

# THABAZIMBI LOCAL MUNICIPALITY

## DRAFT ANNUAL REPORT FOR 2021/2022 FINANCIAL YEAR



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# CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

## COMPONENT A: MAYOR'S FOREWORD



Thabazimbi Local Municipality's new council took office in November 2021 after local government election held on the 1st November 2021, and during our inauguration meeting, council decided to adopt the IDP of the predecessor without amendments.

The rationale behind this was firstly that the late elections in November 2021 left the council with a short period of time to compile a new IDP, and secondly to give the new council ample time to plan for the new IDP that will come into effect in July 2022. This Integrated Development Plan (IDP) for the period 2022-2027 encompasses Thabazimbi Local Municipality's plans for the new five-year term.

The 2022/23 Integrated Development Plan (IDP) review marks an important milestone in the development of our municipality in two folds, one being that it provides us with an opportunity to reflect on the mid-term progress in our current term of office.

The IDP process is more than a "tick box" exercise in the mechanism of participatory governance. It also provides a reflective mirror which helps us assess the level of accessibility, quality, sustainability and accountability of service delivery. For the next five years, our manifesto is simply to have solution-driven innovations, to focus on essential economic and social development, and to continue excellent service delivery whilst maintaining steadfast good governance and financial management. We are furthermore committed to implement integrated communication that not only informs and empowers our community, but promotes Thabazimbi as a business, investment, tourism and sport destination.

It is common knowledge that the effect of the COVID-19 pandemic on the world economy is devastating and locally we have felt the impact with many businesses that were forced to close down, leading to massive job losses. Together with our business sector, we are now getting Thabazimbi economy back on track to support a growing number of disadvantaged residents—left destitute by mainly the pandemic; and looking to create jobs so that our people can earn an income, look after their own families, and have their pride restored.

The Municipality's focus for the next five years will be on maintaining good governance and compliance whilst practicing strict fiscal discipline. There will be an increased attention on improving efficiencies (doing more with less) as well the ease of doing business. Local contractor development will be given priority, and internal and external communication will be conducted proactively. The Municipality is also focused on completing key projects.

To give a further meaning to this year's mandate and to gratefully applaud Thabazimbi Management Team, Councillors and officials for the hard work invested in our programs, our IDP and broader infrastructure expansion as this yielded a qualified audit opinion. To speed up service delivery, one of our turnaround strategies should be a strategy of intervention geared towards ensuring that we meet the basic needs of our people, build a clean, responsive and accountable government, and strengthen partnership between the municipality and community and to improve support and oversight.

On behalf of Thabazimbi Local Municipality Council, let me acknowledge the persistent hard work, dedication, determination and participation displayed by staff of our municipality during the IDP process.

In conclusion, we call upon all our stakeholders and communities to join hands with government to deliver on our mandate as Local Government is everyone's business.

"Working together for prosperity"

**Cllr Johanna Elizabeth Abertina Swanepoel**  
**Mayor of Thabazimbi Local Municipality**

## **COMPONENT B: EXECUTIVE SUMMARY BY MUNICIPAL MANAGER**

This Integrated Development Plan (IDP 2021/22) remains a legislative requisite and in line with guiding the developmental principles in the Constitution, White Paper on Local Government and Municipal Systems Act of 2000 (Act No: 32 of 2000).

Our IDP has been developed at a time when we as a country and the world faced economic decline and the negative impact of Covid-19 which has been severe on the Labour market although we do not lose hope despite the setback. The President of our country Mr. Cyril Ramaphosa has on 04 April 2022 terminated the Covid-19 National State of Disaster which has been in the country since on Friday, 27th March 2020 in line with Disaster Management Act. We hope and believe that our economy will somehow recover from the more than two years of economic stall.

The introduction of District Development Model (DDM) as outlined by the President will also assist in responding to provision of resources which are needed for sustainability. We also see the DDM as an opportunity to coordinate and integrate our work and service delivery within the district. There are indeed a lot we can do together and collectively.

This One Plan as outlined in the DDM have the set of the objectives, outputs, roles, responsibilities, and commitments in which all sector departments as well as partners will have to act and ensure all of us are held accountable for prioritizing resources and delivering results. It will also seek to utilise the existing legal framework and implementation machinery which includes the Intergovernmental Relations (IGR).

We have recently held our Municipality Strategic Planning Session in preparation and as part our IDP review. During the session our mission, vision and values were reviewed to address our long-term development.

Furthermore, as the Municipality we are still deliberating on best possible ways to address the current set up of existing practices of powers and functions which are not financially viable and detrimental to the economic growth. This IDP 2021/22 & Budget 2021/22 have identified and effected changes to respond to new circumstances, closing identified gaps at the planning, deliverables, revised strategies and projects section. It is a well-learned lesson that the success of any plan is dependent on its execution.

By working closely and in collaboration with the National, Provincial sector departments and stakeholders as well as committed and dedicated staff, communities and role players; we will ensure the successful implementation of our IDP aligned to One Plan (DDM) goes through attainment of our broader objective of improving the quality of the lives of our people.

### **1.1 MUNICIPAL FUNCTIONS, POPULATION & ENVIRONMENTAL OVERVIEW**

Thabazimbi Local Municipality is one of the six Local Municipalities within Waterberg District and it constitutes a total area of approximately 98 626 .It is a home to 84 887 population which grows at a rate of 2.63% per annum. It is located in the South-western part of the Limpopo Province and has

Botswana as its international neighbour and a mere two (2) hour drive from Tshwane. Thabazimbi is known as “mountain of iron” which is the Tswana name for this peaceful productive town, referring to the highly lucrative iron ore reef first discovered in the Municipality in 1919. The Municipality has Marakele National Park, which is a subsidiary of National Parks Board, and in the same standard as the Kruger National Park and Mapungubwe. The game lodges scattered around the area help to promote environmental sustainability.

Thabazimbi town was proclaimed in 1953. It was mined since the 1930's when iron and steel production started. Until its closure, Iscor Steelworks in Tshwane still drew much of their raw material from Thabazimbi Kumba Resources that was closed in 2016. (Iron Ore mine). Apart from Iron Ore the Thabazimbi Municipality is surrounded by Platinum producing areas such as: Northam Platinum mine, Anglo, i.e. Amandelbult and Swartklip mines. Other minerals produced in the area include Andalusite, which is mined by Rhino Mine and limestone for the production of cement by Pretoria Portland Cement (PPC). Thabazimbi Municipality incorporates Thabazimbi, Northam, Leeupoort, Rooiberg and Dwaalboom. Thabazimbi Municipality has shown tremendous growth which should continue for the foreseeable future. The mining sector has huge potential to absorb lots of skills within the municipality. There is also a need to establish mining opportunities in the small-scale mining sector. We believe however, that in partnership with relevant stakeholders, we can leverage our society to tap into this major sector of the economy.

Thabazimbi is one of the country's most sought-after tourist destinations. Agriculture has also proven, in addition to mining, to be a strong economic sector in our municipality. We are growing our economy not in isolation as our goals are seamlessly aligned within those of the Limpopo Economic Growth and Development Plan. The alignment ensures that our growth trajectory bears fruits and that we address the objective of poverty eradication through job creation and business opportunity stimulation.

## STRATEGIC CONTEXT

**Vision** - A municipality with a diversified economy in the provision of excellent sustainable services

**Mission** - To be a leading municipality in the provision of excellent sustainable services in collaboration with stakeholders.

## VALUES

- Honesty and Integrity
- Accountability
- Innovation and Transformation
- Safe environment
- Collaboration
- Transparency and Fairness
- Community involvement

The Political and Administrative governance of the Municipality ensures that public accountability and stakeholder participation are maximized. These stakeholder relations strengthen the ability of the Municipality to rise beyond the risk management provocations and prompting anti-corruption and fraudulent hubbubs.

While the Municipal workforce upholds to providing services to the best possible abilities, daunting financial curtailments continue to rise. Critical vacancies remain vacant under these circumstances, with employee skills development mechanisms being severely constrained. The intergovernmental

relations have seen the Municipality through support of COGHSTA, COGHTA, Provincial and National Treasury to ensure that the Municipal financial performance is stabilized.

This Annual Report for the financial year 2021/2022 provides the Municipal performance on issues relating to Basic Service Delivery, Spatial Planning and Development, Local Economic Development, Municipal Institutional Transformation and Development, Financial Viability and Management, as well as Good Governance and Public Participation.

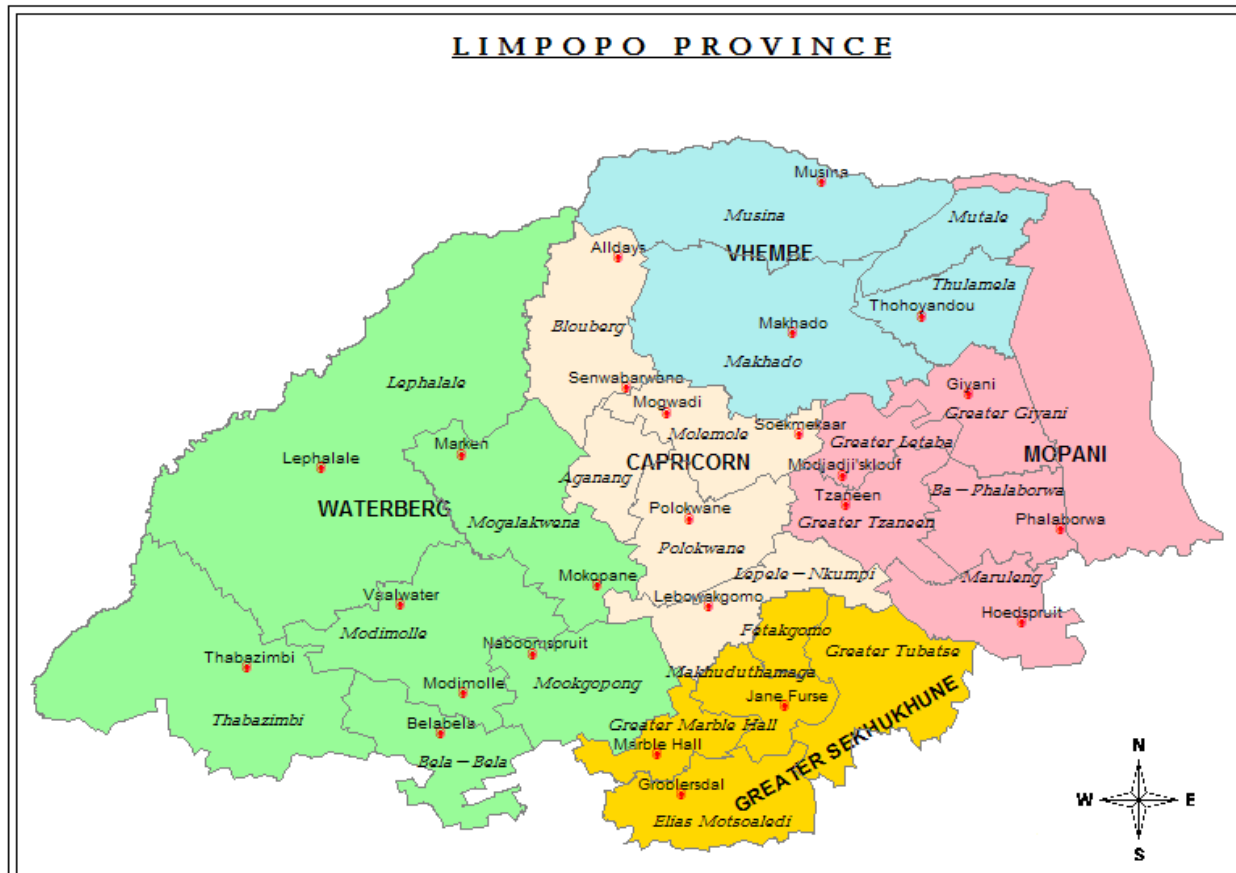


Figure 1: Limpopo Province map

## DISTRIBUTION OF THE POPULATION BY AGE AND SEX – 1996, 2001 and 2011

Thabazimbi	1996			2001			2011		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
0 - 4	2 438	2 325	4 763	3 359	3 515	6 874	4 004	4 058	8 062
5 - 9	2 450	2 414	4 864	2 720	2 682	5 402	2 693	2 607	5 300
10 - 14	2 406	2 169	4 575	2 454	2 332	4 786	2 327	2 290	4 618
15 - 19	1 913	1 940	3 853	2 406	2 502	4 908	2 532	2 478	5 010
20 - 24	2 596	2 032	4 628	2 953	3 022	5 975	5 391	3 792	9 184
25 - 29	3 873	2 241	6 114	3 367	3 566	6 933	7 296	4 447	11 743
30 - 34	4 668	2 260	6 928	3 340	3 260	6 600	6 285	3 566	9 851
35 - 39	5 075	1 878	6 962	3 691	3 026	6 717	4 974	2 968	7 942
40 - 44	3 609	1 479	5 088	3 703	2 275	5 978	3 615	2 570	6 185
45 - 49	2 461	983	3 444	2 503	1 627	4 130	3 650	2 198	5 848

Thabazimbi	1996			2001				2011		
	Male	Female	Total	Male	Female	Total		Male	Female	Total
50 - 54	1 491	715	<b>2 209</b>	1 768	966	<b>2 734</b>	3 032	1 621		<b>4 652</b>
55 - 59	1 130	533	<b>1 663</b>	1 051	658	<b>1 709</b>	1 935	1 039		<b>2 975</b>
60 - 64	641	432	<b>1 073</b>	694	456	<b>1 150</b>	827	631		<b>1 458</b>
65 - 69	412	336	<b>748</b>	395	259	<b>654</b>	446	396		<b>842</b>
70 - 74	256	187	<b>443</b>	251	209	<b>460</b>	296	238		<b>534</b>
75 - 79	172	131	<b>303</b>	140	125	<b>265</b>	142	160		<b>302</b>
80 - 84	84	73	<b>157</b>	67	73	<b>140</b>	101	114		<b>216</b>
85 +	78	104	<b>182</b>	52	63	<b>115</b>	87	80		<b>167</b>
<b>Total</b>	<b>35 753</b>	<b>22 232</b>	<b>57 997</b>	<b>34 914</b>	<b>30 616</b>	<b>65 530</b>	<b>49 633</b>	<b>35 253</b>		<b>84 889</b>

Table 1: Distribution of the population by age and sex – 1996, 2001 and 2011

### DISTRIBUTION OF THE POPULATION BY FUNCTIONAL AGE GROUP, SEX AND MUNICIPALITY – 1996, 2001 and 2011

Thabazimbi	1996			2001			2011		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Age									
0-4	2438	2325	4763	3359	3515	6874	4004	4058	8062
5-9	2450	2414	4864	2720	2682	5402	2693	2607	5300
10-14	2406	2169	4575	2454	2332	4786	2327	2290	4618
15-19	1913	1940	3853	2406	2502	4908	2532	2478	5010
20-24	2596	2032	4628	2953	3022	5975	5391	3792	9184
25-29	3873	2241	6114	3367	3566	6933	7296	4447	11743
30-34	4668	2260	6928	3340	3260	6600	6285	3566	9851
35-39	5075	1878	6962	3691	3026	6717	4974	2968	7942
40-44	3609	1479	5088	3703	2275	5978	3615	2570	6185
45-49	2461	983	3444	2503	1627	4130	3650	2198	5848
50-54	1491	715	2209	1768	966	2734	3032	1921	4652
55-59	1130	533	1663	1051	658	1709	1935	1039	2975
60-64	641	432	1071	694	456	1150	827	631	1458
65-69	412	336	748	395	259	654	446	396	842
70-74	256	187	443	251	209	460	296	238	534
75-79	72	131	303	140	125	265	142	160	302
80-84	84	73	157	67	73	140	101	114	216
85+	78	104	182	52	63	115	87	80	167
<b>Total</b>	<b>35757</b>	<b>22245</b>	<b>58002</b>	<b>34915</b>	<b>30617</b>	<b>65532</b>	<b>49634</b>	<b>35253</b>	<b>84887</b>

Table 2: Distribution of the population by functional age group, sex and municipality – 1996, 2001 and 2011

The above table shows a considerable number and growth of people between ages of 20 – 39 years, which is mostly a Youth group. This growth requires that the Municipality takes substantial efforts to identify and address challenges relating to this age group(s). One of the eminent factors threatening this age group(s) is the continuous unemployment growth.

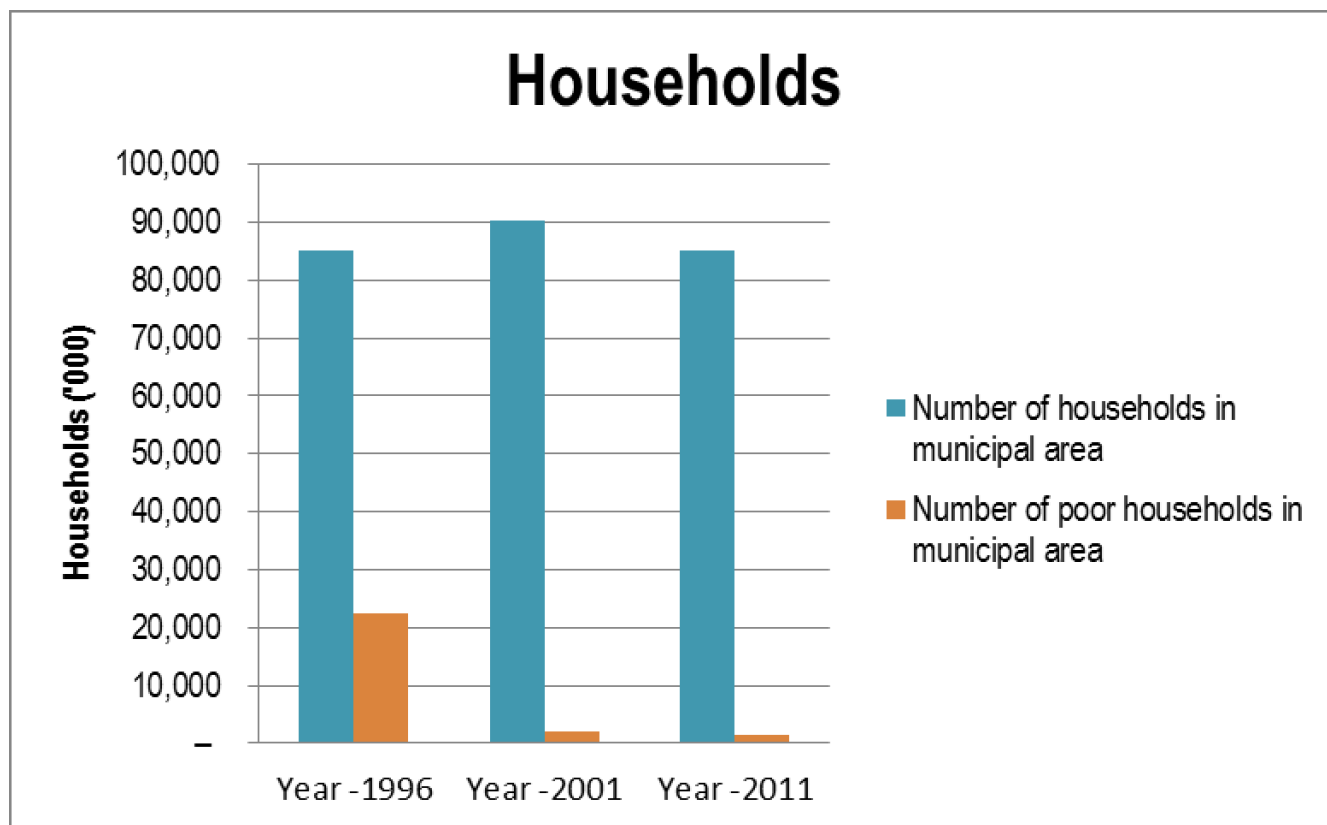


Figure 2: Number of households in municipal area

This table indicates the growth of households per annum. It reveals the gradual growth of indigent households within the Municipal area and in line with the unemployment rate of 20% within the population of the Municipality. This further means that the level of poverty is increasing within the Municipal communities.

Socio Economic Status						
Year	Housing Backlog in Proportion to the current demand	Unemployment Rate	Proportion of Households with no income	Proportion of Population in low-skilled employment	HIV/AIDS Prevalence	Illiterate people older than 14 years
Year 2014	19%	21%	6%	44%	10%	27%
Year 2015	20%	21%	6%	48%	10%	37%
Year 2016	6%	29%	6%	49%	18%	44%

Table 3: Socio Economic Status

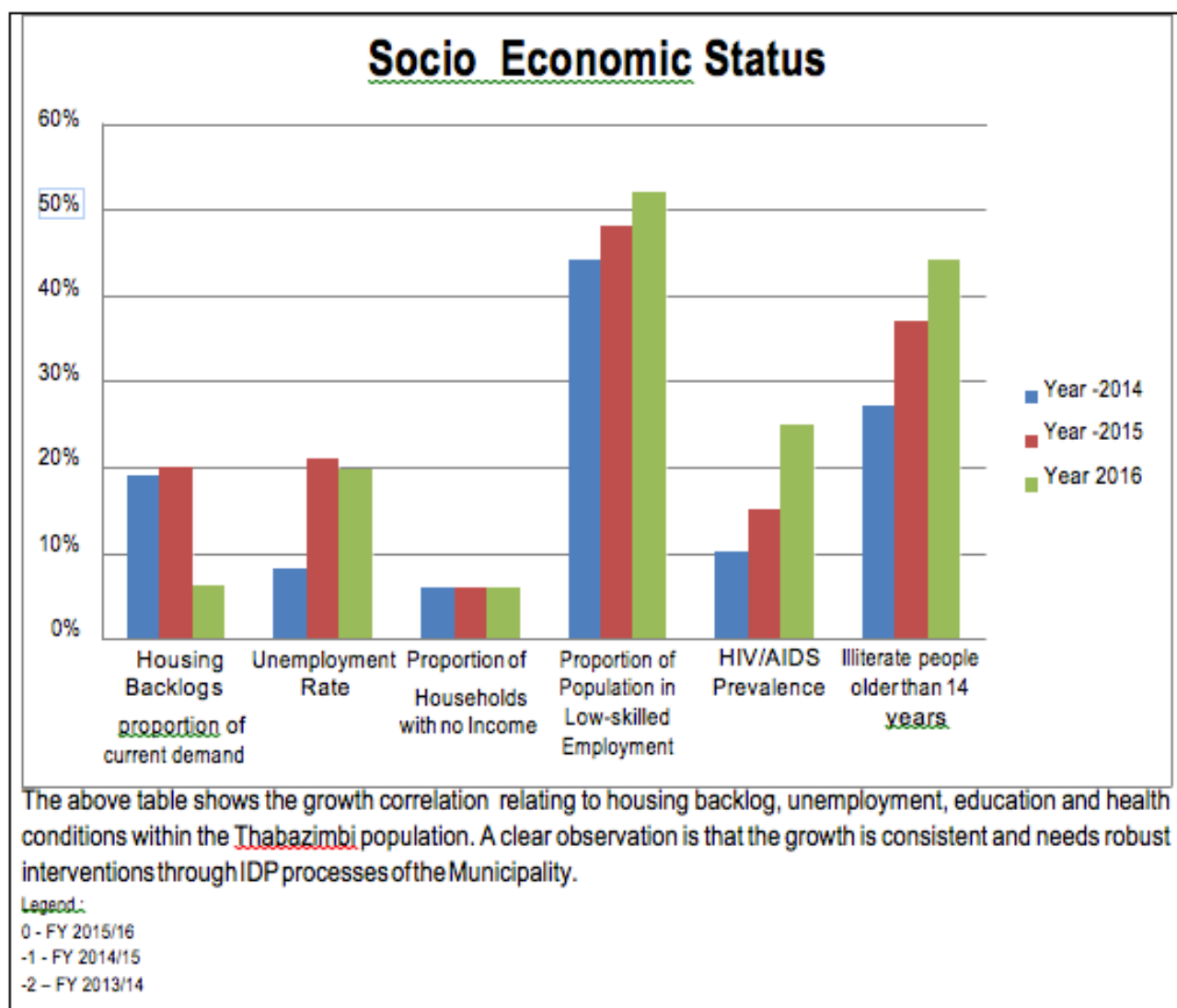


Figure 3: Socio Economic Status

Settlement Name	Classification	Estimated Population 2011
Amandelbult	Rural	1 874
Dwaalboom	Urban	618
Farms Thabazimbi LM	Rural	22 487
Kromdraai Plots	Rural	1 990
Kwaggaslaagte (Kwaggasvlakte) Smallholdings	Rural	281
Leeupoort	Urban	2 500
Middeldrift	Rural	1 503

Settlement Name	Classification	Estimated Population 2011
Northam	Urban	11 244
Raphuti	Rural	379
Regorogile	Urban	13117
Rooiberg	Urban	2155
Sentrum	Rural	75
Setaria	Rural	56
Smashblock	Rural	11,244
Spitskop Plots	Rural	296
Swartklip	Rural	3358
Swartkop (Zwartkop)	Rural	116
Thabazimbi	Urban	11 244
<b>Total</b>		<b>84 536</b>

Table 4: Estimated population of 2011 by classification & settlement name

## 1.2 SERVICE DELIVERY OVERVIEW

### CAPITAL PROJECTS

Thabazimbi Local Municipality is a Water Services Authority (WSA) as well as a Water Services Provider (WSP). The Water Services Development Plan is in place and due for review. The Municipal capital projects, which are mostly related to water and sanitation, are basically funded through the (WSIG) and by contributions from the local mines' Social Labour Plans. For a number of financial years, the Municipality could not spend the MIG allocations according to the specified responsibilities. The MIG program is now managed by Thabazimbi local Municipality.

### WATER AND SANITATION SERVICES PROVISION

The Municipality has basic service backlogs counted at 11 % of households without access to potable water within the minimum level of service, and 13% of households without access to sanitation within the minimum level of service.

Thabazimbi Local Municipality is a WSA (Water Services Authority) and WSP (Water Service Provider). The Water Services Development Plan is in place but require review in preparation for the new term of Local Government.



Thabazimbi, Regorogile and Northam currently have a quota of 9ML per day from Magalies board. Regorogile and Thabazimbi have additional supply from seven boreholes. The boreholes are located at Group 5, 12, B7 and Thaba Park.

The present allocation from the Vaalkop Dam is 7 MI/d and 2 MI/d for Thabazimbi and Northam respectively. The average abstraction from the boreholes is 4 MI/d. Rooiberg and Leeupoort/Raphuti currently source their water from local boreholes.

Schilpadnest water is also supplied from three working boreholes without any chlorination facilities.

The existing water pump station caters for Thabazimbi town including Regorogile and Ipelegeng. The current capacity of the plant is 28l/second but the average daily flow is about 60l/second. The municipality does not provide bulk water to the mines within its area of jurisdiction.

The Municipality provides water to informal settlements as follows:

Meriting, Raphuthi, Ga Botha, Northam ext 16 & 17, Dwaalboom, Skierlik and Smashblock - water is provided through communal stand pipes which are at RDP level.

The Municipality uses water tankering in JabulaniMmamorakaPhatsima which is provided once a week due to lack of water provision trucks.

In terms of sanitation services, Thabazimbi town, Rooiberg, Raphuthi and Regorogile use water-borne sewer system. Leeupoort and part of Northam are using septic tanks, Northam is 98% water borne and 2% septic tanks. Both the Thabazimbi and Northam sewer plants require urgent upgrading as they are currently operating beyond design capacity.

## **ELECTRICITY SERVICES PROVISION**

The electricity backlog within the Municipal area covers 10% of the households. The Municipality has a distribution license covering Thabazimbi, Rooiberg and portions of Northam. ESKOM distributes to Northam, Regorogile extensions 1, 3 and 4, farms and mining areas. Most of the Informal settlements are also supplied by ESKOM. It should be noted that the electricity infrastructure in Thabazimbi is ageing and would need to be overhauled urgently.

## **ROADS AND STORM WATER SERVICES**

Access roads are in a fairly good condition. However, internal roads are mainly filled with potholes, no road markings and signs. Storm water channels including bridges have not been maintained and exacerbate flooding due to financial constraints and shortage of resources.

The initial backlog of 65km of roads that needed to be upgraded was reduced to 58km following the completion of MIG projects (A total of 5km of internal roads was upgraded)

The initial backlog of 56km of storm water to be upgraded was reduced to 54.8km (A total of 1,2km storm water was upgraded). Remaining backlogs will be addressed through MIG funding

## **WASTE MANAGEMENT**

There is a backlog of approximately 4000 households which do not have access to waste collection. These households are mainly in informal settlements. The provision of free basic waste is done in correlation with the free basic water and electricity provision. However, the Municipality is only able to collect refuse in the formal settlements which are Thabazimbi (including Regorogile), Northam, Leeupoort and Rooiberg. A draft Waste Management Plan is in place, as well as the Environmental Management Plan which is due for review.

The status of the land fill sites is as follows:

- Thabazimbi - The Municipality has a licensed landfill site in place which is not properly maintained.
- Northam - The Northam landfill site is full to capacity and this led to the Municipality to use a quarry for waste disposal. A closure and rehabilitation license for the quarry is in place and funded by the Department of Environmental Affairs. There is need for land in Northam for development of a land fill site.
- Rooiberg - The Municipality has a waste management license funded by Department of Environmental Affairs. This means that the existing land fill site is authorized and its proper development should be made.
- The waste management challenges in the Municipality include:
  - Illegal dumping
  - No adequate fleet to service the entire Municipality
  - Existing landfill sites not maintained.
  - No land for development of landfill site in Northam.
  - No skilled personnel for maintenance and operation of land fill sites

## **PROJECT MANAGEMENT UNIT (PMU)**

MIG Project Management Unit (PMU) is a function within a Municipality, and under normal circumstances, existing personnel within the Municipality should be utilized for this purpose. The duties that need to be performed relates to the planning, organizing, coordinating, controlling and directing of the activities of projects funded through MIG. The Municipality may utilize up to 5% of its MIG allocation to ensure a sustained project management function to support the implementation of the MIG programmes.

## **1.3 ORGANIZATIONAL AND FINANCIAL HEALTH OVERVIEW**

The profitability ratio shows us that the municipality is failing to break even on its main operations which are selling of electricity and water and other essential services. The liquidity and solvency position of the municipality is also hugely stressed as the financial commitments entered into by the municipality are beyond the municipal capacity to service them. The municipality will evaluate all the contracts entered into and find ways of terminating non-essential ones. These challenges have further affected the municipality's ability to adequately provide quality service delivery to the community. The tables below provide further evidence of the issues mentioned above.

### **COMMENT ON OPERATING RATIOS:**

The municipal salary bill is huge for the size of the Municipality and ways must be found of ensuring that the Labour cost is more efficient and effective to the operations of the Municipality. The ratio of repairs and maintenance is too low considering the age of the municipal distribution infrastructure and this certainly points towards lack of adequate efforts to ensure that the municipal assets remain in an efficient state. The norm is usually 8% of operating expenditure, the non-existence of repairs and maintenance plan and the lack of funds may eventually lead to immense water and electricity losses.

Finance charges and impairment losses are too high for Thabazimbi and the critical reasons behind this are the fact that the Municipality has a very huge creditor's book which has been long outstanding; most of these creditors are charging significant interests and penalties for their unpaid invoices.

## **1.4 ORGANIZATIONAL DEVELOPMENT OVERVIEW**

### 1.4.1 AUDITOR GENERAL REPORT

Maintenance in relation to audit opinion;

The past four financial years the Municipality has been getting Qualifications from 2018/2019 and 2019/2020 and 2020/2022 and 2021/2022 financial year,

2017/18	2018/2019	2019/2020	2020/2021	2021/2022
Disclaimer	Qualification	Qualification	Qualification	Qualification

Table 5: Audit opinion status

### STATUTORY ANNUAL REPORT PROCESS

No.	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year Financial reporting).	
3	Finalize the 4th quarter Report for previous financial year	
4	Submit draft year Performance Report to Internal Audit and Auditor-General	
6	Audit/Performance committee considers draft Annual Performance Report of municipality	August
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General audits Annual Performance Report including consolidated Annual Financial Statements and Performance data	September - October
12	Municipalities receive and start to address the Auditor General's comments	January
14	Audited Annual Report is made public, and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalization for next financial year. Annual Report and Oversight Reports to be used as input	

Table 6: Statutory annual report process

## **CHAPTER 2: GOVERNANCE**

### **COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE**

#### **2.1. POLITICAL GOVERNANCE**

##### **Governance**

The Thabazimbi Local Municipality is constituted by the following Governance structures including Council, Executive Committee, Section 79 Council Committees, Rules Committee, Ward Committees and Audit Committee (AC). The Municipality has reconstituted its Committees in terms of Section 79 of the Local Government: Municipal Structures Act of 1998, as amended, to perform its functions effectively and efficiently. Council has four (4) full-time Councillors holding the position of the Mayor, Speaker, MPAC chairperson and a member of Executive Committee.

Political Decisions are the competency of the Municipal Council. Council ordinarily meets at least four (4) times a year and meets as per the approved schedule of meetings and other Council meetings are referred to as special Council sittings. EXCO and Portfolio Committees meet regularly and are effective. By laws are approved by Council but financial constraints cause delays in promulgating them.

The Thabazimbi Local Municipality's Council comprises of 23 Councillors, 12 of who are Ward Councillors and the remaining 11 are Proportional Councillors (PR).

The Audit Committee is composed of external professionals who are not in the employment of the Municipality. The Municipal Public Accounts Committee consists of non-executive Councillors as per the guidelines for establishment of Municipal Public Accounts Committees published by the Limpopo Department of Co-operative, Governance Human Settlements and Traditional Affairs (COGHSTA).

In terms of Section 160(2) of the Constitution of the Republic of South Africa Act 108 of 1996 the following functions of the Municipal Council may not be delegated to any Council Committee:

- Passing of by-laws
- Approval of budgets
- Imposition of rates taxes, levies and duties, and
- Raising of loans

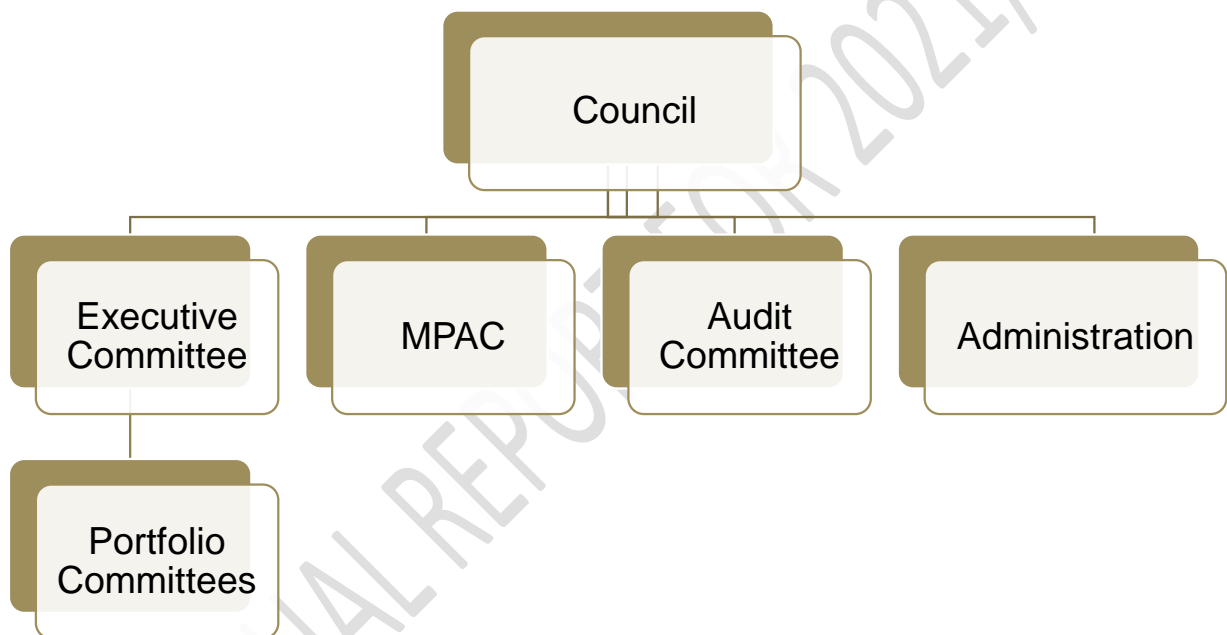
The Thabazimbi Municipal Council has the following rights and duties in terms of Local Government: Municipal Systems Act 32 of 2000 (Chapter 2, Section 4),

- a) Govern the local government affairs of the local community,
- b) Exercise the Municipality's executive and legislative authority
- c) Finance the affairs of the Municipality by:
  - i. Charging fees for services and
  - ii. Imposing surcharges on fees, rates on property and other taxes, levies and duties.

The Council should further:

- Exercise the Municipality's executive and legislative authority and use the resources of the Municipality in the best interests of the local community.
- Provide democratic and accountable government.
- Encourage the involvement of the local community.
- Strive to ensure that municipal services are provided to the local community in a financially and environmentally sustainable manner.
- Consult the local community about:

- a) The level, quality' range and impact of municipal services provided by the municipality, either directly or through another service provider; and
- b) The available options for service delivery.
- Give members of the local community equitable access to the Municipal services entitled to them.
- Promote and undertake development in the Municipality.
- Promote gender equity in the exercise of the Municipality's executive and legislative authority.
- Promote a safe and healthy environment in the Municipality.
- Contribute, together with other organs of state, to the progressive realization of the fundamental rights contained in sections 24, 25, 26, 27 and 29 of the constitution
- In addition, the Municipality must in the exercise of its executive and legislative authority respect the rights of citizens and those of other persons protected by the Bill of Rights.



The above are the key TLM's governance structures. They enabled the municipal Council and especially the Mayor as envisaged in s52 (a) of Municipal Finance Management Act (no.56 of 2003) to provide political guidance over the fiscal and general governance affairs of the TLM. The Audit Committee provides opinions and recommendations on performance, financial processes, and annual and oversight reports. The TLM's Audit Committee comprises independent experts in various fields. Oversight report was published separately in accordance with MFMA guidelines

## Political structure

### The Mayor Cllr. JEA Swanepoel

Functions and powers: The Mayor of the Municipality:

- a) presides at meetings of the Executive Committee;
- b) performs the duties including ceremonial functions; and
- c) exercises the powers delegated to the Mayor by the Council and Executive Committee (RSA, 1998:s49)
- d) Tables in the municipal council a process plan outlining key deadlines for preparation, tabling and approval of IDP/Budget; (RSA MFMA 2003:s21(b));

- e) Co-ordinates the processes for preparing the annual budget and for reviewing the Municipality's Integrated Development Plan (IDP) and budget related policies and any revisions of the IDP and budget related policies to ensure that they are mutually consistent and credible (RSA, MFMA 2003:s21(a);
- f) Manages the drafting of the municipality's IDP (RSA, MSA 2000:s30(a) with effect from 1st July; and
- g) Tables the Draft IDP/Budget to the municipal council for adoption (RSA, MSA 2000:s30(c) read with RSA MFMA 2003:s16

### **The Speaker: Cllr. B Tlhabadira**

Functions of the Speaker: The Speaker of the Municipality:

- a) presides at meetings of the Council;
- b) exercises the powers delegated to the Speaker Mayor by the Council;
- c) Ensures that the Council meets at least quarterly;
- d) Maintain order during meetings;
- e) Ensure compliance in the Council and Council Committees with the Code of Conduct set out in Schedule 5, and
- f) Ensure that Council meetings are conducted in accordance with the rules and orders of the Council (RSA, 1998:s37).

### **The Chief-Whip, S.Sikwane**

The Chief Whip's delegation: although the position of the Chief Whip and by extension its function(s) is not legislated, following are the Chief Whip's delegations:

- a) Maintains sound relations between the municipal government and various political parties. Ensure that relationships are constructive and focused on the key issues at hand;
- b) Attends to disputes between political parties;
- c) Ensure political accountability of councillors to ward committees;
- d) Ensure quorum at Council meetings;
- e) Advises councillors belonging to various parties to convene party caucuses so as to determine the party position on specific items / motions on the Council's agenda. Generally, organising the work of councillors in the party caucuses; and
- f) Collaborates on a regular basis with the Council Speaker in relation to issues of discipline and conduct of councillors;
- g) Serves as an interface between the Speaker and the Mayor; and
- h) Also Attends IDP Rep Forum.

### **Executive Committee Members (EXCO)**

The TLM is a category B municipality with a collective executive system, combined with a ward participatory system. The Executive Committee is:

- a) CllrT.Mukansi
- b) Cllr J Mohapi
- c) Cllr JM Fischer

### **Councillors**

The TLM has a total of 23 Councillors. Of these 12 are ward Councillors, while 11 have been appointed on the basis of proportional representation (PR).

## Political Decision Making

The Council of the TLM during the period under review has complied with the requirements of the Municipal Structures Act to ensure that various council committees are set to be functional and effective. The Council is the ultimate decision making-body and decisions of Council were taken in compliance to applicable law of the Republic of South Africa.

## 2.2 ADMINISTRATIVE GOVERNANCE

The administrative structure of Thabazimbi Municipality consists of five (5) Departments managed by Section 56 Managers. They are reporting directly to the Municipal Manager, who is the Accounting Officer of the Municipality. The Departments are Technical Services, Corporate Services, Budget and Treasury, Planning and Economic Development, Community Services. The responsibilities of these Departments will be detailed later in this section.

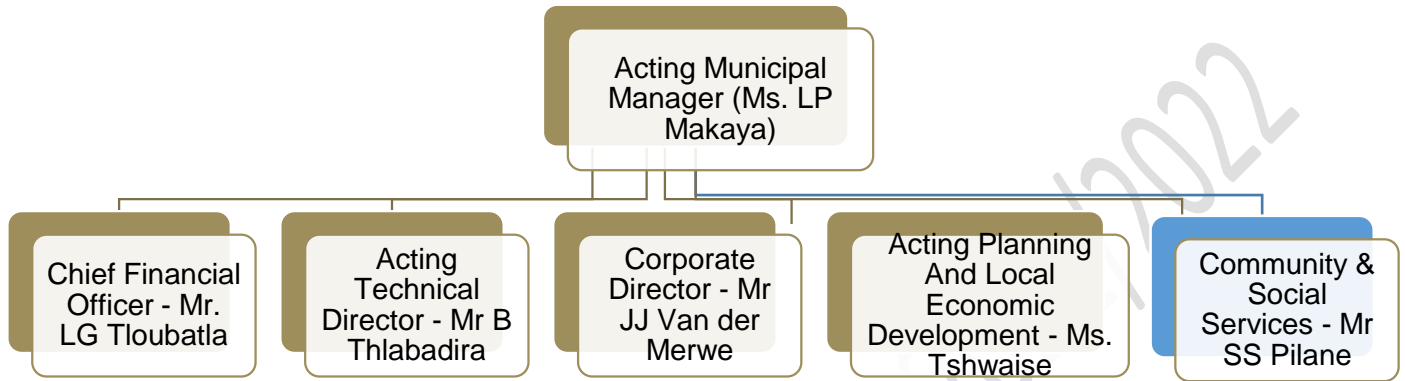
- The Following Values and Principles govern the Municipal Administration:
- A high standard of professional ethics
- Efficient, economic and effective use of resources
- A development orientation.
- Public participation in policy making
- Accountability
- Transparency by providing the Impartial, fair, equitable and unbiased services provision
- Responsiveness
- public with timely, accessible and accurate information
- Good human resource management and career development practices to maximize human potential.
- Legislation requires of the administration to be responsive to the needs of the local community.
- Facilitate a culture of public service and accountability amongst staff.
- Take measures to prevent corruption Establish clear relationship and facilitate co-operation and communication between it and the local community
- Give members of the local community full and accurate information about the level and standard of municipal services they are entitled to receive and;
- Inform the local community how the municipality is managed, the cost involved and the persons in charge.

A Municipal Administration must enable it to:

- Deliver services to the community
- Facilitate a culture of public service and accountability amongst staff
- Be performance orientated
- Focus on the object and development duties of local government as set out in the constitution
- Align the roles and responsibilities of its political structures, political office bearers, managers, and other employees with the priorities and objectives set out in the municipality's integrated development plan.
- Assign clear responsibilities for the management and co-ordination of administrative units and mechanism.
- Hold the Municipal Manager accountable for the overall performance of the administration.
- Implement the lawful policies, resolutions and bylaws of the municipal council and the policies and laws of other spheres of government.

Give advice to the council and its structures, administrating the affairs of the municipality.

## Top Administrative Structure



### **FUNCTIONS OF THE MUNICIPAL MANAGER:**

- Advises the structures and functionaries of the Municipality
- Carries out the decision of the structures and functionaries of the Municipality
- Administers and implements the Municipality's by-laws, resolutions and policies
- Ensures that the Municipality complies with applicable Municipal Finance Management Legislation
- Implements National and Provincial legislation applicable to the Local Municipality

### **FUNCTIONS OF THE CHIEF FINANCIAL OFFICER**

- Manage Revenue Collections
- Manage Expenditure Controls
- Prepare the Budget as per MBRR (Municipal Budget Reporting Regulations)
- Manage Supply Chain
- Asset Management

### **FUNCTIONS OF CORPORATE SERVICES**

- Render HR Management
- Provide legal advisory services
- Manage and maintain municipal administration
- Manage public participation
- Provide support to political office bearers
- Provide communication to the municipality
- Provide secretariat service to council and its committees

### **FUNCTIONS OF THE TECHNICAL SERVICES**

- Ensure adherence to Council Engineering standards



- Render Waste Management Services
- Provide Projected Management for implementation of infrastructure development
- Water and Waste Management
- Electro technical Management

## **FUNCTIONS OF PUBLIC SAFETY, SOCIAL AND COMMUNITY SERVICES**

- Renders environmental health services to the community.
- Renders social services including Library, Sport, Art and Recreation, Disaster Management, Parks and Cemeteries.
- Traffic Protection Services

## **FUNCTIONS OF PLANNING AND ECONOMIC DEVELOPMENT**

- Manage spatial and land use development
- Facilitate LED initiatives
- Render land use and Town Planning Services and GIS (Geographic Information System)
- Render Strategic Support Services

<b>DEPARTMENT</b>	<b>SUB- FUNCTION</b>	<b>POWERS &amp; FUNCTIONS</b>
Technical Services	<ul style="list-style-type: none"> <li>• Water and Sanitation Services</li> <li>• Basic Service Delivery</li> <li>• Public Works</li> <li>• Electricity and Workshop</li> <li>• Civil Work Services (Roads and Storm water)</li> </ul>	<ul style="list-style-type: none"> <li>• Electricity Reticulation</li> <li>• Storm Water</li> <li>• Water (Potable)</li> <li>• Sanitation</li> <li>• Bulk Supply of Electricity</li> <li>• Bulk Water Supply</li> <li>• Bulk sewage purification and main sewage disposal</li> <li>• Municipal roads</li> <li>• Municipal Public Works</li> </ul>
Community Services	<ul style="list-style-type: none"> <li>• Community Services</li> <li>• Protection Services</li> <li>• Solid Waste</li> </ul>	<ul style="list-style-type: none"> <li>• Trading Regulations</li> <li>• Billboards and the display of advertisements in public places</li> <li>• Control of public nuisance</li> <li>• Control of undertakings that sell liquor to the public</li> <li>• Fencing and fences</li> <li>• Noise Pollution</li> <li>• Street Trading</li> <li>• Traffic and Parking</li> <li>• Cemeteries and Crematoria</li> <li>• Fire-Fighting Services</li> <li>• Safety and Security</li> <li>• Municipal Transport Planning</li> </ul>

Budget & Treasury	<ul style="list-style-type: none"> <li>• Budget and Reporting</li> <li>• Income</li> <li>• Expenditure</li> <li>• Supply Chain and Asset Management</li> </ul>	<ul style="list-style-type: none"> <li>• The imposition and collection of taxes, levies and duties as relate to the above functions or as may be assigned to the district municipality in terms of national legislation</li> </ul>
Corporate Support & Shared Services	<ul style="list-style-type: none"> <li>• Human Resource</li> <li>• Fleet Management</li> <li>• Information Technology</li> <li>• Administration and Council Support</li> <li>• Legal Services</li> </ul>	<ul style="list-style-type: none"> <li>• By- Laws</li> <li>• Building the capacity of local municipalities in its area to perform their functions and exercise their powers where such capacity is lacking.</li> </ul>
Development and Planning	<ul style="list-style-type: none"> <li>• Building Control</li> <li>• Town Planning</li> <li>• Local Economic Development</li> </ul>	<ul style="list-style-type: none"> <li>• Building Regulations</li> <li>• Local Economic Development</li> <li>• Municipal Planning</li> <li>• Manage spatial and land use development</li> <li>• </li> </ul>

Table 7: Alignment of Organogram and Powers & Functions

## COMPONENT B: INTERGOVERNMENTAL RELATIONS

### 2.3 INTERGOVERNMENTAL RELATIONS

Thabazimbi Municipality participates in Intergovernmental Structures ranging from Waterberg District to the Provincial Forums. These Intergovernmental Structures are established in terms of the Intergovernmental Relations Act 13 of 2005. The Waterberg District Executive Mayor IGR addresses issues relating to the District and its Local Municipalities. The District Executive Mayor's Forum participates in the Premier's IGR Forum that is conveyed by the Premier to implement resolutions taken at Provincial level. At administrative level, Municipal Managers IGR takes place to recommend issues to be discussed and to implement resolutions of the political IGR.

The following tables indicate the political and administrative IGR in which the Municipality is participating.

#### POLITICAL INTERGOVERNMENTAL RELATIONS

Structures	Participants	Responsibilities
<ul style="list-style-type: none"> <li>Premier's Intergovernmental Forum</li> </ul>	<ul style="list-style-type: none"> <li>Premier Mayors</li> <li>Heads of Departments</li> <li>Municipal Managers</li> </ul>	<ul style="list-style-type: none"> <li>Co-ordination of intergovernmental relations (Provincial and Local government)</li> </ul>
<ul style="list-style-type: none"> <li>Mayor's Intergovernmental Forum</li> </ul>	<ul style="list-style-type: none"> <li>Executive Mayor/ Mayors</li> <li>Municipal managers</li> </ul>	<ul style="list-style-type: none"> <li>Co-ordination of intergovernmental relations (District and Local Municipalities)</li> </ul>
<ul style="list-style-type: none"> <li>District Speakers' Intergovernmental Forum</li> </ul>	<ul style="list-style-type: none"> <li>Speakers of the Local Municipalities and the District</li> </ul>	<ul style="list-style-type: none"> <li>Co-ordinate Public Participation processes in the Municipalities.</li> </ul>

Table 8: Political Intergovernmental Relations

#### ADMINISTRATIVE INTERGOVERNMENTAL RELATIONS

Structures	Participants	Responsibilities
<ul style="list-style-type: none"> <li>Municipal Managers' Forum</li> </ul>	<ul style="list-style-type: none"> <li>All Municipal Managers within the District</li> </ul>	<ul style="list-style-type: none"> <li>To discuss implementation of IDPs</li> </ul>
<ul style="list-style-type: none"> <li>Technical Committees</li> </ul>	<ul style="list-style-type: none"> <li>Sector Departments</li> <li>Municipal Senior Officials</li> </ul>	<ul style="list-style-type: none"> <li>Provide intergovernmental inputs into the works of clusters</li> </ul>
<ul style="list-style-type: none"> <li>Provincial Development Planning Forum</li> </ul>	<ul style="list-style-type: none"> <li>IDP Managers at District and Local Municipalities</li> <li>Development Planners from the Provincial Sector Departments</li> <li>Parastatals</li> </ul>	<ul style="list-style-type: none"> <li>Provide for a coherent Intergovernmental planning</li> <li>Framework and alignment and integration of development plans in the province.</li> </ul>
<ul style="list-style-type: none"> <li>Provincial M &amp; E Forum</li> </ul>	<ul style="list-style-type: none"> <li>Sector Departments M &amp; E Specialists</li> </ul>	<ul style="list-style-type: none"> <li>Provide for a Provincial wide M &amp; E framework for implementation of plans</li> </ul>

Table 9: Administrative Intergovernmental Relations

DRAFT ANNUAL REPORT FOR 2021/2022

## COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

### 2.4 PUBLIC MEETINGS

Public Consultation	No. of meetings held
IDP Rep Forums	2
IDP Steering committee meeting	2
Ward Based public consultation	12
Total	16

The above-mentioned meetings were held on a regular basis by giving participants sufficient notice of such meetings. The composition of the meetings were done to suit the local circumstances of the Thabazimbi Local Municipality and to ensure that sufficient representation on local level could be achieved. Most of the work was done at the steering committee level, while public participation took place during Representative Forum meetings and public consultation held, where local needs and issues were raised. Reports on progress with the IDP were given to the Representative Forum for discussion.

### 2.5 IDP PARTICIPATION & ALIGNMENT

Thabazimbi Local Municipality has 12 Wards with ten functional Ward Committees. The Municipality has different public participation mechanisms in order to ensure that all communities and Stakeholders participate and contribute towards the development within the Municipal area. These participation mechanisms include Outreach Programmes and IDP Public Consultations. The Municipality has a Communication Strategy in place which guides the interactions of Council with the public.

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	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

Table 10: IDP Participation and Alignment Criteria

## COMPONENT D: CORPORATE GOVERNANCE

### 2.6 RISK MANAGEMENT

Risk management, as one of the key pillars of good governance, and it's a continuous process that enables constant improvements in strategy design and strategy implementation as well as the municipality's systems and operations. Council has an existing Risk Management policy and framework that enables management to proactively identify and respond to all significant risks that could impact on business objectives. TLM has developed risk register. Risk Management in the municipality is guided and monitored by various committees at council and administration level such as the MPAC, Risk Management Committee and the Audit Committee. The Municipality has appointed Risk officer as part of the reasonable steps taken to maintain an effective, efficient and transparent system of financial and general risk management. The position Manager has been added on the municipal structure and it will be filled during 22-23 financial year

The top risks of the municipality are:

Risk description	Effect	Internal control	Status
Poor revenue collection	Low cash flow	Enforcement of credit control and appointment of debt collector	Control not effective
Ageing infrastructure	Water and electricity losses Inability to provide adequate services	Implementation of master plan and maintenance plan	Control not effective
Lack of Policies and procedure manual. Promulgation of by-laws	Inadequate and ineffective control environment	Develop and approve policies and procedure manuals. Conduct workshop to employees regarding the implementation of policies	Control not effective
Unconducive environment for sustainable local economic development	high rate of unemployment and poverty; and unavailability of economic opportunities	resuscitation of LED forums and support and to local SMMEs	Control effective
No segregation of duties	Factionous transaction	Segregation of duties	Control not effective
Mushrooming of informal settlement.	Rendering of service for free	Formalisation of informal settlements	Control not effective

Table 11: Top municipal risk areas

## 2.7 ANTI-CORRUPTION & FRAUD

Thabazimbi Council approves an anti-fraud and corruption strategy annually; however this strategy has to be publicized. Employees and the public have to be constantly reminded of their duty to assist with reporting and curbing fraud and corruption activities

## 2.8 SUPPLY CHAIN MANAGEMENT

The Municipal Supply Chain Management Unit suffers human resources capacity and expertise. The Municipality has since advertised the position of Supply Chain Manager. The position will be filled during 22/23 financial year with qualified and relevant personnel will aid with consistent compliance to procurement laws and regulations

## 2.9 BY-LAWS

The Municipality managed to perform a successful public Participation exercise on the below listed by-laws, however these are not yet promulgated due to financial constraints.

- Credit Control and Debt Collection By-law
- Property Rates By-law
- Tariffs By-law

## 2.10 WEBSITES

The Municipal website is hosted by SITA However the Municipality is currently upgrading the website.

Municipal Website: Content and Currency of Material	
Documents published on the Municipality's / Entity's Website	Yes / No
Current annual and adjustments budgets and all budget-related documents	Yes
All current budget-related policies	Yes
The previous annual report (Year -1)	Yes
The annual report (Year 0) published/to be published	Yes
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards	Yes
All service delivery agreements (Year 0)	Yes
All long-term borrowing contracts (Year 0)	Yes
All supply chain management contracts above a prescribed value (give value) for Year 0	No
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1	No
Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No
Public-private partnership agreements referred to in section 120 made in Year 0	No
All quarterly reports tabled in the council in terms of section 52 (d) during Year 0	Yes

Table 12: Municipal Website: Content and Currency of Material

## CHAPTER 3: SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

### COMPONENT A: BASIC SERVICES

#### 3.1 Capital Projects

MIG Project Management Unit (PMU) is a function within a Municipality, and under normal circumstances, existing personnel within the municipality should be utilized for this purpose. The duties that need to be performed relates to the planning, organizing, coordinating, controlling and directing of the activities of projects funded through MIG. The Municipality may utilize up to 5% of its MIG allocation to ensure a sustained project management function to support the implementation of the MIG programme. The Municipality has since appointed PMU tactician and the position PMU manager has been advertised and it will be filled during 22/23 financial year.

#### 3.2 Water and Sanitation Services Provision

Thabazimbi Local Municipality is a WSA (Water Services Authority) and WSP (Water Service Provider).

Thabazimbi, Regorogile and Northam currently have a quota of 9ML per day from Magalies board. Regorogile and Thabazimbi have additional supply from seven boreholes. The boreholes are located at Group 5, 12, B7 and Thaba Park.

The present allocation from the Vaal kop Dam is 7 MI/d and 2 MI/d for Thabazimbi and Northam respectively. The average abstraction from the boreholes is 4 MI/d. Rooiberg and Leeupoort/Raphuti currently source their water from local boreholes.

Schilpadnest water is also supplied from three working boreholes without any chlorination facilities.

The existing water pump station caters for Thabazimbi town including Regorogile and Ipelegeng. The current capacity of the plant is 28l/second but the average daily flow is about 60l/second. The municipality does not provide bulk water to the mines within its area of jurisdiction.

In terms of sanitation services; Thabazimbi town, Rooiberg, Raphuthi and Regorogile use water-borne sewer system. Leeupoort and part of Northam are using septic tanks; Northam is 98% water borne and 2% septic tanks. Both the Thabazimbi and Northam sewer plants require urgent upgrading as they are currently operating beyond design capacity.

Basic services backlogs with regard to water and sanitation:

- 11.65% of households do not have access to portable water within the minimum level of service.
- 13.29% of households do not have access to sanitation within the minimum level of service.

Pilanesberg bulk water supply scheme to augment future water requirements

Our request from the scheme (North of Pilanesberg) is 13 MI/d (9MI/d for Thabazimbi and 4MI/d for Northam) and this will be for domestic use. The funding required is approximately R250m from Regional Bulk Infrastructure Grant (RBIG). The total cost of the scheme is R439m.

#### 3.3 Electricity Services Provision

The municipality has electricity distribution license issued by NERSA interns of the ElectricityAct41 of 1987. The license covers the following areas for distribution and retail:

- Greater Northam RLC (Portion)
- Thabazimbi TLC (Whole)
- Rooiberg



Currently the municipality is an Electricity Service Provider in Thabazimbi town, Regorogile extensions 2, 3 (Meriting), 5, 6, 7, 9, Ipelegeng, Rooiberg and Raphuti (portion). Eskom is supplying Northam, Regorogile extensions 1, 3 and 4, Raphuti (RDP) farms and mining areas. Skierlik informal settlement is supplied by ESKOM.

### **3.4 Waste Management**

The municipality provides waste collection from informal settlements to formal settlements within the jurisdiction and also services the mining residences and Marakele National Park and management of landfill sites. The Draft Integrated Waste Management Plan is in place. There is no free basic solid waste policy in place. Used oil and other hazardous waste are collected by EnviroSource, Sub Company of Envirofill. Hazardous waste specifically mercury from electric bulbs is collected by the company called Actibis 268 cc. Medical waste is collected by Tshumisano Waste Management.

The waste management challenges in the municipality include:

- Illegal dumping
- No adequate fleet to service the whole Municipality
- Old municipal waste equipment

## **COMPONENT B: ROADS & TRANSPORT**

### **3.5 Roads and Storm Water Services**

Access roads are in a fairly good condition. However, internal roads are mainly filled with potholes, no road markings and signs. Storm water channels including bridges have not been maintained and exacerbate flooding due to financial constraints and shortage of resources. The initial backlog of 65km of roads that needed to be upgraded was reduced to 58km following the completion of MIG projects (A total of 5km of internal roads was upgraded). The initial backlog of 56km of storm water to be upgraded was reduced to 54.8km (A total of 1,2km storm water was upgraded) Remaining backlogs will be addressed through MIG funding

### **3.6 Project Management Unit (PMU)**

MIG Project Management Unit (PMU) is a function within a Municipality, and under normal circumstances, existing personnel within the municipality should be utilized for this purpose. The duties that need to be performed relates to the planning, organizing, coordinating, controlling and directing of the activities of projects funded through MIG. The Municipality may utilize up to 5% of its MIG allocation to ensure a sustained project management function to support the implementation of the MIG programme.

## **COMPONENT C: PLANNING AND DEVELOPMENT**

### **3.7 Planning**

The TLM through her Planning and Economic Development (PED) is responsible for the overall spatial planning and land use management within the municipal jurisdiction.

### **3.8 Local Economic Development**

Promoting local economic development is a material function and object of the TLM according to the directive from the provisions of s152(c) of the Constitution (RSA, 1996).

## COMPONENT D: COMMUNITY & SOCIAL SERVICES

### 3.9 Libraries, Archives, Museums, Galleries, Community Facilities, Other:

AREA	COMMUNITY HALLS	SHOW GROUNDS
Thabazimbi	Cinema Hall Library Hall Trollope Hall Ntswe- Tshipe	Agricultural / Landbougenootskap
Northam	Community Hall	
Regorogile	2 Community Halls	
Kromdraai	Marula Hall	
Dwaalboom		Agricultural Show ground
Leeupoort	Community Hall	
Rooiberg	Community Hall	
Amandelbult Mine	Rethabile Community Hall	
Northam Plats Mine	2 Community Hall	
Swartklip Mine	Community Hall	

Table 13: Community halls and show grounds by area

### 3.10 Cemeteries

The Regorogile cemetery is full to capacity and the Municipality has since developed new site at the industrial site in Regorogile while in Thabazimbi Town and Northam town cemeteries are still in good conditions. The Rooiberg is also still working and no challenges there.

### 3.11 Child Care, Aged Care, Social Programmes

The childcare is not a core of the Municipality; special project officer has manager to launch the Age care group which is non-governmental organisation.

### MAYORAL OUTREACH

Mayoral outreach programme is regarded as another form of community consultation. In TLM at least Mayoral Outreach meetings are held per financial year. The schedule of these consultation programmes will be reflected in the process plan. The main purpose of the consultation is to ensure that the political principals get closer the communities and afford members to voice their needs.

### SPECIAL PROGRAMME

Legislative requirements

- Constitution of the RSA, Act 108 of 1998

- Commission of Gender Equity Act 39 of 19196
- Gender Policy framework go Local Government
- Children's Act 38 of 2005
- National welfare Act 100 of 1978
- HIV and AIDS and STI National Strategic plan
- Disability framework for Local Government

In recognition of the need to integrate marginalized communities, Special Programme Unit for the facilitation of the integration and mainstreaming process has been introduced and a Special Projects Coordinator has been appointed. Much work was done on an ad-hoc basis in this regard but was more focused on campaigns rather than economic development programmes. As Statistics South Africa confirms, young people constitute the majority of the population of the Thabazimbi Municipality. Men account for 52% of the municipality's population. In spite of the above reality, young people and women have not been the key beneficiaries in the economic mainstream of the district. A Youth Plan and its implementation plan must be developed. Whilst there are organizations representing disabled people, the reality that faces the municipality is that disabled people are not integrated into the municipality's implementation plan. This has led to low economic development opportunities for disabled people.

A survey must be conducted by Thabazimbi to develop the Disability Plan. Thabazimbi Local Municipality needs to facilitate this process through the implementation of the Disability Plan for the purposes of moving faster in resolving problems faced by disabled people. Children in the municipality also bear the brunt of disorganization. Thabazimbi Local Municipality should embark in the process of establishing a junior council which will be the pace setter for the development of the children's development framework that will promote the participation and consultation of children. As a sector plan, the Special Programmes Strategy sets the framework for the integration and mainstreaming of all the designated groups and needs to be developed.

## **CHALLENGES OF YOUTH, DISABILITY, WOMEN AND CHILDREN**

- High unemployment.
- Access to funding.
- Poor education.
- Access to quality training and skills development
- High level of poverty.
- Violence directed at women and girls
- No support and mainstreaming of people with disability in municipal employment equity to reach 2%, as set by SALGA.
- Diseases.

## **COMPONENT E: ENVIRONMENTAL PROTECTION**

### **3.12 Pollution Control**

The municipality provides waste collection from informal settlements to formal settlements within the jurisdiction and also services the mining residences and Marakele National Park and management of landfill sites in an attempt to mitigate.

## **COMPONENT F: HEALTH**

### 3.13 Clinics

#### Service Norms and Standards (Health Centre Clinics and Hospital)

- One (1) doctor per 1000.
- Clinic must serve a radius of 5 km.
- Health centre 10 km radius.
- Hospital must serve radius of 60 km

#### HEALTH FACILITIES

TYPE		TOTAL	WARDS											
			1	2	3	4	5	6	7	8	9	10	11	12
Hospitals	Public	1	-	-	-	-	-	-	-	-	1	-	-	-
	Private	1	-	1	-	-	-	-	-	-	-	-	-	-
	Mines	3	-	-	-	-	1	1	-	-	-	-	1	-
Clinics		10	1	2	1	2	1	-	-	1	1	1	-	-
Mobiles		3	1	1	-	-	-	-	-	1	-	-	-	-
GRAND TOTAL		18	2	5	1	2	2	1	0	2	1	1	1	0

Table 14: Health Facilities

### 3.14 Ambulance Services

The Emergency Medical Services function remains with the Waterberg District Municipality.

### 3.15 Health Inspection

The function remains with the District Department of Health. The local health inspectors are located in local clinics in the municipal area.

## COMPONENT G: SPORTS & RECREATION

### 3.16 Sports And Recreation

#### SPORTS FACILITIES

Service Norms and Standards

- One (1) library serve 10000 households.
- One Club per club code per ward
- One Hub per ward
- One recreational facility per ward
- One Arts and culture per municipality

TOWN	NUMBER / TYPE	LOCATION / FACILITIES / CONDITION
THABAZIMBI	3 Sports grounds	2 Municipal grounds that include rugby, cricket, bowls, squash, jukskei, basket ball, tennis
	1 Kumba ground	Swimming pool, gym
	2 School Sport Facilities	Hoerskool Frikkie Meyer
		Laerskool Thabazimbi
REGOROGILE	1 Sports ground	Poor condition, includes soccer, tennis, basket ball
	1 School Sport Facility	Mabogo – Pedi Secondary school
IPELEGENG	1 Sports ground	Kumba Resources (ISCOR) provides soccer, tennis, athletics facilities
BEN ALBERTS NATURE RESERVE	Golf Course 18 holes golf course	Good Condition
NORTHAM	1 Sport Facilities	1 Comprehensive Secondary School   Northam Primary School  1 Community Sport Ground
SWARTKLIP	1 Soccer field 9 hole Golf course	Good Condition
AMANDELBULT/ RETABILE	1 Soccer field 9 hole Golf Course	Good Condition
DWAALBOOM	2 Sport Facilities	
GROENVLEISECONDARY SCHOOL	1 Sports ground	Tennis court, netball court and soccer fields need to be upgraded.
LEEUPPOORT	Driving Range (golf course)	Good Condition
THABAZIMBI	4 Active Public Open Spaces	Berg Boegoe Club
		Mollie Jordaan Park
		Areas along Rooikuitspruit
		Children's Playground

Table 15: Sports and recreation Facilities

## COMPONENT H: CUMULATIVE 2021/2022 FOURTH (4TH) QUARTER PERFORMANCE REPORT

The table below takes the above further and gives expansive content as well as finer details of the TLM's performance for the reporting year, 2021/2022. In order to avoid and/or keep repetition to minimum, it is suggested that the table be read as a high level summary and tailored logic model of the methodological template and/or paradigm envisaged in the MFMA Circular 63 by the National

Treasury (2012). It is held that material essence and main variables of this Circular are, in a certain form, and to a certain thematic content, entailed in the log frame presented below:

## 2021/22 FOURTH QUARTER REPORT (SDBIP) FOR THABAZIMBI LOCAL MUNICIPALITY

### PERFORMANCE ANALYSIS

The overall institutional performance achieved for the period under review (1 April to 30 June 2022) is 71%. Out of 45 targets which were due for reporting, 32 targets were achieved and 13 targets were not achieved.

#### 1.1 PERFORMANCE PER KEY PERFORMANCE AREA

Table below depicts Quarter 4 performance per Key Performance Area for the 2021/2022 financial year:

KEY PERFORMANCE AREAS (KPA)	TOTAL ANNUAL TARGETS	TOTAL QUARTER 4 TARGETS	QUARTER 4 TARGETS ACHIEVED	QUARTER 4 PERCENTAGE ACHIEVED	QUARTER 4 TARGETS NOT ACHIEVED	QUARTER 4 PERCENTAGE NOT ACHIEVED
Basic Service Delivery and Infrastructure	14	10	4	40%	6	60%
Financial Management and Viability	8	7	6	86%	1	14%
Good Governance and Public Participation	10	8	8	100%	0	0%
Local Economic Development	5	3	1	33%	2	67%
Municipal Institutional Transformation and Development	8	8	7	88%	1	12%
Spatial Rationale	17	9	6	67%	3	33%
<b>TOTALS</b>	<b>62</b>	<b>45</b>	<b>32</b>	<b>71%</b>	<b>13</b>	<b>29%</b>

Table 16: Quarter 4 performance per Key Performance Area for the 2021/2022 financial year

The graph below depicts Quarter 4 performance per Key Performance Area for the 2021/2022 financial year:

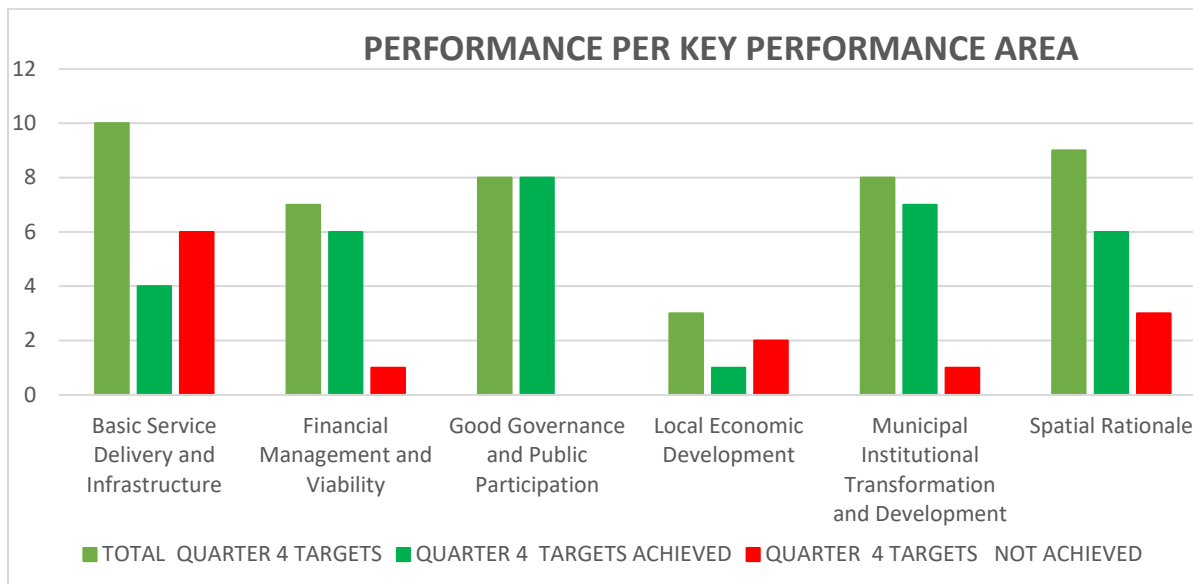


Figure 4: Quarter 4 performance per Key Performance Area for the 2021/2022 financial year

## 1.2 PERFORMANCE PER DEPARTMENT

Three departments have performed above the organizational average namely Budget and Treasury Office, Corporate Services and the Office of the Municipal Manager with 71% and higher.

Table below depicts Quarter 4 performance per Department for the 2021/2022 financial year:

DEPARTMENT	TOTAL ANNUAL TARGETS	TOTAL QUARTER 4 TARGETS	QUARTER 4 TARGETS ACHIEVED	QUARTER 4 PERCENTAGE ACHIEVED	QUARTER 4 TARGETS NOT ACHIEVED	QUARTER 4 PERCENTAGE NOT ACHIEVED
Budget and Treasury Office	8	7	6	86%	1	14%
Corporate Service	8	8	7	88%	1	12%
Office of the Municipal Manager	10	8	8	100%	0	0%
Planning and Economic Development	22	12	7	58%	5	42%
Technical Services	11	7	2	29%	5	71%
Community Services	3	3	2	67%	1	33%
<b>TOTALS</b>	<b>62</b>	<b>45</b>	<b>32</b>	<b>71%</b>	<b>13</b>	<b>29%</b>

Table 17: Quarter 4 performance per Department for the 2021/2022 financial year

The graph below depicts Quarter 4 performance per Department for the 2021/2022 financial year:

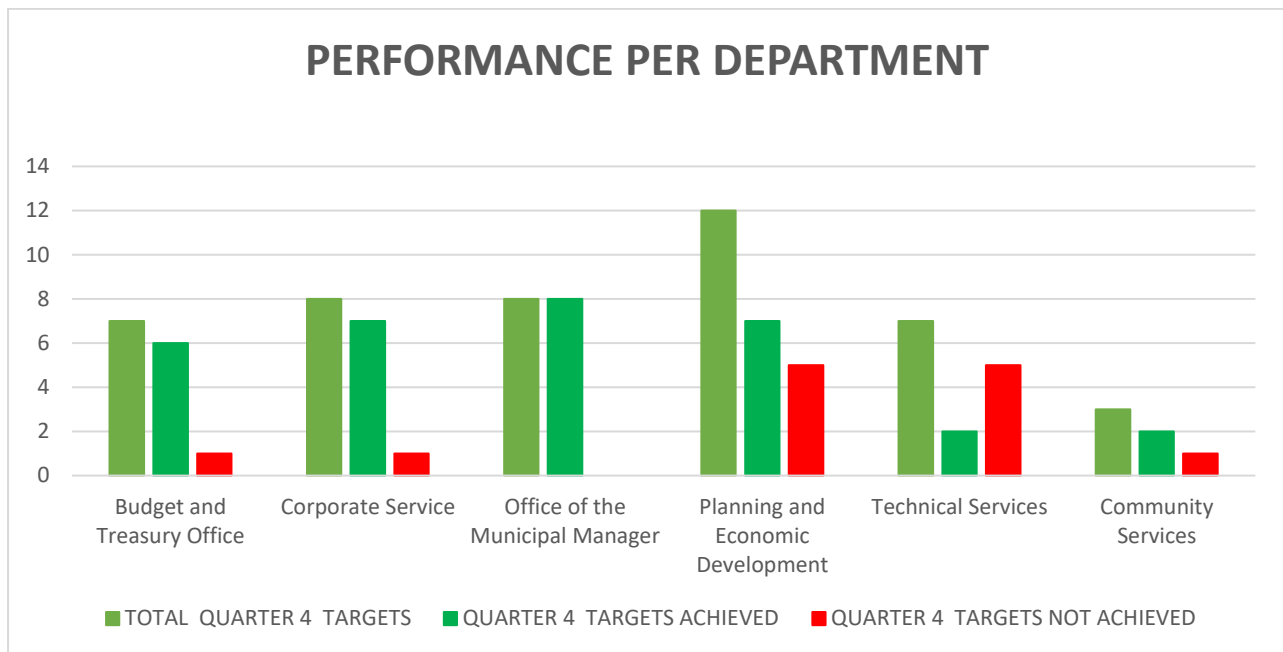


Figure 5: Quarter 4 performance per Department for the 2021/2022 financial year



Strategic Objectives	Project Name	IDP REF	KPI Number	KPI	Budget	Budget Source	Expenditure	Baseline	2021/22 Target	4 <sup>th</sup> Quarter Target	4 <sup>th</sup> Quarter Actual	4 <sup>th</sup> Quarter Actual Performance Achievement (YES/NO)	Challenges	Mitigation	Portfolio of Evidence	Department
To Ensure Sustainable Engagement	SPLUMA Implementation	TBS 1	1	Number of Municipal Planning Tribunals (MPT) (re)established by set date	OPEX	TLM		1 Municipal Planning Tribunals (MPT) was (re)established by 30 June 2021	(Re)establish 1 Municipal Planning Tribunals (MPT) by 30 JUNE 2022	Appointment of MPT members	MPT Member Appointed	Achieved	None	None	Council resolution and letters of appointment	PED
To Ensure Sustainable Engagement	SPLUMA Implementation	TBS 2	2	% of Municipal Planning Tribunal sittings by set date	OPEX	TLM		New	100% of (any number regarded as 100% as it is dependent on the land development applications that require assessment by MPT) by 30 June 2022	N/A	N/A	N/A	N/A	N/A	Reports under review/assessment, invitation letters, attendance registers	PED
To Ensure Sustainable Engagement	SPLUMA Implementation	TBS 3	3	Number of Municipal Planning Appeals Authority (MPAA) established by set date	OPEX	TLM		1 Municipal Planning Appeals Authority (MPAA) was established by 30 June 2021	Establish 1 Municipal Planning Appeals Authority (MPAA) by 30 JUNE 2022	Appointment of MPAA members	MPAA members appointed	Achieved	None	None	Council resolution and letters of appointment	PED
To Ensure Sustainable Engagement	SPLUMA Implementation	TBS 4	4	% of Municipal Planning Appeals Authority sittings by set date	OPEX	TLM		New	100% of (any number regarded as 100% as it is dependent on objections received) by 30 June 2022	N/A	N/A	N/A	N/A	N/A	Appeals reports, invitation letters, attendance registers minutes	PED
To Ensure Sustainable Engagement	Land Use Planning and Management	TBS 5	5	% of land development and land use applications received, evaluated, processed and approved by set date	OPEX	TLM		100% of land development and land use applications received, evaluated, processed and approved by 30 June 2021	100% (Any number of various development applications received for review and approval amounts to 100%) by 30 June 2022	100% of Any number of various development applications received for review and approval amounts to 100% by 30 June 2022	100% land use and development application were processed and approved during this quarter.	Achieved	None	None	Register of land development applicants and approval letters	PED
To Ensure Sustainable Engagement	Implementation of Geographic Information Systems (GIS)	TBS 6	6	Establishment of GIS sub-unit and Identification of GIS tools and projects by set date	OPEX	TLM		New	Establish GIS Sub-unit and Identification of GIS tools and projects by 30 JUNE 2022	Draft terms of reference and/or specifications for identified tools to be procured in 2022/23	Draft Terms of Reference/Specifications are in place	Achieved	None	None	Q3- Report of the identified tools and projects Q4- Draft Specification report on GIS equipment	PED
To Ensure Sustainable Engagement	Review of SDF	TBS 7	7	Number of SDF reviewed	R500 000	TLM		1 (2014 SDF) reviewed by 30 June 2021	Review 1 (SDF) by 30 June 2022	Facilitate incorporation of comments and/or inputs in the draft SDF Compilation of final draft and present to relevant council structures in facilitation for approval	Conducted the process of public participation	Not Achieved	Delay in public participation process	To be achieved in the next financial year	Q1-Inception report & draft SDF report Q2- newspaper notices, social media clips, invitations and minutes Q3-Report on commencement/inputs Q4- Adopted SDF (Council Resolution)	PED
To Ensure Sustainable Engagement	Review of LUMS	TBS 8	8	Number of LUMS reviewed	R500 000	TLM		1 (2014 LUMS) reviewed by 30 June 2021	Review 1 (LUS) by 30 June 2022	Facilitate incorporation of comments and/or inputs in the draft LUS Coordinate Compilation of final draft and present to relevant council structures in facilitation for approval	Conducted the process of public participation	Not Achieved	Delay in public participation process	To be achieved in the next financial year	Q1-Inception report & draft LUS report Q2- newspaper notices, social media clips, invitations and minutes Q3-Report on commencement/inputs Q4- Adopted LUS (Council Resolution)	PED
To Ensure Sustainable Engagement	Conduct Land Audit	TBS 9	9	Number of Land Audit conducted by set date	R500 000	TLM		NEW	Conduct 1 (Land Audit Report) by 30 June 2022	N/A	N/A	N/A	N/A	N/A	Q1-Inception report Q2- Land classification report Q3- N/A Q4-N/A	PED
To Ensure Sustainable Engagement	Upgrading of Informal Settlements/Township establishment	TBS 10	10	Number of upgraded informal settlements and townships established and Completed (Skierlek and Raphuthi) by set date	HDA	CoGHSTA		-	Upgrade 2 informal settlements and townships established and Completed (Skierlek and Raphuthi) by 30 June 2022	N/A	N/A	N/A	N/A	N/A	Q1- approved street names (Council resolution) Q2- approved SG diagram Q3- copy of provincial gazette/Proclamation notice	PED
To Ensure Sustainable Engagement	Upgrading of Informal Settlements/Township establishment	TBS 11	11	Number of notices in the Provincial Gazette declaring the township to be an approved township (Skierlek) by set date	HDA	CoGHSTA		Kierlek Informal Settlement	1 Publication of notice in the Provincial Gazette declaring the township to be an approved township (Skierlek) by 31 March 2022	N/A	N/A	N/A	N/A	N/A	Q1- approved street names (Council resolution) Q2- approved SG diagram Q3- copy of provincial gazette/Proclamation notice	PED
To Ensure Sustainable Engagement	Upgrading of Informal Settlements/Township establishment	TBS 12	12	Number of upgraded informal settlements and townships by identification of potential street names (Raphuthi) by set date	HDA	CoGHSTA		New	Upgrade 1 informal settlements and townships by identification of potential street names (Raphuthi) by 30 June 2022	N/A	N/A	N/A	N/A	N/A	Q1-register on the received application Q2-Approval letter Q3-N/A Q4- N/A	PED
To Ensure Sustainable Engagement	Upgrading of Informal Settlements/Township establishment	TBS 13	13	Number of notices in the Provincial Gazette declaring the township to be an approved township (Northam Ext.20) by set date	HDA	CoGHSTA		NEW	1 Publication of notice in the Provincial Gazette declaring the township (Northam Ext.20) to be an approved township by 31 December 2021	N/A	N/A	N/A	N/A	N/A	Q1- approved SG diagram Q2- copy of provincial gazette/Proclamation notice	PED
To Ensure Sustainable Engagement	Monitor and regulate building development activities	TBS 14	14	Percentage of building plans received, assessed and approved within a period of 30 days from the day of receipt	OPEX	TLM		100% of building plans received, assessed and approved within a period of 30 days from the day of receipt by 30 June 2021	100% of (Any number of building permit applications received for review and approval amounts to 100%) by 30 June 2022	100% of (Any number of building permit applications received for review and approval amounts to 100%) by 30 June 2022	100 % Building plans were reviewed and approved during this quarter	Achieved	None	None	Register for building plans and approval letters	PED

Strategic Objectives	Project Name	IDP REF	KPI Number	KPI	Budget	Budget Source	Expenditure	Baseline	2021/22 Target	4 <sup>th</sup> Quarter Target	4 <sup>th</sup> Quarter Actual	4 <sup>th</sup> Quarter Actual Performance Achievement <span style="color: green;">YES</span> <span style="color: red;">NO</span>	Challenges	Mitigation	Portfolio of Evidence	Department
To Ensure Sustainable Engagement	Monitor and regulate building development activities	TBS 15	15	Development of a building control by law by set date	OPEX	TLM		New	Draft by law by 31 December 2021	N/A	N/A	N/A	N/A	N/A	Draft by-law	PED
To Ensure Sustainable Engagement	Monitor and regulate building development activities		16	Number of awareness campaigns on building regulations (newspaper notices and social media platforms) by set date	OPEX	TLM		Conducted 2 awareness campaigns on building regulations (newspaper notices and social media platforms) by 30 June 2021	Conduct 1 awareness campaign on building regulations (newspaper notices and social media platforms) by 31 December 2021	Conduct 1 awareness campaign on building regulations (newspaper notices and social media platforms) by 30 June 2022	Conduct 1 awareness campaign on building regulations (newspaper notices and social media platforms) by 30 June 2022	Achieved	None	None	Newspaper adverts and social media clips	PED
To Ensure Sustainable Engagement	Monitor and regulate building development activities	TBS 16	17	campaigns on building regulations (newspaper notices and social media platforms)	OPEX	TLM		New	Develop a housing and/or Integrated Human Settlements chapter/sector Plan by 30 June 2022	Final draft housing and/or Integrated Human Settlements chapter/sector Plan presented to council for approval by 30 June 2022	No housing and/or Integrated Human Settlements chapter/sector Plan by 30 June 2022	Not Achieved	No terms of reference was drafted and that cause the delays	The department will draft terms in the next financial year	Appointment letter	PED

Strategic Objectives	Act Name	IDP REF	KPI Number	KPI	Budget	Budget Source	Expenditure	Baseline	2021/22 Target	4 <sup>th</sup> Quarter Target	4 <sup>th</sup> Quarter Actual	4 <sup>th</sup> Quarter Actual Performance <b>YES NO</b>	Challenges	Mitigation	Portfolio of Evidence	Department
To ensure quality services to community by improving current infrastructure to sustainable levels and promotes environmental management system	Northam Extension 5 Upgrading of Internal Street Phase 2	TBS 18	18	Number of km paved roads constructed by set date	R18.862.462.65	MIG		2Km of roads paved and site establishment, setting out and site clearance by 30 June 2021	4,6km of paved roads constructed in Northam Extension 5 by 31 March 2022	N/A	N/A	N/A	N/A	N/A	Progress Report and Completion Certificate	TS
To ensure quality services to community by improving current infrastructure to sustainable levels and promotes environmental management system	Regorogile Extension 5 Paving of Internal street Phase 3	TBS 19	19	Number of Km of paved roads constructed by set date	R4.791.873.53	MIG		4,5Km of paved road as at 30 June 2021	Construction of 0,8Km of paved roads by 30 September 2021	N/A	N/A	N/A	N/A	N/A	Progress Report and Completion certificate	TS
To ensure quality services to community by improving current infrastructure to sustainable levels and promotes environmental management system	Upgrading of Sport and Recreation Facility at Raphuthi (Ward 4)	TBS 24	20	Number of Sport and recreation facility upgraded at Raphuthi (Ward 4) by set date	R8.000.000.00	MIG		1 Sport and recreation facility upgraded at Raphuthi by 30 June 2021	Upgrade 1 Sport and recreation facility at Raphuthi (Ward 4) by 31 December 2021	N/A	N/A	N/A	N/A	N/A	Progress Report and Completion certificate	TS
To ensure quality services to community by improving current infrastructure to sustainable levels and promotes environmental management system	Upgrading of bulk water pipeline between Thabazimbi Pump station and Thabazimbi Y- Piece	TBS 13	21	Number of km of bulk water pipe line constructed by set date	R42.812.638.00	WSIG		Aged Bulk water pipe line by 30 June 2021	Construct 4,9km of bulk water pipe line by 30 June 2022	4,9km of bulk water pipeline constructed by 30 June 2022	2,3km were constructed by 30 June 2022	Not Achieved	delay in completion of designs	expedited the completion of the project	Progress report and Completion Certificate	TS
To ensure quality services to community by improving current infrastructure to sustainable levels and promotes environmental management system	Northam upgrading of Water Reticulation Phase 2	TBS 07	22	Number of Km pipeline and Number of stands water Reticulation in Northam phase 2 ward 7,8 upgraded by set date	R9.062.454.06	WSIG	R 1 567 668.39	Aged Bulk water pipe line by 30 June 2021	Upgrade 8,35Km pipeline and 500 stands water Reticulation in Northam phase 2 ward 7,8 Overall progress-100% by 30 June 2022	Upgrade 8,35 km of pipeline and 500 stands water reticulation in Northam phase 2 ward 7,8 Overall progress-100% by 30 June 2022	4,175 Km of pipeline and 500 stands water reticulation in Northam phase 2 upgraded by 30 June 2022	Not Achieved	appointment was delayed	expedited the completion of the project	Progress report and Completion certificate	TS
To ensure quality services to community by improving current infrastructure to sustainable levels and promotes environmental management system	Regorogile Upgrading of Water Network Phase 2	TBS 08	23	Number of Km pipeline and Number of stands water Reticulation in Regorogile phase 2 ward 9,10 and 12 upgraded by set date	R 9.062.453.97	WSIG	R 1 877 621.67	Aged Bulk water pipe line by 30 June 2021	Upgrade 6,5Km pipeline and 400 of stands water Reticulation in Regorogile phase 2 ward 9,10 and 12 Overall progress-100% by 30 June 2022	Upgrade 6,5km of pipeline and 240 stands water reticulation in Regorogile phase 2 ward 9,10,12 upgraded by 30 June 2022	6,975km of pipeline and 400 stands water reticulation in Regorogile phase 2 ward 9,10,12 upgraded by 30 June 2022	Not Achieved	delayed in appointment and also on site there were technical issues	expedited the completion of the project	Tender advert Appointment Letter Progress report Completion certificate	TS
To ensure quality services to community by improving current infrastructure to sustainable levels and promotes environmental management system	Construction of VIP toilets in Rooiberg, Skierlik and Meriting Phase	TBS 09	24	Number of VIP toilets constructed in Rooiberg, Skierlik, Meriting by set date	R9.062.453.97	WSIG		New Project	364 Number of VIP toilets constructed in Rooiberg, 100, Skierlik-100, and Meriting-164) (Overall progress-100%) by 30 June 2022	Construct 182 VIP toilet by 30 June 2022 Overall progress 100%	66 VIP toilets constructed at Rooiberg, Meriting and Skierlik by 30 June 2022	Not Achieved	project stoppages by community due to sub contracting	expedited the completion of the project and engage community on available sub contracts opportunity	Tender advert Appointment Letter Progress report Completion certificate	TS
To ensure quality services to community by improving current infrastructure to sustainable levels and promotes environmental management system	Construction of Smash block 20 MVA Substation	TBS 10	25	Number and percentage of 20MVA substation Constructed by set date	R21.000.000.00	INEP	R3 179 813.42	New Project	Construct 50% of 1 20MVA substation by 30 June 2022	Construct 50% of 120 MVA substation by 30 June 2022	8 % of 1 20 MVA substation constructed by 30 June	Not Achieved	delayed in completion of designs	expedited the completion of the project	Tender advert Appointment Letter Progress reports	TS
To ensure quality services to community by improving current infrastructure to sustainable levels and promotes environmental management system	Pre - Engineering of Smash block 10 km 132 kv line	TBS 11	26	Develop a Feasibility study, Preliminary Design Report, Detail Design Report and Tender document by set date	R 1.000.000.00	INEP		New Project	Develop a Feasibility study, Preliminary Design Report, Detail Design Report and Tender document by 31 March 2022	N/A	N/A	N/A	N/A	N/A	Feasibility study Design Reports Tender document	TS
To ensure quality services to community by improving current infrastructure to sustainable levels and promotes environmental management system	Waste Management		27	Number of Ward based Community Education and Awareness Workshops conducted by set date	OPEX	TLM		New Project	6 Ward based Community Education and Awareness Workshops conducted by 30 June 2022	3 Ward based Community Education and Awareness Workshops conducted by 30 June 2022	3 Ward based Community Education and Awareness Workshops conducted by 30 June 2022	Achieved	None	None	Attendance registers opamphlets	CS
To ensure quality services to community by improving current infrastructure to sustainable levels and promotes environmental management system	Waste Management		28	Review of waste management by-law by set date	OPEX	TLM		New Project	1 Review of waste management by-law by 30 June 2022	1 Review of waste management by-law by 30 June 2022	1 Review of waste management by-law by 30 June 2022	Achieved	None	None	Gazetted proof of waste by-law	CS
To ensure quality services to community by improving current infrastructure to sustainable levels and promotes	Traffic and Law Enforcement		29	Negotiate acquisition of 1 roadblock trailer by set date	OPEX	TLM		New Project	Negotiate acquisition of 1 roadblock trailer by 30 June 2022	Negotiate acquisition of 1 roadblock trailer by 30 June 2022	No Negotiate acquisition of 1 roadblock trailer by 30 June 2022	Not Achieved	Procurement department set out wrong specifications	The mine will procure the trailer by the next quarter	Roadblock trailer pictures Proof of payment	CS

Strategic Objectives	Project Name	IDP REF	KPI Number	KPI	Budget	Budget Source	Expenditure	Baseline	2021/22 Target	4 <sup>th</sup> Quarter Target	4 <sup>th</sup> Quarter Actual	4 <sup>th</sup> Quarter Actual Performance Achievement (YES/NO)	Challenges	Mitigation	Portfolio of Evidence	Department
environmental management system																
To ensure quality services to community by improving current infrastructure to sustainable levels and promotes environmental management system	Licencing		30	Number of consolidated monthly licensing reports by set date	OPEX	TLM		New Project	6 consolidated monthly licensing reports by 30 June 2022	3 consolidated monthly licensing reports by 30 June 2022	3 consolidated monthly licensing reports by 30 June 2022	Achieved	None	None	Monthly Licencing Reports	TS
To ensure quality services to community by improving current infrastructure to sustainable levels and promotes environmental management system	Parks & Cemeteries		31	Number of graves dug by set date	OPEX	TLM		New Project	60 graves dug by 30 June 2022	30 graves dug by 30 June 2022	30 graves dug by 30 June 2022	Achieved	None	None	Burial application orders	TS

#### 2.3 KPA 3: LOCAL ECONOMIC DEVELOPMENT

Strategic Objectives	Project Name	IDP REF	KPI Number	KPI	Budget	Budget Source	Expenditure	Baseline	2021/22 Target	4 <sup>th</sup> Quarter Target	4 <sup>th</sup> Quarter Actual	4 <sup>th</sup> Quarter Actual Performance Achievement (YES/NO)	Challenges	Mitigation	Portfolio of Evidence	Department
	Establishment of Local Economic Development Forum (LEDF)		32	Number of LED Forum established	R250 000	TLM		New Project	Establish 1 LED Forum established by 30 June 2022	Establish and launch the LED Forum by June 2022	Invitation to establish and Launch the LEDF issued.	Not Achieved	Postponement due to unrest taking place.	To be achieved in the next quarter	Q3- List of stakeholders. Council resolution of approved terms of reference Q4- LED invitation of identified stakeholders and minutes of the launch	PED
	Strengthen partnership with local giant businesses and parastatals through facilitation of Local Economic Development Forum		33	Number of LED Forum meetings held by set date	R250 000	TLM		New Project	Hold 2 LED Forum meetings held by 30 June 2022	Hold 1 LED Forum meeting by 30 June 2022	Hold 1 LED Forum meeting by 30 June 2022	Not Achieved	Postponement due to unrest taking place	To be achieved in the next quarter	Invitations/ Attendance registers Minutes	PED
	SMME Support and township economy regeneration		34	Number of business skills Trainings /workshops facilitated	R250 000	TLM		New Project	Facilitate 4 business skills Trainings /workshops by 30 June 2022	N/A	N/A	N/A	N/A	N/A	Invitations/Attendance registers	PED
	Review of the LED Strategy		35	Review of the LED Strategy by set date	R200 000	TLM		New Project	Review of the LED Strategy by 30 June 2022	N/A	N/A	N/A	N/A	N/A	Q1:TOR Q2: Appointment letter Q3-N/A Q4-N/A	PED
	SMME Support and township economy regeneration		36	% of street trading/hawker's permit issued	R50 000	TLM		New Project	100% % street trading/hawker's permit issued	100% (any number of permits issued at that period regarded as 100%)	100% Hawker's permit issued by 30 June 2022.	Achieved	None	None	Copies of permits and receipts	PED

#### 2.4 KPA 4: FINANCIAL VIABILITY

Strategic Objectives	Project Name	IDP REF	KPI Number	KPI	Budget	Budget Source	Expenditure	Baseline	2021/22 Target	4 <sup>th</sup> Quarter Target	4 <sup>th</sup> Quarter Actual	4 <sup>th</sup> Quarter Actual Performance Achievement (YES/NO)	Challenges	Mitigation	Portfolio of Evidence	Department
To ensure restoration of effective financial management, viability and accountability	Supplementary Valuation Roll	TBS 15	37	Number of valuation roll supplemented by set date	R 500,000.00	TLM			1 Valuation roll supplemented by 30 September 2021	N/A	N/A	N/A	N/A	N/A	N/A	BTO
To ensure restoration of effective financial management, viability and accountability	Section 71 reports	TBS 16	38	Number of MFMA section 71 reports submitted to the Mayor by no later 10 days after End of each month	OPEX	TLM		Submitted 12 MFMA section 71 reports submitted to the Mayor by no later 10 days after End of each month	12 MFMA section 71 reports submitted to the Mayor by no later 10 days after End of each month	3 MFMA section 71 reports submitted to the Mayor by no later 10 days after End of each month	3 MFMA section 71 reports submitted to the Mayor by no later 10 days after End of each month	Achieved	None	None	Section 71 reports and proof of submission	BTO
To ensure restoration of effective financial management, viability and accountability	Revenue Management	TBS 17	39	Percentage maintenance of debtors collection Rate (consumer cash collected) by set date	OPEX	TLM		90% of debtors collection Rate (consumer cash collected) by the 30 June 2021	Collect 95% of debtors collection rate (consumer cash collected) by 30 June 2022	Collect 95 % of debtors collection Rate (consumer cash collected) by 30 June 2022	Collect 45% of debtors collection Rate (consumer cash collected) by 30 June 2022	Not Achieved	Consumers not paying accounts. Low collection rate.	Develop revenue enhancement strategies and apply further credit control	Monthly Reports	BTO
To ensure restoration of effective financial management, viability and accountability	Supply chain Management	TBS 18	40	Number of reports on implementation of SCM policy compiled and submitted to council by set date	OPEX	TLM		4x SCM reported submitted by 30 June 2021	Submitted 4 X SCM reports by 30 June 2022	Submit 1x SCM report by 30 June 2022	Submitted 4 X SCM reports by 30 June 2022	Achieved	None	None	Reports with council resolutions	BTO
To ensure restoration of effective financial management, viability and accountability	Budget and Treasury		41	Number of Bank reconciliation registers	OPEX	TLM		New Projects	6 Bank reconciliation registers by 30 June 2022	3 Bank reconciliation registers by 30 June 2022	3 Bank reconciliation registers by 30 June 2022	Achieved	None	None	Registers	BTO
To ensure restoration of effective financial management, viability and accountability	Budget and Treasury		42	Number of Investments reconciliation register	OPEX	TLM		New Projects	6 Investments reconciliation registers by 30 June 2022	3 investment reconciliation registers by 30 June 2022	3 investment reconciliation registers by 30 June 2022	Achieved	None	None	Registers	BTO

Strategic Objectives	Project Name	IDP REF	KPI Number	KPI	Budget	Budget Source	Expenditure	Baseline	2021/22 Target	4 <sup>th</sup> Quarter Target	4 <sup>th</sup> Quarter Actual	4 <sup>th</sup> Quarter Actual Performance Achievement (YES/NO)	Challenges	Mitigation	Portfolio of Evidence	Department
viability and accountability																
To ensure restoration of effective financial management, viability and accountability	Budget and Treasury		43	Number of Borrowings reconciliation register	OPEX	TLM		New Projects	6 Borrowings reconciliation registers by 30 June 2022	3 Borrowings reconciliation registers by 30 June 2022	3 Borrowings reconciliation registers by 30 June 2022	Achieved	None	None	Registers	BTO
To ensure restoration of effective financial management, viability and accountability	Budget and Treasury		44	Number of Grant reconciliation register	OPEX	TLM		New Projects	6 Grant reconciliation registers by 30 June 2022	3 Grant reconciliation registers by 30 June 2022	3 Grant reconciliation registers by 30 June 2022	Achieved	None	None	Registers	BTO

## 2.5 KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Strategic Objectives	Project Name	IDP REF	KPI Number	KPI	Budget	Budget Source	Expenditure	Baseline	2021/22 Target	4 <sup>th</sup> Quarter Target	4 <sup>th</sup> Quarter Actual	4 <sup>th</sup> Quarter Actual Performance Achievement (YES/NO)	Challenges	Mitigation	Portfolio of Evidence	Department
Ensure that there are functional and accountable governance and management structure and strengthen public engagement	Performance Management	TBS 19	45	Number of B2B reports compiled and submitted to CoGHSTA by set date	OPEX	TLM		4 B2B reports compiled and submitted to CoGHSTA	Compiled and submitted 4 X B2B reports to CoGHSTA by 30 June 2022	1X B2B report compiled and submitted to CoGHSTA by 30 June 2022	1X B2B report compiled and submitted to CoGHSTA by 30 June 2022	Achieved	None	None	B2B reports & acknowledgment letter	MM
Ensure that there are functional and accountable governance and management structure and strengthen public engagement	Performance Management	TBS 20	46	Number of Performance Agreements signed by set date	OPEX	TLM		6 X Performance agreement signed by 30 June 2021	6 X Performance agreement signed by 31 July 2021	N/A	N/A	N/A	N/A	N/A	Copy of performance agreements	MM
Ensure that there are functional and accountable governance and management structure and strengthen public engagement	Corporate Governance	TBS 21	47	Number of Audit Committee meetings held by set date	OPEX	TLM		4 X Audit Committee meetings held by 30 June 2021	Hold 4 X Audit committee meetings by 30 June 2022	Hold 1X Audit committee meeting by 30 June 2022	Hold 1X Audit committee meeting by 30 June 2022	Achieved	None	None	Signed attendance register and minutes	MM
Ensure that there are functional and accountable governance and management structure and strengthen public engagement	Corporate Governance	TBS 22	48	Number of Internal Audit charter reviewed by set date	OPEX	TLM		1 x internal Audit charter reviewed by 30 June 2021	1 x internal Audit charter reviewed by 30 September 2021	N/A	N/A	N/A	N/A	N/A	Copy of internal audit charter and minutes	MM
Ensure that there are functional and accountable governance and management structure and strengthen public engagement	Corporate Governance	TBS 23	49	Number of Audit committee reports tabled to council by set date	OPEX	TLM		4x Audit committee reports tabled to council by 30 June 2021	Table 4x audit committee reports to council by 30 June 2022	Table 1X Audit committee report to Council by 30 June 2022	Table 1X Audit committee report to Council by 30 June 2022	Achieved	None	None	Audit reports & council resolution	MM
Ensure that there are functional and accountable governance and management structure and strengthen public engagement	Corporate Governance	TBS 24	50	Number of strategic Risk management registers reviewed by set date	OPEX	TLM		1x strategic Risk Register reviewed by the 30 June 2021	Review 1x strategic Risk Register by 30 June 2022	1x strategic Risk Register reviewed by 30 June 2022	1x strategic Risk Register reviewed by 30 June 2022	Achieved	None	None	Reviewed strategic risk register & attendance register	MM
Ensure that there are functional and accountable governance and management structure and strengthen public engagement	Integrated Development plan	TBS 25	51	Number of IDP representative forums held by set date	OPEX	TLM		2x IDP representative forums held by 30 June 2021	Hold 4 x IDP representative forums by 30 June 2022	Hold 1X IDP representative forum by 30 June 2022	Hold 1X IDP representative forum by 30 June 2022	Achieved	None	None	Signed attendance register and Minutes of the Meetings	MM
Ensure that there are functional and accountable governance and management structure and strengthen public engagement	Integrated Development plan	TBS 26	52	Number of IDP representative forums held by set date	OPEX	TLM		2x representative forums	4x representative forums by 30 June 2022	1X representative forums by 30 June 2022	1X representative forums by 30 June 2022	Achieved	None	None	Minutes and attendance register	MM
Ensure that there are functional and accountable governance and management structure and strengthen public engagement	Integrated Development plan		53	Number of IDP documents submitted to council by set date	OPEX	TLM		New Project	1 IDP documents submitted to council by 30 June 2022	1 IDP documents submitted to council by 30 June 2022	1 IDP documents submitted to council by 30 June 2022	Achieved	None	None	IDP document	MM
Ensure that there are functional and accountable governance and management structure and strengthen public engagement	Corporate Governance		54	Number of website updates conducted by set date	OPEX	TLM		New Project	8 website updates conducted by 30 June 2022	4 website updates conducted by 30 June 2022	4 website updates conducted by 30 June 2022	Achieved	None	None	Copies of website updates and pictures	MM

## 2.6 KPA 6: TRANSFORMATION & ORGANISATIONAL DEVELOPMENT

Strategic Objectives	Project Name	IDP REF	KPI Number	KPI	Budget	Budget Source	Expenditure	Baseline	2021/22 Target	4 <sup>th</sup> Quarter Target	4 <sup>th</sup> Quarter Actual	4 <sup>th</sup> Quarter Actual Performance Achievement (YES/NO)	Challenges	Mitigation	Portfolio of Evidence	Department
The provision of effective, efficient and transformation human capital	Human resources (Labour resources)	TBS 27	55	Number of LLF meetings convened by set date	OPEX	TLM		8x LLF meetings convened by 30 June 2021	Convene 4x LLF meetings by 30 June 2022	Convene 1 LLF x Meetings by 30 June 2022	Convene 1 LLF x Meetings by 30 June 2022	Achieved	None	None	Signed attendance register and minutes	Corporate Services
The provision of effective, efficient and transformation human capital	Human resources (Labour resources)	TBS 28	56	Number of organograms reviewed and approved by council by set date	OPEX	TLM		1x organogram reviewed and approved by council by 30 June 2021	Review and approve 1x organogram by 30 June 2022	Review and approve 1x organogram by 30 June 2022	Review and approve 1x organogram by 30 June 2022	Achieved	None	None	Approved Organ gram with council resolution	Corporate Services
The provision of effective, efficient and transformation human capital	Human resources (Labour resources)	TBS 29	57	Number of ICT steering committee meetings held by set date	OPEX	TLM		4x ICT steering committee meetings held by 30 June 2021	Hold 4 x ICT steering committee meetings by 30 June 2022	1x ICT steering committee meetings held by 30 June 2022	1x ICT steering committee meetings held by 30 June 2022	Achieved	None	None	Agenda, signed attendance register and Minutes	Corporate Services
The provision of effective, efficient and transformation human capital	Human resources (Labour resources)	TBS 30	58	Number of council meetings convened by set date	OPEX	TLM		8x council meetings convened by 30 June 2021	Convene 4 x council meetings by 30 June 2022	Convene 1x council meeting by 30 June 2022	Convene 1x council meeting by 30 June 2022	Achieved	None	None	Agenda, signed attendance register and Minutes	Corporate Services
The provision of effective, efficient and transformation human capital	Human resources (Labour resources)	TBS 31	59	Number of vacant positions filled by set date	OPEX	TLM		New Project	8 x vacant positions filled by 30 June 2022	4 x vacant positions filled by 30 June 2022	4 x vacant positions filled by 30 June 2022	Not Achieved	appointment letters were not issued (the process was stopped)	Recruitment process to be fast track	Appointment letters	Corporate Services
The provision of effective, efficient and transformation human capital	Human resources (Labour resources)	TBS 32	60	Number of OHS Departmental Meetings by set date	OPEX	TLM		6 OHS Departmental Meetings	6 OHS Departmental Meetings by 30 June 2022	3 x OHS Departmental Meetings by 30 June 2022	3 x OHS Departmental Meetings by 30 June 2022	Achieved	None	None	Attendance Registers and Agenda	Corporate Services
The provision of effective, efficient and transformation human capital	Human resources (Labour resources)	TBS 33	61	Number of OHS Workplace Inspections by set date	OPEX	TLM		4 OHS Workplace Inspections	4 OHS Workplace Inspections by 30 June 2022	2 x Workplace Inspections by 30 June 2022	2 x Workplace Inspections by 30 June 2022	Achieved	None	None	Inspection report	Corporate Services
The provision of effective, efficient and transformation human capital	Human resources (Labour resources)	TBS 34	62	Number of Wellness Awareness Workshops set date	OPEX	TLM		4 OHS Wellness awareness Workshops	4 OHS Wellness awareness Workshops by 30 June 2022	2 x Wellness Awareness Workshops by 30 June 2022	2 x Wellness Awareness Workshops by 30 June 2022	Achieved	None	None	Attendance registers	Corporate Services

## CHAPTER 4: ORGANIZATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

### COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

This section outlines the extent that Thabazimbi Local Municipality adheres to HR Policies and Plans, as well as ensuring employee wellness in order to create a conducive working environment for all employees. Taking into account the context of the Organizational Structure, it puts an obligation on the Municipality to be performance- orientated and to focus on the objectives of local government. A structure that is operational and effective is needed to mandate the operations of the Municipality.

#### 4.1 Employee Totals, Turnover and Vacancies

EMPLOYEES			
Description	Filled Positions No.	Approved Posts	Vacancies No.
Waste and Sanitation	36	37	1
Electricity	18	19	1
Office of MM	20	26	6
Roads and Stormwater	56	57	1
Finance	46	55	9
Planning	9	12	3
Local Economic Development	4	4	0
Community & Social Services	56	85	29
Environmental Protection	30	33	3
Corporate Policy Officers & others	92	99	7
<b>TOTAL</b>	<b>365</b>	<b>425</b>	<b>60</b>

Table 18: Employee Totals, Turnover and Vacancies

SECTION 57 MANAGERS			
Designation	Filled Positions	Approved Positions	Vacant Positions
Municipal Manager	0	1	1
Chief financial Officer	1	1	0
Other Section 57 Managers	3	4	1
<b>TOTAL</b>	<b>4</b>	<b>6</b>	<b>2</b>

Table 19: Section 57 Managers

## DISABILITY AND EMPLOYMENT EQUITY

The Municipality fills vacancies against an approved Employment Equity Plan. The Plan is approved by Council and has to also be considered by the Department of Labour. The Employment Equity Plan guides and assists the Municipality to achieve equity at the workplace, as well as to identify opportunities to appoint people with disabilities and women in senior positions. This demonstrates the Municipality's intention to create a conducive working environment in order to recruit, develop and retain a diversified workforce; Disabled people are not adequately catered within the Municipality. Whilst there are organizations representing disabled people, the reality that faces Thabazimbi Municipality is that disabled people are not integrated into the Municipality's implementation plan. This has led to low employment opportunities for disabled people within the Municipality. A survey must be conducted by the Municipality to develop the Disability Plan. The Municipality needs to facilitate this process through the implementation of the Disability Plan for the purposes of being able to address the issue of disabilities.

## COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

The Municipal Systems Act (MSA) of 2000 requires Municipalities to develop and adopt appropriate systems and procedures to ensure fair, efficient, effective and transparent personnel administration in accordance with the Employment Equity Act of 1998. This ensures that the Municipal workforce be properly capacitated, and disclosures by Senior Managers and Councillors be made. The PMS Framework is also in place and Performance Agreements are signed by all Section 57 Managers. This assists the Municipality to manage performance of all Departments. Quarterly assessments were however not fully disability and employment equity.

### 4.2. Policies

POLICY NO.	POLICY NAME	DATE TO LLF	DATE TO COUNCIL	APPROVED/ NOT APPROVED	DATE REVIEWED/ DEVELOPED
HR1	ACTING ALLOWANCE POLICY			Yes	
HR2	ATTENDANCE AND PUNCTUALITY POLICY			No	
HR3	CAREER MANAGEMENT AND RETENTION POLICY			Yes	
HR4	CELLPHONE POLICY			Yes	
HR5	DRESS CODE POLICY			No	
HR6	EAP POLICY			Yes	
HR7	EMPLOYMENT EQUITY POLICY			Yes	
HR8	EMPLOYMENT PRACTICE POLICY			Yes	
HR9	FUNERAL POLICY			Yes	
HR10	INCAPACITY DUE TO ILL HEALTH			Yes	
HR11	INCAPACITY DUE TO POOR WORK PERFORMANCE			No	
HR12	LEAVE POLICY			Yes	
HR13	MOTOR VEHICLE ALLOWANCE POLICY			Yes	



HR14	SUBSISTANCE AND TRAVELLING POLICY				
HR15	OVERTIME POLICY			Yes	
HR16	PERSONAL PROTECTIVE EQUIPMENT POLICY (PPE)			Yes	
HR17	SEXUAL HARASSMENT POLICY			Yes	
HR18	STANDBY ALLOWANCE POLICY			Yes	
HR19	TRAINING AND DEVELOPMENT POLICY			Yes	
HR20	TRAVEL ALLOWANCE POLICY FOR COUNCILLORS			Yes	

Table 20: Policies

### 4.3 Injuries, Sickness and Suspension

Item	2021/2022 Report
Injuries	00
Sickness	220
Suspension	02

Table 21: Injuries, Sickness and Suspension

## COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

A Workplace Skills Development Plan was developed and submitted to LGSETA. Skills audit remains a challenge. The Section 57 managers have PDP's (Performance Development Plans) in place. Most employees within the Finance Department do not meet the financial competency levels as per the Regulations. There is need for the Municipality to do a comprehensive competency assessment of all the affected positions and ensure that critical positions are filled by competent officials who are able to deliver on the allocated responsibilities

### 4.4. Skills Development and Training

The Municipality has timeously submitted the WSP and ATR to LGSETA which is developed on annual basis on or before 30 April before sending to LGSETA, the training committee endorsed. A Workplace Skills Plan is a strategic document that articulates how the Employer is going to address the Training and Development needs in the Workplace.

The types of learning interventions that are offered in the municipality are amongst others in-house training workshops, on-the-job training etc., with accredited service providers.

## COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

### 4.5 EMPLOYEE EXPENDITURE

Workforce expenditure for the period is categorized into section 57 managers and other employee costs.

Table below illustrates the expenses per category.

Category of employees	Total expenditure	% of expenditure
councillors	9.396.359.00	6. %

Section 57 Managers	4.552.076.00	3.%
Other employees	143.219937.00	91%
<b>Total employees' expenditure</b>	<b>116 802 916.00</b>	<b>100%</b>

Table 22: Employee Expenditure per category

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## CHAPTER 5: FINANCIAL PERFORMANCE

### COMPONENT A: Statement of Financial Performance

#### 5.1 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.
- An effective system of internal control for assets (including an asset register) was not in place, as required by section 63(2)(c) of the MFMA.

#### 5.2. FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

- The ratios will be calculated upon finalization of the Annual Financial Statements.

### COMPONENT B: Spending against Capital Budget

CAPITAL GRANTS	2021/2022
MIG	22.553.556.00
INEP	2.780.495.00
WSIG	12.302,327,00
<b>Total</b>	<b>37,636,378.00</b>

Table 23: Spending against Capital Budget

#### 5.4 LIST OF CAPITALPROJECTS

- a. Northam Extension 5 Upgrading of Internal Street Phase 2
- b. Regorogile Extension 5 Paving of Internal street Phase 3
- c. Upgrading of Sport and Recreation Facility at Raphuthi (Ward 4)
- d. Upgrading of bulk water pipeline between Thabazimbi Pump station and Thabazimbi Y-Piece
- e. Northam upgrading of Water Reticulation Phase 2
- f. Regorogile Upgrading of Water Network Phase 2
- g. Construction of VIP toilets in Rooiberg, Skierlik and Meriting Phase
- h. Construction of Smash block 20 MVA Substation
- i. Pre - Engineering of Smash block 10 km 132

## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

### 5.5 CASH FLOW STATEMENTS

#### INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

The municipality has a small balance of investments with ABSA and Sanlam remaining from prior years. The Cash management strategies in place at the municipality need to be significantly improved as the finances have completely collapsed with conditional grants being used for purposes other than intended.

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2022			
Figures in Rand	Note(s)	2022	2021
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Services charges		138,232,644	133,984,426
Grants		160,271,327	208,106,707
Rates and fines		75,276,412	64,674,527
Interest received on investments		501,686	399,199
Other receipts		7,044,064	6,237,010
		<b>381,326,134</b>	<b>413,401,869</b>
<b>Payments</b>			
Employee costs		157,208,971	147,235,464
Suppliers		180,614,093	185,159,658
Finance costs		262,353	-
		<b>338,085,417</b>	<b>332,395,122</b>
<b>Net cash flows from operating activities</b>		<b>43,240,717</b>	<b>81,006,747</b>
<b>Cash flows from investing activities</b>			
Acquisition of fixed assets	3	(32,778,482)	(79,619,156)
Acquisition of intangible assets		-	-
<b>Net cash flows from investing activities</b>		<b>(32,778,482)</b>	<b>(79,619,156)</b>

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2022

Figures in Rand	Note(s)	2022	2021
<b>Cash flows from financing activities</b>			
<b>Loan Repayments</b>		(696,087)	(1,383,085)
<b>Finance lease payments</b>		(870,212)	-
<b>Net cash flows from financing activities</b>		<b>(1,566,299)</b>	<b>(1,383,085)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>8,895,936</b>	<b>4,506</b>
<b>Cash and cash equivalents at the beginning of the year</b>		2,011,260	2,006,754
<b>Cash and cash equivalents at the end of the year</b>	<b>6</b>	<b>10,907,196</b>	<b>2,011,260</b>

Table 24: Cash Flow Statement For The Year Ended 30 June 2022

## COMPONENT D: OTHER FINANCIAL MATTERS

### 5.7 SUPPLY CHAIN MANAGEMENT

The Municipality has established a Supply Chain Management (SCM) Unit in terms of the Municipal Finance Management Act (MFMA) and the unit has a total of four employees working directly under the unit. The position of the Manager Supply Chain Management is vacant and has been advertised

All the employees currently in the SCM do not meet the minimum competency levels required for SCM officials. However, training programmes including the MFIP have commenced and the officials will see themselves registered and trained.

### 5.8 GRAP COMPLIANCE

GRAP is the acronym for Generally Recognized Accounting Practice and it provides the rules by which municipalities are required to maintain their financial accounts. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality. It will also ensure that the municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is needed to enable National Treasury to assess the pace of progress and consider the implications.

## ANNUAL PERFORMANCE REPORT THABAZIMBI LOCAL MUNICIPALITY 2021/22

### Annual Performance Analysis

The table below depicts performance per Key Performance Area for the 2021/22 Annual Year:

KEY PERFORMANCE AREAS (KPA)	TOTAL TARGETS	TARGETS ACHIEVED	PERCENTAGE ACHIEVED	TARGETS NOT ACHIEVED	PERCENTAGE NOT ACHIEVED
Spatial Development	16	6	38%	10	62%
Basic Services and Infrastructure Development	14	5	36%	9	64%
Local Economic Development	5	1	20%	4	80%
Financial Viability and Management	8	7	88%	1	12%
Good Governance and Public Participation	10	10	100%	0	0%
Municipal Transformation and Organisational Development	8	7	88%	1	12%
<b>TOTAL</b>	<b>61</b>	<b>36</b>	<b>59%</b>	<b>25</b>	<b>41%</b>

Table 25: Annual Performance Analysis

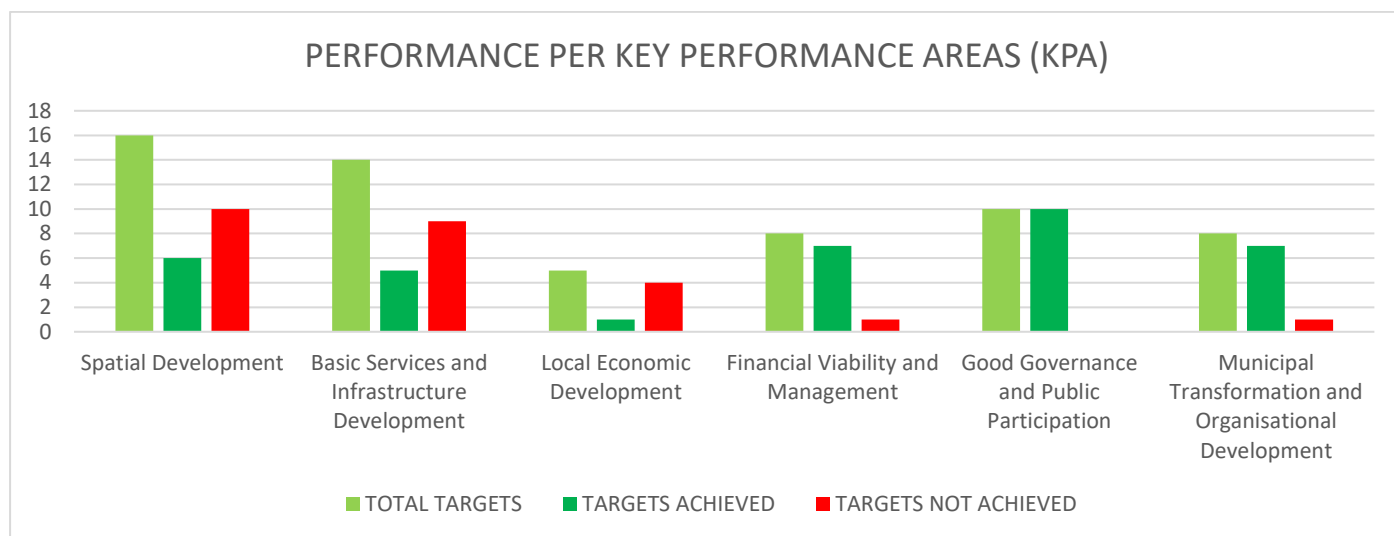


Figure 6: Annual Performance Analysis

Comparison of performance against set targets and performance between 2019/20, 2020/21 and 2021/22 financial years per Key Performance Area:

Key Performance Area	2019/2020		2020/2021		2021/2022	
	Achieved	Not Achieved	Achieved	Not Achieved	Achieved	Not Achieved
Planning and Economic Development	0%	100%	33%	67%	38%	62%
Basic Services and Infrastructure development	64%	36%	47%	53%	36%	64%
Local Economic Development	0%	100%	0%	100%	20%	80%
Financial Viability and Management	100%	0%	100%	0%	88%	12%
Good Governance and Public Participation	0%	100%	83%	17%	100%	0%
Municipal Transformation and Organisational Developments	0%	100%	0%	100%	88%	12%
<b>Overall Performance per KPA</b>	<b>32%</b>	<b>68%</b>	<b>43%</b>	<b>57%</b>	<b>59%</b>	<b>41%</b>

Table 26: Comparison of performance against set targets and performance between 2019/20, 2020/21 and 2021/22 financial years per Key Performance Area

DEPARTMENT	2019/2020		2020/2021		2021/2022	
	Achieved	Not Achieved	Achieved	Not Achieved	Achieved	Not Achieved
Planning and Economic Development	0%	100%	14%	86%	33%	67%
Technical & Community Services	73%	27%	47%	53%	27%	73%
Budget and Treasury Office	100%	0%	100%	0%	88%	12%
Office of the Municipal Manager	0%	100%	83%	17%	100%	0%
Corporate Service	0%	100%	0%	100%	88%	12%
Community Services	N/A	N/A	N/A	N/A	67%	33%
<b>Overall Performance per Department</b>	<b>32%</b>	<b>68%</b>	<b>43%</b>	<b>57%</b>	<b>59%</b>	<b>41%</b>

Table 27: Comparison of performance against set targets and performance between 2019/20, 2020/21 and 2021/22 financial years per Department

## INSTITUTIONAL AND DEPARTMENTAL PERFORMANCE

### 2.1 KPA 1: SPATIAL RATIONALES

Strategic Objectives	Project Name	IDP REF	KPI Number	KPI	Budget	Budget Source	Expenditure	Baseline	2020/21 Target	2020/21 Actual	2021/22 Target	2021/22 Actual	Annual Actual Performance Achievement (YES/NO)	Challenges	Mitigation	Portfolio of Evidence	Department
To Ensure Sustainable Engagement	SPLUMA Implementation	TBS 1	1	Number of Municipal Planning Tribunals (MPT) (re)established by set date	OPEX	TLM		1 Municipal Planning Tribunals (MPT) was (re)established by 30 June 2021	N/A	N/A	(Re)established 1 Municipal Planning Tribunals (MPT) by 30 JUNE 2022	Reestablished 1 Municipal Planning Tribunals (MPT) by 30 JUNE 2022	Achieved	None	None	Council resolution and letters of appointment	PED
To Ensure Sustainable Engagement	SPLUMA Implementation	TBS 2	2	% of Municipal Planning Tribunal sittings by set date	OPEX	TLM		New	N/A	N/A	100% of (any number regarded as 100% as it is dependent on the land development applications that require assessment by MPT) by 30 June 2022	0% of Municipal Planning Tribunal sittings	Not Achieved	MPT Members are not yet appointment	Ensure that we do the appointment in the next financial year	Reports under review/assessment, Invitation letters, attendance registers	PED
To Ensure Sustainable Engagement	SPLUMA Implementation	TBS 3	3	Number of Municipal Planning Appeals Authority (MPAA) established by set date	OPEX	TLM		1 Municipal Planning Appeals Authority (MPAA) was established by 30 June 2021	N/A	N/A	Establish 1 Municipal Planning Appeals Authority (MPAA) by 30 JUNE 2022	Established 1 Municipal Planning Appeals Authority (MPAA) by 30 JUNE 2022	Achieved	None	None	Council resolution and letters of appointment	PED
To Ensure Sustainable Engagement	SPLUMA Implementation	TBS 4	4	% of Municipal Planning Appeals Authority sittings by set date	OPEX	TLM		New	N/A	N/A	100% of (any number regarded as 100% as it is dependent	0% Municipal Planning Appeals Authority sitting	Not Achieved	No appealed applications received	As when there is appeal MPT will sit. We will have training and	Appeals reports, Invitation letters, attendance registers minutes	PED



Strategic Objectives	Project Name	IDP REF	KPI Number	KPI	Budget	Budget Source	Expenditure	Baseline	2020/21 Target	2020/21 Actual	2021/22 Target	2021/22 Actual	Annual Performance Achievement (YES/NO)	Challenges	Mitigation	Portfolio of Evidence	Department
											on objections received) by 30 June 2022				workshops regarding MPT sittings		
To Ensure Sustainable Engagement	Land Use Planning and Management	TBS 5	5	% of land development and land use applications received, evaluated, processed and approved by set date	OPEX	TLM		100% of land development and land use applications received, evaluated, processed and approved by 30 June 2021	100% of land development and land use applications received, evaluated, processed and approved by 30 June 2021	100% of land development and land use applications received, evaluated, processed and approved by 30 June 2021	100% (Any number of various development applications received for review and approval amounts to 100%) by 30 June 2022	100% land use and development application were processed and approved during this financial year.	Achieved	None	None	Register of land development applicants and approval letters	PED
To Ensure Sustainable Engagement	Implementation of Geographic Information Systems (GIS)	TBS 6	6	Establishment of GIS sub-unit and identification of GIS tools and projects by set date	OPEX	TLM		New	N/A	N/A	Establish GIS Sub-unit and identification of GIS tools and projects by 30 JUNE 2022	Established GIS Sub-unit and identification of GIS tools and projects by 30 JUNE 2022	Achieved	None	None	Q3- Report of the identified tools and projects Q4- Draft Specification report on GIS equipment	PED
To Ensure Sustainable Engagement	Review of SDF	TBS 7	7	Number of SDF reviewed	R500 000	TLM		1 (2014 SDF) reviewed by 30 June 2021	2 SDF & LUS reviewed by 31 March 2021	0 SDF & LUS reviewed by 31 March 2021	Review 1 (SDF) by 30 June 2022	Conducted the process of public participation	Not Achieved	Delay in public participation process	To be achieved in the next financial year	Q1- Inception report & draft SDF report Q2- newspaper notices, social media clips, invitations and minutes Q3-Report on commence/inputs Q4- Adopted SDF (Council Resolution)	PED
To Ensure Sustainable Engagement	Review of LUMS	TBS 8	8	Number of LUMS reviewed	R500 000	TLM		1 (2014 LUMS) reviewed by 30 June 2021	2 SDF & LUS reviewed by 31 March 2021	0 SDF & LUS reviewed by 31 March 2021	Review 1 (LUS) by 30 June 2022	Conducted the process of public participation	Not Achieved	Delay in public participation process	To be achieved in the next financial year	Q1- Inception report & draft LUS report Q2- newspaper notices, social media clips, invitations and minutes Q3-Report on commence/inputs Q4- Adopted LUS (Council Resolution)	PED
To Ensure Sustainable Engagement	Conduct Land Audit	TBS 9	9	Number of Land Audit conducted by set date	R500 000	TLM		NEW	N/A	N/A	Conduct 1 (Land Audit Report) by 30 June 2022	No (Land Audit Report) was conducted by 30 June 2022	Not Achieved	The municipality had issues with service provider and contract was cancelled	The project will be implemented on the next financial year	Q1- Inception report Q2- Land classification report Q3- N/A Q4- N/A	PED
To Ensure Sustainable Engagement	Upgrading of Informal Settlements /Township establishment	TBS 11	10	Number of notices in the Provincial Gazette declaring the township to be an approved township (Skieriek) by set date	HDA	CoGHSTA		Skieriek Informal Settlement	N/A	N/A	1 Publication of notice in the Provincial Gazette declaring the township to be an approved township (Skieriek) by 31 March 2022	1 Publication of notice in the Provincial Gazette declaring the township to be an approved township (Skieriek) by 31 March 2022	Achieved	None	None	Q1- approve d street names (Council resolution Q2- approve d SG diagram Q3-copy of provincial gazette/ Proclamation notice	PED
To Ensure Sustainable Engagement	Upgrading of Informal Settlements /Township establishment	TBS 12	11	Number of upgraded informal settlements and townships by identification of potential street names (Raphuthi) by set date	HDA	CoGHSTA		New	N/A	N/A	Upgrade 1 informal settlements and townships by identification of potential street names (Raphuthi) by 31 December 2021	No Upgrade informal settlements and townships by identification of potential street names (Raphuthi) by 31 December 2021	Not achieved	Challenges in acquiring environmental authorization from LEDET as the property is declared as a nature reserve	Apply for withdrawal of declaration of a nature reserve	Q1-register on the received application Q2- Approval letter Q3-N/A Q4- N/A	PED
To Ensure Sustainable Engagement	Upgrading of Informal Settlements /Township establishment	TBS 13	12	Number of notices in the Provincial Gazette declaring the township to be an approved township (Northam Ext.20) by set date	HDA	CoGHSTA		NEW	N/A	N/A	1 Publication of notice in the Provincial Gazette declaring the township (Northam Ext.20) to be an approved township by 31 December 2021	No Publication of notice in the Provincial Gazette declaring the township (Northam Ext.20) to be an approved township by 31 December 2021	Not Achieved	Due to late submission at Provincial Gazette	The project will be implemented in the next financial year	Q1- approved SG diagram Q2-copy of provincial gazette/ Proclamation notice	PED
To Ensure Sustainable Engagement	Monitor and regulate building development activities	TBS 14	13	Percentage of building plans received, assessed and approved within a period of 30 days from	OPEX	TLM		100% of building plans received, assessed and approved within a period of 30 days from the day of	N/A	N/A	100% of (Any number of building permit applications received for review and approval amounts to 100%) by	100% Building plans were reviewed and approved at the end of the financial year.	Achieved	None	None	Register for building plans and approval letters	PED

Strategic Objectives	Project Name	IDP REF	KPI Number	KPI	Budget	Budget Source	Expenditure	Baseline	2020/21 Target	2020/21 Actual	2021/22 Target	2021/22 Actual	Annual Actual Performance Achievement (YES/NO)	Challenges	Mitigation	Portfolio of Evidence	Department
				the day of receipt				receipt by 30 June 2021				30 June 2022					
To Ensure Sustainable Engagement	Monitor and regulate building development activities	TBS 15	14	Development of a building control by law by set date	OPEX	TLM		New	N/A	N/A	Draft by law by 31 December 2021	No Draft by law by 31 December 2021	Not Achieved	Budget allocated to these project was not enough	Will be budgeted in the next financial year	Draft by-law	PED
To Ensure Sustainable Engagement	Monitor and regulate building development activities		15	Number of awareness campaigns on building regulations (newspaper notices and social media platforms) by set date	OPEX	TLM		Conducted 2 awareness campaigns on building regulations (newspaper notices and social media platforms) by 30 June 2021	N/A	N/A	Conduct 1 awareness campaign on building regulations (newspaper notices and social media platforms) by 31 December 2021	No Building regulations awareness was conducted through social media platforms	Not Achieved	Due to internal communication within the department	The Department will conduct awareness campaign next financial year.	Newspaper adverts and social media clips	PED
To Ensure Sustainable Engagement	Monitor and regulate building development activities	TBS 16	16	campaigns on building regulations (newspaper notices and social media platforms)	OPEX	TLM		New	N/A	N/A	Develop a housing and/or Integrated Human Settlements chapter/sect or Plan by 30 June 2022	No housing and/or Integrated Human Settlements chapter/sect or Plan by 30 June 2022	Not Achieved	Due to covid 19 regulations	To be held virtually and also on social media platforms	Appointment letter	PED

## 2.2 KPA 2: BASIC SERVICES AND INFRASTRUCTURE DEVELOPMENT

Strategic Objectives	Project Name	IDP REF	KPI Number	KPI	Budget	Budget Source	Expenditure	Baseline	2020/21 Target	2020/21 Actual	2021/22 Target	2021/22 Actual	Annual Actual Performance Achievement (YES/NO)	Challenges	Mitigation	Portfolio of Evidence	Department
To ensure quality services to community by improving current infrastructure to sustainable levels and promotes environmental management system	Northam Extension 5 Upgrading of Internal Street Phase 2	TBS 18	17	Number of km paved roads constructed by set date	R18,862.46 2.65	MIG	R 6427816.79	2km of roads paved and site establishment, setting out and site clearance by 30 June 2021	4.59 km of Northam extension 5 internal streets phase 2 upgraded by 30 June 2020	0 km of Northam extension 5 internal streets phase 2 was upgraded by 30 June 2020	4.6km of paved roads constructed in Northam Extension 5 by 31 March 2022	2.3km were constructed by 30 June 2022	Not Achieved	Late appointment due to covid-19 challenges at the municipality	Contractor need to move at high speed on site. The contractor is progressing well on and has requester time extension and the documents are being processed	Progress Report and Completion Certificate	TS
To ensure quality services to community by improving current infrastructure to sustainable levels and promotes environmental management system	Regorogile Extension 5 Paving of Internal street Phase 3	TBS 19	18	Number of km of paved roads constructed by set date	R4,791.873.53	MIG	3872471.22	4.5Kms of paved road as at 30 June 2021	3.2km of Regorogile Extension 5 phase 3 paved roads constructed by 30 June 2021	1.3km of Regorogile Extension 5 phase 3 paved roads constructed by 30 June 2021 (overall percentage of work done is at 59%)	Construction of 0.8Kms of paved roads by 30 September 2021	Construction of 0.8Kms of paved roads by 30 September 2021	Achieved	None	None	Progress Report and Completion certificate	TS
To ensure quality services to community by improving current infrastructure to sustainable levels and promotes environmental management system	Upgrading of Sport and Recreation Facility at Raphuthi (Ward 4)	TBS 24	19	Number of Sport and recreation facility upgraded at Raphuthi (Ward 4) by set date	R8,000.000.00	MIG	R8594060.54	1 Sport and recreation facility upgraded at Raphuthi by 30 June 2021	1 sport and recreation facility at Raphuthi (ward 4) upgraded by 30 June 2021	0 sport and recreation facility at Raphuthi (ward 4) upgraded by 30 June 2021	Upgrade 1 Sport and recreation facility at Raphuthi (Ward 4) by 31 December 2021	0 Upgraded Sport and recreation facility at Raphuthi (Ward 4)	Not Achieved	Contractor currently not on site due to cash flow challenges (Progress to date is 95%)	Engagement with the contractor has been made and the contractor is evaluating options of seeding the works.	Progress Report and Completion certificate	TS
To ensure quality services to community by improving current infrastructure to sustainable levels and promotes environmental management system	Upgrading of bulk water pipeline between Thabazimbi Pump station and Thabazimbi Y-Piece	TBS 13	20	Number of km of bulk water pipe line constructed by set date	R42,812.63 8.00	WSIG	R 968553.96	Aged Bulk water pipe line by 30 June 2021	N/A	N/A	Construct 4.9km of bulk water pipe line by 30 June 2022	0.245 km of bulk water pipe line constructed by 30 June 2022	Not Achieved	delay in completion of designs	Expedited the completion of the project. This will be done after the appointment of BSC.	Progress report and Completion certificate	TS
To ensure quality services to community by improving current infrastructure to sustainable levels and promotes environmental management system	Northam upgrading of Water Reticulation Phase 2	TBS 07	21	Number of Km pipeline and Number of stands water Reticulation in Northam phase 2 ward 7,8 upgraded by set date	R9,062.454.06	WSIG	R 827580.26	Aged Bulk water pipe line by 30 June 2021	Design at 80% and Signing of MoU at 100% by 30 June 2021	Design at 80% and Signing of MoU at 0% by 30 June 2021	Upgrade 8.35Km pipeline and 500 stands water Reticulation in Northam phase 2 upgraded by 30 June 2022	4.175 Km of pipeline and 400 stands waterreticulation in Northam phase 2 upgraded by 30 June 2022.08.29	Not Achieved	appointment was delayed from the Municipality side	Expedite the completion of the project. This will be done after payments from the municipality is cleared.	Progress report and Completion certificate	TS
To ensure quality services to community by improving current infrastructure to sustainable levels and promotes environmental management system	Regorogile Upgrading of Water Network Phase 2	TBS 08	22	Number of Km pipeline and Number of stands water Reticulation in Regorogile phase 2 ward 9,10 and 12 upgraded by set date	R 9,062.453.97	WSIG	R 903747.69	Aged Bulk water pipe line by 30 June 2021	N/A	N/A	Upgrade 6.5Km pipeline and 400 of stands water Reticulation in Regorogile phase 2 ward 9,10 and 12 by 30 June 2022	0.975km of pipeline and 400 stands water reticulation in Regorogile phase 2 ward 9,10,12 upgraded by 30 June 2022	Not Achieved	delayed in appointment and also on site there were technical issues	expedite the completion of the project. This will take place after the outstanding materials have been provided.	Tender advert Appointment Letter Progress report Completion certificate	TS

Strategic Objectives	Project Name	IDP REF	KPI Number	KPI	Budget	Budget Source	Expenditure	Baseline	2020/21 Target	2020/21 Actual	2021/22 Target	2021/22 Actual	Annual Actual Performance Achievement (YES/NO)	Challenges	Mitigation	Portfolio of Evidence	Department
management system																	
To ensure quality services to community by improving current infrastructure to sustainable levels and promotes environmental management system	Construction of VIP toilets in Rooiberg, Skierik and Meriting Phase	TBS 09	23	Number of VIP toilets constructed in Rooiberg, Skierik Meriting by set date	R9,062,453.97	WSIG	R 424 743.44	New Project	N/A	N/A	364 Number of VIP toilets constructed at Rooiberg-100, Skierik-100, and Meriting-164 (Overall progress-100%) by 30 June 2022	66 VIP toilets constructed at Rooiberg, Meriting and Skierik by 30 June 2022	Not Achieved	project stoppages by community due to sub contracting issues	expedited the completion of the project and engage community on available sub contracts opportunity	Tender advert Appointment Letter Progress report Completion certificate	TS
To ensure quality services to community by improving current infrastructure to sustainable levels and promotes environmental management system	Construction of Smash block 20 MVA Substation	TBS 10	24	Number and percentage of 20MVA substation Constructed by set date	R21,000.00 0.00	INEP	R2 417821.34	New Project	N/A	N/A	Construct 50% of 1 20MVA substation by 30 June 2022	8 % of 1 20 MVA substation constructed by 30 June 2022.	Not Achieved	delayed in completion of designs	Expedite the completion of the project. Engage with the Land Owners to help in speeding the project completion.	Tender advert Appointment Letter Progress reports	TS
To ensure quality services to community by improving current infrastructure to sustainable levels and promotes environmental management system	Pre - Engineering of Smash block 10 km 132 kv line	TBS 11	25	Develop a Feasibility study, Preliminary Design Report, Detail Design Report and Tender document by set date	R 1,000,000.00	INEP		New Project	Final approved feasibility design report submitted to PMU by 30 June 2021	The feasibility report is at 60% to completion as at 30 June 2021	Develop a Feasibility study, Preliminary Design Report, Detail Design Report and Tender document by 31 March 2022	No Feasibility and preliminary study design and tender document were develop by 30 June 2022	Not Achieved	delayed in completion of designs	expedited the completion of the project	Feasibility study Design Reports Tender document	TS
To ensure quality services to community by improving current infrastructure to sustainable levels and promotes environmental management system	Waste Management		26	Number of Ward based Community Education and Awareness Workshops conducted by set date	OPEX	TLM		New Project	N/A	N/A	6 Ward based Community Education and Awareness Workshops conducted by 30 June 2022	6 Ward based Community Education and Awareness Workshops conducted by 30 June 2022	Achieved	None	None	Attendance registers or pamphlets	CS
To ensure quality services to community by improving current infrastructure to sustainable levels and promotes environmental management system	Waste Management		27	Review of waste management by-law by set date	OPEX	TLM		New Project	N/A	N/A	1 Review of waste management by-law by 30 June 2022	1 Review of waste management by-law by 30 June 2022	Achieved	None	None	Gazetted proof of waste by-law	CS
To ensure quality services to community by improving current infrastructure to sustainable levels and promotes environmental management system	Traffic and Law Enforcement		28	Negotiate acquisition of 1 roadblock trailer by set date	OPEX	TLM		New Project	N/A	N/A	Negotiate acquisition of 1 roadblock trailer by 30 June 2022	No negotiated acquisition of 1 roadblock trailer by 30 June 2022	Not Achieved	Procurement department set out wrong specifications	The mine will procure the trailer by the next quarter	Roadblock trailer pictures Proof of payment	CS
To ensure quality services to community by improving current infrastructure to sustainable levels and promotes environmental management system	Licensing		29	Number of consolidated monthly licensing reports by set date	OPEX	TLM		New Project	N/A	N/A	6 consolidated monthly licensing reports by 30 June 2022	6 consolidated monthly licensing reports by 30 June 2022	Achieved	None	None	Monthly Licensing Reports	TS
To ensure quality services to community by improving current infrastructure to sustainable levels and promotes environmental management system	Parks & Cemeteries		30	Number of graves dug by set date	OPEX	TLM		New Project	N/A	N/A	60 graves dug by 30 June 2022	60 graves dug by 30 June 2022	Achieved	None	None	Burial application orders	TS

## 2.3 KPA 3: LOCAL ECONOMIC DEVELOPMENT

Strategic Objectives	Project Name	IDP REF	KPI Number	KPI	Budget	Budget Source	Expenditure	Baseline	2020/21 Target	2020/21 Actual	2021/22 Target	2021/22 Actual	Annual Performance Achievement (YES/NO)	Challenges	Mitigation	Portfolio of Evidence	Department
To create conducive environment for sustainable local economic development	Establishment of Local Economic Development Forum (LEDF)		31	Number of LED Forum established	R250 000	TLM		New Project	1 LED plan developed by 30 June 2021	0 LED plan developed by 30 June 2021	Establish 1 LED Forum established by 30 June 2022	Invitation to establish and Launch the LEDF issued.	Not Achieved	Postponement due to unrest taking place.	To be achieved in the next quarter	Q3- List of stakeholders Council resolution of approved terms of reference Q4- LED invitation of identified stakeholders and minutes of the launch	PED
To create conducive environment for sustainable local economic development	Strengthen partnership with local giant businesses and parastatals through facilitation of Local Economic Development Forum		32	Number of LED Forum meetings held by set date	R250 000	TLM		New Project	N/A	N/A	Hold 2 LED Forum meetings held by 30 June 2022	Held 1 LED Forum meeting by 30 June 2022	Not Achieved	Postponement due to unrest taking place	To be achieved in the next quarter	Invitations/ Attendance registers Minutes	PED
To create conducive environment for sustainable local economic development	SMME Support and township economy regeneration		33	Number of business skills Trainings /workshops facilitated	R250 000	TLM		New Project	N/A	N/A	Facilitate 4 business skills Trainings /workshops by 30 June 2022	Facilitated 1 business skills Trainings /workshops by 31 December 2021	Not Achieved	Due to Covid-19 lockdown regulations	Due to Covid-19 lockdown regulations	Invitations/Attendance registers	PED
To create conducive environment for sustainable local economic development	Review of the LED Strategy		34	Review of the LED Strategy by set date	R200 000	TLM		New Project	N/A	N/A	Review of the LED Strategy by 30 June 2022	The service provider appointed by 31 December 2021	Not Achieved	Delays in SCM process	To be fast tracked in the next financial year	Q1-TOR Q2- Appointment letter Q3-N/A Q4-N/A	PED
To create conducive environment for sustainable local economic development	SMME Support and township economy regeneration		35	% of street trading/hawkers permit issued	R50 000	TLM		New Project	N/A	N/A	100% % street trading/hawkers permit issued	100% Hawker's permit issued.	Achieved	None	None	Copies of permits and receipts	PED

## 2.4 KPA 4: FINANCIAL VIABILITY

Strategic Objectives	Project Name	IDP REF	KPI Number	KPI	Budget	Budget Source	Expenditure	Baseline	2020/21 Target	2020/21 Actual	2021/22 Target	2021/22 Actual	Annual Performance Achievement (YES/NO)	Challenges	Mitigation	Portfolio of Evidence	Department
To ensure restoration of effective financial management, viability and accountability	Supplementary Valuation Roll	TBS 15	36	Number of valuation roll supplemented by set date	R 500.000.00	TLM		1 valuation roll supplemented by 30 September 2020	1 valuation roll supplemented by 30 September 2020	1 valuation roll supplemented by 30 September 2020	1 valuation roll supplemented by 30 September 2021	1 Valuation roll supplemented by 30 September 2021	Achieved	None	None	Valuation Roll	BTO
To ensure restoration of effective financial management, viability and accountability	Section 71 reports	TBS 16	37	Number of MFMA section 71 reports submitted to the Mayor by no later 10 days after End of each month	OPEX	TLM		Submitted 12 MFMA section 71 reports submitted to the Mayor by no later 10 days after End of each month	1 Mid-year reports submitted to the Mayor by 31 December 2020	1 Mid-year reports submitted to the Mayor by 31 December 2020	12 MFMA section 71 reports submitted to the Mayor by no later 10 days after End of each month	12 MFMA section 71 reports submitted to the Mayor by no later 10 days after End of each month	Achieved	None	None	Section 71 reports and proof of submission	BTO
To ensure restoration of effective financial management, viability and accountability	Revenue Management	TBS 17	38	Percentage maintenance of debtors collection Rate (consumer cash collected) by set date	OPEX	TLM		90% of debtors collection Rate(consumer cash collected) by the 30 June 2021	N/A	N/A	Collect 95% of debtors collection rate (consumer cash collected) by 30 June 2022	45% of debtors collection Rate (consumer cash collected) by 30 June 2022	Not Achieved	Consumers not paying accounts. Low collection rate.	Develop revenue enhancement strategies and apply further credit control	Monthly Reports	BTO
To ensure restoration of effective financial management, viability and accountability	Supply chain Management	TBS 18	39	Number of reports on implementation of SCM policy compiled and submitted to council by set date	OPEX	TLM		4x SCM reported submitted by 30 June 2021	N/A	N/A	Submitted 4 X SCM reports by 30 June 2022	4 X SCM reports submitted by 30 June 2022	Achieved	None	None	Reports with council resolutions	BTO
To ensure restoration of effective financial management, viability and accountability	Budget and Treasury		40	Number of Bank reconciliation registers	OPEX	TLM		New Projects	N/A	N/A	6 Bank reconciliation registers by 30 June 2022	6 Bank reconciliation registers by 30 June 2022	Achieved	None	None	Registers	BTO
To ensure restoration of effective financial management, viability and accountability	Budget and Treasury		41	Number of Investments reconciliation register	OPEX	TLM		New Projects	N/A	N/A	6 Investments reconciliation registers by 30 June 2022	6 investment reconciliation registers by 30 June 2022	Achieved	None	None	Registers	BTO
To ensure restoration of effective financial management, viability and accountability	Budget and Treasury		42	Number of Borrowings reconciliation register	OPEX	TLM		New Projects	N/A	N/A	6 Borrowings reconciliation registers by 30 June 2022	6 Borrowings reconciliation registers by 30 June 2022	Achieved	None	None	Registers	BTO

Strategic Objectives	Project Name	IDP REF	KPI Number	KPI	Budget	Budget Source	Expenditure	Baseline	2020/21 Target	2020/21 Actual	2021/22 Target	2021/22 Actual	Annual Performance Achievement (YES/NO)	Challenges	Mitigation	Portfolio of Evidence	Department
To ensure restoration of effective financial management, viability and accountability	Budget and Treasury		43	Number of Grant reconciliation register	OPEX	TLM		New Projects	N/A	N/A	6 Grant reconciliation registers by 30 June 2022	6 Grant reconciliation registers by 30 June 2022	Achieved	None	None	Registers	BTO

## 2.5 KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Strategic Objectives	Project Name	IDP REF	KPI Number	KPI	Budget	Budget Source	Expenditure	Baseline	2020/21 Target	2020/21 Actual	2021/22 Target	2021/22 Actual	Annual Actual Performance Achievement (YES/NO)
Ensure that there are functional and accountable governance and management structure and strengthen public engagement	Performance Management	TBS 19	44	Number of B2B reports compiled and submitted to CoGHSTA by set date	OPEX	TLM		4 B2B reports compiled and submitted to CoGHSTA	4 B2B meetings held by 30 June 2021	6 B2B meetings held by 30 June 2021	Compiled and submitted 4 X B2B reports to CoGHSTA by 30 June 2022	4X B2B report compiled and submitted to CoGHSTA by 30 June 2022	Achieved
Ensure that there are functional and accountable governance and management structure and strengthen public engagement	Performance Management	TBS 20	45	Number of Performance Agreements signed by set date	OPEX	TLM		6 X Performance agreement signed by 30 June 2021	N/A	N/A	6 X Performance agreement signed by 31 July 2021	6 X Performance agreement signed by 31 July 2021	Achieved
Ensure that there are functional and accountable governance and management structure and strengthen public engagement	Corporate Governance	TBS 21	46	Number of Audit Committee meetings held by set date	OPEX	TLM		4 X Audit Committee meetings held by 30 June 2021	N/A	N/A	Hold 4 X Audit committee meetings by 30 June 2022	4X Audit committee reports tabled to council by 30 June 2022	Achieved
Ensure that there are functional and accountable governance and management structure and strengthen public engagement	Corporate Governance	TBS 22	47	Number of Internal Audit charter reviewed by set date	OPEX	TLM		1 x internal Audit charter reviewed by 30 June 2021	N/A	N/A	1 x internal Audit charter reviewed by 30 September 2021	1 audit committee reports tabled to council by 30 September 2021	Achieved
Ensure that there are functional and accountable governance and management structure and strengthen public engagement	Corporate Governance	TBS 23	48	Number of Audit committee reports tabled to council by set date	OPEX	TLM		4x Audit committee reports tabled to council by 30 June 2021	N/A	N/A	Table 4x audit committee reports to council by 30 June 2022	4X Audit committee report tabled to Council by 30 June 2022	Achieved
Ensure that there are functional and accountable governance and management structure and strengthen public engagement	Corporate Governance	TBS 24	49	Number of strategic Risk management registers reviewed by set date	OPEX	TLM		1x strategic Risk Register reviewed by the 30 June 2021	1 strategic risk assessment facilitated by 30 September 2020	1 strategic risk assessment facilitated by 30 September 2020	Review 1x strategic Risk Register by 30 June 2022	1x strategic Risk Register reviewed by 30 June 2022	Achieved
Ensure that there are functional and accountable governance and management structure and strengthen public engagement	Integrated Development plan	TBS 25	50	Number of IDP representative forums held by set date	OPEX	TLM		2x IDP representative forums held by 30 June 2021	2 IDP Public Participation held by 30 June 2021	1 IDP Public Participation held by 30 June 2021	Hold 4 x IDP representative forums by 30 June 2022	4X IDP representative forum held by 30 June 2022	Achieved
Ensure that there are functional and accountable governance and management structure and strengthen public engagement	Integrated Development plan	TBS 26	51	Number of IDP representative forums held by set date	OPEX	TLM		2x representative forums	N/A	N/A	4x representative forums by 30 June 2022	4X representative forums held by 30 June 2022	Achieved
Ensure that there are functional and accountable governance and management structure and strengthen public engagement	Integrated Development plan		52	Number of IDP documents submitted to council by set date	OPEX	TLM		New Project	N/A	N/A	1 IDP documents submitted to council by 30 June 2022	1 IDP documents submitted to council by 30 June 2022	Achieved
Ensure that there are functional and accountable governance and management structure and strengthen public engagement	Corporate Governance		53	Number of website updates conducted by set date	OPEX	TLM		New Project	N/A	N/A	8 website updates conducted by 30 June 2022	8 website updates conducted by 30 June 2022	Achieved

## 2.6 KPA 6: TRANSFORMATION & ORGANISATIONAL DEVELOPMENT

Strategic Objectives	Project Name	IDP REF	KPI Number	KPI	Budget	Budget Source	Expenditure	Baseline	2020/21 Target	2020/21 Actual	2021/22 Target	2021/22 Actual	Annual Performance Achievement (YES/NO)	Challenges	Mitigation	Portfolio of Evidence	Department
The provision of effective, efficient and transformation on human capital	Human resources (Labour resources)	TBS 27	54	Number of LLF meetings convened by set date	OPEX	TLM		8x LLF meetings convened by 30 June 2021	N/A	N/A	Convene 4x LLF meetings by 30 June 2022	4 LLF x Meetings convened by 30 June 2022	Achieved	None	None	Signed attendance register and minutes	Corporate Services
The provision of effective, efficient and transformation on human capital	Human resources (Labour resources)	TBS 28	55	Number of organogram reviewed and approved by council by set date	OPEX	TLM		1x organogram reviewed and approved by council by 30 June 2021	N/A	N/A	Review and approve 1x organogram by 30 June 2022	1x organogram reviewed by 30 June 2022	Achieved	None	None	Approved Organ gram with council resolution	Corporate Services
The provision of effective, efficient and transformation on human capital	Human resources (Labour resources)	TBS 29	56	Number of ICT steering committee meetings held by set date	OPEX	TLM		4x ICT steering meetings held by 30 June 2021	4 ICT Steering Committee meeting held by 30 June 2021	2 ICT Steering Committee meeting held by 30 June 2021	Hold 4 x ICT steering committee meetings by 30 June 2022	4x ICT steering committee meetings held by 30 June 2022	Achieved	None	None	Agenda, signed attendance register and Minutes	Corporate Services
The provision of effective,	Human resources	TBS 30	57	Number of council meetings	OPEX	TLM		8x council meetings convened			Convene 4 x council meetings by	4x council meeting convened	Achieved	None	None	Agenda, signed attendance	Corporate Services

Strategic Objectives	Project Name	IDP REF	KPI Number	KPI	Budget	Budget Source	Expenditure	Baseline	2020/21 Target	2020/21 Actual	2021/22 Target	2021/22 Actual	Annual Actual Performance Achievement (YES/NO)	Challenges	Mitigation	Portfolio of Evidence	Department
efficient and transformation on human capital	(Labour resources)			convened by set date				by 30 June 2021			30 June 2022	by 30 June 2022				register and Minutes	
The provision of effective, efficient and transformation on human capital	Human resources (Labour resources)	TBS 31	58	Number of vacant positions filled by set date	OPEX	TLM		New Project	N/A	N/A	8 x vacant positions filled by 30 June 2022	4 x vacant positions filled by 30 June 2022	Not Achieved	appointment letters were not issued (the process was stopped)	Recruitment process to be fast track	Appointment letters	Corporate Services
The provision of effective, efficient and transformation on human capital	Human resources (Labour resources)	TBS 32	59	Number of OHS Departmental Meetings by set date	OPEX	TLM		6 OHS Departmental Meetings	N/A	N/A	6 OHS Departmental Meetings by 30 June 2022	6 x OHS Departmental Meetings by 30 June 2022	Achieved	None	None	Attendance Registers and Agenda	Corporate Services
The provision of effective, efficient and transformation on human capital	Human resources (Labour resources)	TBS 33	60	Number of OHS Workplace Inspections by set date	OPEX	TLM		4 OHS Workplace Inspections	N/A	N/A	4 OHS Workplace Inspections by 30 June 2022	4 x Workplace Inspections by 30 June 2022	Achieved	None	None	Inspection report	Corporate Services
The provision of effective, efficient and transformation on human capital	Human resources (Labour resources)	TBS 34	61	Number of Wellness Awareness Workshops set date	OPEX	TLM		4 OHS Wellness awareness Workshops	N/A	N/A	4 OHS Wellness awareness Workshops by 30 June 2022	4OHS x Wellness Awareness Workshops by 30 June 2022	Achieved	None	None	Attendance registers	Corporate Services

## PERFORMANCE OF SERVICE PROVIDERS FOR 2021/2022

This section serves to evaluate the service provider's performance in respect of provisions of the contract and the product that the service provider delivered for all aspects of the project scope. The evaluation criteria are on a scale of 1-5 and each of aspects measured relate to the successful completion of the project. The evaluation-rating guide on the performance of the service providers is as follows:

5	Excellent	Completion of the project before the scheduled time and within budget
4	Good	Completion of project within time frame and budget
3	Average	Completion of project within time frame but outside the allocated budget or vice versa
2	Below Average	Failure to complete the project
1	Unacceptable	Failure to commence with the project

Table 28: Performance of Service Providers For 2021/2022

No.	Company Name	Contract Task Title	2020/2021 Annual Rating	2021/2022 Annual Rating	Performance Comments (2020/2021)
1	Enhanced Innovation Projects (PTY) Ltd	Raphuti upgrading of sport and recreational facility (Ward 4)	4	3	Contractor currently not on site due to cashflow challenges. Engagement with the contractor has been made and the contractor is evaluating options of seeding the works.
2	Iceberg Trading 751 cc	Regorogile Ext 5 Paving of internal streets Phase 3	4	4	Project Completed and currently on defect liability period.
3	Mafunzwani Construction and General Supply	Skierlik Installation Of High Mast Lights	4	3	Eskom sent incorrect quotations and we are still awaiting revised ones
4	Ndoni Properties	Upgrading of Storm water management system at Regorogile	4	4	The original scope has been completed and the contractor refused to do the additional works. The Municipality to treat the additional work as a new project. Project is currently on defect liability period
5	Priotech Projects	Upgrading of Rooiberg Cemetery	2	3	Project Completed and currently under defect liability period.
6	Priotech Projects	Upgrading of Northam Cemetery	3	3	Project is on defect liability stage
7	Balo Holdings (Pty) Ltd	Northam Ext 5 Paving of internal streets(Ward 7)	N/A	3	Contractor is progressing well on site, current challenges it residents who are not allowing the contractor to contract open channel drains. The contractor has requested extension of time and the documents are still being evaluated.
8	Makone Consulting Engineers	Upgrading of Bulk Water Pipeline Between Thabazimbi Pump Station and Thabazimbi Y Piece	N/A	2	The revised detailed design report has been submitted and a claim has been sent to DWS. We are still awaiting BSC to be appointed to proceed with advertisement.
9	Mafunzwani Construction	Northam upgrading of water reticulation (Ward 7,8)	N/A	2	Contractor claim to have submitted a payment certificate to the municipality, which has not reached our PMU office. This affected the

No.	Company Name	Contract Task Title	2020/2021 Annual Rating	2021/2022 Annual Rating	Performance Comments (2020/2021)
					contractor's cash flow negatively and a revised claim has been request for processing.
10	Baagishani Projects	Regorogile upgrading of water network (Ward 9,10)	N/A	2	Contractor not on site due to cash flow challenges, and the was delays in getting soft material for pipe bedding and blanketing due to high quotation from local service providers. Extension of time submitted and evaluation are ongoing.
11	Morwamogale Trading Enterprise cc	Construction of VIP toilets in Rooiberg, Skierlik and Meriting Phase 1	N/A	2	Contractor has submitted a claim, which the municipality still awaits payment from the funder
12	NSK Electrical JV Ftech Services	Construction of Smashblock 132/22Kva 20 MVA Substation	N/A	2	Land owners (Sebilong) demand their own CLO and a share of the project in terms of (SMME's) as a condition of their land donation to the Municipality.

Table 29: evaluation-rating guide on the performance of the service providers



# Annexure A – Audit Report

## Report on the audit of the financial statements

### Qualified opinion

1. I have audited the financial statements of the Thabazimbi Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2022, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amount for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the possible effects of the matter described in the basis for qualified opinion section of this report, the financial statements present fairly, in all material respects, the financial position of the Thabazimbi Local Municipality as at 30 June 2022, and its financial performance and cash flows for the year then ended in accordance with the Standards of the Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 9 of 2021 (DoRA).

### Basis for qualified opinion

#### Property plant and equipment

3. The municipality did not review the useful lives of road infrastructure at each reporting date in accordance with GRAP 17, *Property, plant and equipment*. As a result, some road infrastructure assets included in the carrying amount of R366 639 709 in note 3 to the financial statements had a zero net carrying amount while still being in use. I was unable to determine the impact on the net carrying amount of road infrastructure assets as it was impracticable to do so.
4. The municipality did not assess at each reporting date the indication that the infrastructure assets might be impaired in accordance with GRAP 21, *Impairment of non-cash generating assets*. As a result, the recoverable service amount of the electrical, sanitation and water infrastructure was not estimated. I was unable to determine the impact on the net carrying amount of infrastructure assets as it was impracticable to do so.
5. I was unable to obtain sufficient appropriate audit evidence that work in progress was properly accounted for, due to the status of the accounting records. I was unable to confirm the work in progress by alternative means. There was an impact on the prior period errors and reclassifications. Consequently, I was unable to determine whether any adjustment was necessary to work in progress stated at R31 837 013 in note 3 to the financial statements.
6. The municipality did not classify road infrastructure in accordance with GRAP 17, *Property, plant and equipment*. The municipality included some road infrastructure assets under water

infrastructure. Consequently, water infrastructure is overstated by R14 358 133 and road infrastructure is understated by R14 358 133 in note 3 to the financial statements.

7. The municipality did not recognise movable assets in accordance with GRAP 17, *Property, plant and equipment*. Movable assets were not recorded as the municipality did not have adequate systems in place to account for all movable assets. There was an impact on the surplus for the period and on the accumulated surplus. I was unable to determine the impact on the net carrying amount in property, plant and equipment as it was impracticable to do so.

#### Trade and other payables

8. I was unable to obtain sufficient appropriate audit evidence that trade and other payables was properly accounted for, due to the status of the accounting records. I was unable to confirm the trade and other payables by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to trade and other payables stated at R 457 556 479 (2021: R 448 939 786) in note 14 to the financial statements.

#### Contracted services

9. The municipality did not recognise contracted services in accordance with GRAP 1, *Presentation of financial statements*. As the municipality recorded items of property, plant and equipment as contracted services. Additionally, the municipality recorded items of contracted services relating to prior period in the current period. Consequently, contracted services is overstated by R19 632 893, property, plant and equipment is understated by R9 994 813, Inventory is understated by R 2 497 057 and there was an impact on accumulated surplus.

#### VAT receivable

10. I was unable to obtain sufficient appropriate audit evidence for VAT receivable due to a lack of proper record keeping and reconciliation of control accounts by the municipality. I was unable to confirm VAT receivable by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to VAT receivables stated at R 66 129 585 in the financial statements.

#### Cash flow statement

11. The municipality did not correctly prepare and disclose the net cash flows from operating activities as required Standards of GRAP 2, *Cash flow statements*. This was due to multiple errors in determining cash flows from operating activities. I was not able to determine the full extent of the errors in the net cash flows from operating activities as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments to cash flows from operating activities as stated at 43 240 717 in the financial statements were necessary.

#### Prior period errors and reclassifications

12. The municipality did not disclose previous period errors in note to the financial statements, as required by GRAP 3, *Accounting policies, estimates and errors*. The nature and the amount of the correction for each financial statement item affected, and the amount of the correction at the beginning of the earliest previous period were not disclosed. In addition, I was unable to obtain sufficient appropriate audit evidence for the prior period errors disclosed, as the

supporting information was not provided. I was unable to confirm these disclosures by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the previous period errors disclosed in the financial statements.

### Cash and cash equivalents

13. I was unable to obtain sufficient appropriate audit evidence for cash and cash equivalents due to a lack of proper record keeping and reconciliation of control accounts by the municipality. I was unable to confirm these trade payables by alternative means. Consequently, I was unable to determine whether any further cash and cash equivalents stated at R10 907 197 in note 6 to the financial statements were necessary.

### Material losses

14. I was unable to obtain sufficient appropriate audit evidence for material losses due to a lack of proper record keeping and reconciliation of control accounts by the municipality. I was unable to confirm material losses by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to material losses stated at stated at R6 207 068 and R7 029 706 for electricity and water respectively in note 38 to the financial statements.

### Context for the opinion

15. 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.
16. 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.
17. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### Material uncertainty relating to going concern

18. I draw attention to the matters below. My opinion is not modified in respect of these matters.
19. I draw attention to note 44 to the financial statements, which indicates that the municipality has adverse key financial ratios and operation matters. As stated in note 44, these events or conditions, along with the other matters as set forth in note 44, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

### Emphasis of matter

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

## Material impairment of trade and other receivables from exchange and non-exchange transactions

21. As disclosed in note 27 to the financial statements, material losses of R69 153 775 was incurred as a result of debt impairment provision of receivables from exchange and non-exchange transactions.

## Other matter

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

## Unaudited disclosure notes

23. 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.

## Unaudited supplementary schedules

24. 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 this/ these schedules and, accordingly, I do not express an opinion on them.

## Responsibilities of the accounting officer for the financial statements

25. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP standard 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.
26. 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

27. 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.



28. 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 annual performance report

29. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the usefulness and reliability of the reported performance information against predetermined objectives presented in the annual performance report. . The accounting officer is responsible for the preparation of the annual performance report.
30. I performed procedures to evaluate the usefulness and reliability of the reported performance information on selected performance indicators in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice.
31. I performed the procedures in accordance with the AGSA audit methodology. This engagement is not an assurance engagement. Accordingly, I do not express an opinion or an assurance conclusion.
32. My procedures address the usefulness and reliability of the reported performance information on the selected performance indicators, which must be based on the municipality's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
33. I performed procedures to determine whether the reported performance information was properly presented and whether the performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the selected performance indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
34. I selected the following material performance indicators contained in Key Performance Area (KPA) 2 Basic services and infrastructure development presented in the municipality's annual performance report for the year ended 30 June 2022 set out on pages 25 to 37. I selected the indicators that measure the municipality's performance on its primary mandated functions and which are of significant national, community or public interest.

Key Performance Area
Key Performance Area (KPA) 2 Basic services and infrastructure development

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

Performance Indicator:	Target	Reported achievement:
Number of km paved roads constructed by set date	4,6km of paved roads constructed in Northam Extension 5 by 31 March	2,3km were constructed by 30 June 2022
Number of km of bulk water pipe line constructed by set date	Construct 4.9km of bulk water pipe line by 30 June 2022	0.245 km of bulk water pipeline constructed by 30 June 2022
Number of Km pipeline and Number of stands water Reticulation in Northam phase 2 ward 7,8 upgraded by set date	Upgrade 8.35Km pipeline and 500 stands water Reticulation in Northam phase 2 ward 7,8 by 30 June 2022	4.175Km of pipeline and 500 stands water reticulation in Northam phase 2 upgraded by 30 June 2022
Number of Km pipeline and Number of stands water Reticulation in Regorogile phase 2 ward 9,10 and 12 upgraded by set date	Upgrade 6.5Km pipeline and 400 of stands water Reticulation in Regorogile phase 2 ward 9,10 and 12 by 30 June 2022	0.975km of pipeline and 400 stands water reticula in Regorogile phase 2 ward 9,10,12 upgraded by 30 June 2022
Number of VIP toilets constructed in Rooiberg, Skierlik Meriting by set date	364 Number of VIP toilets constructed (Rooiberg - 100, Skierlik-100, and Meriting -164) (Overall progress - 100%) by 30 June 2022	66 VIP toilets constructed at Rooiberg , Meriting and Skierlik by 30 June 2022
Number and percentage of 20MVA substation Constructed by set date	Construct 50% of 120MVA substation ion by 30 June 2022	8 % of 1 20MVA substation constructed by 30 June 2022.
Number of graves dug by set date	60 graves dug by 30 June 2022	60 raves dug by 30 June 2022

36. I was unable to obtain sufficient appropriate audit evidence for the reported achievements on the indicators relating to this key performance area. This was due to the lack of accurate and complete records. I was unable to confirm the reported achievements by alternative means.

Consequently, I was unable to determine whether any adjustments were required to the reported achievements in the annual performance report for the indicators.

Performance indicator:	Target	Reported achievement:
Number of Sport and recreation facility upgraded at Raphuthi (Ward 4) by set date	Upgrade 1 Sport and recreation facility at Raphuthi (Ward 4) by 31 December 2021	Upgraded 0 Sport and recreation on facility at Raphuthi (Ward 4) by 31 December 2021
Number of Km pipeline and Number of stands water Reticulation in Northam phase 2 ward 7,8 upgraded by set date	Upgrade 8.35Km pipeline and 500 stands water Reticulation in Northam phase 2 ward 7,8 by 30 June 2022	4.175Km of pipeline and 500 stands water reticulation in Northam phase 2 upgraded by 30 June 2022
Number of Km pipeline and Number of stands water Reticulation in Regorogile phase 2 ward 9,10 and 12 upgraded by set date	Upgrade 6.5Km pipeline and 400 of stands water Reticulation in Regorogile phase 2 ward 9,10 and 12 by 30 June 2022	0.975km of pipeline and 400 stands water reticula in Regorogile phase 2 ward 9,10,12 upgraded by 30 June 2022
Number of VIP toilets constructed in Rooiberg, Skierlik Meriting by set date	364 Number of VIP toilets constructed (Rooiberg - 100, Skierlik-100, and Meriting -164) (Overall progress - 100%) by 30 June 2022	66 VIP toilets constructed at Rooiberg , Meriting and Skierlik by 30 June 2022
Number of graves dug by set date	60 graves dug by 30 June 2022	60 graves dug by 30 June 2022

37. I was unable to obtain sufficient appropriate audit evidence that clearly defined the predetermined nature and required level of performance and/or method of calculation and/or deadline for delivery to be used when measuring the actual achievement for targets. This was due to insufficient measurement definitions and processes. I was unable to test whether the targets for the indicators was clearly defined by alternative means.

38. The planned indicator and target were to upgrade 6.5Km pipeline and 400 of stands water reticulation in Regorogile phase 2 ward 9,10 and 12 by 30 June 2022, but the reported achievement referred to was 0.975km of pipeline and 400 stands water reticula in Regorogile phase 2 ward 9,10,12 upgraded by 30 June 2022.

#### Other matters

39. I draw attention to the matters below.

## Achievement of planned targets

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

## Report on compliance with legislation

41. 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 applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipality's compliance with legislation.
42. I performed procedures to test compliance with selected requirements in key legislation in accordance with the AGSA audit methodology. This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
43. I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipality, clear to allow consistent measurement and evaluation, while also sufficiently detailed and adequately available to report in an understandable manner. The selection is done through an established AGSA process. The selected legislative requirements are included in the annexure to this auditor's report.
44. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

## Annual financial statements and annual report

45. 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.
46. Material misstatements identified by the auditors in the submitted financial statements were not corrected and the supporting records could not be provided subsequently, which resulted in the financial statements receiving a qualified audit opinion. Material misstatements of non-current assets, current liabilities, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.
47. The 2020-21 annual report was not made public after being tabled in council, as required by section 127(5)(a)(i) of the MFMA.
48. The local community was not invited to submit representations in connection with the 2020-21 annual report, as required by section 127(5)(a)(ii) of the MFMA.
49. The oversight report adopted by the council on the 2020/21 annual report was not made public, as required by section 129(3) of the MFMA.



## Strategic planning and performance management

50. The strategic development budget implementation plan (SDBIP) for the year under review did not include monthly revenue projections by source of collection as required by section 1 of the MFMA.

## Grant management

51. The Municipal Infrastructure Grant was not spent for its intended purposes in accordance with the applicable grant framework, as required by section 16(1) of the Division of Revenue Act (Act 9 of 2021).

## Expenditure management

52. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.
53. Reasonable steps were not taken to prevent irregular expenditure amounting to R8 273 270 as disclosed in note 36 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by the non-compliance with SCM regulation.
54. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R10 415 786, as disclosed in note 35 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest for late payment of invoices.
55. Reasonable steps were not taken to prevent unauthorised expenditure, as required by section 62(1)(d) of the MFMA. The expenditure disclosed does not reflect the full extent of the unauthorised expenditure incurred as indicated in the basis for qualification paragraph. The majority of the disclosed unauthorised expenditure was caused by non-cash items not adequately budgeted for.

## Consequence management

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

## Procurement and contract management

59. Sufficient appropriate audit evidence could not be obtained that written quotations were accepted from prospective providers who were on the list of accredited providers and met the listing requirements as prescribed by the supply chain management (SCM) policy, in contravention of SCM regulations 16(b) and 17(1)(b).

60. Sufficient appropriate audit evidence could not be obtained that contracts were awarded only to bidders who submitted a declaration on whether they were employed by the state or connected to any person employed by the state, as required by SCM Regulation 13(c).
61. Sufficient appropriate audit evidence could not be obtained that quotations were only accepted from bidders whose tax matters had been declared by the South African Revenue Service to be in order, as required by SCM regulation 43.
62. Some of the contracts were not awarded in an economical manner and the prices of the goods or services were not reasonable as required by section 62(1)(a) of the MFMA.
63. Some of the invitation to tender for procurement of commodities designated for local content and production, did not stipulated the minimum threshold for local production and content as required by the 2017 preferential procurement regulation 8(2).
64. Sufficient appropriate audit evidence could not be obtained that contracts were extended or modified with the approval of a properly delegated official as required by SCM regulation 5.
65. Sufficient appropriate audit evidence could not be obtained that the performance of contractors or providers was monitored on a monthly basis as required by section 116(2) of the MFMA.
66. Sufficient appropriate audit evidence could not be obtained that contract performance and monitoring measures were in place to ensure effective contract management as required by section 116(2)(c)(ii) of the MFMA

#### Other information

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

71. 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 basis for the qualified opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
72. The accounting officer did not implement effective human resource management to ensure that sufficiently skilled resources in the key financial reporting areas are in place and individuals are held accountable for non-performance.
73. The accounting officer did not adequately review established policies and procedures to enable and support the understanding and execution of internal control objectives, processes and responsibilities.
74. The municipality did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.
75. The accounting officer did not adequately review the financial statements and the annual performance report prior to submission for audit, misstatements in the financial statements and annual performance report were not detected by the municipality's own system of internal controls.
76. The municipality did not have sufficient monitoring controls to ensure the proper implementation of the overall processes of compliance with legislation. Non-compliance with legislation could have been prevented had compliance been properly reviewed and monitored.

*Auditor-General*

Polokwane

01 December 2022

## Annexure B - Annual Financial statements

### THABAZIMBI LOCAL MUNICIPALITY

**Annual Financial Statements  
for the year ended 30 June 2022**



DRAFT ANNUAL REPORT FOR 2021/2022

## GENERAL INFORMATION

<b>Legal form of entity:</b>	Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act 117 of 1998) read with section 155 (1) of the Constitution of the republic of South Africa (Act 108 of 1996)	
<b>Legislation governing the municipality's operations:</b>	Local Government: Municipal Finance Management Act (Act no.56 of 2003) Local Government: Municipal Systems Act (Act 32 of 2000) Local Government: Municipal Structures Act (Act 117 of 1998) Constitution of the Republic of south Africa (Act 108 of 1998) Municipal Property Rates Act (act of 6 2004) Division of Revenue Act (Act 1 of 2007)	
<b>Mayoral committee:</b>	Mayor	Cllr.Tokkie Swanepoel
	Speaker	Cllr.Butana Ben Tlhabadira
	Chief Whip	Cllr.Cathrine Sikwane
<b>Community Services:</b>	Chairperson	Cllr .Moruakgomo Richard Kotsedi
	Member	Cllr Ronny Manyama
	Member	Cllr Orapeleng Selokela
	Member	Cllr Tshegofatso Ramoabi
	Member	Cllr David Gouveia
<b>Planning and economic development &amp; Infrastructure:</b>	Chairperson	Cllr Themba Mkansi
	Member	Cllr Herman Kgotlhang
	Member	Cllr Kampie Steenkamp
	Member	Cllr Pontsho Sello
	Member	Cllr Stephen Lerumo

**Finance Institutional Development & Transformation:**

Chairperson  
Member  
Member  
Member  
Member

Cllr Lydia Sikhwari

Cllr Judy Mogapi  
Cllr Xolile Nozozo  
Cllr David Masilo  
Cllr Louisa Matlala

**MPAC:**

Chairperson  
Member  
Member  
Member

Cllr Frik Erasmus  
Cllr Kinko Abel Sesoma  
Cllr Maxwell Magetse  
Cllr Xoliswa Ntshatsheni

**Grading of local authority:**

Grade 3 (MDB Code: LIM361)

**Acting Accounting Officer:**

Ms LP Makaya

**Chief Finance Officer (CFO):**

Mr LG Tloubatla

**Registered office:**

7 Rietbok Street, Thabazimbi, 0380

**Business address:**

7 Rietbok Street, Thabazimbi, 0380

**Postal address:**

Private Bag X530, Thabazimbi, 0380

**Bankers:**

ABSA Bank Limited

**Auditors:**

Auditor General of South Africa (AGSA)

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## Abbreviations

COVID-19	Coronavirus
DBSA	Development Bank of South Africa
DHS	Department of Human Settlement
DRG	Disaster relief grant
GRAP	Generally Recognised Accounting Practice
INEP	Integrated national electrification programme
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
NT	National Treasury
PT	Provincial Treasury
WSIG	Water services infrastructure grant



## ACCOUNTING OFFICERS RESPONSIBILITY AND APPROVAL

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

The annual financial statements were prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) as well as relevant interpretations, guidelines and directives issued by the Accounting Standards Board.

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

I, as the accounting officer (accounting authority), acknowledge that I am ultimately responsible for the internal control established by the municipality and place considerable importance on maintaining a strong control environment. To meet these responsibilities, I have set standards for internal control aimed at reducing the risk of material misstatement in an effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, sound accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These standards are applied throughout the municipality and all employees are required to maintain the highest ethical standards. The municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate systems and ethical behaviour are applied and managed within predetermined procedures and controls.

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

I have reviewed the municipality's cash flow forecast for the year to 30 June 2022 and, in the light of the municipality's financial position, I am satisfied that the municipality has access to adequate resources to continue its operations in the foreseeable future.

The municipality is wholly dependent on the community for continued funding of operations. The annual financial statements are prepared on the basis that the municipality is a going concern and that the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Although I am primarily responsible for the financial affairs of the municipality, this is supported by the auditors.

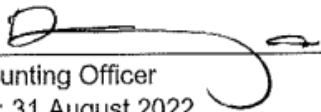
I would like to bring the following material matters to your attention:

As at June 30, 2022, the municipality had an accumulated surplus of R 291 million

I certify that the salaries, allowances and benefits of councillors as disclosed in note 26 to these annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, the Remuneration of Public Office Bearers Act, Act 20 of 1998 and the Minister of Provincial and Local Government's Regulations in accordance with the Act.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is included in the annual financial statements.

The annual financial statements set out on pages 3 to 54, which have been prepared on the going concern basis, were approved by the municipality on 31 August 2022 and were signed on its behalf by:

  
\_\_\_\_\_  
Accounting Officer  
Date: 31 August 2022

DRAFT ANNUAL REPORT FOR 2021/2022

# STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

Figures in Rand

## Assets

### Current Assets

Cash and cash equivalents

Trade and other receivables from exchange transactions

Trade and other receivables from non-exchange transactions

Inventories

VAT receivable

**Total current assets**

### Non-Current Assets

Property, plant and equipment

Biological assets

Intangible assets

Investment property

**Total non current assets**

**Total Assets**

## Liabilities

### Current Liabilities

Note(s)      2022      2021  
\*Restated

6	10,907,197	2,005,820
7	39,153,643	34,653,822
8	18,373,863	16,992,638
9	2,333,992	4,415,368
38.6	66,129,585	77,567,059
	<b>136,898,280</b>	<b>135,634,707</b>

3	734,322,016	838,922,276
4	773,100	482,100
5.1	-	-
5.2	2,248,683	2,248,683
	<b>737,343,799</b>	<b>841,653,059</b>

<b>874,242,078</b>	<b>977,287,766</b>
--------------------	--------------------

Current portion of borrowings	
Current portion of provisions	
Current portion of employee benefit obligations	
Consumer deposits	
Current portion of trade and other payables from exchange transactions	
Unearned income	
Unspent transfers and subsidies	
Finance lease	
<b>Total current liabilities</b>	

<b>10</b>	-	719,733
<b>11</b>	1,958,917	2,288,153
<b>12</b>	2,235,000	2,027,000
<b>13</b>	4,575,658	4,358,175
<b>14</b>	255,598,957	296,373,007
<b>14</b>	99,140,155	
<b>15</b>	18,782,191	11,471,436
<b>38.8</b>	1,283,761	
	<b>383,574,639</b>	<b>317,237,504</b>

#### Non-Current Liabilities

Borrowings	
Provisions	
Employee benefit obligations	
Trade and other payables from exchange transactions	
Finance lease	
<b>Total noncurrent liabilities</b>	

<b>10</b>	-	-
<b>11</b>	50,539,735	59,668,121
<b>12</b>	45,600,000	41,473,000
<b>14</b>	101,375,087	151,878,214
<b>38.8</b>	1,532,036	
	<b>199,046,858</b>	<b>253,019,335</b>

#### Total Liabilities

<b>582,621,497</b>	<b>570,256,839</b>
--------------------	--------------------

#### Net Assets

<b>291,620,581</b>	<b>407,030,926</b>
--------------------	--------------------

Accumulated surplus

**291,620,581**

**407,030,926**

**\*See Note 37**

-

-

## STATEMENT OF FINANCIAL PERFORMANCE FOR YEAR ENDED 30 JUNE 2022

Figures in Rand

**Note(s)**

**2022**

**2021**

**\*Restated**

### Revenue

#### Revenue from non-exchange transactions

Property rates (Taxation revenue)

**16**

90,441,290

80,804,907

Fines

**17**

774,300

465,650

Licence and permits

**18**

27,990

7,518

Government grants and subsidies

**19**

152,960,573

211,590,817

Interest income

**24**

6,744,061

6,265,980

Donations

**48**

5,541,442

#### Total non-exchange revenue transactions

**256,489,656**

**299,134,871**

#### Revenue from exchange transactions

Service charges

**20**

179,714,216

162,635,325

Rental of facilities and equipment

**21**

442,772

426,409

Licences and permits

**22**

4,674,106

4,754,054

Other operational revenue

**23**

1,403,404

1,475,429

Interest income

**24**

21,301,992

22,184,070

#### Total exchange transactions revenue

**207,536,490**

**191,475,287**

**Total Revenue****464,026,146****490,610,158****Expenditure**

Employee related cost

**25**

147,772,013

135,736,796

Remuneration of councillors

**26**

9,396,359

9,353,982

Impairment loss

**27**

177,519,810

35,268,753

Depreciation and amortisation

**28**

38,530,963

31,584,318

Finance costs

**29**

19,943,814

19,064,000

Bulk purchases

**30**

84,755,954

75,019,111

Contracted services

**31**

46,022,992

42,469,746

Operational costs

**32**

27,309,251

25,170,207

Inventory consumed

**51**

41,947,987

45,240,479

Bad debts

**52**

73,663

922,220

Operating leases

**53**

2,278,986

2,736,309

**Total Expenditure****595,551,793****422,565,922**

Operating surplus

**(131,525,647)****68,044,237**

Loss on disposal of assets

**3**

(69,627)

(2,665,850)

Fair value adjustment

**4**

291,000

(556,700)

Contribution to provisions: Landfill site

**54**

14,430,294

(11,344,334)

**Surplus (deficit) for the year****(116,873,980)****53,477,353****STATEMENT OF CHANGES IN NET ASSETS AS 30 JUNE 2022**

Figures in Rand

**Accumulated  
surplus****Total net assets**

<b>Opening balance</b>		<b>349,104,985</b>	<b>349,104,985</b>
Adjustments:			
*Prior year adjustments (Note 37)	<b>37</b>	<b>4,448,588</b>	<b>4,448,588</b>
Change in net assets:			
Restated Surplus/(Deficit) for the year		<b>53,477,353</b>	<b>53,477,353</b>
<b>Balance at 1 July 2021 as restated</b>		<b>407,030,926</b>	<b>407,030,926</b>
Surplus (deficit) for the year		(116,873,980)	(116,873,980)
<b>Balance at 30 June 2022</b>		<b>290,156,946</b>	<b>290,156,946</b>

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2022

Figures in Rand

### Cash flows from operating activities

#### Receipts

Services charges

Grants

Rates and fines

Interest received on investments

Other receipts

Note(s)	2022	2021
	138,232,645	133,984,426
	160,271,327	208,106,707
	75,276,412	64,674,527
	501,686	399,199
	6,105,501	6,237,010
	<b>380,387,571</b>	<b>413,401,869</b>



**Payments**

Employee costs

Suppliers

Finance costs

162,123,271	147,235,464
173,014,105	185,159,658
262,353	-
<b>335,399,729</b>	<b>332,395,122</b>

**Net cash flows from operating activities**

<b>44,987,843</b>	<b>81,006,747</b>
-------------------	-------------------

**Cash flows from investing activities**

Acquisition of fixed assets

Acquisition of intangible assets

Net cash flows from investing activities

3

(34,525,608)	(79,619,156)
-	-
<b>(34,525,608)</b>	<b>(79,619,156)</b>

**Cash flows from financing activities**

Loan Repayments

Finance lease payments

Net cash flows from financing activities

(696,087)	(1,383,085)
(870,212)	-
<b>(1,566,299)</b>	<b>(1,383,085)</b>

Net increase/(decrease) in cash and cash equivalents

**8,895,936****4,506**

Cash and cash equivalents at the beginning of the year

2,011,260

2,006,754

Cash and cash equivalents at the end of the year

6

**10,907,196****2,011,260**

DRAFT ANNUAL REPORT FOR 2021/2022

Statement of comparison of budget to actual amounts for the year ended 30 June 2022

	Original Budget	Budget Adjustments	Final Budget	Actual amount	Variance ZAR	Variance %
<b>Revenue By Source</b>						
Property rates	98,531,000	(4,000,000)	94,531,000	90,441,290	(4,089,710)	-5%
Service charges	183,946,000	8,000,000	191,946,000	179,714,216	(12,231,784)	-7%
Rental of facilities and equipment	428,000		428,000	442,772	14,772	3%
Interest earned	28,307,000		28,307,000	28,046,053	(260,947)	-1%
Fines Penalties and Forfeits	52,000		52,000	774,300	722,300	93%
Licences and permits	1,832,000		1,832,000	4,702,096	2,870,096	61%
Transfers recognised	238,769,000		238,769,000	152,960,573	(85,808,427)	-56%
Other revenue	980,000	1,000,000	1,980,000	6,944,846	4,964,846	71%
<b>Total Revenue</b>	<b>552,845,000</b>	<b>5,000,000</b>	<b>557,845,000</b>	<b>464,026,146</b>	<b>(93,818,854)</b>	
<b>Expenditure By Type</b>						
Employee related costs	145,464,000	1,510,000	146,974,000	147,772,013	798,013	1%
Remuneration of councillors	11,050,000	(1,500,000)	9,550,000	9,396,359	(153,641)	-2%
Debt impairment	7,591,000		7,591,000	177,519,810	169,928,810	96%
Depreciation and asset impairment	46,423,000	(14,000,000)	32,423,000	38,530,963	6,107,963	16%
Finance charges	13,500,000		13,500,000	19,943,814	6,443,814	32%
Bulk purchases	91,884,000		91,884,000	84,755,954	(7,128,046)	-8%
Contracted services	41,802,000	4,250,000	46,052,000	46,022,992	(29,008)	0%
Other expenditure	66,662,000	800,000	67,462,000	85,818,809	18,356,809	21%
<b>Total Expenditure</b>	<b>424,376,000</b>	<b>(8,940,000)</b>	<b>415,436,000</b>	<b>609,760,714</b>	<b>194,324,714</b>	
<b>Surplus/(Deficit) for the year</b>	<b>128,469,000</b>	<b>13,940,000</b>	<b>142,409,000</b>	<b>(145,734,568)</b>	<b>(288,143,568)</b>	

Explanation on material differences which are **above 10%** between final budget and actual are disclosed in note 39

## **ACCOUNTING POLICIES**

### **Presentation of financial statements**

These 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 No 56 of 2003).

The Annual Financial Statements were prepared on the accrual basis of accounting and incorporate the historical cost conventions as the basis of measurement, except where specified otherwise.

## **1 Summary of Significant Accounting Policies**

The accounting policies have been consistently applied to all the years presented.

### **1.2**

#### **Presentation currency**

These Annual Financial Statement are presented in South Africa Rand, which is the functional currency of the Municipality.

### **1.3**

#### **Going concern assumption**

These Annual Financial Statements were prepared based on the expectation that the Municipality will continue to operate as a going concern for at least the next 12 months.

### **1.4**

#### **Offsetting**

Financial assets and liabilities are offset and the net amount reported on the Statement of Financial Position when there is a legally enforceable right to set off the recognised amount, and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### **1.5**

#### **Comparative and Budget Information**

#### **1.5.1**

##### **Current year comparatives**

The annual budget figures have been prepared in accordance with the Standard of GRAP and are consistent with the accounting policies adopted by the Council for the preparation of these financial statements. The amounts are scheduled as a separate additional financial statements, called the Statement of Comparison of Budget and Actual amounts. Explanatory comment is provided in the notes to the Annual Financial Statements giving motivations for over- or under spending on line items where it is found to be material. The annual budget figures include budget information relating to subsidiaries or associated. These figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan. The budget is approved on an accrual basis by nature classification.

In general, a difference of 10% or more is considered material, although the surrounding circumstances are taken into account if it could influence the decisions or assessments of the users of the financial statements in determining whether a difference between the budgeted and actual amount is material. Budget information in accordance with GRAP 1 and 24, has been provided in a separate disclosure note to these annual financial statements.

### **1.5.2**

#### **Current year comparatives**

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are also reclassified and restated, unless such comparative reclassification and / or restatement is not required by a Standard of GRAP. The nature and reason for such reclassifications and restatements are also disclosed.

Where material accounting errors, which relate to prior periods, 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.

The presentation and classification of items in the current year is consistent with prior periods.

### **1.6**

#### **Foreign Currencies**

Transactions in foreign currencies are translated to the functional currency of the entity at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost or fair value in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in surplus or deficit.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Cash flows arising from transactions in a foreign currency are recorded in Rand's by applying, to the foreign currency amount, the exchange rate between the Rand and the foreign currency at the date of the cash flow.

### **1.7**

#### **Significant judgements and estimates**

In the application of the municipality's accounting policies, which are described above, management is required to make judgement, estimates and assumption that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. The estimates and associated assumptions are based on historical experiences and other factors that are considered to reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates

These estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

## **1.8**

### **Cash and cash equivalents**

Cash 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. The municipality categorises cash and cash equivalents as financial assets: loans and receivables. Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

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.

## **1.9**

### **Inventories**

Inventories consist of consumables, materials and supplies and water, which are valued at the lower of cost, determined on the weighted average basis, and net realisable value, except for plants which are valued at the tariffs charged. Where it is held for distribution or consumption at no charge or for a nominal amount, inventories are valued at the lower of cost and current replacement value.

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

Redundant and slow moving inventories are identified and written down to their estimated net realisable values. Inventories are written down according to their age, condition and utility. Differences arising on the measurement of such inventory at the lower of cost and net realisable value are recognised in the Statement of Financial Performance in the year in which they arise. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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.

## **1.10**

## Water Inventory

Water is regarded as inventory when the Municipality purchases water in bulk with the intention to resell it to the consumers or to use it internally, or where the Municipality has incurred purification costs on water obtained from natural resources (rain, rivers, springs, boreholes etc.). However, water in dams, that are filled by natural resources and that has not yet been treated, and is under the control of the Municipality but cannot be measured reliably as there is no cost attached to the water, and it is therefore not recognised in the Statement of Financial Position.

The basis of determining the cost of water purchased and not yet sold at Statement of Financial Position date comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventory to its present location and condition, net of trade discounts and rebates. Water is valued by using the weighted average method, at the lowest of purified cost and net realisable value, insofar as it is stored and controlled in reservoirs at year-end.

### 1.11

#### **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 year.

The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and if the cost or fair value of the item can be measured reliably.

Property, plant and equipment are initially recognised at cost on its acquisition date. 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 the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

### 1.12

#### **Property, Plant and Equipment (continued):**

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

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Major spare parts and servicing equipment qualify as property, plant and equipment when the Municipality expects to use them during more than one period. Similarly, if the major

spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all property plant and equipment, excluding land and buildings, are measured at cost, less accumulated depreciation and accumulated impairment losses.

Where items of property, plant and equipment 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 except where the impairment reverses a previous impairment.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes receivable.

Land is not depreciated as it is regarded as having an unlimited life. Depreciation on assets other than land is calculated using the straight line method, to allocate their cost or revalued amounts less their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the assets' future economic benefits or service potential are expected to be consumed by the Municipality. 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 shall be depreciated separately. The depreciation rates are based on the following estimated useful lives.

The estimated useful life, residual values and depreciation method are reviewed annually at the end of the financial year.

Assets under construction are carried at cost. Depreciation of an asset commences when the asset is ready for its intended use. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or, where shorter, the term of the relevant lease.

## 1.13

### Property, Plant and Equipment (continued):

#### Asset class and depreciation

##### Minimum & Maximum Estimated Useful Life per asset category

Main category	Sub category	Min	Max	
Electricity Network	LV Networks	10	60	Electricity Network
Electricity Network	MV Networks	15	100	Electricity Network
Electricity Network	MV Substations	30	50	Electricity Network
Electricity Network	HV Substation	45	45	Electricity Network
Road Network	Road Infrastructure	5	100	Roads
Sanitation Network	Sanitation infrastructure	5	100	Sanitation Network
Stormwater Network	Storm water Infrastructure	5	100	Water infrastructure
Water Supply Network	Distribution	10	80	Water infrastructure
Water Supply Network	Reservoirs	5	100	Water infrastructure
Water Supply Network	Boreholes	5	100	Water infrastructure
Water Supply Network	Pump Stations	5	100	Water infrastructure
Water Supply Network	Bulk Mains	15	80	Water infrastructure
Water Supply Network	PRV Stations	15	15	Water infrastructure
Solid waste facilities	Solid Waste Infrastructure	15	15	Solid Waste
Bridges	Road Infrastructure	50	100	Roads
Community Facilities	Community Assets	5	100	Community facilities
Community Facilities	Libraries	5	100	Community facilities



The carrying amount of an item of property, plant and equipment is derecognised 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 an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. Gains are not classified as revenue. Gains or losses are calculated as the difference between the carrying values of assets.

#### **1.14**

##### **Biological Assets**

Biological assets and agricultural produce are initially and subsequently measured at their fair value less estimated point-of-sale costs and agricultural produce harvested from the entity's biological assets are measured at their fair value less estimated point-of-sale costs at the point of harvest.

Where biological assets and agricultural produce are acquired for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Point-of-sale costs include commissions to brokers and dealers, levies by regulatory agencies and commodity exchanges, transfer taxes and duties but exclude transport and other costs necessary to get the assets to a market.

The fair value of biological assets is estimated by reference to the market value. The fair value of the plantations is based on the combined fair value of the land and the trees. The fair value of the raw land and land improvements is then deducted from the combined fair value to determine the fair value of the trees.

A gain or loss arising on initial recognition of biological assets at fair value less estimated point-of-sale costs and from a change in the fair value less estimated point-of-sale costs is included in surplus or deficit for the period in which it arises.

A gain or loss arising on initial recognition of agricultural produce at fair value less estimated point-of-sale costs is included in surplus or deficit for the period in which it arises.

Where market determined prices or values are not available, the present value of the expected net cash inflows from the asset, discounted at a current market-determined pre-tax rate is used to determine fair value.

Where fair value cannot be measured reliably, biological assets are measured at cost less any accumulated depreciation and any accumulated impairment losses.

#### **1.15**

## **Intangible Assets**

Intangible assets are identifiable non-monetary assets without physical substance held for use in the production or supply of goods or services, for rental to others, or for administrative purposes are classified and recognised as intangible assets.

Intangible assets are initially recognised at cost. The cost of an intangible asset is the purchase price and other costs attributable to bring the intangible asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality, or where an intangible asset is acquired at no cost, or for a nominal cost, the cost shall be its fair value as at the date of acquisition. Trade discounts and rebates are deducted in arriving at the cost.

Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is calculated on cost, using the straight-line method, over the useful lives of the assets, which is estimated to be between 3 to 10 years upon initial recognition. Where intangible assets are deemed to have an indefinite useful life, such intangible assets are not amortised.

Intangible assets are annually tested for impairment and the estimated useful life, residual values and amortisation method are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively.

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the net disposals proceeds and the carrying value and is recognised in the Statement of Financial Performance.

### **1.16**

#### **Impairment of Property, Plant and Equipment, Intangible Assets and Heritage Assets**

The Municipality classifies all assets held with the primary objective of generating a commercial return as cash-generating assets. A commercial return means that the return charged by the entity is commensurate with the risk associated with holding the asset and the asset is intended to generate positive cash inflows. All other assets are classified as non-cash-generating assets.

##### **1.16.1**

#### **Impairment of Cash-generating 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 amount of the individual asset.

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

The best evidence of fair value less cost to sell is the price in a binding sale agreement in an arm's length transaction, adjusted for the incremental cost that would be directly attributable to the disposal of the asset.

The recoverable 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.

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

### **1.16.2**

#### **Impairment of Cash-generating Assets (continued):**

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable 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.

An impairment of assets carried at revalued amount reduces the revaluation surplus for that asset. The decrease shall be debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

An impairment loss is recognised for cash-generating units if the recoverable 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, 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 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.

### **1.16.3**

#### **Impairment of Non-cash-generating 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.

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 is the higher of a non-cash generating asset's fair value less costs to sell and its value in use. The value in use for a non-cash generating asset is the present value of the asset's remaining service potential.

The value in use for a non-cash generating asset is the present value of the asset's remaining service potential.

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

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.

#### **1.16.4**

#### **Impairment of Non-cash-generating Assets (continued):**

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

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

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

#### **1.17**

#### **Financial Instruments**

A financial instrument is recognised if the Municipality becomes a party to the contractual provisions of the instrument.

##### **1.17.1**

#### **Financial Assets**

A financial asset is any asset that is a cash or contractual right to receive cash. In accordance with the Standards of GRAP 104 the Financial Assets of the Municipality are classified as follows into the three categories allowed by this standard:

- Financial asset at amortised cost being a non-derivative financial asset with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months, which are classified as non-current asset
- Financial assets measured at fair value being financial assets that meet either of the following conditions:
  - a) Derivatives;
  - b) Combined instruments that are designated at fair value;
  - c) Instruments held for trading;
  - d) Non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; or

e) Financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

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

The Municipality has the following types of financial assets as reflected on the face of the Statement of Financial Position or in the notes thereto: (see note 41)

Financial asset at cost are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequently, these assets are measured at cost using the fair value less any impairment

Trade and other receivables (excluding Value Added Taxation, prepayments and operating lease receivables), loans to Municipality entities and loans that have fixed and determinable payments that are not quoted in an active market are classified as financial asset at cost.

Financial Assets measured at fair value are initially measured at fair value plus directly attributable transaction costs. They are subsequently measured at fair value with unrealised gains or losses recognised directly in equity until the investment is derecognised, at which time the cumulative gain or loss recorded in equity is recognised in the statement of financial performance, or determined to be impaired, at which time the cumulative loss recorded in equity is recognised in the Statement of Financial Performance.

#### 1.17.2

##### **Financial Assets (continued):**

Financial assets, other than those measured at fair value, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with the Standard of GRAP 104 of Financial Instruments.

Trade receivables encompass long term debtors, consumer debtors and other debtors. A provision for impairment of trade receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

According to the Standard of GRAP 104 on Financial Instruments, the assessment for impairment needs to be made for each individual financial asset separately or for groups of financial assets with similar credit risks. The following methodology was followed to make a provision for bad debts for the year under review:

- Consumer debtors are assessed individually thereafter collectively, considering factors such as payment histories and ratios, qualitative factors e.g. correspondence from attorneys, disputes about certain accounts, etc.
- Other debtors are reviewed individually considering payment histories and disputes about certain amounts. Provision for impairment is made accordingly.

- Housing loans assessed by reviewing their payment histories and ratios. Provision for impairment is made accordingly.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the Statement of Financial Performance to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

The Municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non-recoverability.

If the Municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the Municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

### 1.17.3

#### Financial Liabilities

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity.

The following main categories of Financial Liabilities and the classification determining how they are measured exist:

- Financial liabilities measured at fair value; or
- Financial liabilities measured at amortised cost.

The Municipality has the following types of financial liabilities (which include consumer deposits) as reflected on the face of the Statement of Financial Position or in the notes thereto: (See note 41)

Financial liabilities that are measured at fair value that are essentially held for trading (i.e. purchased with the intention to sell or repurchase in the short term; derivatives other than hedging instruments or are part of a portfolio of financial instruments where there is recent actual evidence of short-term profiteering or are derivatives).

Any other financial liabilities should be classified as financial liabilities at amortised cost.

Financial liabilities measured at fair value are stated at fair value, with any resulted gain or loss recognised in the Statement of Financial Performance.

Any other financial liabilities classified at amortised cost (All payables, loans and borrowings are classified as other liabilities) and are initially measured at fair value, net of transaction costs. Trade and other payables, interest bearing debt including finance lease liabilities, non-interest bearing debt and bank borrowings are subsequently measured at amortised cost using the effective interest rate method. Interest expense is recognised in the Statement of Financial Performance by applying the effective interest rate.

Bank borrowings, consisting of interest-bearing short-term bank loans, repayable on demand and overdrafts are recorded at the proceeds received. Finance costs are accounted for using the accrual basis and are added to the carrying amount of the bank borrowing to the extent that they are not settled in the period that they arise.

The Municipality derecognises Financial Liabilities when, and only when, the Municipality's obligations are discharged, cancelled or they expire.

## **1.18**

### **Provisions**

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made.

The best estimate of the expenditure required to settle the present obligation is the amount that an entity would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time and are determined by the judgment of the management of the entity, supplemented by experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting date. Uncertainties surrounding the amount to be recognised as a provision are dealt with by various means according to the circumstances, where the provision being measured involves a large population of items; the obligation is estimated by weighting all possible outcomes by their associated probabilities.

## **1.19**

### **Provisions (continued):**

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it - this unavoidable cost resulting from the contract is the amount of the provision to be recognised.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance as a finance cost as it occurs.

### 1.19.1

#### **Environmental Rehabilitation Provisions**

Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure, are based on the Municipality's policy, taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations relate to the asset, they are capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to the Statement of Financial Performance.

### 1.2 2 **Employee Benefits**

The Municipality provides short term benefits, long term benefits and retirement benefits for its employees and councillors.

### 1.20.1

#### **Short-term Employee Benefits**

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits which are only recognised when the specific event occurs.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service.

### 1.20.2

#### **Post-employment Benefits: Defined Contribution Plans**

A defined contribution plan is a plan under which the Municipality pays fixed contributions into a separate entity. The Municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The Municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees.

### 1.20.3

#### **Post-employment Benefits: Defined Benefit Plans**

A defined benefit plan is a plan that defines an amount of benefit that an employee will receive on retirement.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out by independent qualified actuaries regularly, as may be required for fair presentation.

Actuarial gains or losses recognised immediately in the Statement of Financial Performance.

### 1.20.4



## **Post-retirement Health Care Benefits**

The Municipality has an obligation to provide post-retirement health care benefits to certain of its retirees. According to the rules of the Medical Aid Funds, with which the Municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the Municipality is liable for a certain portion of the medical aid membership fee.

The **defined benefit** liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out annually by independent qualified actuaries.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

### **1.20.5**

#### **Long-service Allowance**

The Municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the Municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The Municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the statement of financial performance.

### **1.21**

#### **Leases**

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

#### **Municipality as Lessee**

Property, plant and equipment subject to finance lease agreements are capitalised at their cash cost equivalent. Corresponding liabilities are included in the Statement of Financial Position as Finance Lease Obligations. The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight-line basis over its estimated useful life. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

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

#### **Finance leases - lessee**

The Municipality leases certain property, plant and equipment. Leases of property, plant and equipment where the Municipality assumes substantially all the risks and rewards of ownership are classified as finance leases. The Municipality will not incur a foreign

currency lease liability other than that allowed by the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003).

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

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

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

The finance lease assets are depreciated at the same rates as owned property unless the municipality will not obtain ownership. Where there is no reasonable certainty that the municipality will obtain ownership by the end of lease term, the leased assets are depreciated over the shorter of the lease and its useful life.

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

The finance lease liabilities are derecognised when the entity's obligation to settle the liability is extinguished. The assets capitalised under the finance lease are derecognised when the entity no longer expects any economic benefits or service potential to flow from the asset.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on the straight-line basis over the term of the relevant lease.

#### **Municipality as Lessee (continued):**

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

#### **Municipality as Lessor**

Amounts due from lessees under finance leases or instalment sale agreements are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease or instalment sale income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Operating lease rental income is recognised on a straight-line basis over the term of the relevant lease. Other rental income is recognised on an ad hoc basis through the renting of municipal facilities such as halls, sports grounds etc. and is charged using the relevant approved tariffs.

## Revenue

Revenue, excluding value-added taxation where applicable, is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided.

The Municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Municipality and when specific criteria have been met for each of the municipalities' activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Municipality bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Furthermore services rendered are recognised by reference to the stage of completion of the transaction at the reporting date.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, stock rotation, price protection, rebates and other similar allowances.

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grant revenue that are recognised upon the service rendered or confirmation by the department are recognised at the date the payment is received by that department

### Service Charges – exchange revenue

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without it being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

### Service Charges – exchange revenue (continued):

Service charges from sewerage and sanitation are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved by Council and are levied monthly.

In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

#### **Pre-paid Electricity – exchange revenue**

Revenue from the sale of electricity pre-paid meter cards are recognised at the point of sale. Revenue from the sale of electricity prepaid meter cards are recognised based on an estimate of the prepaid electricity consumed as at the reporting date.

#### **Sale of goods – exchange revenue**

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

- the Municipality has transferred to the buyer 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;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### **Rates and Taxes – non-exchange revenue**

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

#### **Fines – non-exchange revenue**

Fines constitute both spot fines and camera fines. Fines are recognised when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset. It is measured at the best estimate, based on past experience, of the amount of revenue the Municipality is entitled to collect.

Subsequent to initial recognition and measurement, the Municipality assess the collectability of the revenue and recognises a separate impairment loss where appropriate.

#### **Revenue (interest earned/investment income)**

Revenue arising from the use by others of entity assets yielding interest 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.

#### **Donations and Contributions – non-exchange revenue**

Donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

## **Transfers and subsidies – non-exchange revenue**

### **Unconditional Grants**

Equitable share allocations are recognised in revenue at the start of the financial year as and when received.

### **Conditional Grants**

Conditional grants recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Interest earned on grants received and invested is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

## **Transfers and subsidies – non-exchange expenditure**

The Municipality transfers money to individuals, organisations and other sectors of government from time to time. These transfers are recognised in the financial statements as expenses in the period that the events giving rise to the transfer occurred.

### **Related parties and related party transactions**

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Management is regarded as a related party and comprises the councillors, Executive Mayor, Mayoral Committee members, Municipal Manager, executive directors and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

### **Events after reporting date**

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the Annual Financial Statements.

## **1.22**

### **Value added taxes (VAT)**

The Municipality is registered with the South African Revenue Services (SARS) for VAT on the payment basis in accordance with Section 15(2) of the VAT Act (Act 89 of 1991).

The annual financial statements have been prepared on the accrual basis of accounting. The municipality declares output tax and claims input tax in the tax period only to the extent to which payment under consideration is received or made in that tax period. The municipality accounts for VAT on a monthly basis.

The Municipality accounts for VAT on the cash basis.

## **1.23**

### **Irregular expenditure**

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

All expenditure relating to irregular 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.

## **1.24**

### **Unauthorised Expenditure**

Unauthorised expenditure means any expenditure incurred by the municipality otherwise than in accordance with section 15 or 11(3) of the Municipal Finance Management Act (Act No. 56 of 2003), and includes:

- (i) Overspending of the total amount appropriated in the municipality's approved budget.
- (ii) Overspending of the total amount appropriated for a vote in the approved budget.
- (ii) Expenditure from a vote unrelated to the department or functional area covered by the vote.
- (iv) Expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose.
- (v) Spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of allocation otherwise than in accordance with any conditions of the allocation; or.-
- (vi) A grant by the municipality otherwise than in accordance with the Municipal Finance Management Act.

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.

## **1.25**

### **Fruitless and wasteful expenditure**

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

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred.

The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

## **1.26**

### **Commitments**

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

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation is disclosed in the notes 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.

## **1.27**

### **Investment Property**

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

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

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

Where the classification of an investment property is based on management's judgement, the following criteria have been applied to distinguish investment properties from owner-occupied property or property held for resale:

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties.
- Land held for a currently undetermined future use;
- A building owned (or held by under a finance lease) and leased out under one or more operating leases;
- Leased properties that are held to provide a social (community) service or that are necessary for employees to perform their job functions, but which also generates rental revenue are not seen as investment properties. The rental revenue generated is incidental to the purposes for which the property is held;
- A building that is vacant but is held to be leased out under one or more operating leases;
- Property that is being constructed or developed for future use as investment property.

Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 50-year period (land is not depreciated).

Investment properties are derecognised (eliminated from the statement of financial position) 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. The gain or loss arising on the disposal of an investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

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

## 1.29

### Stock issue classification

The classification of stock issue are dependent on the intention of the usage. If the intention is to issue a stock with the intention of repairing an asset such stock issue will be classified as repairs and maintenance whereas if the intention is not repair any asset the stock issue will be classified as inventory consumed.

## 2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 April 2020 or later periods:

### Standards

GRAP 25 - Employee Benefits (Approved and Not Yet Effective)

GRAP 103 - Heritage Assets (Approved and Not Yet Effective)

GRAP 104 - Financial Instruments (Approved and Not Yet Effective)

All the above standards, where applicable, will be complied with in the financial statements once the standards take effect. Preliminary investigations indicated that other than additional disclosure, the impact of the standards on the financial statements will be minimal.



DRAFT ANNUAL REPORT FOR 2021/2022

### Note 3 Property, plant and equipment

Category	2022				2021			
	Cost	Accumulated depreciation	Accumulated Impairment	Carrying value	Cost	Accumulated depreciation	Accumulated Impairment	Carrying value
Land	6,561,029	-	-	6,561,029	6,561,029	-	-	6,561,029
Machinery and Equipment	1,093,924	(879,007)	(42,225)	172,691	1,093,924	(796,143)	-	297,780
Furniture and Office Equipment	13,229,664	(9,841,726)	(371)	3,387,567	9,209,555	(7,732,718)	-	1,476,837
Transport assets	14,331,196	(7,601,644)	-	6,729,552	8,244,428	(6,328,930)	-	1,915,498
Computer equipment	3,640,305	(1,694,241)	(41,650)	1,904,414	2,183,538	(1,240,286)	-	943,252
Road Infrastructure	709,023,344	(320,368,605)	(7,229,229)	381,425,510	680,170,340	(307,582,959)	-	372,587,381
Community assets	267,479,853	(197,315,685)	(1,834,874)	68,329,294	266,599,156	(189,431,723)	-	77,167,433
Electrical Infrastructure	105,637,687	(64,936,729)	(4,686,128)	36,014,830	99,076,033	(62,968,373)	-	36,107,660
Solid Waste Infrastructure	357,679	(292,029)	-	65,650	357,679	(272,285)	-	85,394
Work in progress	30,546,084	-	-	30,546,084	37,077,190	-	-	37,077,190
Sanitation Infrastructure	227,025,413	(91,696,554)	(85,325,989)	50,002,870	227,025,413	(86,631,614)	-	140,393,799
Water Infrastructure	291,932,317	(133,678,065)	(9,071,729)	149,182,523	291,304,957	(126,995,935)	-	164,309,022
<b>Total</b>	<b>1,670,858,496</b>	<b>(828,304,285)</b>	<b>(108,232,195)</b>	<b>734,322,016</b>	<b>1,628,903,242</b>	<b>(789,980,966)</b>	<b>-</b>	<b>838,922,276</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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

Category	2022								2022							
	Cost				Work in progress reconciliation				Closing balance	Accumulated depreciation and impairment					Closing balance	Net carrying value
	Opening balance	Additions	Disposals	Transfer in/(out)	Opening balance	Correction of error/reclassification	Additions to WIP	Transfers (out)		Opening balance	Correct ion to RUL	Deprecia tion	Dispos als	Impairme nt		
Land	6,561,029	-	-	-	-	-	-	6,561,029	-	-	-	-	-	-	6,561,029	
Machinery and Equipment	1,093,924	-	-	-	-	-	-	1,093,924	(796,143)	(82,864)	(42,225)	(921,232)		172,691		
Furniture and Office Equipment	9,209,555	4,020,109	-	-	-	-	-	13,229,664	(7,732,718)	(2,109,008)	(371)	(9,842,097)		3,387,567		
Transport assets	8,244,428	6,086,768	-	-	-	-	-	14,331,190	(6,328,930)	(1,272,714)	-	(7,601,644)		6,729,552		
Computer equipment	2,183,538	1,541,293	(84,526)	-	-	-	-	3,640,305	(1,240,286)	(512,673)	58,718	(41,650)	(1,735,891)	1,904,414		
Road Infrastructure	680,170,340	-	-	28,853,004	24,007,866	11,893,139	(28,853,004)	709,023,344	(307,582,959)	(12,785,646)	-	(7,229,229)	(327,597,834)	381,425,510		
Community assets	266,599,156	-	-	880,697	2,930,283	7,666,658	(880,697)	267,479,853	(189,431,723)	(7,883,962)	-	(1,834,874)	(199,150,559)	68,329,294		
Electrical Infrastructure	99,076,033	688,000	-	192,745	6,066,400	6,685,418	6,066,400	105,637,687	(62,968,373)	(2,117,282)	148,926	(4,686,128)	(69,622,857)	36,014,830		
Solid Waste Infrastructure	357,679	-	-	-	-	-	-	357,679	(272,285)	(19,744)	-	(292,029)		65,650		
Work in progress	37,077,190	30,135,180	-	(36,666,286)	-	-	-	30,546,084	-	-	-	-		30,546,084		
Sanitation Infrastructure	227,025,413	-	-	-	-	-	-	227,025,413	(86,631,614)	(5,064,940)	-	(85,325,989)	(177,022,543)	50,002,870		
Water Infrastructure	291,304,957	627,360	-	-	6,392,800	3,889,966	(866,185)	291,932,317	(126,995,935)	(6,682,130)	-	(9,071,729)	(142,749,794)	149,182,523		
Total	1,628,903,242	43,098,710	(277,271)	(866,185)	37,077,191	-	30,135,181	(36,666,286)	1,670,858,496	(789,980,966)	-	(38,530,963)	207,644	(108,232,195)	(936,536,480)	734,322,016

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

2021			2021		
Cost	Work in progress reconciliation	Closing balance	Accumulated depreciation and impairment		

Category	Opening balance	Additions	Disposals	Transfer in/(out)	Opening balance	Correction of error/reclassification	Additions to WIP	Transfers (out)		Opening balance	Correction to RUL	Depreciation	Disposals	Impairment	Closing balance	Net carrying value
Land	6,561,029	-	-	-	-	-	-	-	6,561,029	-	-	-	-	-	-	6,561,029
Machinery and Equipment	1,057,087	148,060	108,634	2,589	-	-	-	-	1,093,924	(862,203)	2,615	(45,189)	108,634	-	(796,143)	297,780
Furniture and Office Equipment	12,219,871	56,374	(184,399)	2,882,291	-	-	-	-	9,209,555	(9,089,761)	2,376,466	(1,203,822)	184,399	-	(7,732,718)	1,476,837
Transport assets	8,244,428	-	-	-	-	-	-	-	8,244,428	(5,753,376)	-	(575,554)	-	-	(6,328,930)	1,915,498
Computer equipment	4,471,293	714,568	(1,763,233)	1,239,090	-	-	-	-	2,183,538	(4,225,787)	1,745,755	(523,487)	1,763,233	-	(1,240,286)	943,252
Road Infrastructure	667,900,575	12,960,702	(690,937)	-	13,642,116	-	16,219,023	(16,674,689)	680,170,340	(295,832,064)	233,173	(12,368,062)	383,994	-	(307,582,959)	372,587,381
Community assets	265,392,358	1,206,798	-	-	1	-	4,137,080	(1,206,798)	266,599,156	(181,370,022)	1,056,209	(9,117,910)	-	-	(189,431,723)	77,167,433
Electrical Infrastructure	93,039,127	6,036,906	-	-	5,165,879	-	4,617,269	(6,036,906)	99,076,033	(61,015,198)	61,072	(2,014,247)	-	-	(62,968,373)	36,107,660
Solid Waste Infrastructure	357,679	-	-	-	-	-	-	-	357,679	(252,541)	-	(19,744)	-	-	(272,285)	85,394
Work in progress	65,251,743	84,226,860	-	(112,401,413)	-	-	-	-	37,077,190	-	-	-	-	-	-	37,077,190
Sanitation Infrastructure	218,753,031	8,973,663	(701,281)	-	3,120,949	-	3,774,211	6,895,160	227,025,413	(81,030,289)	2,442	(6,003,814)	400,047	-	(86,631,614)	140,393,799
Water Infrastructure	214,414,635	83,223,343	(6,333,021)	-	43,322,800	-	55,479,562	(81,587,849)	291,304,957	(126,081,062)	217,997	(5,408,218)	4,275,348	-	(126,995,935)	164,309,022
<b>Total</b>	<b>1,557,662,856</b>	<b>197,547,274</b>	<b>(9,781,505)</b>	<b>(116,525,383)</b>	<b>65,251,745</b>	<b>-</b>	<b>84,227,145</b>	<b>(112,401,402)</b>	<b>1,628,903,242</b>	<b>(765,512,303)</b>	<b>5,695,729</b>	<b>(37,280,047)</b>	<b>7,115,655</b>	<b>-</b>	<b>(789,980,966)</b>	<b>838,922,276</b>

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.  
Repairs and maintenance to property plant and equipment are included in note 31

There are no slow moving WIP projects  
There are no restrictions to any of the Municipality's property plant and equipment.  
During the current financial year, there was a change in the remaining estimated useful lives of the above assets

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### Note 3 Property plant and equipment continued

Infrastructure and Community Assets: Annual review discussions were conducted with all Strategic Business Units during which impairment triggers and asset performance indicators were discussed and possible impairments were identified. In addition, insurance claims were also reviewed and considered as identifiers of possible impairment triggers. During physical field assessment, information pertaining to the condition and performance of these assets were recorded and further analysed to establish the impact on the value in use of identified components.

Moveable assets: During the asset verification, movable assets were identified that were not on the asset register. The assets were fair valued.

During the year Remaining Useful Lives have been reviewed on all depreciable assets. However, during the revaluation of infrastructure and the holistic approach adopted in the review of all asset portfolios. No assets were identified with remaining useful life that required to be changed. As a result, no change in accounting estimate are required during the current financial year.

Included on the face of the Statement of financial performance is the costs incurred for routine repairs and maintenance of fixed assets. These costs don't meet the definition of an asset, therefore, were expensed them during the current financial year.

Maintenance of Buildings and Facilities  
Maintenance of Equipment  
Maintenance of Unspecified Assets

**2022**

-
22,585,323
-
<b>22,585,323</b>

**2021**

Maintenance of Buildings and Facilities  
Maintenance of Equipment  
Maintenance of Unspecified Assets

-
18,321,343
-
<b>18,321,343</b>

**Note 4 Biological assets**

2022		
Cost/Valuation	Fair value adjustment	Carrying value
Biological assets	482,100	291,000
		<b>773,100</b>

2021		
Cost/Valuation	Fair value adjustment	Carrying value
Biological assets	1,038,800	(556,700)
		<b>482,100</b>

**Reconciliation of biological assets**

2022			
Cost/Valuation	Transfers	Fair value adjustments	Carrying value
Biological assets	482,100	-	291,000
			<b>773,100</b>

2021			
Cost/Valuation	Transfers	Fair value adjustments	Carrying value
Biological assets	1,038,800	-	(556,700)
			<b>482,100</b>

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.

## Note 5 - Intangible assets

	2022				2021		
	Cost	Accumulated Amortisation and Impairment	Carrying value		Cost	Accumulated Amortisation and Impairment	Carrying value
Computer Software	462,285	462,285	-		462,285	462,285	-
<b>Total</b>	<b>462,285</b>	<b>462,285</b>	<b>-</b>		<b>462,285</b>	<b>462,285</b>	<b>-</b>

## Reconciliation of intangible assets - 2022

	Cost			Accumulated amortisation			Carrying value
	Opening balance	Additions	Closing balance	Opening balance	Amortisation	Impairment	
Computer Software	462,285	-	462,285	462,285	-	-	-
<b>Total</b>	<b>462,285</b>	<b>-</b>	<b>462,285</b>	<b>462,285</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Reconciliation of intangible assets - 2021

	Cost			Accumulated amortisation			Carrying value
	Opening balance	Additions	Closing balance	Opening balance	Amortisation	Impairment	
Computer Software	462,285	-	462,285	308,190	154,095	-	-
<b>Total</b>	<b>462,285</b>	<b>-</b>	<b>462,285</b>	<b>308,190</b>	<b>154,095</b>	<b>-</b>	<b>-</b>

	2022		
	Cost	Accumulated depreciation & impairment	Carrying value
Investment property	2,248,683	-	2,248,683
Total	2,248,683	-	2,248,683

2021		
Cost	Accumulated depreciation & impairment	Carrying value
2,248,683	-	2,248,683
2,248,683	-	2,248,683

#### Reconciliation of investment properties - 2022

	Cost				Accumulated Depreciation & Impairment			Carrying value
	Opening balance	Additions	Disposals	Closing balance	Opening balance	Depreciation	Impairment	
Investment property	2,248,683	-	-	2,248,683	-	-	-	2,248,683
<b>Total</b>	<b>2,248,683</b>	<b>-</b>	<b>-</b>	<b>2,248,683</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,248,683</b>

#### Reconciliation of investment properties - 2021

	Cost				Accumulated Depreciation & Impairment			Carrying value
	Opening balance	Additions	Disposals	Closing balance	Opening balance	Depreciation	Depreciation on disposal	
Investment property	2,248,683	-	-	2,248,683	-	-	-	2,248,683



<b>Total</b>	<b>95,690,320</b>	-	-	<b>2,248,683</b>	-	-	-	<b>2,248,683</b>
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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.

There are no restrictions on the title and nor the disposal of the investment properties.

There are no investment properties pledged as securities for liabilities.

Repairs and maintenance to investment properties was Rnil (2021: Rnil).

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

### Note 6 Cash and cash equivalents

Cash and cash equivalents consist of:

Cash at bank

Call deposits

Marketable securities

Petty cash

	2022	2021 Restated
	3,330,307	1,700,150
	7,457,231	195,399
	119,659	110,271
	<b>10,907,197</b>	<b>2,005,820</b>
Bank Guarantee	-	-

Call deposits and marketable securities earn interest rates depending on the market.

#### The municipality had the following bank accounts

#### Bank accounts

#### Account number / description

##### Investment accounts

ABSA Bank Limited: Account Number 9301244384

ABSA Bank Limited: Account Number 2057649514

Marketable securities

##### Transactional accounts

ABSA Bank Limited: Account Number 1580000009

ABSA Bank Limited: Account Number 4058303004

ABSA Bank Limited: Account Number 4094737590

Petty cash

#### Total

	30-Jun-22	30-Jun-21
	7,365,775	110,465
	91,455	84,934
	119,659	110,271
	807,479	1,591,369
	-	-
	2,522,828	108,780
	<b>10,907,197</b>	<b>2,005,821</b>

#### The municipality had the following cash books

#### Cash book

**Account number / description****Investment accounts**

ABSA Bank Limited: Account Number 9301244384

ABSA Bank Limited: Account Number 2057649514

Marketable securities

**Transactional accounts**

ABSA Bank Limited: Account Number 1580000009

ABSA Bank Limited: Account Number 4058303004

ABSA Bank Limited: Account Number 4094737590

Petty cash

**Total**

30-Jun-22	30-Jun-21
7,365,775	110,465
91,455	84,934
119,659	110,271
807,479	1,591,369
-	-
2,522,828	108,780
<b>10,907,197</b>	<b>2,005,820</b>

Thabazimbi Local Municipality has ceded R60430 to Development Bank of South Africa (DBSA). The account details as follows: ABSA Bank limited: Account number 2057649514

**Note 7 Trade and other receivables from exchange transactions****Net customer service debtors**

Customer service debtors comprise:

Electricity

Waste Management (Refuse)

Waste Water Management (Sewerage and sanitation charges)

Water

Service charges

6,864,009	7,014,220
1,147,376	825,412
2,864,094	1,989,325
12,023,352	13,015,502
654,565	537,639
<b>23,553,395</b>	<b>23,382,098</b>

**Net other receivables**

Other receivables comprise:

Land sale debtors

Merchandising Jobbing and Contracts

7,316	162
4,813,761	685,194

Property rental debtors	1,881,837	2,107,194
Other debtors	8,897,334	8,479,174
	<b>15,600,248</b>	<b>11,271,724</b>
<b>Total</b>	<b>39,153,643</b>	<b>34,653,822</b>
<b>Gross customer service debtors</b>		
Gross customer service debtors comprise:		
Electricity	34,180,389	32,708,682
Waste Management (Refuse)	71,050,591	57,852,115
Waste Water Management (Sewerage and sanitation charges)	111,238,426	91,585,026
Water	181,803,353	155,402,791
Service charges	3,055,954	2,726,594
	<b>401,328,713</b>	<b>340,275,208</b>
<b>Other gross receivables</b>		
Other receivables comprise:		
Land sale debtors	249,356	238,814
Merchandising Jobbing and Contracts	80,676,225	79,760,869
Property rental debtors	4,746,155	4,419,070
Other debtors	8,897,334	8,479,174
	<b>94,569,070</b>	<b>92,897,927</b>
<b>Total</b>	<b>495,897,783</b>	<b>433,173,135</b>

**Note 7 Trade and other receivables from exchange transactions (continued):**

**Provision for customer service debtors**

Customer service debtors comprise:

	2022	2021 Restated
Electricity	(27,316,381)	(25,694,461)
Waste Management (Refuse)	(69,903,215)	(57,026,702)
Waste Water Management (Sewerage and sanitation charges)	(108,374,332)	(89,595,701)
Water	(169,780,001)	(142,387,288)
Service charges	(2,401,389)	(2,188,956)
	<b>(377,775,318)</b>	<b>(316,893,108)</b>

**Provision for Other receivables**

Other receivables comprise:

Land sale debtors	(242,040)	(238,653)
Merchandising Jobbing and Contracts	(75,862,464)	(79,075,676)
Property rental debtors	(2,864,319)	(2,311,875)
Other debtors	-	-
	<b>(78,968,822)</b>	<b>(81,626,204)</b>

**Total**

**(456,744,140) (398,519,312)**

**Aging of trade and other receivables from exchange transactions gross debtors - 2022**

	Current (0 - 30 days)	31 - 60 days	61 - 90 days	Greater than 91 days
Electricity	4,291,954	1,959,678	2,428,814	25,499,944
Merchandising Jobbing and Contracts	1,051	1,051	1,051	246,203
Property Rental Debtors	116,872	84,368	89,168	80,385,817
Service charges	53,966	53,230	52,349	4,586,611
Waste Management	20,039	131,469	66,954	2,837,492

Waste Water Management	1,949,316	1,435,105	1,386,508	66,279,662
Water	2,834,365	2,326,256	2,162,850	103,914,955
Land Sale Debtors	5,813,223	3,988,890	3,321,652	168,679,588
Other debtors	8,897,334			
	<b>23,978,119</b>	<b>9,980,047</b>	<b>9,509,346</b>	<b>452,430,272</b>

**Aging of trade and other receivables from exchange transactions gross debtors - 2021**

	<b>Current (0 - 30 days)</b>	<b>31 - 60 days</b>	<b>61 - 90 days</b>	<b>Greater than 91 days</b>
Electricity	5,468,236	2,880,943	1,804,051	22,555,451
Merchandising Jobbing and				
Contracts	406,331	344,471	323,541	78,686,526
Property Rental Debtors	54,076	52,822	52,234	4,259,939
Service charges	772,903	11,432	307,288	1,634,972
Waste Management	2,073,686	1,368,449	1,260,581	53,149,399
Waste Water Management	3,336,278	2,211,966	2,266,155	83,770,627
Water	5,714,978	3,558,623	4,361,174	141,768,017
Land Sale Debtors	1,084	2,329	2,291	233,111
Other debtors	8,479,174			
	<b>26,306,746</b>	<b>10,431,035</b>	<b>10,377,313</b>	<b>386,058,041</b>

**Reconciliation of the provision for impairment**

Balance at the beginning of the year	(398,519,312)	(370,259,078)
Impairment losses recognised	(50,630,285)	(24,574,117)
Impairment losses reversed		-
Impairment VAT	(7,594,543)	(3,686,117)
Amounts written off as irrecoverable	-	-
	<b>(456,744,140)</b>	<b>(398,519,312)</b>

None of the trade and other receivables were pledged as security.

**Note****8 Trade and other receivables from non-exchange transactions****Trade and other receivables from non-exchange transactions consist of:**

Property rates debtors  
Traffic fines debtors

2022	2021 Restated
14,200,697	13,372,878
4,173,167	3,619,760
<b>18,373,863</b>	<b>16,992,638</b>

**Gross debtors**

Property rates debtors  
Traffic fines debtors

132,921,895	110,792,063
4,173,167	3,619,760
<b>137,095,062</b>	<b>114,411,823</b>

**Less: Provision for impairment**

Property rates debtors  
Traffic fines debtors

(118,721,199)	(97,419,188)
-	-
<b>(118,721,199)</b>	<b>(97,419,188)</b>

**Net debtors**

Property rates debtors  
Traffic fines debtors

14,200,697	13,372,878
4,173,167	3,619,760
<b>18,373,863</b>	<b>16,992,638</b>

**Aging of property rates gross debtors - 2022**

	Current (0 - 30 days)	31 - 60 days	61 - 90 days	Greater than 91 days
Business and Commercial	1,392,495	832,080	755,446	14,001,217
Agricultural Purposes	851,750	717,720	665,826	24,020,085
Industrial Properties	120,287	58,722	44,652	820,032
Mining Properties	1,391,446	941,981	939,710	11,002,759
Public Benefit Organisations	763	760	756	37,307
Residential Properties	4,848,102	2,184,281	2,016,498	62,911,499

State-owned Properties	267,785	121,460	119,924	1,856,553
	<b>8,872,627</b>	<b>4,857,004</b>	<b>4,542,813</b>	<b>114,649,452</b>

#### Aging of property rates gross debtors - 2021

	Current (0 - 30 days)	31 - 60 days	61 - 90 days	Greater than 91 days
Business and Commercial	1,749,275	791,825	820,094	17,039,496
Agricultural Purposes	1,209,667	677,239	537,209	18,081,054
Industrial Properties	111,422	51,647	58,921	525,328
Public Benefit Organisations	728	724	720	29,066
Residential Developed	5,483,809	2,437,518	2,183,163	46,721,026
Residential Vacant Land	1,019	614	1,311	90,334
State owned properties	841,448	28,213	248,184	631,865
Mining Properties	966,734	768,387	753,164	7,950,858
	<b>10,364,102</b>	<b>4,756,167</b>	<b>4,602,766</b>	<b>91,069,028</b>

#### Reconciliation of the provision for impairment

Balance at the beginning of the year	(97,419,186)	(85,215,125)
Impairment losses recognised	(18,523,489)	(10,612,227)
Impairment losses reversed		-
Impairment VAT	(2,778,523)	(1,591,834)
Amounts written off as irrecoverable		-
	<b>(118,721,199)</b>	<b>(97,419,186)</b>

None of the trade and other receivables from non-exchange transactions were pledged as security



**Note****9 Inventories**

Consumables

1,023,752

3,134,952

Materials and Supplies

1,166,342

1,166,342

Water

143,898

114,074

**2,333,992****4,415,368****Gross inventory**

Consumables

1,240,002

3,217,361

Materials and Supplies

1,166,342

1,166,342

Water

143,898

114,074

**2,550,241****4,497,777****Provision for redundant obsolete and slow moving stock**

Opening balance

82,409

82,409

Consumables

133,841

Materials and Supplies

-

-

Water

-

-

**216,250**

**82,409**

No inventory was written-off during the period under review

No inventory was pledged as security for liabilities.

Inventory consumed for period under review amount to R 47,661,226 (2021: R 45,240,479)

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**Note**  
**10 Borrowings**

**2022**  
**2021**  
**Restated**

Development Bank of South Africa

**719,733**

Split as follows:

Non-current portion

Current portion (payable in the next 12 months)

	719,733
-	<b>719,733</b>

The loan from DBSA bears interest at 9.62% and is redeemable in monthly instalments including interest until January 2022.

**Note**  
**11 Provisions**

**Environmental rehabilitation provision (Landfill sites)**

Opening balance

Change in landfill closure provision

Interest cost

Correction of error

61,956,274	47,331,212
(14,430,294)	11,344,334
4,972,673	3,280,728
-	
<b>52,498,653</b>	<b>61,956,274</b>

The provision for environmental rehabilitation relates to the rehabilitation of the landfill sites and are split as follows:

Non-current portion

Current portion

50,539,735	59,668,121
1,958,917	2,288,153
<b>52,498,652</b>	<b>61,956,274</b>

The key financial assumptions used for the calculation of the landfill site provision are detailed below:

**For Northam (old) landfill site**

Consumer price inflation (CPI)  
Discount rate  
Net effective discount rate

6.609%	4.824%
9.359%	7.074%
2.75%	2.25%

**For Northam (new) landfill site**

Consumer price inflation (CPI)  
Discount rate  
Net effective discount rate

6.609%	4.824%
10.609%	7.074%
4.00%	2.25%

**For Donkerpoort Leeupoort and Rooiberg landfill**

Consumer price inflation (CPI)  
Discount rate  
Net effective discount rate

6.609%	4.824%
10.609%	8.824%
4.00%	4.00%

## Note 12 Employee benefit obligations

Post-Retirement Medical Obligation  
Long Service Awards  
**Total employee benefit obligations**

36,692,000	32,782,000
11,143,000	10,718,000
<b>47,835,000</b>	<b>43,500,000</b>

### Non-current portion

Post-Retirement Medical Obligation  
Long Service Awards

36,027,000	32,174,000
9,573,000	9,299,000
<b>45,600,000</b>	<b>41,473,000</b>

### Current portion

Post-Retirement Medical Obligation  
Long Service Awards

665,000	608,000
1,570,000	1,419,000
<b>2,235,000</b>	<b>2,027,000</b>

## 12.1 Post-Retirement Medical Obligation

Balance at beginning of year  
Current service cost  
Interest cost  
Actuarial (gain) / losses  
Balance at end of year

32,782,000	27,227,000
1,162,000	889,000
3,378,000	2,929,000
(630,000)	1,737,000
<b>36,692,000</b>	<b>32,782,000</b>

The Municipality offers employees and continuation members the opportunity of belonging to one of several medical schemes most of which offer a range of options pertaining to levels of cover. Upon retirement an employee may continue membership of the medical scheme. Upon a member's death-in-service or death-in-retirement the surviving dependants may continue membership of the medical scheme.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2022 by ARCH Actuarial Consulting a Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation and the related current service cost and past service cost were measured using the Projected Unit Credit Method.

The members of the Post-employment Medical Benefit are made up as follows:

In-service Members (Employees)  
 In-service Non-members (Employees)  
 Continuation Members (Retirees widowers and orphans)  
**Total members**

189	192
127	138
16	15
<b>332</b>	<b>345</b>

The unfunded liability in respect of past service has been estimated as follows:

In-service Members (Employees)  
 In-service Non-members (Employees)  
 Continuation Members (Retirees widowers and orphans)  
**Total liability**

25,459,000	22,601,000
3,389,000	3,201,000
7,844,000	6,980,000
<b>36,692,000</b>	<b>32,782,000</b>

12.

**1 Post-Retirement Medical Obligation (continued):****2022****2021****Restated**

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

- (i) Bonitas
- (ii) Keyhealth
- (iii) LA Health
- (iv) Samwumed
- (v) Sizwe Hosmed

The Current-service Cost for the year ending 30 June 2022 is R1,162,000 (2020: R889,000) whereas the cost for the ensuing year is estimated to be R1,372,000

The key financial assumptions used for the purposes of the actuarial valuations were as follows:

Discount Rate  
Health Care Cost Inflation Rate  
Net Effective Discount Rate  
Average retirement age

11.85%	10.40%
8.46%	7.00%
3.13%	3.18%
62	62

Movements in the present value of the Defined Benefit Obligation were as follows:

Balance at beginning of year  
Current service cost  
Interest cost

32,782,000	27,227,000
1,162,000	889,000
3,378,000	2,929,000

Actuarial (gain) / losses

(630,000)	1,737,000
<b>36,692,00</b>	<b>32,782,00</b>
<b>0</b>	<b>0</b>

Balance at end of year

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

Present value of fund obligations

<b>36,692,00</b>	<b>32,782,00</b>
<b>0</b>	<b>0</b>
<b>36,692,00</b>	<b>32,782,00</b>
<b>0</b>	<b>0</b>

Unfunded Accrued Liability

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

Current service cost

Interest cost

Actuarial losses / (gains)

1,162,000	889,000
3,378,000	2,929,000
(630,000)	1,737,000
<b>3,910,000</b>	<b>5,555,000</b>

The effect of a 1% movement in the key assumptions is detailed below:

**Increase:**

Health care inflation rate

Discount rate

**Decrease:**

Health care inflation rate

Discount rate

The history of experienced adjustments is as follows:

43,905,00	39,158,00
0	0
31,162,00	27,904,00
0	0
30,962,00	27,725,00
0	0
43,729,00	39,001,00
0	0



	2022	2021	2020	2019
Present Value of Defined Benefit Obligation	36,692,000	32,782,000	27,227,000	27,227,000
Fair value of plan assets	-	-	0	0
Experience adjustments	(368,000)	(1,573,000)	-	-
			1,038,000	(235,000)

## 12.2 Long Service Awards

	2022	2021 Restated
Balance at beginning of year	10,718,000	9,575,000
Current service cost	942,000	870,000
Interest cost	908,000	674,000
Actuarial (gain) / losses	(1,425,000)	(401,000)
Balance at end of year	<b>11,143,000</b>	<b>10,718,000</b>

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan a Long-service Award is payable after 10 years of continuous service and every 5 years of continuous service thereafter to 45 years to employees. The provision is an estimate of the long service based on historical staff turnover.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2022 by ARCH Actuarial Consulting a Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation and the related current service cost and past service cost were measured using the Projected Unit Credit Method.

At year end 316 (2021: 330) employees were eligible for Long-service Awards.

The Current-service Cost for the year ending 30 June 2022 is estimated to be R942,000 (2021: R870,000) whereas the cost for the ensuing year is estimated to be R 1,372,000.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount Rate	10.93%	9.06%
General earnings inflation rate (long-term)	7.34%	5.76%
Net Effective Discount Rate	3.34%	3.12%
Average retirement age	62	62

Movements in the present value of the Defined Benefit Obligation were as follows:

Balance at the beginning of the year  
Current service costs  
Interest cost  
Actuarial (gains) / losses

10,718,000	9,575,000
942,000	870,000
908,000	674,000
(1,425,000)	(401,000)
<b>11,143,000</b>	<b>10,718,000</b>

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

Present value of fund obligations  
Unfunded Accrued Liability

<b>11,143,000</b>	<b>10,718,000</b>
<b>11,143,000</b>	<b>10,718,000</b>

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

Current service cost  
Interest cost  
Actuarial (gains) / losses

942,000	870,000
908,000	674,000
(1,425,000)	(401,000)
<b>425,000</b>	<b>1,143,000</b>

The effect of a 1% movement in the key assumptions is detailed below:

**Increase:**

General earnings inflation rate  
Discount rate

2,206,000	11,349,000
1,942,000	10,126,000

**Decrease:**

General earnings inflation rate  
Discount rate

2,044,000	10,142,000
2,092,000	11,378,000

The history of liabilities assets and experience adjustments is as follows:

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Present Value of Defined Benefit Obligation	11,143,000	10,718,000	9,575,000	9,575,000
Fair value of plan assets	-	-	-	-
Experience adjustments	449,000	449,000	1,055,348	785,978

**Note 13 Consumer deposits**

	2022	2021 Restated
Consumer deposits	4,575,658	4,358,175
	<b>4,575,658</b>	<b>4,358,175</b>

**Note 14 Trade and other payables from exchange transactions****Current portion of trade and other payables from exchange transactions**

Trade payables	185,042,188	219,427,932
Accrued interest		
Advance payments	10,204,530	16,199,546
Agency fees payable	10,526,384	15,542,356
Payroll clearing and control accounts	432,888	2,852,973
Inventory clearing and control account	650,411	650,411
Leave accrual	13,710,833	13,488,481
Bonus accrual	3,574,875	3,286,041
Unallocated deposits	11,101,524	5,964,873
Income received in advance	4,243,655	312,485
Retention	16,111,669	18,647,908
	<b>255,598,957</b>	<b>296,373,007</b>

**Non-current portion of trade and other payables from exchange transactions**

Trade payables (excluding unearned income)	101,375,087	151,878,214
Unearned income	99,140,155	
<b>Total trade and other payables from exchange transactions</b>	<b>456,114,199</b>	<b>448,251,221</b>

The Municipality has payment arrangements for various large outstanding creditors. The payment arrangements indicate that the debt is payable over a period which exceeds the current (12 months) term. The amount payable over and above a one year period has been disclosed as a non-current liability.

Below is the creditors that the municipality has entered into payment arrangement with:

1. Eskom
2. Magalies water
3. Auditor General South Africa
4. South African Revenue Service

#### Note 15 Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:  
 Integrated National Electrification Programme (INEP)  
 Human Settlements Development Grant  
 Municipal infrastructure grant (MIG)  
 Municipal water infrastructure grant (WSIG)

4,418,554	5,214,701
403,638	403,638
13,959,998	6,837,902
-	(984,805)
<b>18,782,191</b>	<b>11,471,436</b>

See note 19 for a reconciliation of grants and receipts from National/Provincial Government.

#### Note 16 Property rates

Agricultural Property  
 Business and Commercial Properties  
 Industrial Properties  
 Mining Properties  
 Residential Properties  
 Correct of Error  
 State-owned Properties

8,908,265	7,283,375
9,362,272	13,378,481
1,493,131	1,439,791
22,620,110	17,362,458
47,414,968	41,714,337
	(1,312,372)
642,545	938,836
<b>90,441,290</b>	<b>80,804,907</b>

#### Valuations

Residential Properties  
 Business and Commercial Properties  
 State-owned Properties  
 Small holdings and farms  
 Social and vacant land

4,775,732,918	4,775,732,918
1,755,462,407	1,755,462,407
171,897,925	171,897,925
8,628,425,340	8,628,425,340
880,024,265	880,024,265
<b>16,211,542,855</b>	<b>16,211,542,855</b>

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2018. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

#### Note 17 Fines

Traffic fines issued

<b>774,300</b>	<b>465,650</b>
----------------	----------------

#### Note 18 Licence and permits

Licence and permits revenue comprise:

Trading licences  
 Drivers Licence Certificate

27,990	7,518
<b>27,990</b>	<b>7,518</b>

**Note 19 Government grants and subsidies****Operating grants**

Equitable share

Financial Management Grant (FMG)

Disaster Relief Grant (DRG)

Expanded public works programme grant (EPWP)

**2022****2021  
Restated**

111,953,000

116,315,000

3,100,000

3,000,000

-

1,256,000

1,000,000

**116,309,000****120,315,000****Capital grants**

Municipal infrastructure grant (MIG)

Integrated National Electrification Programme (INEP)

Municipal water infrastructure grant (WSIG)

Human Settlements Development Grant

22,553,556

37,248,456

2,780,495

2,975,884

11,317,523

43,223,662

7,827,814

**36,651,573****91,275,817****Total Government grants and subsidies****152,960,573****211,590,817****19.1 Equitable Share**

The grant is an unconditional grant and is used for the provision of indigent support through free basic services.



## 19.2 Finance Management Grant

Balance unspent at beginning of year

Current-year receipts

Conditions met - transferred to revenue

Prior period error

**Unspent amount at year end**

-	-
3,100,000	3,000,000
(3,100,000)	(3,000,000)
-	-
-	-

This grant was used to promote and support reforms to municipal financial management and the implementation of the MFMA 2003 . All conditions of the grant were met.

## 19.3 Disaster relief grant

Balance unspent at beginning of year

Current-year receipts

Conditions met - transferred to revenue

Prior period error

**Unspent amount at year end**

-	-
-	-
-	-
-	-
-	-

The grant is used for COVID-19 disaster related expenses. All conditions of the grant were met.

## 19.4 EPWP grant

Balance unspent at beginning of year

Current-year receipts

Conditions met - transferred to revenue

Prior period error

**Unspent amount at year end**

-	-
1,256,000	1,000,000
(1,256,000)	(1,000,000)
-	-
-	-

The grant is used for extended public works programmes. All conditions of the grant were met.

#### 19.5 Municipal Infrastructure Grant

Balance unspent at beginning of year

Disallowed roll-over

Current-year receipts

Conditions met - transferred to revenue

Transfer from Waterberg District

**Unspent amount at year end**

6,837,902	602,358
(5,284,348)	
34,960,000	43,484,000
(22,553,556)	(37,248,456)
	-
13,959,998	6,837,902

This grant was used to construct basic municipal infrastructure to provide basic services for the benefit of household. All conditions of the grant were met.

#### 19.6 Integrated National Electrification Grant (INEP)

Balance unspent at beginning of year  
Disallowed roll-over

Current-year receipts

Conditions met - transferred to revenue

Prior period error

**Unspent amount at year end**

5,214,701	3,010,585
(5,015,652)	
7,000,000	5,180,000
(2,780,495)	(2,975,884)
	-
<b>4,418,554</b>	<b>5,214,701</b>

This grant is used for electrification projects as part of upgrading of informal settlement areas.

#### 19.7 Municipal water infrastructure grant (WSIG)

Balance unspent at beginning of year

Current-year receipts

Conditions met - transferred to revenue

Prior period error

**Unspent amount at year end**

(984,805)	4,095,956
12,302,327	39,127,707
(11,317,523)	(43,223,663)
-	(984,805)
	-
<b>-</b>	<b>984,805</b>

This grant was used to construct basic municipal water services infrastructure to provide basic services for the benefit of household.

#### 19.8 Human Settlements Development Grant

Balance unspent at beginning of year

Current-year receipts

Disallowed roll-over

Conditions met - transferred to revenue

403,638	8,231,452
-	-
-	
-	(7,827,814)

Prior period error

**Unspent amount at year end**

-	-
<b>403,638</b>	<b>403,638</b>

The Human Settlements Development Grant (HSDG) is a schedule 5 grant of which the objective is the creation of sustainable and integrated human settlements that enable improved quality of household life and access to basic services. No conditions of the grant were met and it remains unspent.

**Note 20 Service charges**

Sale of electricity  
Waste Management (Refuse)  
Waste Water Management (Sewerage and sanitation charges)  
Sale of water

**2022**

**2021  
Restated**

84,362,184	78,828,549
17,096,316	15,952,580
28,397,211	25,177,697
49,858,504	42,676,500
<b>179,714,216</b>	<b>162,635,325</b>

**Note 21 Rental of facilities and equipment**

Rental income comprise of:

Rental of property  
Community assets  
Other assets

431,791	414,245
10,981	12,163
-	-
<b>442,772</b>	<b>426,409</b>

**Note 22 Licences and permits**

Drivers Licence Application/Duplicate Drivers Licences

-	-
---	---

Agency fee (Department of Transport)  
Learners Certificate

4,674,106	4,754,054
-	-
<b>4,674,106</b>	<b>4,754,054</b>

**Note 23 Other operational revenue**

Collection Charges  
Commission  
Discounts and Early Settlements  
Transaction Handling Fees  
Incidental Cash Surpluses  
Request for Information  
Staff Recoveries  
Building Plan Approval  
Cemetery and Burial  
Clearance Certificates  
Fire Services  
Photocopies and Faxes  
Tender Documents  
Skills development fund refunded  
Town Planning and Servitudes

275	1,922
57,343	57,413
35,602	23,801
-	-
5,455	53,686
13,608	38,046
594,510	465,816
260,457	292,118
319,826	322,143
7,094	9,815
-	-
262	2,049
39,210	51,739
33,449	109,888
36,313	46,991
<b>1,403,404</b>	<b>1,475,429</b>

**Note 24 Interest income**

Interest Income comprises of:

Bank  
Trade and other receivables non exchange transactions  
Trade and other receivables exchange transactions

501,686	399,199
6,744,061	6,265,980
20,800,307	21,784,871

**28,046,053****28,450,050****Note 25 Employee related costs**

Basic salaries	86,522,145	81,845,518
Bonuses	6,519,138	6,030,930
Medical contributions	6,430,899	6,007,603
Pension contributions	16,529,792	15,932,772
Unemployment Insurance contributions	1,865,151	1,670,167
Bargaining Council	40,456	37,794
Travel or motor vehicle allowance	11,133,919	9,593,442
Standby allowance	3,016,548	2,781,147
Overtime	9,632,015	8,335,420
Leave pay	4,984,397	3,378,225
Change in leave accrual	222,352	(3,597,763)
Housing Benefits	209,299	211,228
Cellular and Telephone allowance	616,902	415,312
Post retirement benefits: Long service award: current service costs	942,000	870,000
Post retirement benefits: Medical: current service costs	1,162,000	889,000
Post retirement benefits: long service awards: actuarial (gains) / losses	(1,425,000)	(401,000)
Post retirement benefits: Medical: actuarial (gains) / losses	(630,000)	1,737,000
	<b>147,772,013</b>	<b>135,736,796</b>

**Remuneration of senior managers****Municipal Manager**

Annual Remuneration	462,212
Travel allowance	72,000
Rural allowance	18,488
Bargain council and SDL	5,222

Cellphone allowance

**The position remained vacant for 12 months for the period under review**

	2,400
-	<b>560,323</b>

**Note 25 Employee related costs (continued):**

**Chief Financial Officer**

Annual Remuneration

Car allowance

Acting Allowance

Bargain council and SDL

Rural allowance

Cellphone allowance

**2022**

**2021  
Restated**

1,014,463	1,013,463
122,171	120,000
178,954	183,809
13,037	13,005
45,339	45,339
15,300	7,200
<b>1,389,264</b>	<b>1,382,816</b>

**Director: Technical services**

Annual Remuneration

Car allowance

Cellphone allowance

Other

Travel allowance

**The position remained vacant for 12 months for the period under review**

-	-

**Director: Corporate Services**

--	--

Annual Remuneration	842,226	842,226
Acting Allowance		92,850
Cellphone allowance	15,300	7,200
Other	51,904	51,784
Travel allowance	222,890	211,458
	<b>1,132,321</b>	<b>1,205,517</b>

**Director: Planning and Development**

Annual Remuneration	798,447	798,447
Acting Allowance	124,058	
Car allowance		
Cellphone allowance	15,300	7,200
Other	45,135	43,813
Travel allowance	98,937	96,000
	<b>1,081,877</b>	<b>945,460</b>

**Director: Director Community Services**

Annual Remuneration	774,447	774,447
Car allowance		
Cellphone allowance	15,300	7,200
Other	38,867	38,786
Travel allowance	120,000	120,000
	<b>948,614</b>	<b>940,433</b>

**Note 26 Remuneration of councillors**

Mayor	875,436	912,159
Speaker	725,349	741,181
Chief whip	337,276	695,413
Other councillors	7,458,297	7,005,229



**9,396,359      9,353,982**

### **Mayor**

Basic Salary  
Cell phone Allowance  
Motor Vehicle Allowance  
Pension Fund Contributions

716,878	748,573
44,400	44,400
114,159	119,186
<b>875,436</b>	<b>912,159</b>

### **Speaker**

Basic Salary  
Cell phone Allowance  
Motor Vehicle Allowance  
Pension Fund and Medical Contributions

464,223	556,688
43,413	44,400
170,015	133,026
47,699	7,067
<b>725,349</b>	<b>741,181</b>

### **Chief whip**

Basic Salary  
Cell phone Allowance  
Motor Vehicle Allowance  
Pension Fund Contributions

247,080	421,074
34,374	44,400
17,356	161,412
38,466	68,528
<b>337,276</b>	<b>695,413</b>

### **Other councillors**

Basic Salary  
Cell phone Allowance  
Motor Vehicle Allowance  
Pension Fund Contributions

4,876,367	4,848,825
891,573	841,195
915,358	560,004
774,999	755,204
<b>7,458,297</b>	<b>7,005,229</b>

**Note 27 Impairment loss**

Impairment loss on property plant and equipment  
 Impairment loss on Intangible Assets  
 Inventory impairment: contributions to inventory impairment provision  
 Debt impairment: contributions to debt impairment provision

108,232,195	-
-	-
133,841	82,409
69,153,775	35,186,344
<b>177,519,810</b>	<b>35,268,753</b>

**Note 28 Depreciation and amortisation**

Property plant and equipment  
 Impact of change in estimated useful lives of asset\*\*\*  
 Intangible assets

38,530,963	37,280,047
-	(5,695,729)
<b>38,530,963</b>	<b>31,584,318</b>

\*\*\*During the current financial year the remaining useful lives of the Municipality's infrastructure assets were re-estimated. The increased useful lives of the re-estimated figures resulted in a decrease in the depreciation. Please refer to note 3.

**Note 29 Finance costs**

Current borrowings (DBSA loan)

Landfill site interest

Interest cost on post-retirement benefits: Long service awards

Interest cost on post-retirement benefits: Medical

Finance lease interest cost

Interest on late payment to suppliers

**2022****2021  
Restated**

23,646	132,689
4,972,673	3,280,728
908,000	674,000
3,378,000	2,929,000
238,707	-
10,422,788	12,047,583
<b>19,943,814</b>	<b>19,064,000</b>

**Note 30 Bulk purchases**

Electricity

Water

84,755,954	75,019,111
<b>84,755,954</b>	<b>75,019,111</b>

**Note 31 Contracted services****Consultants and Professional Services**

Business and Advisory services

Infrastructure and Planning services (Architectural)

Legal Advice and Litigation

6,802,556	6,217,959
	-
4,719,009	8,982,069
<b>11,521,564</b>	<b>15,200,028</b>

**Contractors**

Catering Services  
Maintenance of Buildings and Facilities  
Maintenance of Equipment  
Maintenance of Unspecified Assets  
Safeguard and Security  
Sewerage Services  
Tracing Agents and Debt Collectors

	-
	-
26,557,483	18,633,308
3,745,264	4,026,159
1,875,272	1,296,418
	-
<b>32,178,019</b>	<b>23,955,885</b>

**Outsourced Services**

Research and Advisory  
Business and Advisory  
Water Connection/Dis-connection  
Professional Staff  
Refuse Removal

	-
2,212,872	3,131,196
(9,048)	-
119,584	182,636
	-
<b>2,323,408</b>	<b>3,313,833</b>

**Total contracted services**

<b>46,022,992</b>	<b>42,469,746</b>
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**Note 32 Operational costs**

Advertising Publicity and Marketing  
Communication  
Prepaid vendor Commission  
Bank Charges Facility and Card Fees  
Contribution to provisions: Landfill site  
Telephone Fax Telegraph and Telex  
Postage/Stamps/Franking Machines  
Entertainment

481,881	308,980
	-
12,423,018	11,619,160
317,574	393,060
1,906,552	1,804,257
	-
14,400	2,089

External Audit Fees	5,221,969	3,753,005
External Computer Service		-
Indigent Relief	2,869,757	3,617,704
Insurance Underwriting premiums	409,541	53,759
Learnerships and Internships		-
Municipal Services	14,282	2,395
Printing Publications and Books		757,933
Remuneration to Section 79 Committee Members	376,965	
Professional Bodies Membership and Subscription	1,635,571	209,675
		-
Skills Development Fund Levy		191,040
Travel and Subsistence	754,769	253,973
Uniform and Protective Clothing	183,182	1,363,255
Workmen's Compensation Fund	699,793	1,222,002
	<b>27,309,251</b>	<b>25,170,207</b>

**Note 33 Cash generated from operations**

Surplus/(Deficit) for the year	<b>(116,873,980)</b>	<b>53,477,353</b>
<b>Adjustments for non cash items:</b>		
Depreciation and amortisation	38,530,963	31,584,318
Impairment loss	177,519,810	35,268,753
Employee related costs provisions (Movement)	(511,186)	6,698,000
Donation in kind	(5,541,442)	
Contribution to provisions: Landfill site	(14,430,294)	
Bad debts	(73,663)	
Indigent relief	2,869,757	
Loss on disposal of assets	69,627	
Fair value adjustment	(291,000)	

Post retirement benefits: Long service award: current service costs  
Post retirement benefits: Medical: current service costs  
Post retirement benefits: long service awards: actuarial (gains) / losses  
Post retirement benefits: Medical: actuarial (gains) / losses  
Landfill site interest  
Interest cost on post-retirement benefits: Long service awards  
Interest cost on post-retirement benefits: Medical

**Changes in working capital:**

Inventories  
Trade and other receivables  
Unspent grant  
Consumer deposits  
VAT payable  
Trade and other payables

	(1,425,000)	
	(630,000)	
	4,972,673	
	908,000	
	3,378,000	
	2,081,376	1,305,419
	(5,881,046)	(33,259,894)
	(7,310,755)	
	217,483	
	11,437,474	(581,390)
	(43,120,955)	28,319,278
	<b>44,987,843</b>	<b>122,811,837</b>

	2022	2021 Restated
<b>Note 29 Finance costs</b>		
Current borrowings (DBSA loan)	23,646	132,689
Landfill site interest	4,972,673	3,280,728
Interest cost on post-retirement benefits: Long service awards	908,000	674,000
Interest cost on post-retirement benefits: Medical	3,378,000	2,929,000
Finance lease interest cost	238,707	-
Interest on late payment to suppliers	10,422,788	12,047,583
	<b>19,943,814</b>	<b>19,064,000</b>
<b>Note 30 Bulk purchases</b>		
Electricity	84,755,954	75,019,111
Water		
	<b>84,755,954</b>	<b>75,019,111</b>
<b>Note 31 Contracted services</b>		
<b>Consultants and Professional Services</b>		
Business and Advisory services	6,802,556	6,217,959
Infrastructure and Planning services (Architectural)		-
Legal Advice and Litigation	4,719,009	8,982,069
	<b>11,521,564</b>	<b>15,200,028</b>

**Contractors**

Catering Services  
Maintenance of Buildings and Facilities  
Maintenance of Equipment  
Maintenance of Unspecified Assets  
Safeguard and Security  
Sewerage Services  
Tracing Agents and Debt Collectors

	-
	-
26,557,483	18,633,308
3,745,264	4,026,159
1,875,272	1,296,418
	-
<b>32,178,019</b>	<b>23,955,885</b>

**Outsourced Services**

Research and Advisory  
Business and Advisory  
Water Connection/Dis-connection  
Professional Staff  
Refuse Removal

	-
2,212,872	3,131,196
(9,048)	-
119,584	182,636
	-
<b>2,323,408</b>	<b>3,313,833</b>

**Total contracted services**

<b>46,022,992</b>	<b>42,469,746</b>
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**Note 32 Operational costs**

Advertising Publicity and Marketing  
Communication  
Prepaid vendor Commission  
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Contribution to provisions: Landfill site  
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481,881	308,980
	-
12,423,018	11,619,160
317,574	393,060
1,906,552	1,804,257
	-



Entertainment	14,400	2,089
External Audit Fees	5,221,969	3,753,005
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Indigent Relief	2,869,757	3,617,704
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Professional Bodies Membership and Subscription	1,635,571	209,675
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Travel and Subsistence	754,769	253,973
Uniform and Protective Clothing	183,182	1,363,255
Workmen's Compensation Fund	699,793	1,222,002
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**Note 33 Cash generated from operations**

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Donation in kind	(5,541,442)	
Contribution to provisions: Landfill site	(14,430,294)	
Bad debts	(73,663)	
Indigent relief	2,869,757	
Loss on disposal of assets	69,627	
Fair value adjustment	(291,000)	

Post retirement benefits: Long service award: current service costs		
Post retirement benefits: Medical: current service costs		
Post retirement benefits: long service awards: actuarial (gains) / losses	(1,425,000)	
Post retirement benefits: Medical: actuarial (gains) / losses	(630,000)	
Landfill site interest	4,972,673	
Interest cost on post-retirement benefits: Long service awards	908,000	
Interest cost on post-retirement benefits: Medical	3,378,000	
<b>Changes in working capital:</b>		
Inventories	2,081,376	1,305,419
Trade and other receivables	(5,881,046)	(33,259,894)
Unspent grant	(7,310,755)	
Consumer deposits	217,483	
VAT payable	11,437,474	(581,390)
Trade and other payables	(43,120,955)	28,319,278
	<b>44,987,843</b>	<b>122,811,837</b>

#### Amount written off

Fruitless and wasteful expenditure written-off during the year under review is R0 (2021: R...)

The Municipality will report unauthorised expenditure to Council MEC for Local Government Treasury and AGSA.

### 36.3 Deviations from supply chain management regulations

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

Paragraph 36 of the gazette states that the accounting officer may dispense with the official procurement process in certain circumstances provided that he records the reasons for any deviations and these are reported appropriately in the annual financial statements.

The amounts below represent the quotation and tender deviation for the year as approved by the Accounting Officer. The reasons for these deviations were documented and reported to the accounting officer who considered them and subsequently approved the deviation from the normal supply chain management regulations.

Deviations for the 2020/21 financial year in terms of the Supply Chain Management Regulations amounted to R373,700 (2021: R1,921,088)

#### 36.3 Deviations from supply chain management regulations (continued):

##### Description and reason of deviation

DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESSES – APPOINTMENT AND PAYMENT TO A SERVICE PROVIDER FOR SERVICE AND REPAIR OF REFUSE TRUCK CTS 492 L (SOLE PROVIDER). On the 13th of July 2021, The Refuse Truck CTS 491 L (Mercedes-Benz) went for servicing at Maemo Motors Commercial Vehicle which is a franchised Dealer that deals with Mercedes-Benz,smart and FUSO Vehicles (for servicing the refuse truck).

3378000

31,818

DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESSES – APPOINTMENT AND PAYMENT TO A SERVICE PROVIDER FOR SERVICING THE REFUSE TRUCK CTS 492 L, SCM REGULATION 36, (SOLE PROVIDER). The Refuse Truck CTS 491 L (Mercedes-Benz) had to be serviced again at Maemo Motors Commercial Vehicle. A franchised Dealer that deals with Mercedes-Benz,smart and FUSO Vehicles (for servicing the refuse truck).

51,441

DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESSES – PAYMENT TO PLATINUM PUBLISHERS FOR RENDERING ADVERTISING SERVICES (LOCAL NEWSPAPER). SOLE PROVIDER. On the 07th of October 2021, payments (invoices) for services rendered by in the Local Newspaper (PLATINUM PUBLISHERS). Such goods and/or services are produced or available from this single provider around the Thabazimbi (PLATINUM PUBLISHERS). REG 36(a)(ii).	108,193
DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESSES - MAKE PAYMENT TO A SERVICE PROVIDER FOR CALIBRATION OF PROLASER/TRUVELO LIDAR, CALIBRATION OF D-CAM AND BATTERY LEADACID SEALED RECHARGEABLE, SCM REGULATION 36. On the 29th of September 2021, the above speed measuring equipment has expired together with the two batteries that are old since the D-CAM speed machine was purchased. The Equipment is important for Law Enforcement daily duties.	16,203
DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESSES – APPOINTMENT TO A SERVICE PROVIDER FOR SERVICE AND REPAIR OF REFUSE TRUCK CWF 360 L (SOLE PROVIDER). The Refuse Truck CWF 360 L (Mercedes-Benz) had to be serviced again at Maemo Motors Commercial Vehicle. A franchised Dealer that deals with Mercedes-Benz,smart and FUSO Vehicles (for servicing the refuse truck). This refuse truck CWF 360 L is a Mercedes-Benz model which can only be serviced by a Franchise that deals with Mercedes-Benz. The Refuse Truck CWF 360 L needs servicing for proper maintenance and to be in good condition in order to fulfil providing good service delivery to the community.Appointing this service provider for servicing the Refuse Truck CWF360L will assist in remedying the situation, through regulation 36.	37,011
DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESSES – APPOINTMENTPAYMENT TO A SERVICE PROVIDER FOR SERVICE AND REPAIR OF LAW ENFORCEMENT COUNCIL VEHICLE FFP433L L (SOLE PROVIDER). The FFP 433L (Toyota) had to be serviced again at Waterberg Toyota. A franchised Dealer that deals with Toyota (for servicing the law and enforcement ). This law and enforcement FFP 433 L L is a Toyota corolla quest model which can only be serviced by a Franchise that deals with Toyota. The Law and enforcement FFP 433 L council vehicle is out of a motor service plan and its due for servicing so that it can be properly maintained and is in good condition in order to fulfil providing good service delivery to the community.Appointing this service provider for servicing the Law and Enforcement Council Vehicle FFP 433 L will assist in remedying the situation, through regulation 36.	3,567
DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESSES – APPOINTMENT AND PAYMENT TO A SERVICE PROVIDER FOR SERVICE AND REPAIR OF REFUSE TRUCK CWF 360 L(SOLE PROVIDER). On the 21th of February 2022, The Refuse Truck CWF 360 L (Mercedes-Benz) went to Maemo Motors Commercial Vehicle which is a franchised Dealer that deals with Mercedes-Benz,smart and FUSO Vehicles where the refuse truck clutches was repaired.	84,242

DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESSES – APPOINTMENT AND PAYMENT TO A SERVICE PROVIDER (LEXIS NEXIS) FOR PURCHASING OF NEW AMENDED NATIONAL ROAD TRAFFIC ACT NO.23 OF 1996. On the 04 November 2021, Community Services department requested the approval for payment to the service provider in purchasing of new amended National Road Traffic Act No.23 Of 1996 in order for Thabazimbi Local Municipality licensing Department to meet the terms required by the National Road Traffic Act relating to Issue 59 & 60. Its recommend that LEXIS NEXIS should to be awarded as our supplier in for purchasing of new amended national road traffic act no.23 of 1996 in respect of Thabazimbi licensing Department to comply with National Traffic Act because such services are produced or available only from LEXIS NEXIS. They are the only company that issue 59 & 60 can be purchased from a payment for a service provider for purchasing of a new amended national road traffic act no.23 of 1996 to remedy the situation.

2,889

DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESSES – APPOINT AND MAKE PAYMENT TO A SERVICE PROVIDER FOR CALIBRATION OF K53 MOTORCYCLE TEST SYSTEM, SCM REGULATION 36. On the 01 February 2022, the above K53 Motorcycle Test system is used to measure the speed of a motor vehicle. The Equipment is important for Law Enforcement daily duties.

5,263

DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESSES – APPOINTMENT AND PAYMENT TO A SERVICE PROVIDER FOR REPAIRS OF TWO HARD DRIVES (VIOLATIONS MANAGEMENT & MONITOR) AND THE D-CAM SPEED CAMERA, SCM REGULATION 36. On the 20th of January 2022, the above in repairs of two hard drives and the D-CAM speed camera equipment that need immediate repairs and attention since the equipment hasn't been utilised for the period of five (5) years. The D-CAM speed machine was purchased and needs to be fixed for collection of outstanding revenue and outing traffic fines. The Equipment is important for Law Enforcement daily duties to be compliance with the National Road Traffic Act 93 of 1996 and Criminal Procedure Act 51 of 1977.

7,003

DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESSES – APPOINTMENT AND PAYMENT TO A SERVICE PROVIDER (WORKSHOP ELECTRONICS) FOR REPAIRING OF AXLE MASS METER LOAD SENSORS. On the 17 December 2021, Community Services department requested the approval for payment to the service provider assisting in repairing axle mass meter load sensors for Thabazimbi vehicle Testing Station. Its recommend that WORKSHOP ELECTRONICS should to be awarded as our supplier in installing and repairing axle mass meter load sensors in respect of Thabazimbi vehicle Testing Station to comply with National Road Act because such services are produced or available only from WORKSHOP ELECTRONICS (PTY) LTD. They are the only company that can calibrate and set these equipment's a payment for a service provider in repairing axle mass meter load sensors to remedy the situation.

6,170

DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESSES – URGENT APPOINTMENT TO A SERVICE PROVIDER FOR AMPUTATION OF A PATIENT (EMPLOYEES) FINGER, REGULATION 1 (a)(i) (vi). On the 30th of March 2022, Joseph Moatshe an employee (Civil Department) was injured on his finger and was immediately sent/admitted to KUISMEND (Dr P.M De kock Vennootskap t/a) to be treated, resulting to the Doctors assessment that the employee finger needs to be amputated.

19,900
<b>373,700</b>

## Note 37 Prior period errors and reclassifications

### Property plant and equipment

Previously report

Add: Work in progress: water infrastructure asset was previously not reported

*Invoices relating to water infrastructure were omitted in 2021 financial year. This resulted in the work in progress being previously understated*

*In terms of GRAP 16 land that held by the council and the purpose of such land having not been established should classified as investment property*

*Land*

*Previously reported*

*Less: Land with undetermined future use reclassified as investment property*

*Restated*

*Municipal open spaces (land) with an undetermined future use worth R2,248,683 was reclassified from Property Plant and equipment to Investment Property in order to comply with GRAP 16.*

*Municipal open spaces (land) with an undetermined future use worth R2,248,683 was reclassified from Property Plant and equipment to Investment Property in order to comply with GRAP 16.*

## **Water Infrastructure**

### **Previously reported**

Less: Stormwater infrastructure incorrectly classified as Water Infrastructure

### **Restated**

*Municipal stormwater infrastructure with a cost of R29,387,478 and accumulated depreciation of R18,887,242 was previously incorrectly classified as Water Infrastructure. This infrastructure is classified as Roads infrastructure in accordance with the GRAP asset hierarchy and therefore a reclassification was required to appropriately reclassify the stormwater infrastructure to road infrastructure*

## **Roads Infrastructure**

### **Previously reported**

Add: Stormwater infrastructure incorrectly classified as Water Infrastructure

Add: Road Infrastructure assets previously fully depreciated but still in use

### **Restated**

*Municipal stormwater infrastructure with a cost of R29,387,478 and accumulated depreciation of R18,887,242 was previously incorrectly classified as Water Infrastructure. This infrastructure is classified as Roads infrastructure in accordance with the GRAP asset hierarchy and therefore a reclassification was required to appropriately reclassify the stormwater infrastructure to road infrastructure*

*Road Infrastructure assets such as street signs and other assets that were previously fully depreciated obtained a reassessment of the remaining useful life as these assets are in working condition. The reassessment resulted in an increase in the road infrastructure*

## **Electrical Infrastructure**

### **Previously reported**

Add: Electrical Infrastructure assets not previously recognised

### **Restated**

*During the year the Municipality noted a transformer which was previously not recognised in the asset register. When the transformer was replaced in the year, a restatement was required in order to bring the old transformer into the fixed asset register*

**Movable Assets (Machinery & equipment, Furniture and office equipment, transport assets and computer equipment)**

**Previously reported**

Add: Assets not previously recognised in fixed asset register (1)

Add: Re-assessment of remaining useful lives of assets (2)

**Restated**

*(1) During the current financial year, the Municipality noted the following movable assets which were previously not included in the fixed asset register as they were derecognised. As the assets are still being used by the Municipality, a restated was required to appropriately bring the assets value back to the Fixed Asset Register. The breakdown of the assets is as follows:*

*Machinery and Equipment*

*Furniture and Office Equipment*

*Computer equipment*

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*(2) During the current financial year, the Municipality noted assets with a Rnil opening carrying value, however, were still being used. These assets required a re-assessment of their useful lives as well as a restatement of the depreciation. The result of the re-assessment of the useful lives was as follows:*

*Machinery and Equipment*

*Furniture and Office Equipment*

*Transport assets*

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*Restated property plant and equipment*

**Investment property**

**Previously reported**

*Less: Land with undetermined future use reclassified as investment property*

**Restated**



*Municipal open spaces (land) with an undetermined future use worth R2,248,683 was reclassified from Property Plant and equipment to Land*

#### **Cash and cash equivalents**

Less: Petty cash incorrectly disclosed

#### **Restated**

*Municipality incorrectly reported that the petty cash amount to R5,441 was on hand. It was later established that there was no cash on hand*

#### **Accumulated surplus**

Previously reported

Add trade payables previously unaccounted

Less property plant and equipment

Add unspent grant

Less: Petty cash incorrectly posted\*

Add prior year casting error\*\*

#### **Restated**

*\*Municipality incorrectly reported that the petty cash amount to R5,441 was on hand. It was later established that there was no cash on hand*

*\*\*Municipality omitted R336,167 while processing accumulated surplus in 2021 financial year*

#### **Current portion of trade and other payables from exchange transactions**

#### **Current portion of trade and other payables from exchange transactions previously reported**

#### **Trade payables**

Trade payables previously report

215,740,602

Less: creditors understated

3,687,330

**Trade payables restated**

**219,427,932**

*Invoices relating to water infrastructure were not captured in 2021 financial year yet the invoice was between June 2021. This resulted in R5,981,937 inclusive of VAT.*

*Other creditors such as AGSA and UMS fees were incorrectly account during year under audit instead of the previous year*

**Retention**

Previously report

18,274,238

Add: Retention paid but previously not recorded

373,670

**Restated**

**18,647,908**

*Invoices relating to water infrastructure were not captured in 2021 financial year yet the invoice was between June 2021. This resulted in R373,670 inclusive of VAT.*

**Current portion of trade and other payables from exchange transactions restated**

**Inventory consumed**

Previously report

Add: water consumed previously classified as bulk purchase

**Restated**

*Municipality previously incorrectly reported inventory water (stock issues) as a bulk purchase expense, this was not in line with GRAP 12*

**Unspent grant**

Less: WISG Grant recorded in the incorrect period

**Restated unspent grant**

*Invoice 336 dated June 2020 was incorrectly accounted in during the year under review and was later restated to the 2020 financial year*

**Bulk purchases**

Previously report

Less: water consumed previously classified as bulk purchase

**Restated**

*Municipality previously incorrectly reported inventory water (stock issues) as a bulk purchase expense, this was not in line with GRAP 12*

**Contribution to provisions: Landfill site**

Previously report

Add: change in landfill estimates after inception previously classified as finance cost

**Restated**

*Municipality incorrectly previously reported landfill change in estimates as a finance cost instead Gain/Losses in line with GRAP 1*

**Finance costs**

Previously report

Less: change in landfill estimates after inception reclassified to Contribution to provisions: Landfill site

**Restated**

*Municipality incorrectly previously reported landfill change in estimates as a finance cost instead Gain/Losses in line with GRAP 1*

**Depreciation and impairment****Previously reported**

Add: depreciation previously not accounted for

**Restated depreciation**

\*\*\*For detailed narrations refer to property plant and equipment restatement narration

**VAT receivable**

Previously report

Less: VAT for water infrastructure asset was previously not reported

**Restated**

*Invoices relating to water infrastructure were not captured in 2021 financial year yet the invoice was between June 2021. This resulted in R828,990.*

The correction above impacted the following components:

	Previously presented	Reclass
<b>Statement of financial position</b>		
Property plant and equipment	834,133,745	(2,248,990)
Cash and cash equivalents	2,011,261	
VAT receivable	76,738,069	
Unspent grant	12,456,241	
Current portion of trade and other payables from exchange transactions	292,312,007	
Retained earnings	402,582,338	
<b>Statement of financial performance</b>		
Bulk purchases	108,942,718	(33,920,000)
Depreciation and impairment	31,432,624	
Inventory consumed	11,316,872	33,920,000
Finance costs	30,408,334	(11,340,000)
Contribution to provisions: Landfill site	-	11,340,000

**Note 38 Additional disclosure in terms of Municipal Finance Management Act**

**38.1 Material losses**

**Material losses through the distribution of electricity**

Units purchased in KWh x Average price lost  
 Units sold during the year in KWh x Average price lost

**Percentage lost**

**Unit of lost in kWh**

The electricity losses can be classified into technical losses and non-technical losses. Technical losses relate to energy that is lost in the trans evaporation. Non-technical losses are attributable mainly to theft bypass of meters illegal recalibration of meters damaged meters transformers average price of R143 (2021: R109)

**Material losses through distribution of water losses**

Units purchased in KL x Average price lost	(49,416,012)	(31,096,927)
Recorded billing during the year in KL x Average price lost	42,386,305	13,191,642
	<b>(7,029,706)</b>	<b>(17,905,285)</b>
<b>Percentage lost</b>	<b>14%</b>	<b>58%</b>

Units lost during the year were 5 083 824 KL (2021: 2 520 420 KL) at average price of R7.639 (2021: R7.103)

**38.2 Contributions to organised local government**

Opening balance	7,835,322	6,322,390
Current year fees	1,635,571	1,512,932

Amount paid - current year

**Closing balance**

-	-
<b>9,470,893</b>	<b>7,835,322</b>

### 38.3 Auditor's remuneration

Opening balance

Current year fees

Correction of error

Write-offs

Amount paid - current year

**Closing balance**

14,302,337	9,508,398
7,074,424	7,424,729
	-
	(312,832)
(4,641,928)	(2,317,958)
<b>16,734,833</b>	<b>14,302,337</b>

### 38.4 PAYE SDL and UIF

Opening balance

Current year subscription / fee

Amount paid - current year

**Closing balance**

10,569,557	8,812,521
21,637,211	21,717,071
(26,543,900)	(19,960,035)
<b>5,662,868</b>	<b>10,569,557</b>

The amounts represent PAYE SDL and UIF.

### 38.5 Pension and Medical Aid Deductions

Opening balance

Current year subscription / fee

Amount paid - current year

**Closing balance**

920,526	2,984,068
23,936,013	21,567,790
(24,435,823)	(23,631,332)
<b>420,716</b>	<b>920,526</b>

### 38.6 VAT

VAT receivable

**66,129,586**

**77,567,062**

Vat is paid over to SARS only once the payment is received from Debtors and is receivable from SARS once the payment has been made to Creditors . All VAT returns for the year have been submitted.

### 38.7 Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2021:

	Outstanding less than 90 days	Outstanding more than 90 days	Total
<b>2022</b>			
KGOTLHANG RH	10,765	174,765	185,530
ERASMUS FJ	61	-	61
RAMOABI T	3,045	32,779	35,824
MAGETSE MK	1,975	12,302	14,277
KHALUNGA TN	1,451	9,926	11,377
SWANEPOEL JEA	3,339	19,489	22,828
MASILO JK	27,409	69,618	97,027
MOGAPI JM	4,921	90,297	95,218
SESOMA KA	3,600	125,016	128,616
SIKWANE CS	2,068	15,826	17,894
STEENKAMP C	884	-	884
MANYAMA R	460	24,514	24,974
	<b>59,978</b>	<b>574,532</b>	<b>634,510</b>
<b>2021</b>			
	Outstanding less than 90 days	Outstanding more than 90 days	Total

RAMOGALE AR	53,415	82,784	136,199
FISHER JM	81,407	3,601	85,008
RAMOABI T	29,847	2,879	32,726
SEROLE A	33,470	677	34,148
MAKHUBELA GM	11,300	8,905	20,205
NDLOVHU S	84,005	8,786	92,791
HEARNE T	-	6,392	6,392
TSHELANOKOANA SM	53,992	6,145	60,137
SIKWANE CS	9,875	1,894	11,769
MOKGOMO SM	27,745	3,140	30,885
MANYAMA R	22,981	545	23,526
	<b>408,036</b>	<b>125,749</b>	<b>533,786</b>

### 38.8 Finance Lease Obligations

	2022	2021
Minimum lease payments due:		
- within one year	1,499,016	-
- in the second to fifth year inclusive	1,787,186	-
	3,286,202	-
less: future finance lease charges	(470,405)	-
Present value of minimum lease payments	<u>2,815,797</u>	<u>-</u>
Present value of minimum lease payments due:		
- within one year	1,283,761	-
- in the second to fifth year inclusive	1,532,036	-
	<u>2,815,797</u>	<u>-</u>



Non-current liabilities	1,532,036	
Current liabilities	1,283,761	
	<u>2,815,797</u>	<u>-</u>

The Municipality leases certain office equipment (printers) and these are classified as finance leases.

The lease term of these assets is three years.

The Municipality has used the incremental borrowing rate of 9.62% to amortise these finance leases

The carrying values of the leased assets are included under property plant and equipment.

No contingent rents have been expensed during the period.

The leasing arrangement has no terms of renewal or purchase options and escalation clauses

There are no restrictions imposed by lease arrangement.

## Note 39

### Comparison of the budget to actual amounts

#### Explanation on material differences between the final budget and actuals for the year ended 30 June 2022

**39.1 Rental of facilities and equipment** - An arrangement with a one of the municipal customers was entered to offset her rental billing against the sewage leakage that transpire within her household hence the decline of revenue

**39.2 Fines Penalties and Forfeits** - Implementation of road blocks, this then resulted in a sharp increase in traffic fine issued. This increase was not anticipated thus the actual amount was greater than the budgeted amount

**39.3 Licences and permits** - The municipality did not anticipate that the most renewal license will increase due to the extension department of transport extending the renewal period

**39.4 Transfers recognised** - A delay in appointment of services provides and the constitutional ruling that resulting into National Treasury failing to interpret the judgement also contributed in grant spending which ultimately affected the grant recognition

**39.5 Other revenue** - Donations of assets contributed to the spike increase in other revenue as compared to the budget

**39.7 Depreciation and asset impairment** - Assets which were completed during prior year were fully utilised during year under review as well addition review of estimated useful life in line with GRAP 3. This factors were not fully factored in during the budget

**39.8 Finance charges** - Municipality procured a equipment which are classified under finance lease. The finance cost portion was not factored in during the budget hence the spike increase in actual figures as compared to the budgeted amount

**39.9 Bulk purchases** - Multiple Loadshedding and load reduction as well power leaks resulted in the decline of electricity purchased during the year under review as compared to the budget

**39.10 Contracted services** - A directive from national treasury that prevents the state organs to procure the goods above R30000.00 unless the state organs has applied to the national treasury for exemption contributed enormously to the decline in spending. This was further exacerbated by the non response from national treasury when the municipality applied for the exemption.

## **Note 40**

### **Related Parties**

All related party transactions are conducted at arms length unless otherwise stated.

#### **40.1 Management**

Municipality has the following senior managers who may have significant influence over the financial and/or operating policies of the municipality.

**Names**

**Title**

Mr. LG Tloubatla  
 Mr. JJ van der Merwe  
 Ms. L Makaya  
 Mr. S Pilane

Chief  
 Financial  
 Officer  
 Corporate Services  
 Planning & Development  
 Community Services

Refer to note 25 for the disclosure of their remuneration.

#### 40.2 Councillors

The municipality has councillors that act as a governing body who may have significant influence over the financial and/or operating policies of the municipality.

All the Councillors are listed on page 1 of the Annual Financial Statements.

Refer to note 26 for the disclosure of their remuneration.

#### Note 41 Financial Instrument

In accordance with GRAP 104.13 the financial assets and liabilities of the municipality are classified as follows:

##### Financial assets at amortised cost

Trade and other receivables from exchange transactions  
 Trade and other receivables from non-exchange transactions

##### Financial assets at fair value

Cash and cash equivalent

	2022	2021 Restated
Trade and other receivables from exchange transactions	39,153,643	34,653,822
Trade and other receivables from non-exchange transactions	18,373,863	16,992,638
Cash and cash equivalent	10,907,197	2,005,820
<b>Total</b>	<b>68,434,703</b>	<b>53,652,280</b>

**Financial liabilities at amortised cost**

Borrowings

Consumer deposits

Trade and other payables from exchange transactions

-	719,733
4,575,658	4,358,175
356,974,044	448,251,221
<b>361,549,703</b>	<b>453,329,129</b>

**Note 42****Indigent debts written off**

There were no indigent debts write off during the year (2021: Rnil).

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)****Note 43 Risk management****Financial risk management objectives**

Due to the nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by many entities. The municipality's Finance department monitors and manages the financial risks relating to the operations of the municipality. These risks include market risk (including, fair value and interest rate risk), credit risk and liquidity risk. The municipality does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

**Liquidity risk**

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.

	<b>&lt;= 1 Month</b>	<b>&gt; 1 Month &lt;= 3 Months</b>	<b>&gt; 3 Months &lt;= 1 Year</b>	<b>&gt; 1 Year &lt;= 5 Years</b>	<b>Total</b>
<b>2022</b>					
Borrowings	-	-	-	-	-
Unspent grants	-	18,782,191	-	-	18,782,191
Consumer deposits	-	-	4,358,175	-	4,358,175
Retentions	-	-	16,111,669	-	16,111,669

Finance lease			1,283,761	1,532,036	2,815,797
Trade and other creditors	255,598,957	-	-	-	255,598,957
	<b>255,598,957</b>	<b>18,782,191</b>	<b>21,753,604</b>	<b>1,532,036</b>	<b>297,666,789</b>

	<= 1 Month	> 1 Month <= 3 Months	> 3 Months <= 1 Year	> 1 Year <= 5 Years	Total
<b>2021</b>					
Borrowings	109,200	218,400	955,909	686,619	1,970,128
Unspent grants	-	15,940,351	-	-	15,940,351
Consumer deposits	-	-	4,178,703	-	4,178,703
Retentions	-	-	13,583,391	-	13,583,391
Trade and other creditors	-	-	-	176,878,214	176,878,214
	<b>109,200</b>	<b>16,158,751</b>	<b>18,718,003</b>	<b>177,564,833</b>	<b>212,550,787</b>

### Credit risk

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

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

Financial instrument	2022	2021 Restated
Call deposits	7,457,231	195,399
Current accounts	3,330,307	1,700,150
Marketable securities	119,659	110,271
Trade and other receivables	39,153,643	34,653,822
	<b>50,060,840</b>	<b>36,659,642</b>

Trade and other receivables for government department are not impaired.

Trade and other receivables that are neither past due nor impaired are as follows:

	2022	2021 Restated
Trade and other receivables	32,850,746	36,670,848

Debtors are impaired based on the aging of the debt. Government/Public infrastructure debt is deemed 100% collectable and is not provided for. Indigent and Pending indigent debt is provided for at 100%. When a debtor has a past due balance, any payment received will be allocated against the debtors oldest balances. Current debts (neither past due nor impaired) represent a mixture of high, medium and low quality credit standings.

#### Note 43 Risk management (continued):

Trade and other receivables that are past due but not impaired as at year end are as follows:

	2022	2021 Restated
31 - 60 days	14,837,050	15,187,201
61 - 90 days	14,052,158	14,980,079
Greater than 91 days	567,079,724	477,127,070
	<b>595,968,932</b>	<b>507,294,350</b>

No trade and other receivables are individually determined to be impaired at year end.

#### Interest rates risk

As the municipality has no significant interest bearing assets, the municipality 's income and operating cashflows are substantially independent of changes in market interest rates. At year end , the financial instruments exposed to interest rate risk were as follows:

	2022	2021 Restated
Call deposits	7,457,231	195,399
Marketable securities	119,659	110,271
	<b>7,576,890</b>	<b>305,670</b>

Trade debtors are charged interest at fixed rates determined by the municipality. Therefore these financial instruments do not attract exposure to interest rate risk. Interest rate risk is linked to the Repo rate as determined by the Reserve Bank. The Reserve Bank ordinarily only changes the Repo Rate by an increase or decrease of 0,25%. A 0,25 % increase or decrease would not have a material effect on the municipalities interest bearing assets and its surplus/deficit.

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## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

### Note 44

#### Going concern assessment

Management considered the following matters relating to going concern:

Risk areas	Future plans to mitigate risk identified
i) Key management positions are currently vacant.	Key management posts which are currently vacant have been advertised and will be filled in 2022/23 financial year.
ii) The municipality is net current liability position	The net current liability position is as a result of long outstanding creditors, however, there are payment arrangements in place to reduce and/or restructure the debts and they are currently being honoured. The municipality has a Funding Plan that is regularly updated. The management is entered in an arrangement with DBSA to assist developing revenue enhancement strategy. This strategy will assist in ensuring the debtors pay within the prescribed time. Management is also in the process of reviewing cost containment strategy. Upon approval of this policy, the municipality will be able to reduce unnecessary cost and where possible, reduce the cost of consulting
iii) key financial ratios are adverse (Debtors impairment as a percentage of accounts receivables, Creditors payment period, Debtors collection period)	
iv) The municipality is struggling to pay creditors on due dates	
v) Pending legal or regulatory proceedings against the municipality that may, if successful, result in claims that the municipality is unlikely to be able to satisfy.	

#### Additional future plans to mitigate risk identified





(i) During May 2022 the council adopted the 2022/2023 Budget. This three year Medium Term Revenue and Expenditure Framework ( MTREF) to support the ongoing delivery of municipal services to residents reflected that the Budget was cash backed over the three year period.

(ii) The municipality's Budget is subject to a very rigorous independent assessment process to assess its cash backing status before it is ultimately approved by council.

(iii) Strict daily cash management processes are embedded in the municipality's operations to manage and monitor all actual cash inflows and cash outflows in terms of the cash flow forecast supporting the Budget. The cash management process is complemented by monthly reporting, highlighting the actual cash position, including the associated risk and remedial actions to be instituted.

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

Taking the aforementioned into account, management has prepared the annual financial statements on the Going Concern Basis.

#### **Note 45**

##### **Comparative figures**

The comparative figures were restated as a result of the effect of Prior Period Errors (Note 37).

#### **Note 46**

##### **Events after the reporting date**

No events having implications requiring disclosure occurred subsequent to 30 June 2022.

#### **Note 47**

##### **Private Public Partnerships**



The municipality was not party to any Private Public Partnerships during the year under review.

**Note 48**  
**In-kind donations and assistance**

The municipality was donated assets by the mines operating within the boundaries of the municipalities for a of R5,541,441.76 (VAT exclusive). This has been reported as revenue from non-exchange

**Note 49**  
**Contingent assets**

**(1) EVICTION**

**REGOROGILE/APIESDOORNS/ROSSAUSPOORT**

Unlawfull occupying of portion 1,2,3,49,50,51,52,53,56 & 57 of erf 1731, Thabazimbi Regorogile. Application in the Magistrates court for the eviction of illegal squatters in Regorogile. Application is opposed. Matter to be heard in August 2022.

**(2) EVICTION RAPUTI**

Unlawfull occupying of portion situated at the remaining extent of the farm Welkrans 539, Limpopo. Application in the Magistrates court for the eviction of illegal squatters in Leeupoort. Application is opposed. Application in the Magistrates court for the eviction of illegal squatters in Leeupoort. Application is opposed. Awaiting outcome of the Regorogile matter to place the matter on the roll or not.

**Note 50**  
**Contingent liabilities**



**Note 50.1**  
**Court proceedings**

**(1) H JBadenhorst**

This matter relates to a civil claim (personal injury) against the municipality. The matter is currently at exchange of pleadings and notices stage. Amount claimed R 11 000 000.00 (and R 800 000 for costs and disbursements). Matter set down for trial date of 03 March 2021 in Pretoria High (Active file). The municipality's lawyers and management consider the likelihood of the action against the municipality being successful as unlikely, and the case is likely to be rescinded by the municipal lawyers

**2022**

**2021  
Restated**

13,129,151

13,129,151

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## **(2) Mminele Compensation (Pty) Ltd**

This matter relates to a civil claim by a service provider of the municipality. The matter is currently at exchange of pleadings and notices stage. Amount claimed R 800 000 (and R 50 000 for costs and disbursements). Matter set down for trial on 15 March 2019 (Active file). The municipality's lawyers and management consider the likelihood of the action against the municipality being successful as unlikely, and the case is likely to be rescinded by the municipal lawyers. Plaintiff did not take any further steps in finalizing the matter.

800,000

850,000

## **Other litigations and contingencies**

### **(3) PM PLUS**

Judgement granted against TLM in the amount of R7 000 000.00. Matter referred arbitration to determine amount of damages as a result of breach of contract. TLM applied for stay of arbitration proceedings pending outcome of action for rescission of the original Court order. Summons for rescission was served and filed. Defendant filed plea. Hearing for rescission ready for trial. Litigation ongoing. Awaiting trial date.

14,000,000

14,000,000

**2022**

**2021  
Restated**

### **(4) TLOU INTEGRATED**

Upgrading of sports facility - Thabapark, Upgrading Northam Road T46/2013. Summons was served on TLM. Matter is defended. Plea was served and filed. Litigation ongoing.

2,636,545

2,636,545

### **(5) VUKA AFRICA**

Summons was issued against TLM and Notice to defend was served and filed. Notice of bar was served on TLM whereafter TLM served and filed plea and counter claim for R522 533.52. Plaintiff served replication and plea to our counterclaim. Awaiting a pre-trial date.

7,924,409

7,924,409

**(6) IVYDALE BELEGGINGS BK**

Rendered goods and services - (TLB and sand at Thabazimbi grave yard). Summons was issued against TLM and Notice to defend was served and filed. TLM served and filed plea. Account rectified and matter to be settled.

313,195

313,195

**(7) SISWEZONKE (PTY) LTD**

Supply and transportation of jojo tanks and supply and installation of vee belts, pulleys, o-rings and seal kits. Summons was issued. TLM defended and Plaintiff applied for summary judgement. TLM opposed and leave to defend was granted. TLM served and filed plea. Litigation ongoing.

222,300

222,300

**(8) MASENG VILJOEN INC**

Preparation and review of GRAP 17 compliant fixed asset register & expertise with regard to water & sanitation infrastructure. Summons was issued against TLM and Notice to defend was served and filed. TLM served and filed plea. Litigation ongoing

3,481,288

3,481,288

**(9) TG RAMAGAGA**

Application for the review of the council resolution dated 19 June 2021 to be declared unlawful, invalid and null and void. Review application was issued on 05 October 2021. Application was opposed and pleadings are in the process of being exchanged. Respondent to file opposing papers. Litigation ongoing.

**(10) SOLOMON RANAMANE N.O. / PAUL RANAMANE**

Summons was served on TLM. TLM served and filed Notice to defend. Application for summary judgement was served and TLM served and filed an opposing affidavit. TLM was granted leave to defend the matter. Plea was served and filed. Non-compliance of MFMA. Plaintiff failed to take any further steps in finalising this matter.

1,464,119

1,464,119

**(11) ADONIA MUSHWANA**

Urgent application-notice of motion was served on TLM whereafter the urgent application was opposed and served by email and filed. Answering affidavit was served and filed. Matter was set down 24/02/2022 whereafter it was removed from the roll due to the urgency and that the matter was not seen as urgent. Applicant served a notice of Motion on TLM 05/06/2022. Matter is ongoing.

91,717

**(12) DEMAWUSA OBO S MOGALE & 64 OTHERS**

Case was referred to the CCMA on 15 December 2021. There is no indication that the matter was set down for conciliation. Demawusa delivered a request for arbitration 21/01/2022, but no proof that it was set down. Matter is ongoing.

155,333

**(13) NGWENYAMA INFRASTRUCTURE(PTY)LTD**

Summons was served upon TLM.

29,442

**(14) OORDRAG VAN ROERENDE EIENDOM**

Consultation were held 19/01/2022 and 19/02/2022 to discuss the possibility of registering a section 21 company. Matter is ongoing.

22,177

**(15) SUMMIT PROPERTY 8976/2021**

Summons was served upon TLM and also a notice in terms of Rule 41(A). the TLM served and filed a notice of intention to defend. A notice of bar was served upon the Defendant. The Defendant served and filed notice in terms of Rule 23(1) and Head of argument. The Defendant served and filed a notice of set down for exception for the 26th of April 2023. The matters is ongoing.

17,428

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#### **(16) SUMMIT PROPERTY 3501/2022**

Summons was served upon TLM and also a notice in terms of Rule 41(A). The TLM served and filed a notice of intention to defend. A notice of bar was served upon the Defendant. The Defendant served and filed notice in terms of Rule 23(1) and Head of argument. The Defendant served and filed a notice of set down for exception for the 3rd of May 2023. The matter is ongoing.

20,938

#### **(17) ODIRILE INVESTMENT & CONSTRUCTION**

Construction of new wastewater treatment works at Northam.

5,937,334

#### **(18) POLOKWANE SURFACING**

Summons was issued against TLM. Notice of intention to defend and plea was served and filed. Pretrial held. Ready for trial. Ongoing Litigation. Non-Joiner of contractor.

2,910,728

#### **Inventory consumed**

*Inventory utilised for the period under review*

41,947,987

45,240,479

#### **Bad debts**

73,663

922,220

#### **Lease on rental on operating leases**

Contractual amounts

2,278,986

2,736,309

#### **Contribution to provisions: Landfill site**

14,430,294

(11,344,334)

2022

# Annexure C - Audit Action Plan

Line Item	Finding	Amount	No. of Years Repeated	Responsible Person	Due Date	Management Approval Comments	CFO Approval Comments	IA Approval Comments	AC Approval Comments	Council Approved Date	Council Resolution No.	Action Plan Status	Implementation Progress %	Implementation Status	Completed Date	IA Review Date	IA Review Comments	NT/PT Recommendation Considered
Cash and cash equivalents	Various misstatements identified on the calculation of cash flow statements.			Thaveshan Chetty	15-Dec-2022							Under Development		Not Yet Started				N/A
Property, plant and equipment	Property, plant and equipment		0	Beatrice Khauhelo Monyeki	10-Dec-2022							Under Development		Not Yet Started				N/A
Loss on disposal of capital assets	Assets disposed without the approval from the council.			Beatrice Khauhelo Monyeki	10-Dec-2022							Under Development		Not Yet Started				N/A
Current tax payable	NB. Please note that this VAT not current tax, thus due to limited line items i had included this on tax payable  Vat Receivable	20 590 524		Elizabeth Joubert	09-Dec-2022	Will start immediate on the process						Developed (Management Approved)		Not Yet Started				N/A
Contracted services	Misclassification of contracted services			Elizabeth Joubert	09-Dec-2022							Under Development		Not Yet Started				N/A
Contracted services	Items recorded in an incorrect accounting period	5 189 235		Elizabeth Joubert	09-Dec-2022							Under Development		Not Yet Started				N/A



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Trade and other payables from exchange transactions	Non-submission of information resulting in a limitation of scope of Trade and other payables		3	Elizabeth Joubert	09-Dec-2022							Under Development		Not Yet Started				N/A
Rev from non-exch transactions: Government grants & subsidies	Misstatements – Government grants conditions met and transferred to revenue			Thaveshan Chetty	09-Dec-2022							Under Development		Not Yet Started				N/A
Bid documentation did not stipulate minimum threshold for local production and content	Management did not stipulate local content	57 271 400		Beatrice Khauhelo Monyeke	09-Dec-2022							Not Yet Started		Not Yet Started				N/A
	No approval of transfer of funds between cost and functional centres within a particular vote/segment			Thaveshan Chetty	09-Dec-2022							Under Development		Not Yet Started				N/A
Trade and other payables from exchange transactions	Prepaid Electricity usage Report is incomplete	4 243 655		Muanda Mulaudzi	10-Dec-2022							Under Development		Not Yet Started				N/A
Bids not adjudicated by properly constitute	22. Bid not economic	57 271 400		Beatrice Khauhelo Monyeke	09-Dec-2022							Not Yet Started		Not Yet Started				N/A

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d adjudication committee																		
Trade and other payables from exchange transactions	Non-submission of information resulting in a limitation of scope of Trade and other payables			Elizabeth Joubert	09-Dec-2022							Under Development		Not Yet Started				N/A
Missing or incomplete information	Non-submission of information resulting in limitation of scope			Beatrice Khauhelo Monyeke	09-Dec-2022							Not Yet Started		Not Yet Started				N/A
Trade and other payables from exchange transactions	Non-submission of information resulting in a limitation of scope		3	Elizabeth Joubert	09-Dec-2022							Under Development		Not Yet Started				N/A
Other	Inventory consumed included other items that are not inventory related items-Classification	31 742 933		Beatrice Khauhelo Monyeke	09-Dec-2022							Under Development		Not Yet Started				N/A
S. 116: Performance of contractors not monitored on a monthly basis	Contract management requirements not complied with		0	Beatrice Khauhelo Monyeke	09-Dec-2022							Not Yet Started		Not Yet Started				N/A

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Provisions	Non-current trade payables were incorrectly valued.	99 140 156		Muanda Mulaudzi	09-Dec-2022							Under Development		Not Yet Started				N/A
Accumulated surplus	Prior period error note inconsistency to GRAP 3 requirements			Muanda Mulaudzi	09-Dec-2022							Under Development		Not Yet Started				N/A
Bid rigging	Tender investigation by SIU			Beatrice Khauhelo Monyeki	09-Dec-2022							Not Yet Started		Not Yet Started				N/A
Information not submitted in time for auditing	Non-submission of information resulting in a limitation of scope of AOPO		0		09-Dec-2022							Not Yet Started		Not Yet Started				N/A
Underlying records/planning documents not submitted for auditing	Non-submission of information resulting in a limitation of scope of AOPO				09-Dec-2022							Not Yet Started		Not Yet Started				N/A
Three written quotations not invited	Irregular expenditure of all PCMA transactions	12 423 018		Beatrice Khauhelo Monyeki	09-Dec-2022							Not Yet Started		Not Yet Started				N/A
Commitments	Differences noted on the recalculated commitments and the recorded commitments	4 621 547										Under Development		Not Yet Started				N/A

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Reported information not reliable	Non-submission of information resulting in a limitation of scope				09-Dec-2022							Not Yet Started		Not Yet Started				N/A
Reported information not reliable	Non-submission of information resulting in a limitation of scope				09-Dec-2022							Not Yet Started		Not Yet Started				N/A
	Staff Establishment not developed and evaluated as required by section 66 of the MSA Requirement				09-Dec-2022							Not Yet Started		Not Yet Started				N/A
Other	Internal Audit Function does not make regular follow ups on audits			Matsobane Manong, Mpho Seema, Molifi kamo	09-Dec-2022							Under Development		Not Yet Started				N/A
	The audit committee did not review and make comment on the annual reports within the stipulated time frames.			Matsobane Manong, Mpho Seema, Kabelo Molefi	09-Dec-2022							Under Development		Not Yet Started				N/A

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Reported information not reliable	Performance management systems policy and Framework is not timeously or regular reviewed and approved				09-Dec-2022							Not Yet Started		Not Yet Started				N/A
Receivables from exchange transactions	Impairment of debtors incorrectly calculated	29 189 905		Muanda Mulaudzi	13-Jan-2023							Under Development		Not Yet Started				N/A
Other	Processes to mitigate risks from financial instruments not disclosed			Muanda Mulaudzi	13-Jan-2023							Under Development		Not Yet Started				N/A
Rev from non-exch transactions: Property rates	Receivables from non – exchange transaction incorrectly disclosed as financial instruments			Muanda Mulaudzi	13-Jan-2023							Under Development		Not Yet Started				N/A
Cash and cash equivalents	Financial instruments accounting policy not consistent with prior period.			Muanda Mulaudzi	13-Jan-2023							Under Development		Not Yet Started				N/A
Other	Inappropriate disclosure			Muanda Mulaudzi	13-Jan-2023							Under Development		Not Yet Started				N/A

Line Item	Finding	Amount	No. of Years Repeated	Responsible Person	Due Date	Management Approval Comments	CFO Approval Comments	IA Approval Comments	AC Approval Comments	Council Approved Date	Council Resolution No.	Action Plan Status	Implementation Progress %	Implementation Status	Completed Date	IA Review Date	IA Review Comments	NT/PT Recommendation Considered
	of Unauthorized expenditure.																	
Other	Events or conditions that cast doubt on the municipality's ability to continue as a going concern are not disclosed, mitigating factors not adequate and disclosed.			Thaveshan Chetty	13-Jan-2023							Under Development		Not Yet Started				N/A
Irregular expenditure	Inappropriate disclosure of irregular expenditure			Muanda Mulaudzi	13-Jan-2023							Under Development		Not Yet Started				N/A
Contingent liabilities	Not all the active cases are included on the contingent liability listing			Muanda Mulaudzi	13-Jan-2023							Not Yet Started		Not Yet Started				N/A
Contingent liabilities	Misstatements – Amount per contingent register does not agree to AFS.	3 749 739		Muanda Mulaudzi	13-Jan-2023							Under Development		Not Yet Started				N/A
Short-term liabilities	Non-current trade payables were incorrectly valued.	99 140 154		Muanda Mulaudzi	13-Jan-2023							Under Development		Not Yet Started				N/A

Line Item	Finding	Amount	No. of Years Repeated	Responsible Person	Due Date	Management Approval Comments	CFO Approval Comments	IA Approval Comments	AC Approval Comments	Council Approved Date	Council Resolution No.	Action Plan Status	Implementation Progress %	Implementation Status	Completed Date	IA Review Date	IA Review Comments	NT/PT Recommendation Considered
Contingent liabilities	Non-submission of information resulting in a limitation of scope of contingent liabilities	7 581 952			13-Jan-2023							Under Development		Not Yet Started				N/A
Contracted services	Retention pay-out incorrectly calculated	5 731 428		Elizabeth Joubert	20-Jan-2023							Under Development		Not Yet Started				N/A
	Non-submission of information resulting in a limitation of scope of Trade and other payables (Inventory Clearing Account)				13-Jan-2023							Under Development		Not Yet Started				N/A
Receivables from exchange transactions	Non-submission of information resulting in a limitation of scope of Trade and other payables			Masai Mabotja	20-Jan-2023							Under Development		Not Yet Started				N/A
Finance costs	Items recorded in an incorrect accounting period (external audit costs)				20-Jan-2023							Under Development		Not Yet Started				N/A
Contingent liabilities	Overstatement of	188 373		Muanda Mulaudzi	20-Jan-2023							Under Development		Not Yet Started				N/A

Line Item	Finding	Amount	No. of Years Repeated	Responsible Person	Due Date	Management Approval Comments	CFO Approval Comments	IA Approval Comments	AC Approval Comments	Council Approved Date	Council Resolution No.	Action Plan Status	Implementation Progress %	Implementation Status	Completed Date	IA Review Date	IA Review Comments	NT/PT Recommendation Considered
	bonus accrual																	
Other	Transactions recorded in an incorrect period		0									Under Development		Not Yet Started				N/A
As per audit finding	Misclassification of contracted services											Not Yet Started		Not Yet Started				N/A
Taxation	Late payment of EMP201 to SARS				20-Jan-2023							Under Development		Not Yet Started				N/A
	Differences between unspent grants and cash at the bank	18 120 029		Thaveshan Chetty	13-Jan-2023							Under Development		Not Yet Started				N/A
	Invalid ID numbers				20-Jan-2023							Not Yet Started		Not Yet Started				N/A
Property, plant and equipment	Physical control over assets and server room			Molifi kamo	20-Jan-2023							Under Development		Not Yet Started				N/A
Property, plant and equipment	Disclosure of useful life (Movable assets)			Beatrice Khauhelo Monyeke	20-Jan-2023							Under Development		Not Yet Started				N/A
Employee-related costs	Overstating of Overtime				20-Jan-2023							Under Development		Not Yet Started				N/A
	Non-submission of information resulting in a limitation of scope			Masai Mabotja	20-Jan-2023							Under Development		Not Yet Started				N/A
	Late submission of VAT return	62 410		Elizabeth Joubert	20-Jan-2023							Under Development		Not Yet Started				N/A



Line Item	Finding	Amount	No. of Years Repeated	Responsible Person	Due Date	Management Approval Comments	CFO Approval Comments	IA Approval Comments	AC Approval Comments	Council Approved Date	Council Resolution No.	Action Plan Status	Implementation Progress %	Implementation Status	Completed Date	IA Review Date	IA Review Comments	NT/PT Recommendation Considered
Employee-related costs	Overstating of Overtime				20-Jan-2023							Under Development		Not Yet Started				N/A
Rev from non-exch transactions: Property rates	Deceased beneficiaries of indigent support				20-Jan-2023							Under Development		Not Yet Started				N/A
Cash and cash equivalents	Assets not assessed for impairment as required by GRAP 21				20-Jan-2023							Under Development		Not Yet Started				N/A
	Differences between unspent grants and cash at the bank	18 120 029										Under Development		Not Yet Started				N/A
Cash and cash equivalents	. Assets disposed without the approval from the council.			Beatrice Khauhelo Monyeke	20-Jan-2023							Under Development		Not Yet Started				N/A
Depreciation and amortisation	Depreciation incorrectly calculated			Beatrice Khauhelo Monyeke	20-Jan-2023							Not Yet Started		Not Yet Started				N/A
Irregular expenditure	Non-submission of information resulting in a limitation of scope of irregular expenditure			Muanda Mulaudzi	18-Jan-2023							Under Development		Not Yet Started				N/A
Inventories	Inventory not recorded under inventory general			Beatrice Khauhelo Monyeke	20-Jan-2023							Under Development		Not Yet Started				N/A

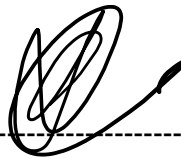
Line Item	Finding	Amount	No. of Years Repeated	Responsible Person	Due Date	Management Approval Comments	CFO Approval Comments	IA Approval Comments	AC Approval Comments	Council Approved Date	Council Resolution No.	Action Plan Status	Implementation Progress %	Implementation Status	Completed Date	IA Review Date	IA Review Comments	NT/PT Recommendation Considered
	ledger account																	

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Reported information not reliable	No disclosure of measures taken to improve performance				09-Dec-2022							Not Yet Started		Not Yet Started				N/A
Biological assets	Presentation and disclosure- Incomplete disclosure of Biological Assets			Beatrice Khauhelo Monyeki	09-Dec-2022							Under Development		Not Yet Started				N/A
Trade and other payables from exchange transactions	Non-submission of information resulting in a limitation of scope of Trade and other payables (Inventory Clearing Account)	650 411		Beatrice Khauhelo Monyeki	09-Dec-2022							Under Development		Not Yet Started				N/A
Biological assets	Non-submission of information resulting in a limitation of scope.			Beatrice Khauhelo Monyeki	09-Dec-2022							Under Development		Not Yet Started				N/A
Other	Non-submission of information resulting in a		1		09-Dec-2022							Not Yet Started		Not Yet Started				N/A

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	limitation of scope																	
Receivables from exchange transactions	Impairment of debtors incorrectly calculated	29 187 905		Muanda Mulaudzi	09-Dec-2022							Under Development		Not Yet Started				N/A
Other	Policies not approved				09-Dec-2022							Not Yet Started		Not Yet Started				N/A
Other	Risk Management Strategy			Kapea Mahlatji	09-Dec-2022							Not Yet Started		Not Yet Started				N/A
No annual performance report	The mid-year performance assessment did not take into account the municipality's annual report for the past year and progress on resolving problems identified in the annual report. Nature During the inspection of the mid-year performance report, it was noted that the mid-year assessment did not take into account the following: - the monthly statements referred to in section 71 for the first half of the financial year				09-Dec-2022							Not Yet Started		Not Yet Started				N/A

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	- the past year's annual report, and progress on resolving problems identified in the annual report:																	
Other	Processes to mitigate risks from financial instruments not disclosed			Muanda Mulaudzi	09-Dec-2022							Under Development		Not Yet Started				N/A
Receivables from non-exchange transactions	Receivables from non – exchange transaction incorrectly disclosed as financial instruments			Muanda Mulaudzi	09-Dec-2022							Under Development		Not Yet Started				N/A
Unauthorised expenditure	Inappropriate disclosure of Unauthorized expenditure			Thaveshan Chetty	09-Dec-2022							Under Development		Not Yet Started				N/A
Irregular expenditure	Inappropriate disclosure of irregular expenditure			Beatrice Khauhelo Monyeki	09-Dec-2022							Under Development		Not Yet Started				N/A

Line Item	Finding	Amount	No. of Years Repeated	Responsible Person	Due Date	Management Approval Comments	CFO Approval Comments	IA Approval Comments	AC Approval Comments	Council Approved Date	Council Resolution No.	Action Plan Status	Implementation Progress %	Implementation Status	Completed Date	IA Review Date	IA Review Comments	NT/PT Recommendation Considered
Going concern	Events or conditions that cast doubt on the municipality's ability to continue as a going concern are not disclosed, mitigating factors not adequate and disclosed.			Thaveshan Chetty	09-Dec-2022							Under Development		Not Yet Started				N/A
Contingent liabilities	Not all the active cases are included on the contingent liability listing requirements			Muanda Mulaudzi	09-Dec-2022							Under Development		Not Yet Started				N/A
Contingent liabilities	Misstatements – Amount per contingent register does not agree to AFS.			Muanda Mulaudzi	09-Dec-2022							Under Development		Not Yet Started				N/A
Short-term liabilities	Retention pay-out incorrectly calculated			Elizabeth Joubert	09-Dec-2022	Retention payouts must be completed by PMU unit.						Developed (Management Approved)		Not Yet Started				N/A

  
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 APPROVED BY  
 MUNICIPAL MANAGER (LG TLOUBATLA)  
 2023/01/30