primary Bank account now corrected	1 915
	<u>89 545 720</u>

#### Accumulated Surplus - 2021

Balance previously reported	372 026 672
Fleet interest double accounted for in Primary Bank	(1 915)
Xlp invoices was understated now corrected	2 720
Depreciation for 2020/201 now correct in respect of Change in Estimate	139 572
Free Basic Electricity Account overstated now corrected	(396 563)
Property Plant and Equipment Accumulated Depreciation restated in respect of Change in Estimate	661 385
Intangible Asset Accumulated Amortization restated in respect of Change in Estimate	1 567 913
Reclassification of water transactions now corrected	360 244
Finance cost for landfill site now corrected	540 171
Accrued Interest Received from Interest on Investment 2020/2021 now corrected	133 799

#### Receivables from non- exchange transactions -2021 -

Balance previously reported	58 824 345
Xlp invoice understated now corrected	(3 127)
Free Basic Invoice incorrectly accounted for as expense now corrected	(396 563)
Restated Balance	<u>58 558 455</u>

#### Intangible Assets - 2021

Intangible Asset Accumulated Amortisation restated in respect of Change in Estimate	1 567 913
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#### Property Plant and Equipment -2021

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Accumulated Depreciation restated in respect of Change of Estimates

661 385

Restated Balance

310 996 070

# Molemole Municipality

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Figures in Rand

2022

2021

## Payables from Exchange Transactions Note 18

Balance previously reported	8 619 805
Reclassification to Department of Road and Transport Community and safety	(358 083)
Restated Balance	8 261 722

## Department of Road and Transport Community an Safety

Balance Previously Reported	-
Reclassification from Department of Road and Transport Community and safety	358 083
Restated Balance	358 083

## Provisions- 2021

Balance previously reported	16 002 433
Overstatement on provision for landfill site	(540 171)
Restated Balance	15 462 262

## Receivables from Exchange -

Balance previously reported	2 541 347
Interest received on Investment accrued now corrected	133 799
Restated Balance	2 675 146

## Payables from exchange transactions -

Balance previously reported	19 758 537
Reclassification of water transactions now corrected	(360 244)
Restated Balance	19 398 293

## Statement of Financial Performance 2021

Description	Balance as previously presented	Prior period error	Reclassified	Restated balance
<b>Revenue</b>				
Interest recieved -Investment	2 543 773	133 799	-	2 677 572
General Expenses	- (38 086 461)	(39 039)	-	(38 125 500)
Depreciation	- (12 114 550)	(139 569)	-	(12 254 119)
<b>Finance Cost-</b>				
Balance previously reported				(183 629)
Fleet Interest double account for n 2021 now corrected				1 915
Restated Balance -				(181 715)
<b>General Expenses</b>				
Balance previously reported				(38 086 461)
Xlp invoice understated now corrected				(2 720)
Free Basic Electricity Accounted understated now corrected				(396 563)
CDM commision expenses incorrecly expensed now corrected				360 244
Restated Balance				(38 125 499)
<b>Depreciation-</b>				
Balance previously reported				(12 114 550)
Depreciation on assets restated in respect of Change in Estimate				(139 569)
				-
				-

## Molemole Municipality

(Registration number LIM353)

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Restated Balance	<u>(12 254</u>
119)	-
<b>Interest received-Investment</b>	
Balance previously reported	2 543 773
Interest Accrued on Investment now corrected	<u>133 799</u>
Restated Balance -	<u>2 677 571</u>

# Molemole Municipality

(Registration number LIM353)  
 Figures in Rand

2022 2021

## CASH FLOW STATEMENT 2021

Description	Balance as previously presented	Prior period error	Reclassified	Restated balance
<b>Receipts</b>				
Interest Income	- 2 543 773	133 799		- 2 677 572

## PAYMENTS

### Finance Cost-

Balance previously reported (629)				(183
Fleet Interest double account for in 2021 now corrected				<u>1 915</u>
Restated Balance - (715)				<u>(181</u>

## MOVEMENTS IN RECEIVABLE FROM EXCHANGE TRANSACTIONS

Balance previously reported				155 668
Accrued Interest now corrected (799)				(133
				-
				<u>-</u>
Restated Balance - Receivables from exchange Transactions				<u>21 868</u>

### Operating commitments -

Balance previously reported				16 373 713
Contract amount of CCG Sytem was understated				<u>326 929</u>
Restated Balance				<u>16 700 642</u>

### Fruitless and Wastefull Expenditure)

Balance previously reported				28 247
Retention amount was incorrectly raised as a Fruitless now corrected				(9 854)
Accumulated changes i.r.o 2015				-
Restated Balance				<u>18 393</u>

### Distribution Losses

	Restated Balance	Previously Reported
Units Purchased	6 562 884	6 838 437
Units Sold	6 174 031	6 174 031
Units Loss	388 853	664 406
Percentage distribution Loss	6 %	10%

### Electricity Distribuion Losses (Rand)

Electricity Purchased	10 582 165	11 026 473
Electricity Sold	8 433 035	8 433 035
Electricity Loss	2 149 130	293 438
Percentage distribution loss	20%	24%



## Molemole Municipality

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### 58. Risk management

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#### 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.

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.

## Molemole Municipality

(Registration number LIM353)

Figures in Rand		2022	2021	
<b>At 30 June 2022</b>	<b>Less than 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>Over 5 years</b>
Trade and other payables	19 346 174	-	-	-
Other financial liabilities	235 693	-	-	-
<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	19 398 292	-	-	-
Other financial liabilities	282 504	-	-	-

### 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.

Balances past due not impaired:

<b>Non-Exchange Receivables</b>	2022 Percentage	2022 Amount	2021 Percentage	2021 Amount
Rates	100%	83 819 408	100%	80 379 074
	<b>100%</b>	<b>83 819 408</b>	<b>100%</b>	<b>80 379 074</b>
<b>Exchange Receivables</b>	2022 Percentage	2022 Amount	2021 Percentage	2021 Amount
Electricity	16	3 297 039	21	3 832 660
Refuse	80	16 612 601	75	13 968 813
Other	4	832 855	4	779 792
	<b>100%</b>	<b>20 742 495</b>	<b>100%</b>	<b>18 581 265</b>

No receivables are pledged as security for financial liabilities.

## Molemole Municipality

(Registration number LIM353)

Due to the short term nature of trade and other receivables the carrying value disclosed in note 9 & 10 of the financial statements is an approximation of its fair value. Interest on overdue balances (rates) are included at 10% where applicable.

The provision for bad debts could be allocated between the different classes of debtors as follows:

NON-EXCHANGE RECEIVABLES	2022 Percentage	2022 Amount	2021 Percentage	2021 Amount
Rates	100%	27 059 934	100%	25 867 538
	<b>100%</b>	<b>27 059 934</b>	<b>100%</b>	<b>25 867 538</b>
<b>Exchange Receivables</b>	2022 Percentage	2022 Amount	2021 Percentage	2021 Amount
Electricity	16	2 773 354	21	3 429 204
Refuse	80	13 973 939	75	12 498 348
Other	4	700 569	4	697 704

## Molemole Municipality

(Registration number LIM353)  
Figures in Rand

2022 2021

100%	17 447 862	100%	16 625 256
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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

### 59. GOING CONCERN

## Molemole Municipality

(Registration number LIM353)

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

We draw attention to the fact that at 30 June 2022, the municipality had an accumulated surplus / (deficits) of 407 400 641 and that the municipality's total assets exceed its liabilities by 455 120 361

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

- There is no intention to cease operation and municipal budget for MTERF period is support this
- The municipality has a healthy solvency and liquidity ratio
- The municipality continue to achieve net surplus for 2022 and 2021 financial year
- There are no material commitments or litigation at balance sheet that threatens the going concern assumption

### 60. EVENTS AFTER REPORTING DATE

There are no material event after the reportig date which requires disclosures.

### 61. Unauthorised expenditure

Add: Expenditure identified - current	6 419 694	-
Less: Approved/condoned/authorised by council	(6 419 694)	-
<b>Closing balance</b>	-	-

## Molemole Municipality

(Registration number LIM353)

Figures in Rand	2022	2021
<b>Analysis of unauthorised expenditure written off by council per category</b>		
Loss on Transfer of Asset	6 419 694	-
	<b>6 419 694</b>	<b>-</b>

### 62. Fruitless and wasteful expenditure

Opening balance as previously reported	18 393	-
Add: Expenditure identified - current	937	28 477
Less: Amounts recoverable - prior period	(18 393)	-
Less: Amount written off - current	(937)	(230)
Correction of Prior Period Error	-	(9 854)
<b>Closing balance</b>	<b>-</b>	<b>18 393</b>

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 on late payments	(937)	(230)
	<b>(937)</b>	<b>(230)</b>

### 63. Irregular expenditure

Opening balance as previously reported	2 303 412	219 100
Add: Irregular Expenditure - current	2 477 091	2 303 412
Less: Amount written off - current	(2 303 412)	(219 100)
<b>Closing balance</b>	<b>2 477 091</b>	<b>2 303 412</b>

### Analysis of balance of irregular

Bidder did not submit a certified copy of supervisor's 3 phase wiremans licence as per the requirements	1 726 091	-
Invitation to bid /quotation did not stipulate the minimum threshold for local content	-	197 500
The declaration of interest is not fully completed	-	2 067 979
Split of Goods in two different parts to avoid competitive bidding	-	26 680
Deviation was Approved after appointment date	-	11 253
Bidder did not fully complete the returnable documents as required on additional Conditions applicable to the bid	425 000	-
The Bidder did not indicate the connection with an employee of the municipality on the declaration of Interest	51 000	-
Bidder did not fully complete the returnable documents as required on additional Conditions applicable to the bid	275 000	-
	<b>2 477 091</b>	<b>2 303 412</b>

### Amounts written-off

## Molemole Municipality

(Registration number LIM353)

After the council committee investigations, council adopted the council committee recommendation to write-off an amount of 2 303 412- from the total irregular expenditure amount as it was proven without reasonable doubt that the amount was not recoverable.

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Inviation to bid /quotation did not stipulate the minimum thereshold for local content	-	197 500
The declaration of interest is not fully completed	-	2 067 979
Split of Goods intotow different parts to avoid competitive bidding	-	26 680
Deviation was Approved after appointment date	-	11 253
	-	<b>2 303 412</b>

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# Molemole Municipality

(Registration number LIM353)

Figures in Rand

2022

2021

## 64. Additional disclosure in terms of Municipal Finance Management Act

### Contributions to organised local government

Current year subscription / fee	1 169 102	1 156 070
Amount paid - current year	(1 169 102)	(1 156 070)

- -

### Audit fees

Current year subscription / fee	3 963 912	3 925 776
Amount paid - current year	(3 963 912)	(3 925 776)

- -

### PAYE and UIF

Current year subscription / fee	18 434 654	16 348 142
Amount paid - current year	(18 434 654)	(16 348 142)

- -

### Pension and Medical Aid Deductions

Current year subscription / fee	15 629 420	14 670 496
Amount paid - current year	(15 629 420)	(14 670 496)

- -

### VAT

VAT receivable	10 082 009	12 523 910
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All VAT returns have been submitted by the due date throughout the year.



## Molemole Municipality

(Registration number LIM353)  
Figures in Rand

2022 2021

### COUNCILLORS' ARREAR CONSUMER ACCOUNTS

During the year from July 2021 to June 2022 the municipality had one councillor account in arrear as follows:

30 JUNE 2022	OUTSTANDING	OUTSTANDING MORE THAN 90 DAYS	TOTAL
NG	LESS THAN 90 DAYS		
Councillor MJ Kubyana	-	28 615	28 615

### 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 Provider	332 777	1 406 964
	<b>332 777</b>	<b>1 406 964</b>

#### 65. Distribution Losses

##### Electricity Distribution Losses (Units)

Units purchased	6 423 326	6 562 884
Units Sold	4 774 744	6 174 031
Units Loss	1 648 582	388 853
Percentage distribution Loss	26%	6 %

##### Electricity Distribution Losses (Rand)

Electricity Purchased	11 958 005	10582165
Electricity Sold	8 197 532	8433035
Electricity Loss	3 760 473	2149130
Percentage distribution loss	32%	20%

## Molemole Municipality

(Registration number LIM353)

Figures in Rand

2022

2021

### 1. Contingent Liability

Name of the Legal Representative	Litigation	Status	Nature of Dispute	Progress	Projected Estimates June 2022	Projected Estimates June 2021
SC Mdhuli Attorneys Tel : 015 291 5440	NFM Consulting	Closed	NFM Claiming for an amount of R447 000 for work done and interdicting the Municipality against the appointment of Consultant for Ramokgopa to Eisleben project	A roundtable discussion was held with the legal representatives from both parties. The plaintiff has indicated that he is no longer interested in pursuing	-	447 000

## Molemole Municipality

(Registration number LIM353)

S.c Mdhuli Attorneys 015 291 5440	H. Hlako	Closed	Counter Claim Settlement talks held on recovery of performance bonus	between parties. The matter has been closed because the plaintiff has passed away.	0	300 000
Mohale incorporated Tel 015 291 3645	Sedima Business enterprise	Closed	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 plaintiff claim was dismissed by the Court	0	305 000
None	Nkotheleni Business Enterprise	Closed	Served Combined Summons based on failure to pay for services rendered by the Plaintiff after she has catered food to the Municipality	The plaintiff has indicated that she has no interest to pursue the matter in a formal meeting held with the municipality	0	21 420
None	D.G Department of Labour	Closed	Mandatory Declaratory order due to failure by the Act Municipality to compile with the Provision of the EEA	The Municipality has complied with the Provision of the Employment Equity Act  the case against the Municipality	0	1 500 000

## Supplementary Information

None	Akani Retirement Administration fund	Active	Alleged failure on the part of Municipality to pay an employee pension benefits.	The Municipality filed a notice to oppose the matter in September 2021. Awaiting response from Applicants' representative.	125 211	125 211
Mohale incorporated	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 is waiting for the Court to determine a trial date for the sitting of the matter	2 500 000	2 500 000
					<b>2 625 211</b>	<b>5 198 631</b>

### 2. Schedule of Contingent Asset

Name of the Legal Representative	Litigant	Status	Status	Progress	Projected estimates 2022	Projected Estimates 2021
S.C Mdhuli Attorneys 015 291 5440	H.Hlako	Action recovery of undue performance bonus	Closed	No longer proceed with the case as the defendant has passed away. The Municipality will no	0	106 021
S C Mdhuli Attorneys 015 291 5440		rental and eviction over a house that belongs to the Municipality		No longer proceed with the case as the defendant has passed away.		
Mohale Attorneys	Lephalale	Recovery of land that was sold to the Defendant for his company to construct a Mall at a site that belong to the Municipality	Active	The Municipality is awaiting for the Court to determine a trial date for the sitting of the matter.	1 044 400	500 000
					<b>1 044 400</b>	<b>706 021</b>

## **REPORT ON THE 2021/22 FINANCIAL STATEMENTS**

### **OPINION**

1. I have audited the financial statements of Molemole Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2022, statement of financial performance, statement of changes in net assets, cash flow statement, 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 2022, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and Division of Revenue Act 9 of 2021.

### **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.

### Significant Uncertainty

7. With reference to note 54 to the financial statements, the municipality is a defendant in a land claim amounting to R2 500 000. The ultimate outcome of the matter could not be determined and no provision for any liability that may result was made in the financial statements.
8. As disclosed in note 65 to the financial statements, material electricity losses of R3 760 473 (2021: R2 149 130) were incurred, which represents 32% (2021: 20%) of total electricity purchased.

### Material Impairments

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

### Underspending of conditional grants

10. As disclosed in note 31 to the financial statements, the municipality underspent the budget by R 2 616 442 on the Integrated National Electrification Programme (Municipal) Grant.

### 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. I have not audited these schedules and, accordingly, I 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, I 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 the Standards of GRAP and the requirements of the MFMA and DoRA, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
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 [type of auditee] 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 2022:

Development priorities	Pages in the annual performance report
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 xx to xx for information on the achievement of planned targets for the year.

## Report on the audit of compliance with legislation

### INTRODUCTION AND SCOPE

25. 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.
26. The material findings on compliance with specific matters in key legislation are as follows: [Annual financial statements, performance and annual report](#)
27. 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 general expenses and principal and agents identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

### Expenditure management



28. Reasonable steps were not taken to prevent irregular expenditure amounting to R2 447 091 as disclosed in note 63 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by incorrect application of the pre-qualification criteria.

#### Other information

29. 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.
30. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon
31. 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.
32. 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

33. 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.
34. The accounting officer and management did not exercise adequate oversight responsibility regarding financial reporting and compliance with laws and regulations.
35. The financial statements were not adequately reviewed for accuracy and completeness by the accounting officer before submission for audit.
36. 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 2022



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

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.

## Annexure – Auditor-general’s responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement 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 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.