



GA-SEGONYANA LOCAL MUNICIPALITY

Draft Annual Report

2023-2024



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REVISED ANNUAL REPORT TEMPLATE

The purpose of this revised Annual Report template is to address the need expressed by a number of municipalities for assistance in the preparation and development of improved content and quality of Municipal Annual Reports. This template provides an update to the MFMA Circular No. 11, issued in January 2005.

This template gives effect to the legal framework requirement, concepts and principals espoused in the White Paper on Local Government and Improving Government Performance. It reflects the ethos of public accountability. The content gives effect to information required for better monitoring and evaluation of government programmes in support of policy decision making. The template provides an improved overview of municipal affairs by combining the performance report data required under Municipal Systems Act Section 46 with annual report data referred to in that Act and in the MFMA.

The revised template makes its contribution by forging linkages with the Integrated Development Plan, Service Delivery and Budget Implementation Plan, Budget Reforms, In-year Reports, Annual Financial Statements and Performance Management information in municipalities. This coverage and coherence are achieved by the use of interlocking processes and formats.

The revised template relates to the Medium-Term Strategic Framework particularly through the IDP strategic objectives; cross cutting nature of services offered by different spheres of government, municipal service outcome indicators; and the contextual material as set out in Chapters 3, 4 & 5. It also provides information on good management practice in Chapter 4; risk management in Chapter 2; and Supply Chain Management in Chapter 5; and addresses the Auditor-General's Report, dealing with Financial and Performance Management arrangements in Chapter 6. This opens up greater possibilities for financial and non financial comparisons between municipalities and improved value for money.

The revised template provides information on probity, including: anti-corruption strategies; disclosure of financial interests by officials and councillors; disclosure of grants by external parties, disclosure of loans and grants by municipalities. The appendices talk to greater detail including disaggregated information on municipal wards, among others. Notes are included throughout the format to assist the compiler to understand the various information requirements.

The financial years contained in this template are explained as follows:

- Year -1: The previous financial year;
- Year 0: The financial year of reporting;
- Year 1: The following year, mostly requires future targets; and
- The other financial years will follow a similar sequence as explained above.

We wish to express our gratitude to the members of the Annual Report Reference Group, consisting of national, provincial and municipal officials for their inputs and support throughout the development of this document.

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CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR’S FOREWORD

MAYOR’S FOREWORD

Our 2023/2024 Integrated Development Plan (IDP) review document seeks to focus on the following:

- ❖ Accelerating service delivery
- ❖ Building a municipality that is effective, efficient and responsive
- ❖ Promoting economic and social development
- ❖ Fostering development partnerships and social cohesion.
- ❖ Improve a Safe and Healthy living environment.

As the municipality we have committed ourselves to the following deliverables:

- ❖ Supply of basic services to communities.
- ❖ Electricity and Water must be accessible.
- ❖ Waste removal services must be improved.
- ❖ Promote Social and Economic development.

As we close the financial year, I am proud to reflect on the significant progress made by our municipality in delivering on our commitment to improve the lives of our residents. The Annual Financial Statements Audit Outcome for Financial year 2023/2024 has indicated a great improvement in our finances as we have obtained an Unqualified Audit Opinion. This demonstration of good financial controls reflects our dedication to good governance.

The political administration implemented successful public participation meetings and Integrated Development Planning (IDP) consultation meetings. These meetings provided a crucial platform for our residents to engage with us, share their concerns, and contribute to the development of our municipality's plans and policies. This has strengthened our relations with the residents. As per legislation, Ward Councilors continue to hold Ward Meetings.

While we have made significant progress, what remains as our critical challenge is lack of functioning water distribution to all areas of Ga-Segonyana. We urge intervention and support from provincial and national

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spheres of government specifically from Department of Water and Sanitation to assist as we are not receiving value for money from the Nationally appointed Water service provider being Vaal Central Water.

We furthermore continue to encounter Vandalism to Municipal Properties (Water pumps, Boreholes, Electric Cables). In a manner of intervening to the matter, we made available municipal water truck to deliver water to communities, identification of old borehole structures in various communities to connect to the Main stream water lines, introduction of Water Prepaid System and maintenance of Water Pumps and Boreholes. To curb the high rate of crime, the Ga-Segonyana Street Patrol initiative was introduced, creating employment to at least 14 Young people while strengthening working relations with the John Taolo Gaetsewe Security Clusters.

Our effective engagement with the community through transparent municipal communication platforms and partnerships with the local community radio station and local Newspapers fosters the Batho Pele principles for accessible information, accountability and improved service standards. The Municipal Social media accounts, Municipal Website and Call center is active 24/7 providing emergency support to the public.

The District Development Model (DDM) approach has aligned national, provincial, and local government plans and resources to ensure achievement of the core objective of our Municipality is to deliver quality services. As the municipality, we appreciate the partnership provided by local mines, private sector, business sector and all the residents of our Ga-Segonyana.

.....
Mayor Neo George Masegela

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Chapter 1

COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW

MUNICIPAL MANAGER'S OVERVIEW

As the municipality we ensure that the municipal services are provided to local communities in an equitable, financially and environmentally sustainable manner.

We pride ourselves on the following:

- ❖ Being responsive to the needs of the communities in Ga-Segonyana
- ❖ Having well established communication channels with the communities.
- ❖ Being accountable and transparent to the local communities on the operations and functionality of the municipality through the departments which we have namely as Co-Operate, Technical, Community Service and Finance departments.

As the Municipal Manager of Ga-Segonyana Local municipality, I am pleased to provide an overview of the improvements made to service delivery and the initiatives implemented to enhance the overall efficiency and effectiveness of municipal activities.

We have made significant strides in aligning our services to the Integrated Development Plan (IDP) indicators and Council priorities. This has been achieved through the development of a comprehensive service delivery plan, which outlines our key performance indicators and targets. Our focus has been on delivering basic services such as water, sanitation, electricity, fire services while also prioritizing economic development and job creation. Our transparent public participation and engagement has ensured that the needs and interest of our people drives our decision-making.

Ga-Segonyana Local Municipality has won a 6 years legal battle for the Transnet land ERF 2526 in which Segonyana Mall is to be built in Kuruman town. This project in partnership with Moolman Mine is set to provide local employment to at least 500 people while modernising our town and providing growth opportunity for the local business sector.

It is worth noting the few successful projects under our administration such as the complete construction and actively functional Two(2) Sub-Stations namely Gamohaan & Mothibistad Sub-Stations, Improvement of roads such as upgrading of Stormwater project and installations of robots in our villages (Maruping, Seoding and Mothibistad), construction of Fire department just to name a few reflect our commitment to improving our municipal basic services to our people.

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In our quest to improve the revenue collection status while ensuring that the residents receive basic services, we initiated various discounts for household debts for areas serviced by the municipality, creating awareness on the importance of paying municipal services through official municipal social media accounts, public notices and municipal website. Furthermore, the appointment of debt collection agency.

We are focused on serving our residents with dignity, respect, courtesy, transparency and accountability. The improvement of our audit opinion to unqualified status demonstrates application of sound financial principles and our aim for financial sustainability. The implementation of various administrative policies has contributed to cost-cutting measures and strengthening internal audit functions to improve efficiency and enhance our capacity to deliver services

.....
Municipal Manager
Mr Martin Tsatsimpe

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1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

INTRODUCTION TO BACKGROUND DATA

Ga-Segonyana Municipality is a former cross-boundary municipality with areas in the Northern Cape and North West. The municipal jurisdiction consists of 33 residential areas within a radius of approximately 80 km in and around Kuruman, and has approximately 75 000 residents. The municipality's economy is mainly based on the surrounding mining and agricultural activities.

The municipal seat, Kuruman, is situated on the Namaquari route, forming part of the main route between Gauteng and Namibia and Cape Town via Upington. The name Ga-Segonyana means a small calabash with bubbling water.

Chapter 1

The rural villages to the north-west of Kuruman are administered through a traditional authority system with two Traditional leaders. This area is not formalised with the result that no title deeds exist for residents. Currently no billing for services is conducted in these areas. It is crucial for the success of the project that a suitable “social contract” be put in place to ensure financial feasibility through successful cost recovery. For this purpose, all erven must have water meters (where yard / house connections are installed) and consumers must be billed towards debt collection and cost recovery. As a minimum level of township formalization services must be registered for roads and infrastructure and registered identifiable erven must be created. This will allow for the legal identification of the erven, consumers and water meters and will facilitate billing and cost recovery. Similarly, the legal ownership of infrastructure will be documented and registered by the registering of services.

Migration from the cross-border areas from the north adds significantly to the housing need and the development of water and sanitation infrastructure. Backlogs in housing must be addressed. The status of the Municipality’s Water Service’s Development Plan is that of a draft and its blue drop assessment level is 73%, with:

BLUE DROP ASSESSMENT RESULTS, 2023

Batlharos (GLM Boreholes – Sedibeng Water)	78,23%
Mothibistad (GLM Boreholes – Sedibeng Water)	73,4%
Bankhara-Bodulong (Managed by Ga-Segonyana LM)	64,16%
Kuruman – Wrenchville (Managed by Ga-Segonyana LM)	64,16%

Refuse Removal and Waste Disposal

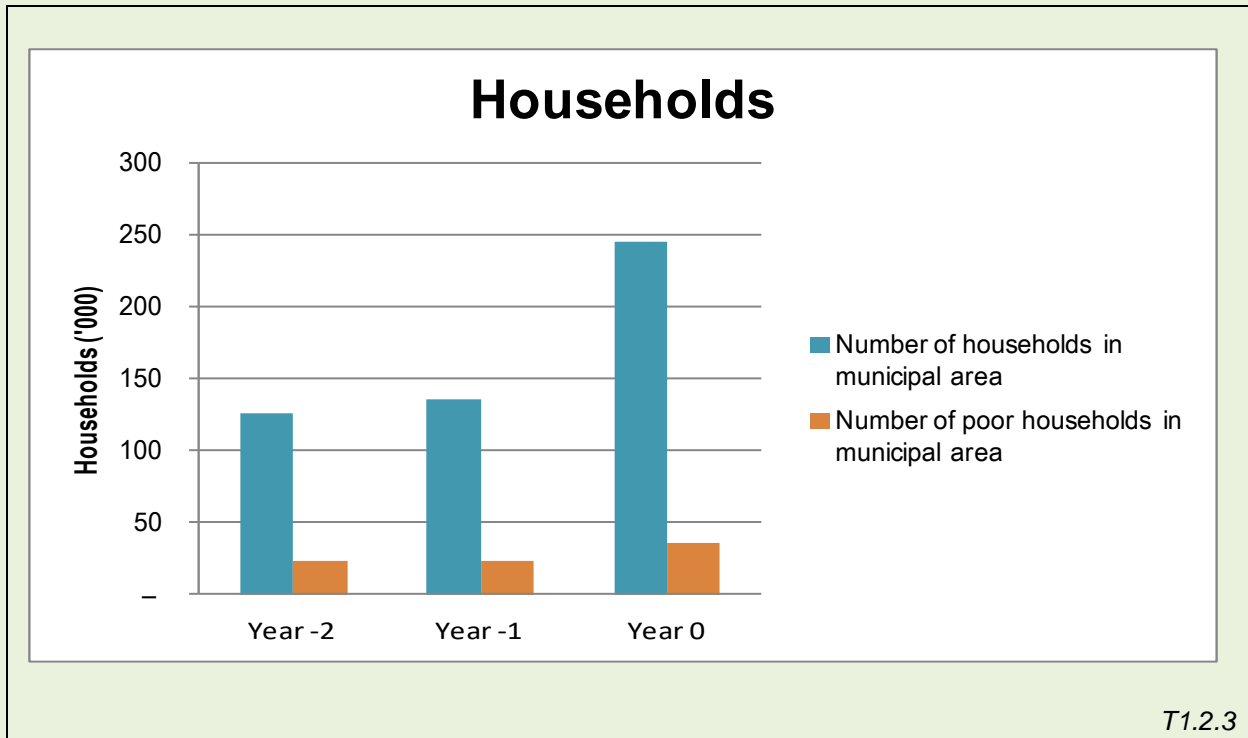
The Municipality remove an average of 12-ton waste per day from business premises and 18,45 ton from domestic premises.

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Chapter 1

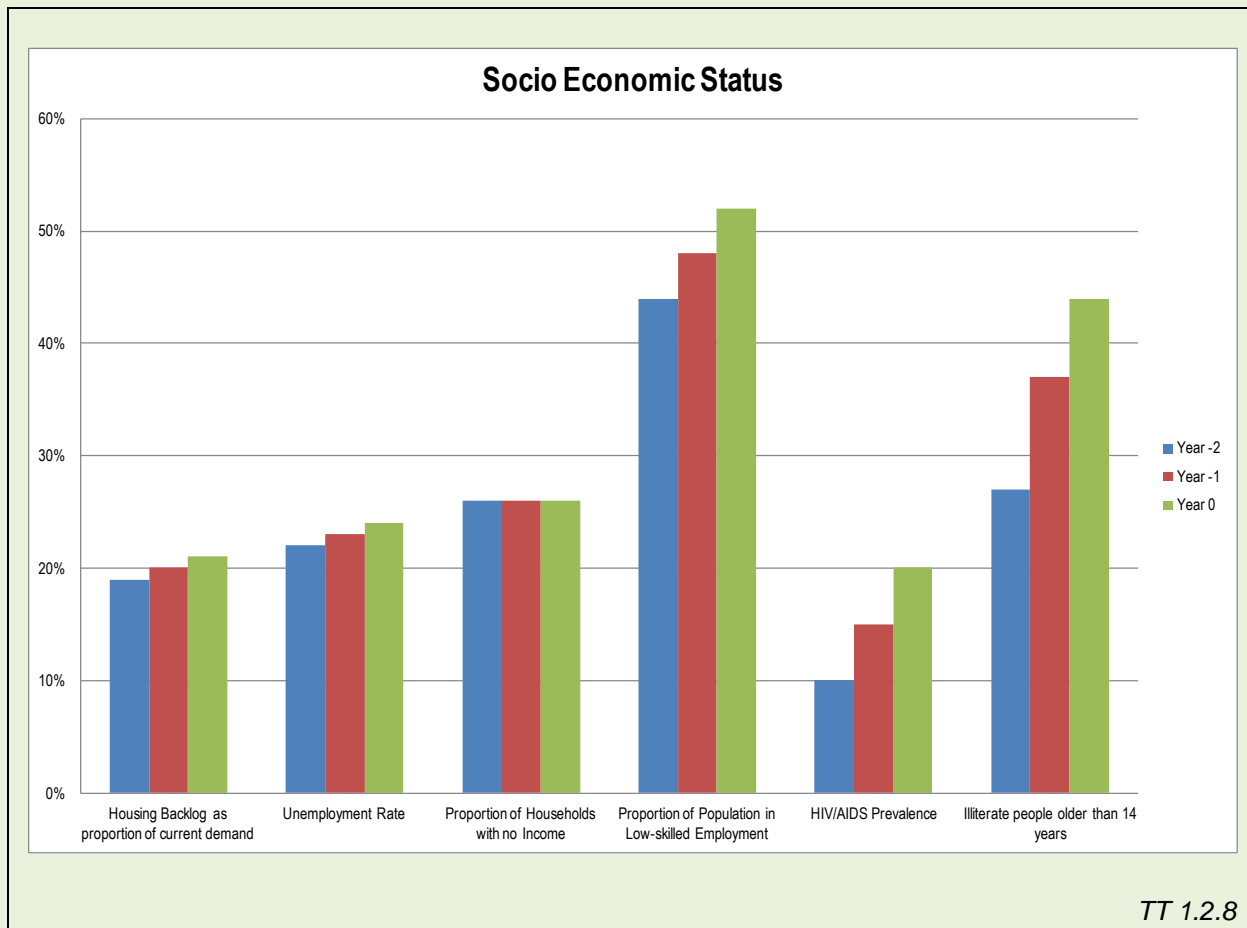
Population Details									
Age	Population '000								
	Year -2			Year -1			Year 0		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Age: 0 - 4			0			0			0
Age: 5 - 9			0			0			0
Age: 10 - 19			0			0			0
Age: 20 - 29			0			0			0
Age: 30 - 39			0			0			0
Age: 40 - 49			0			0			0
Age: 50 - 59			0			0			0
Age: 60 - 69			0			0			0
Age: 70+			0			0			0

Source: Statistics SA T 1.2.2



Chapter 1

Socio Economic Status						
Year	Housing Backlog as proportion of 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 -2	19%	22%	26%	44%	10%	27%
Year -1	20%	23%	26%	48%	15%	37%
Year 0	21%	24%	26%	52%	20%	44%
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1.3. SERVICE DELIVERY OVERVIEW

DIRECTORATE	SERVICES

Chapter 1

<p>GOOD GOVERNANCE AND PUBLIC PARTICIPATION (OFFICE OF THE MUNICIPAL MANAGER)</p>	<p>Manager The Office of the Municipal Manager over and above the directorates as reflected below include the Communications, Internal Audit, Risk Management and IDP/PMS sections. Throughout the year the Communications section communicated specific and service delivery related information with the public, i.e. water outages, electricity outages, Council meeting sessions, etc. Council information is also timeously communicated as per municipality Newsletter, including the facilitation of Interviews with Councilors and Administration where so required. The Internal Audit Unit, audited financial and non-financial related reports to ensure completeness and correctness of all reported performance on a scheduled basis. All auditing activities assist with readiness and preparation of the institution annual external audit as conducted by the Auditor General. The IDP was developed and approved by Council as the most strategic principal document and plan of the municipality for execution by all departments. The IDP was informed by public and public representative engagement processes, which guided the application of municipal resources. The IDP was presented to Council by the Executive authority of the municipality, Executive Mayor. The Performance Management (PMS) section drafted/developed the Business Implementation Plan as was approved by the Executive Mayor. The Risk Management section identified all potential threats which may hamper implementation of the Business Plan and guided the management of Institutional Risks.</p>
<p>INSTITUTIONAL DEVELOPMENT AND ORGANIZATIONAL DEVELOPMENT (CORPORATE SERVICES)</p>	<p>The Corporate Services Directorate managed all administrative processes of Council, of which included the Convening and reporting outcomes of Council and Council Committee meetings. The Directorate also hosts the Human Resources department which primarily handled all recruitment of employees during the financial year. The training and development of Councilor’s and municipal staff was coordinated in accordance with the municipality’s Work Based Skills Plan (WBSP) All council/municipality owned properties and legal services was also undertaken and managed by the directorate and the Local Economic Development (LED) section initiated all local economic development programs and activities within the municipality. Support for existing and new local businesses were also provided to stimulate the development and expansion of local economy.</p>

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<p>BASIC SERVICES DELIVERY AND INFRASTRUCTURE</p>	<p>The Infrastructure Services Directorate was responsible for the roll-out and provision of Basic Services; including Electricity, Water, Sanitation and Roads services. The provision of these different services were conducted in accordance with the different Master Plans as was approved by council. The exponential growth of our local towns placed tremendous strain on the sustainable provision of services, though most services provided were in accordance with national se standards. The maintenance and improvement of our Roads Infrastructure networks received significant attention though much more focus and activity is currently in progress in this area. It is rather unfortunate that the expansion of our towns are not equal the amount of revenue generated for the provision of services. Our dependence on national and provincial grants hampers our intended levels of development amidst the municipality competing with other municipalities across the country. An improved revenue collection could ensure lesser dependence on national/provincial grants.</p> <p>The Spatial development within the municipality boundaries, directed all spatial planning and developments for the year under review in accordance with the Council approved Spatial Development Framework. Spatial development was also to direct integration of communities both in terms of residential and business development programmes. The Town Planning department managed all building related activities and applications in accordance with set Building Relations.</p>
<p>COMMUNITY SERVICES</p>	<p>The Community services directorate focused on the promotion of a clean, healthy and safe living and work environment. The cleanliness of the respective towns within our municipality boundaries by way weekly refuse removal for both residential and business communities. The municipality Disaster Management plan facilitated the provision of major Fire and Rescue services to prevent any potential form of natural disaster. The Traffic and Law Enforcement services provided included regular traffic control and implementation of traffic rules and By-laws. Regular regulation of traffic to ensure smoother traffic flow and the prevention and reduce of traffic related accidents. The maintenance of our municipal Parks, Public open spaces were also managed. Libraries, Halls, Cemeteries, also received and provided significant support in benefit of our local communities.</p>
<p>Financial Viability and Accountability</p>	<p>Our municipal finances were done in accordance with the Council approved Budget, as was approved at the end of May 2023 . All municipal finances were strictly managed in accordance national regulatory prescripts and municipal approved policies. The General Recognised Accounting Practices directed the standard recording of municipality transactions as was executed. The audit report for the 2023/2024 financial year concluded major improvement in the</p>

Chapter 1

	management of municipal finances for the financial year and the municipality managed to get an Unqualified audit opinion for the year under review.
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SERVICE DELIVERY INTRODUCTION

The Municipality experiences a huge backlog on the provision of basic infrastructure due to migration into our Municipal area by people losing their jobs at the mines, and influx of people wanting to come to closer to town to deemed job opportunity. This takes place in an uncontrolled environment where informal settlement mushroom overnight into our Municipality. The informal settlement of Promise land is currently receiving attention from the Department of Human Settlement, to formalize and deliver basic service. Township layout is currently being finalized.

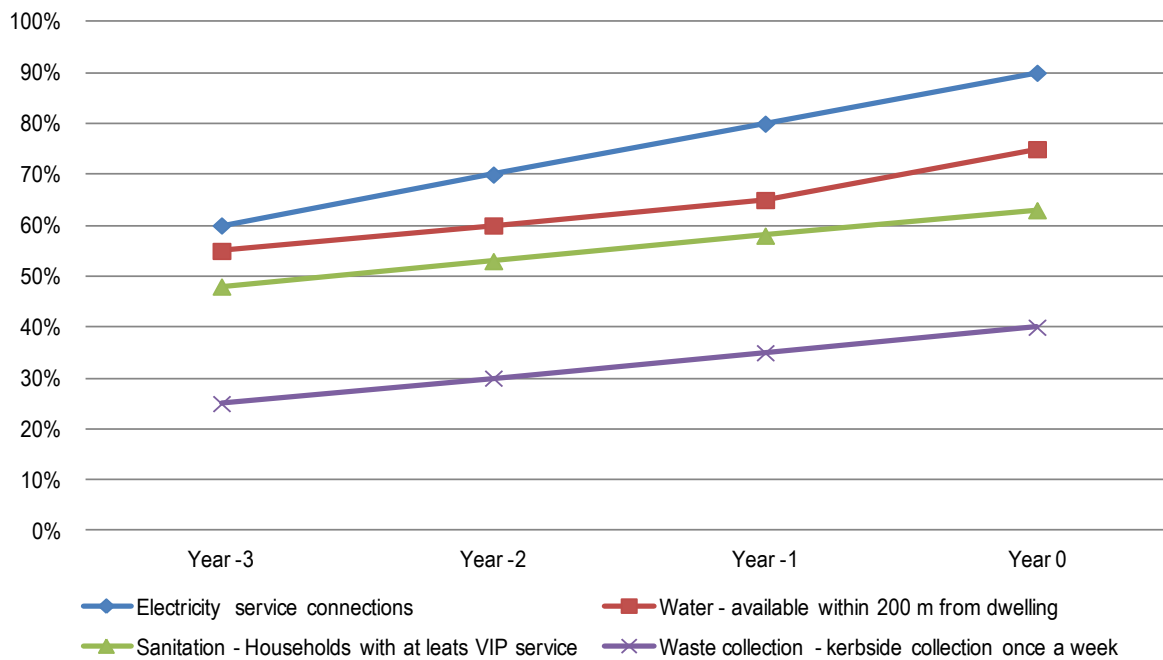
There are no budget provisions to attend to basic infrastructure as funding must be sourced by grant funding and it takes time to plan and source such funding. The disaggregation of families causes an even larger increase in number of people needing basic services.

The Municipality is left at a disadvantage in that the equitable share, and available grant funding has got no chance to keep up maintenance and provision of infrastructure. Lack of funding also has an impact negatively on the provision of free basic services, to the deserving communities. The Municipality also managed to source funding from mining houses to complete the Kuruman Bulk water supply scheme. Roads and storm water master plan was also completed with the funding we got from DBSA

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Chapter 1

Proportion of households with access to basic services



T 1.3.2

COMMENT ON ACCESS TO BASIC SERVICES:

The biggest shortfalls in the Municipality's efforts to deliver basic services are limited funding and the ever-increasing backlogs resulting from rapid urbanisation in mostly the settlements situated nearer to Kuruman. Urbanisation resulting from mine retrenchments and community expectations for job opportunities in this Area exacerbates the shortfalls in service delivery.

The Municipality is reliant on grant funding and assistance from the mining houses through the Social Labour Plan (SLP) funding. Most often this funding becomes limited, as it gets directed to refurbishment of the existing services as well. The other factor which limits basic services delivery is the non-payment of services by community, resulting in the Municipality failing to generate sufficient revenue to meet the basic service delivery demands of the community.

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Chapter 1

1.4. FINANCIAL HEALTH OVERVIEW

FINANCIAL OVERVIEW

The state of Local Government Finance Report of 2022 found that 169 Municipalities across the Country were in financial distress at the end of 2021/22 financial year. Ga-Segonyana was not one of these municipalities. The Municipality is also not affected by the Eskom Debt Relief because it does not have an electricity outstanding debt. Eskom bulk purchases accounts are paid as and when they become due and payable. All other creditors are paid within thirty days of receipt of an invoice. The cash and cash equivalent balance of the municipality at the end of the year under review was just over R 38 million (R 95 million, 2021/22).

The municipality's revenue raised in the year under review amounted to just over R 672 million. Over R 387 million is attributable to grants and subsidies. The Grants and Subsidies comprises 58% of the total revenue. The high percentage of the Grants and Subsidies should not be a cause for concern as the Municipality has a significant rural component. The Municipality received more grants than anticipated due to the good spending demonstrated on conditional grants during year under review.

The Municipality's total revenue for the year under review amounted to just over R 672 million and the collection rate was 88%. Although the money owed to the Municipality for both exchange and non-exchange transactions including sundry debtors amounted to just over R 146 million, the Debt Collection Section pursues the outstanding debt vigorously. Debtors over 90 days are handed over to attorney for collection. The combined efforts yield positive results for the municipality given the state of the economy and high unemployment rate.

All efforts are made to protect the Municipality's revenue. Efforts include the electricity meter audits to identify meters tampered with as well as installation of smart prepaid water meters. The Municipality also ensures that the General Valuation Roll is up to date by consulting with the Town Planning Division for any changes (improvements) to the properties on the Roll. Supplementary Valuations are conducted as and when the need arises as prescribed by the Municipal Property Rates Act and related Regulations.

The Cost Containment Policy was implemented to ensure that only the core and essential business of the Municipality is funded and non-essential expenditure is curbed. The Municipal Public Accounts Committee ensured that all the Unauthorised, Irregular and Fruitless and Wasteful Expenditure are attended to and have significantly reduced in the year under review.

The asset management of the Municipality is sound. Assets are insured in the event of damage or impairment

The liquidity ratio dropped from 1:1 to 0.7 in 2022-23 which means the municipality's financial viability faced challenges as expected post Covid 19 declined economic activity. The cost coverage dropped from 1.4 to 0.8 which means the municipality barely has one-month cash to cover its operations. Despite the challenges mentioned above the Municipality continues to be a going concern and the financial health of the Municipality, whilst challenged, remained resilient and sound. The assessment made by the Auditor General of South Africa as found in the management report, confirmed that the municipality financial health is intact.

Chapter 1

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Financial Overview: Year 0			
			R' 000
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants	405 048	425 308	430 276
Taxes, Levies and tariffs	340 059	348 038	291 804
Other	43 816	51 695	46 796
Sub Total	788 923	825 040	768 876
Less: Expenditure	648 175	691 820	756 850
Net Total*	140 748	133 220	12 025
* Note: surplus/(defecit)			T 1.4.2

Operating Ratios	
Detail	%
Employee Cost	32.40
Repairs & Maintenance	2.29
Finance Charges & Impairment	1.16
T 1.4.3	

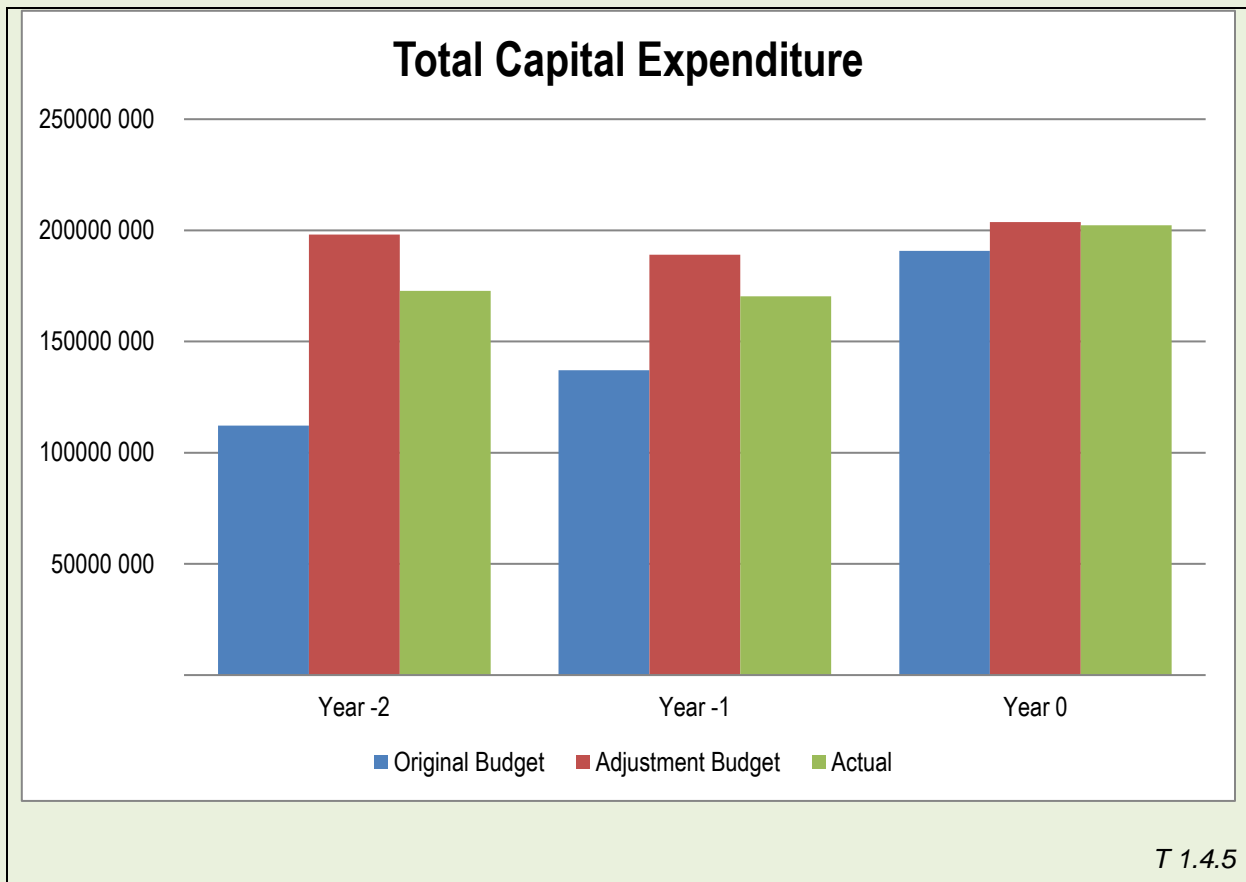
COMMENT ON OPERATING RATIOS:

Employee costs as a percentage of total operating expenditure increased from 28% (2022/23) to 32.40% (2023/24), it is still within the national norm of 40 percent. In the 2023/24 financial year, overtime hours were capped at 25 hours per employee amongst most units within the municipality. Repairs and maintenance accounts for 2.29% of total operating expenditure. Norm for this expenditure is 8%. The aforementioned 2.3% accounts for materials only. It excludes other costs such as labour, transport and overheads. Finance charges as a percentage of total operational expenditure is within the norm of 6% - 8%. The municipality managed to maintain its obligations in terms of the long-term loan. Currently the municipality is not in a financial position to incur any further long-term loans.

T 1.4.3

Total Capital Expenditure: Year -2 to Year 0			
			R'000
Detail	Year -2	Year -1	Year 0
Original Budget	112 262	137 174	190 734
Adjustment Budget	198 135	189 126	203 805
Actual	172 830	170 385	202 305
			T 1.4.4

Chapter 1



COMMENT ON CAPITAL EXPENDITURE:

The Municipality performed exceptionally well on the capital budget in the year under review. The expenditure is higher than the budget because the Municipality, due to its excellent performance, was allocated additional funds late in the financial year. The Social Labour Plans (SLPs) constitute funding by the mines for various projects agreed to with the Municipality. At the completion of these projects the assets are donated to the Municipality. The variance between the Budget and the actual capital expenditure arises from these two sources of additional funding.

The consecutive three year displayed in the graphs above shows that the capital expenditure budget was adjusted upward. In each year additional grants were made available to the Municipality because of the good performance of the Municipality on grant spending and the resultant service delivery. The Municipality spent 90% of the adjusted capital budget. There are savings realised on capital projects budgeted due to projects rolled-over. There was a roll-over for the for Wrenchville sports ground. The Municipality received an additional grant from National Treasury in March 2023 and the project could not be completed before year end. The Municipality applied for the approval of the rollover and the application was approved as all the conditions were met.

T 1.4.5.1

Chapter 1

1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

ORGANISATIONAL DEVELOPMENT PERFORMANCE

Every Municipality, in terms of the Constitution and the Municipal Systems Act, Act 32 of 2000, has to have a staff establishment reflecting the organizational design of the Municipality. The Organizational Design needs to be in line with the IDP and an updated organizational development overview of Ga-Segonyana Local Municipality was conducted to align the structure with the IDP and to provide a structure to enable the Municipality to deliver in its mandate and service delivery.

1.6. AUDITOR GENERAL REPORT

AUDITOR GENERAL REPORT: YEAR 0 (CURRENT YEAR)

Ga-Segonyana Local Municipality received a qualified audit opinion. The audit opinions for the last eleven financial years clearly indicate that the Municipality must focus on financial and internal control issues during its audits. Ga-Segonyana Local Municipality audit opinion for the 2022/2023 financial year did improve compared with the 2021/2022 financial year. The other matters deal with predetermined objectives and legislative compliance matters. More on that will be discussed in Chapter 6 of the Annual Report.

Chapter 1

1.7. STATUTORY ANNUAL REPORT PROCESS

No	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise the 4th quarter Report for previous financial year	
4	Submit draft year 0 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September - October
12	Municipalities receive and start to address the Auditor General's comments	November
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	December
16	Council adopts Oversight report	
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	January
19	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	

T 1.7.1

Chapter 2

CHAPTER 2 – GOVERNANCE

INTRODUCTION TO GOVERNANCE

The Constitution of the Republic of South Africa Act 108 of 1996 stipulated that public administration should adhere to a number of principles, including that:

- a) A high standard of professional ethics be promoted and maintained;
- b) Services are provided impartially, fairly, equitably and without bias;
- c) Resources are utilized efficiently, economically and effectively;
- D) People's needs be responded to;
- e) The public be encouraged to participate in policy making, and it be accountable, transparent and development-oriented. Good governance has major characteristics which are;

1. Participation by citizens
2. Rule of laws - which are fair legal frameworks that are enforced impartially
3. Transparency - decision taken and their enforcement of laws requires and their enforcement are done in a manner that follows rules and regulations and information is freely available and accessible to those who will be affected by such decision and enforcement.
4. Responsiveness - good governance requires that institutions and processes try to serve all stakeholders within a reasonable timeframe
5. Consensus oriented - good governance requires mediation of different interests in society to reach a broad consensus in society on what is in the best interest of the whole community and how this can be achieved
6. Equity and inclusiveness - this requires all groups and particularly the most vulnerable, to have opportunities to improve or maintain their well-being
7. Effectiveness and efficiency - Good governance means that processes and institutions produce results that meet that meet the needs of society while making the best use of resources at their disposal. The concept of efficiency in the next context of good governance also covers the sustainable use of natural resources and the protection of the environment.
8. Accountability - is a key requirement of good governance not only government institutions but also, the private sector and civil society organizations must be accountable to the public and to their institutional stakeholder.

In the Ga-Segonyana Local Municipality the political wing of the municipality exercises their executive and legislative powers and functions to govern the affairs of the municipality and the administrative wing is responsible for Corporate Governance as prescribed by various legislative frameworks.

T 2.0.1

Chapter 2

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

The Systems Act requires the municipality to clarify the roles and responsibilities of the most important role players in the municipality. Municipalities are complex institutions with wide-ranging powers and duties governed by politicians and assisted by a staff component whose main purpose it is to ensure and maintain services to the community. This goal is only achievable if there is harmonious interaction between the various role-players. They must know and understand their respective roles follow protocols and co-operate with each other but, when they fail, they should be able to correct their mistakes in terms of pre-determined processes.

The Constitution not only confers on a municipality the right to govern the affairs of the community within the municipal area, but also empowers the Municipal Council to make decisions concerning the exercise of all the powers and the performance of all the functions of the municipality. To this end the Municipal Council is clearly the principal political structure and the ultimate decision maker of the Municipality.

The Mayor is the political leader of Ga-Segonyana Local Municipality, he is responsible to enhance good governance, promote institutional pride, build external and media relations, engage with communities and facilitate the process of governing. The Mayor is responsible for monitoring the management of the municipality's administration in accordance with the directions of the municipal council. He is accountable to council and must report to council on performance and discharge of powers, functions and duties of the office. The Mayor is assisted by the Mayoral Committee. The Mayor's area of responsibility from a geographical perspective is not limited to the geographical area of the municipality. Due to the municipality's involvement in co-operative governance the Mayor's influence is much wider, e.g. the Premier's Co-ordinating Forum, SALGA, Mayoral Forum, etc.

As regards the functional area the Mayor possesses all the powers conferred by law on the office, as well as those powers that have been delegated to him/her, or can be implied, or derive from civic culture or tradition

T 2.1.0

Chapter 2

2.1 POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE

Ga-Segonyana Local Municipality is a Category B Municipality established in terms of section 12 notice of the Municipal Structures Act 117 of 1998.

The Constitution of the Republic of South Africa of 1996 and Municipal Structures Act of 2000 requires that every Council elects a Chairperson, who is called the Speaker. The aim of the Office of the Speaker is to structure the two functions of a Municipal Council which are the legislative function and its executive function. The Speaker presides over meetings of Council and performs the duties and exercises the powers delegated to the Speaker.

As the Mayor of Ga-Segonyana Local Municipality commits to efficient service delivery to the people of Ga-Segonyana at large. I also commit to work with the staff, trade unions through the management led by current Municipal Manager Mr Martin Tsatsimpe to ensure that we all reading from the same page in providing speedily and efficient service to our people. All councillors of Ga-Segonyana commits to delivery of their promises on services delivery. All Councillors are committed and determined to confront all challenges of Poverty, inequality and unemployment. Together moving Development Local government forward.

The duties of the Speaker include:

1. Ensuring that Council meets at least quarterly;
2. Maintaining order during meetings of Council;
3. Ensure compliance in the Council and Council committees in the line with Code of Conduct of Councillors and;
4. Ensure that Council meetings are conducted in accordance with the adopted rules and orders of the Council.

Therefore, as the elected Speaker of Ga-Segonyana Council I am committed to use this office to protect and uphold the Constitution of the Republic, we will ensure that public participation becomes one of the strategic tools we apply to reach out too many and thousands of people of Ga-Segonyana. The Speakers Office will at material times ensure good governance through political oversight functions that is efficient and effective in order to hold the administration accountable so that the elected officials can also account to their constituencies and people who voted us in to political office bearer positions.

The other key stakeholder that I am committing this office to work with closely is the labour unions recognised in this institution and the ward committees who are our eyes and ears on the ground. Together as team we will take our municipality forward and make it an employer of choice as envisioned in the 2030 plan of Government in the National Development Plan.

According to the gazette the Mayor and Speaker are full-time but the full-time position of the Speaker is subjected to change in terms of the Division of Revenue Bill. The Speaker will

Chapter 2

facilitate the nomination and process of the Executive Committee In terms of section 43 of the Local Government: Municipal Structures Act; 117/98. The procedure set out in the schedule 3 of the Structures Act applies to the election of the Executive Committee.

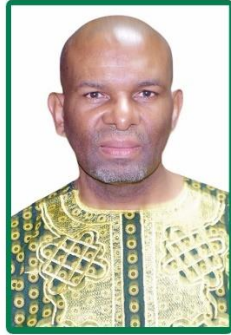
The Speaker calls for the nomination of candidate for Executive Committee members and presides over the election of Exco in terms of the procedure of Schedule 3 of the Structures Act 117 of 1998.

MPAC must be established in terms of section 79 of the Municipal Structure Act and the Municipal Finance Management Act, Act 56 of 2003 to serve as an oversight committee to exercise oversight over the Executive obligations of Council. The purpose of establishment MPACs is to ensure that municipal resources are used efficiently and effectively. By so doing, the MPAC would help to increase council and public awareness of the financial performance issues of the municipality.

The MPAC shall comprise of councillors excluding any councillor who is serving as Mayor, Speaker, and a member of the Executive Committee. However, council may invite representatives of the community and co-opt members of the public who have expertise in relevant specific fields to assist and advice in the deliberations when the need arise. These representatives will have no voting rights as they are not elected councillors.

T 2.1.1

Chapter 2



Levy Mashiane
Chief Financial Officer



Martin Tsatsimpe
Municipal Manager



Bonolo Kgosieng
Director Infrastructure Services



Kelibone Baloyi
Director Community Services



Clifford Pule
Director Corporate Services

Chapter 2

POLITICAL DECISION-TAKING

The functions of the Mayor are set out in the Municipal Structures Act. The Mayor is elected by the Municipal council to co-ordinate the work of the Municipality. The Mayor is the political head of the municipality and is expected to provide the required leadership necessary to keep the municipality moving in the proper direction. The Mayor presides over meetings of the executive committee and performs functions assigned to him or her by the municipal council or the executive committee.

These duties include any ceremonial duties. The Municipal Manager is directly accountable to the Mayor. The Mayor appoints the Municipal Manager and heads of departments upon resolution of the council. One person may serve a maximum of two consecutive terms as Mayor in the same council.

The Constitution and Municipal Structures Act requires that every Council elects a Chairperson, who is called The Speaker. The aim of the Office of the Speaker is to structure the two functions of a Municipal Council, i.e. its legislative function and its executive function. The Speaker presides at meetings of the Council and performs the duties and exercises the powers delegated to the Speaker. These duties include:

1. Ensuring that Council meets at least quarterly;
2. Maintaining order during meetings; must ensure;
3. Ensuring compliance in the Council and Council committees with the Code of Conduct of Councillors; and;
4. Ensuring that Council meetings are conducted in accordance with the rules and orders of the Council.

The new system of local government represents a paradigm shift from the old system since it incorporates a vision of a developmental local government system. The Office of the Chief-Whip was established to create synergy and to maintain discipline among Councillors from various Political Parties. The Role of the Chief-Whip of the Council covers both the political and administrative domains of Council with emphasis on the political aspect.

The Chief-Whip has to ensure that relationships are constructive and focused on key issues that aimed at improving the lives of the Ga-Segonyana residence. The Chief-Whip further acts as a link between the Speaker, The Executive and the Administration. The Chief-Whip ensures that there is equitable representation in Committees of Council. The Chief-Whip of the Council also serves as the Chief-Whip of the ruling party and his responsibilities include the managements of the whippers of the ANC. It is also his responsibility to chair the Caucus and ensure that members of the Party speak with one voice.

T 2.1.3

Chapter 2

2.2 ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

The Systems Act requires the municipality to clarify the roles and responsibilities of the most important role players in the municipality. Municipalities are complex institutions with wide-ranging powers and duties governed by politicians and assisted by a staff component whose main purpose it is to ensure and maintain services to the community. This goal is only achievable if there is harmonious interaction between the various role-players. They must know and understand their respective roles follow protocols and co-operate with each other but, when they fail, they should be able to correct their mistakes in terms of pre-determined processes.

The Constitution not only confers on a municipality the right to govern the affairs of the community within the municipal area, but also empowers the Municipal Council to make decisions concerning the exercise of all the powers and the performance of all the functions of the municipality. To this end the Municipal Council is clearly the principal political structure and the ultimate decision maker of the Municipality.

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As regards the functional area the Mayor possesses all the powers conferred by law on the office, as well as those powers that have been delegated to him/her, or can be implied, or derive from civic culture or tradition.

T 2.2.1

Chapter 2

Photos

COUNCIL OF GA-SEGONYANA LOCAL MUNICIPALITY



Cllr. Neo Masegela
Mayor & PR Councillor
(ANC)



Cllr. Keamogetse Madikiza
Speaker & PR Councillor
(ANC)

								
<small>Cllr. Lesanggang Moagi Chairperson of Finance Standing Committee (ANC)</small>	<small>Cllr. Braam Van Der Westhuizen Ward 1 Councillor & Chairperson of Human Resource Standing Committee (DA)</small>	<small>Cllr. Kealeboga Matlhole Ward 14 Councillor & Chairperson of IDP Standing Committee (ANC)</small>	<small>Cllr. Motamlemang Retseng PR Councillor & Chairperson of Community Services (EFF)</small>	<small>Cllr. Thabiso Marameni Chairperson of MPAC Ward 4 Councillor (ANC)</small>	<small>Cllr. Charles Phillips Council Whip & Ward 13 Councillor (ANC)</small>	<small>Cllr. Piet Moeqeng Ward 2 Councillor (ANC)</small>	<small>Cllr. Lorato Molusi Ward 3 Councillor (ANC)</small>	<small>Cllr. Kagiso Gloria Molokwe Ward 5 Councillor (ANC)</small>
								
<small>Cllr. Kpotlaetse Reuben Makhubo Ward 6 Councillor (ANC)</small>	<small>Cllr. Thoganyetso Lesley Diphate Ward 7 Councillor (ANC)</small>	<small>Cllr. Tebogo Nyathi Ward 8 Councillor (ANC)</small>	<small>Cllr. Nametseng Meroetho Ward 9 Councillor (ANC)</small>	<small>Cllr. Gotolema Chere Ward 10 Councillor (ANC)</small>	<small>Cllr. Maria Taeng Ward 11 Councillor (ANC)</small>	<small>Cllr. Seiso Ingrid Kek Ward 12 Councillor (ANC)</small>	<small>Cllr. Mthuthuzeli Velele Ward 13 Councillor (ANC)</small>	<small>Cllr. Masego Kapoteli PR Councillor (EFF)</small>
								
<small>Cllr. Moadramarape Lebergane PR Councillor (EFF)</small>	<small>Cllr. Kebedisang Setlho PR Councillor (EFF)</small>	<small>Cllr. Tshogo Ellis PR Councillor (EFF)</small>	<small>Cllr. Mathidiso Mamapala PR Councillor (EFF)</small>	<small>Cllr. Kabetwe Chwen PR Councillor (EFF)</small>	<small>Cllr. Sarah Ryan PR Councillor (DA)</small>	<small>Cllr. Odiridge Mathibe PR Councillor (DA)</small>	<small>Cllr. Clement Majaki PR Councillor Forum 4 Service Delivery (FASD)</small>	<small>Cllr. Malebogo Disang PR Councillor (SARKO)</small>

Chapter 2

COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

The role of a district intergovernmental forum is to serve as a consultative forum for the district municipality and the local municipalities in the district to discuss and consult each other on matters of mutual interest, including—

- a) Draft national and provincial policy and legislation relating to matters affecting local government interests in the district;
- b) The implementation of national and provincial policy and legislation with respect to such matters in the district;
- c) Matters arising in the Premier’s intergovernmental forum affecting the district;
- d) Mutual support in terms of section 88 of the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998);
- e) The provision of services in the district;
- f) Coherent planning and development in the district;
- g) The co-ordination and alignment of the strategic and performance plans and priorities, objectives and strategies of the municipalities in the district; and
- h) Any other matters of strategic importance which affect the interests of the municipalities in the district.

A District intergovernmental forum may refer a matter arising in the forum to—

- a) The Premier’s intergovernmental forum; or
- b) Any other provincial intergovernmental forum established in terms of section

T 2.3.0

Chapter 2

2.3 INTERGOVERNMENTAL RELATIONS

DISTRICT INTERGOVERNMENTAL STRUCTURES

The role of a district intergovernmental forum is to serve as a consultative forum for the district municipality and the local municipalities in the district to discuss and consult each other on matters of mutual interest, including—

- a) Draft national and provincial policy and legislation relating to matters affecting local government interests in the district;
- b) The implementation of national and provincial policy and legislation with respect to such matters in the district;
- c) Matters arising in the Premier’s intergovernmental forum affecting the district;
- d) Mutual support in terms of section 88 of the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998);
- e) The provision of services in the district;
- f) Coherent planning and development in the district;
- g) The co-ordination and alignment of the strategic and performance plans and priorities, objectives and strategies of the municipalities in the district; and
- h) Any other matters of strategic importance which affect the interests of the municipalities in the district.

A District intergovernmental forum may refer a matter arising in the forum to—

- a) The Premier’s intergovernmental forum; or
- b) Any other provincial intergovernmental forum established in terms of section

T 2.3.4

Chapter 3

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

MSA Section 15(b) requires a municipality to establish and organise its administration to facilitate a culture of accountability amongst its staff. Section 16(i) states that a municipality must develop a system of municipal governance that complements formal representative governance with a system of participatory governance. Section 18(i)(d) requires a municipality to supply its community with information concerning municipal governance, management and development. Such participation is required in terms of:

- the preparation, implementation and review of the IDP;
- establishment, implementation and review of the performance management system;
- monitoring and review of the performance, including the outcomes and impact of such performance; and
- preparation of the municipal budget. In line with the requirements of the Municipal Systems Act and Municipal Finance Management Act, the municipality had adopted various platforms for public participation such as ward meetings, Imbizos, the IDP Representative Forum and even through Facebook. The success of public participation is dependent on the activeness of the ward councilors and committees on the ground as well as the municipal communication and public relations team.

On a monthly basis, it is expected that ward councilor's call meetings with the intention to communicate the work of the council through the committees established. It is in these meetings where budget and IDP implementation is reported, service delivery challenges as experienced by the communities are noted and forwarded to members of the Mayoral Committee for intervention. The office of the Executive Mayor and that of the Speaker work in collaboration to ensure that public participation is effective and encourage participation and involvement of the community in the business of the municipality.

Benefits of public participation: Despite of the negative impact of load shedding on meeting attendance, public engagements aimed at the following outcomes:

1. It involves the community: This entails working directly with the public, ensuring that the public concerns are understood and considered.
2. It empowers the community: It places the final decision making in the hands of the community.
3. Establishing collaboration: The Municipality partner with the public in each aspect of the decision making.
4. The community is kept informed: To provide the public with objective information and alternative opportunities/solutions

The Community is consistently consulted:

To obtain public feedback on decision.

Chapter 3

2.4 PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS

The municipality involve or communicate with our communities in its affairs by means of public advertisement (in local newspapers and local radio station) of the Integrated Development Plan and Service Delivery and Budget Implementation Plan, as well as its performance plans with specific reference to the Annual Report. The municipality also advertise the activities of the Oversight Report and invite participation from the communities.

The community also participate through the structures of the IDP Representative Forum and the IDP/Budget community consultative roadshows that we conduct annually. The IDP Rep Forums are held four times per annum, IDP/Budget community consultation road shows two times per annum. The purpose of these meetings is to involve community in the Review of IDP and to come up with the issues relating to service delivery. All Councillors, Management, Directors of sector departments, Traditional Leaders, Community Based Organisations (CBO), Non-Government Organisation (NGO's), Faith Based Organisation, Ward Committee Secretaries, Community Development Workers (CDW's) and Advocacy Groups forms part of the IDP Rep Forum. And all the community members form part of the IDP/Budget community consultative meetings. Politicians and managers also conduct public engagement session when new or reviewed by-laws, policies, strategic or sector plans and strategies are considered.

T 2.4.1

Chapter 3

WARD COMMITTEES

The purpose of a ward committee is:

- to get better participation from the community to inform Council decisions;
- to make sure that there is more effective communication between the Council and the community; and
- to assist the ward councilors with consultation and report-backs to the community. Ward committees should be elected by the community they serve. A ward committee may not have more than 10 members and women should be well represented.

The ward councilors serves on the ward committee and acts as the chairperson. Although ward committees have no formal powers, they advise the ward councilors who makes specific submissions directly to Council. These committees play a very important role in the development and annual revision of the IDP of the area. The ward committee supports the ward councilors who receives reports on development, participates in development planning processes, and facilitates wider community participation.

To this end, the municipality constantly strives to ensure that all ward committees' function optimally with the provision of community information, convening of meetings, ward planning, service delivery, IDP formulation and performance feedback to communities. The table below indicates the ward committee members and the capacity they are representing.

T 2.4.2

Date	Ward	Area	Time	Ward Councillor
Monday, 20 February 2023	Ward 08 Ward 10 Ward 14	Batharos Community Hall	10:00	Cllr Simon Nyathi Cllr Gomolemo Chere Cllr Kealeboga Matlhole
	Ward 13	Wrenchville Community Hall	17:00	Cllr Charles Phillips
Tuesday, 21 February 2023	Ward 09 Ward 12 Ward 06	Seven Miles Community Hall	10:00	Cllr Nametseng Mereyotlhe Cllr Seitiso Kok Cllr Reuben Makhubu
	Ward 03 Ward 15	Thabo Moorosi Multi-Purpose Centre	16:00	Cllr Lorato Molusi Cllr Mthuthuzeli Valela
Wednesday, 22 February 2023	Ward 01	Boafe Conference Venue	18:30	Cllr Braam Van Der Westhuizen
Thursday, 23 February 2023	Ward 04 Ward 05 Ward 11	Ditshoswaneng Community Hall	10:00	Cllr Thabiso Meremetsi Cllr Gloria Molokwe Cllr Maria Taeng
	Ward 02	Bankhara-Bodulong Community Hall	15:00	Cllr Piet Moepeng
Friday, 24 February 2023	Ward 07	Sedibeng Community Hall	10:00	Cllr Tshoganyetso Diphatse

Chapter 3

COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:

The IDP provide an opportunity to strengthen integrated planning, budgeting and implementation across all spheres of government and the private sector in a meaningful way in pursuit of sustainable development.

The objects as set out in Sections 152 and 153 of the Constitution, aims to create synergy between different municipal planning instruments and National / Provincial policy directives. Ga-segonyana Municipal Council remained focused on how best to respond to its constitutional and developmental mandate through its overarching strategic development focus areas.

The Municipal Key Performance Areas (KPA's) and Strategic Objectives directs future development, potential investment and possible public/private partnership interventions. The Key Performance Areas and Strategic Objectives, guide service delivery as per municipality developed annual Service Delivery Budget Implementation Plan (SDBIP) and development. Section 28 (i) of the Municipal Systems Act, No 32 of 2000 requires that a Municipal Council adopts a schedule of activities to guide the drafting and review of its Integrated Development Plan.

The IDP process plan/time schedule articulates the progressive activities and processes which the Municipality will embark upon during the annual review of its Integrated Development Plan and implementation during the 2023/2024 period. The IDP process plan for the 2023/2024 IDP review was unanimously adopted by Council in August 2023.

The development of the IDP is undertaken inclusive of non-statutory specific sector plans; i.e. the Municipal Spatial Development Framework, the Municipal Disaster Plan, the Municipal Economic Development Strategy and lastly the Municipal Financial Plan/Budget for a specific term or financial and outer years. The alignment of the IDP with the Spatial Development Framework (SDF), relates the spatial planning and development foreseen for the financial year in planning.

The alignment of the IDP relates to aligning the IDP with the Provincial Growth and Development Strategy, the National Development Plan, and more importantly the Five National Key Performance Areas; Good Governance, Basic Services, Sound Financial Planning, Municipal Transformation and Organizational Development and Spatial and Environmental Development.

Municipal planning is informed by the National KPAs, Provincial Strategic Objectives and other National programs which follows:

1. To Improve and maintain current basic service delivery, through specific infrastructural development projects,
2. To create an enabling environment for social development and economic growth,
3. To promote safe and healthy environment through the protection of our natural resources,
4. To grow the revenue base of the municipality,

Chapter 3

5. To structure and manage the municipal administration to ensure efficient services delivery and To encourage the involvement of communities in the matters of local government, through the promotion of open channels of communication.

2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes
* Section 26 Municipal Systems Act 2000	
T 2.5.1	

COMPONENT D: CORPORATE GOVERNANCE

2.6 RISK MANAGEMENT

RISK MANAGEMENT

Chapter 3

Risk management is a systematic and formalised process instituted by the municipality to identify, assess, manage, monitor and report risks ensuring the achievement of objectives. In terms of Sections 62(1)(c)(i) and 95(c)(i) of the MFMA the Accounting Officer is required to ensure that the municipality has and maintains effective, efficient and transparent systems of risk management. The main reason for risk management is that the service delivery environment and the public sector's interface with stakeholders have become far more demanding and volatile than before. Historical ways of doing things are no longer effective as evidenced by several service delivery and general failures. Benefits of risk management are:

- more efficient, reliable and cost-effective delivery of services;
- minimised waste and fraud; and
- more reliable decision making.

Enterprise Risk Management (ERM) forms a critical part of any entity's strategic management. It is the process whereby an entity both methodically and intuitively addresses the risk attached to their activities with the goal of achieving a sustained benefit within each activity and across a portfolio of activities. Enterprise Risk Management is recognised as a strategic, integral part of sound organisational management and is being promoted internationally and in South Africa as good business practice applicable to the public and private sectors.

The underlying premise of enterprise risk management is that every entity exists to provide value for its stakeholders. All entities face uncertainty and the challenge for management is to determine how much uncertainty to accept as it strives to grow stakeholder value. Uncertainty presents both risk and opportunity, with the potential to erode or enhance value.

Enterprise risk management enables management to effectively deal with uncertainty and associated risk and opportunity, enhancing the capacity to build value. Value is maximised when management sets strategy and objectives to strike an optimal balance between growth and return goals and related risks, and efficiently and effectively deploys resources in pursuit of the entity's objectives. The framework provides a basis for management to effectively deal with uncertainty of associated risk and opportunity, thereby enhancing its capacity to build value. The following factors require consideration when integrating ERM into organisational decision-making structures:

- Strategically aligning risk management with objectives at all levels of the organisation;
- Introducing risk management components into existing strategic planning and operational practices;
- Including risk management as part of employees' performance appraisals; and
- Continuously improving control and accountability systems and processes to consider risk management and its results.

The Enterprise Risk Management Framework specifically addresses the structures, processes and standards implemented to manage risks on an enterprise-wide basis in a consistent manner. The standards further address the specific responsibilities and accountabilities for the Enterprise Risk Management process and the reporting of risks and incidences at various levels within Ga-Segonyana local municipality.

Chapter 3

As the field of risk management is dynamic, this policy and framework document is expected to change from time to time. Current trends in good corporate governance have given special prominence to the process of Enterprise Risk Management, and reputable businesses needed to prove that they follow expected risk management standards. This means that Ga-segonyana must ensure that the process of risk management receives special attention throughout the organisation and that all levels of management know, understand, and follow the framework document. Risk Management Activities as contemplated in the Framework are properly discharged and all Risk Management activities reported quarterly to the Risk Management and Audit Committee. Ga-Segonyana Municipality's Current Key Risks as of 30 June 2024 are as follows:

Top Five risks to the municipality

1. Accountability over IT
2. Loss of income
3. Non-adherence to the SD Framework
4. Disasters
5. Ageing infrastructure, Electricity, Sewerage, Water, Storm & Roads- Vehicles

Risk has been identified and assessed, action plans have been developed to further mitigate risks, the real risk management is to implement these action plan and embed management of risk into day-to-day activities of the municipality

T 2.6.1

2.7 ANTI-CORRUPTION AND FRAUD

FRAUD AND ANTI-CORRUPTION STRATEGY

Definition of Fraud and Corruption

possibility of fraud and corruption and the MFMA, section 112(1) (m)(i) specifies supply chain measures to be enforced to combat fraud and corruption, favouritism and unfair and irregular practices. Section 115(1) of the MFMA states that the accounting officer must take steps to ensure mechanisms and separation of duties in a supply chain management system to minimise the likelihood of corruption and fraud.

Ga-Segonyana Local Municipality has a range of measures to prevent corruption, fraud and theft; these are in harmony with the national anti-corruption strategy. The municipality has reviewed and the Policy and Council adopted the Fraud Prevention Policy together with the Fraud Prevention and Anti-Corruption Plan; the latter operationalised, the broad principles contained in the policy framework. This framework essentially defines and regulates measures to address corruption, fraud and theft.

Chapter 3

This is underscored by the understanding that criminal and other irregular conduct is detrimental to good, effective, accountable and transparent governance and hampers the service delivery capacity of the Municipality.

To that end, the objective of this policy is to:

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

2.8 SUPPLY CHAIN MANAGEMENT

OVERVIEW SUPPLY CHAIN MANAGEMENT

According to Robert Handfield, Ph.D. . (<https://scm.ncsu.edu/scm-articles/article/author/hand-field>)

“Supply Chain Management (SCM) is the active management of Supply Chain activities to maximize customer value and achieve sustainable competitive advantage. It represents a conscious effort by the supply chain firms to develop and run supply chains in the most effective and efficient ways possible. Supply chain activities CHAPTER 2: GOVERNANCE 62 cover everything from product development, sourcing, production and logistics, as well as the information systems needed to coordinate these activities.”

The goal of SCM is to meet the needs of the final consumer by supplying the right product at the right place, time, and price.

The Supply Chain Management Unit (SCM) is a strategic key driver for service delivery and the implementation of projects within the municipality. The SCM is a multi-faceted process with many stakeholders and more moving projects. The procurement of goods and services is mainly done through the SCM. The lack of proper functioning of SCM impacts negatively on the municipality’s performance which leads to delays in the appointment of Service Providers and/or Contractors or Consultants. None functioning of SCM affects the various Committees such as the Bid Specification Committee (BSC), Bid Evaluation Committee (BEC), and Bid Adjudication Committee (BAC) in terms of attaining decisions speedily in connection with bids. SCM comprises Demand and Specifications Management, Acquisition Management, Logistics and Disposal Management, and Risk and Performance Management.

Chapter 3

SCM requires new financial procurement systems to make the supply chain more efficient however the SCM is current operating manuals which complicates productivity while hindering sustainability and causing supply chain problems. The lack of proper SCM systems and the use of manual systems hamper operational efficiencies and effectiveness in the municipality's service delivery mandate.

In the financial year 2021/2022, the SCM was advertising and evaluating tenders in line with Regulation 2017 (PPPFA) however the Preferential Procurement Policy was introduced in 2022. In January 2023, the municipality started with the implementation of the new PPR 2022. The PPP policy of the municipality was approved by the council. The PPR 2022 emphasis is on specific goals as outlined in the RDP. All the formal written quotation above the value of R30 00 was advertised with specific goals as well as the tender value above R200 000.

2.9 BY-LAWS

Section 11 of the MSA gives a Municipal Council the executive and legislative authority to pass and implement by-laws and policies.

By-laws Introduced during Year 0					
Newly Developed	Revised	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	By-Laws Gazetted* (Yes/No)	Date of Publication
	Electrical Supply By-Law	Yes	04 May 2022 to 12 May 2022	No	N/A
	Combating Vandalism of Properties By Law	Yes	04 May 2022 to 12 May 2022	No	N/A
	Fire Bridgate Services By Law	Yes	04 May 2022 to 12 May 2022	No	N/A
	Parking and Loading Management By Law	Yes	04 May 2022 to 12 May 2022	No	N/A
	Sewage Disposal By Law	Yes	04 May 2022 to 12 May 2022	No	N/A
	Building Regulations By Law	Yes	04 May 2022 to 12 May 2022	No	N/A
	Refuse Removal By Law	Yes	04 May 2022 to 12 May 2022	No	N/A

Chapter 3

Keeping of Wild Animals, Poultry and Bees	Yes	04 May 2022 to 12 May 2022	No	N/A
*Note: See MSA section 13.				T 2.9.1

COMMENT ON BY-LAWS:

Municipal by-laws are adopted by Council in terms of section 12 of the Local Government: Municipal Systems Act, No. 32 of 2000. In terms of Section 13 thereof, a by-law takes effect when published in the Provincial Gazette, or on a future date as determined in terms of the by-law. In compliance with the Systems Act, prior to the adoption of bylaws, the Municipality follow public participation processes, affording the public the opportunity to submit comments and/or objections to the proposed by-law, which are subsequently considered by Council. There were no by-laws reviewed for the 2022/23 financial year.

2.10 WEBSITES

The Municipality maintain a functional website that displays relevant information as per the requirements of Section 75 of the MFMA and Sections 21A and B of the MSA as amended. The website serves as a mechanism to promote accountability and transparency to communities. It is a key communication mechanism in terms of service offering, information sharing and public participation. A website is a communication tool that allows easy and convenient access to relevant information and is an integral part of the Municipality's Communication Strategy

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date
Current annual and adjustments budgets and all budget-related documents		14/06/2023
All current budget-related policies		14/06/2023
The previous annual report (Year -1)	No	
The annual report (Year 0) published/to be published	No	
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards	No	
All service delivery agreements (Year 0)	No	
All long-term borrowing contracts (Year 0)	No	
All supply chain management contracts above a prescribed value (give value) for 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		14/06/2023
<i>The Municipality has complied with the requirements of a municipal website as set out in the MFMA Section 75 especially the requirements that are supply chain, finance, and performance management related. The Municipality continuously aims to improve the content of the website to speak mainly to the needs of the community. As such,</i>		

Chapter 3

the Municipality is currently exploring different cost-effective solutions, which will bring municipal services closer to communities and will be accessible through the Municipality website.

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

The munici

INTRODUCTION

- A total of 3.8 Km of paved roads was completed in Bankhara-Bodulong and Magojaneng. Box cuts were also completed at Seven miles road of which completion is expected to be in 2019/2020. PMU to give report on all other projects for 19/20
- Construction of Sedibeng hall was completed in 2019/2020.
- The refurbishment of the boreholes in Mothibistad was also completed in 2019/2020.
- A development of new water sources was started in Batlharos and still work in progress of which it will be completed in 2019/2020.
- The upgrading of the Kuruman Waste Water Treatment Works commenced in May 2021 to ensure the works are upgraded from 6.0 ML/day to 8.0 ML/day
- Adequate funding was received from mining houses for Kuruman bulk water supply scheme and final completion of the project is expected in 2021/2022.
- INEP electrification projects resulted in 2200 new connections Promised Land and Obama Hills settlements.
- 124 households were connected in Wrenchville RDP.
- 15 High-mast lights were newly connected in Seoding, Magojaneng, Mapoteng, Ditshoswaneng, Garuele and Galotolo villages.

T 3.0.1

Chapter 3

COMPONENT A: BASIC SERVICES

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

INTRODUCTION TO BASIC SERVICES

The Municipality still experiences a huge backlog on the provision of basic infrastructure due to migration into our Municipal area by people losing their jobs at the mines, and influx of people wanting to come to closer to town to deemed job opportunity. This takes place in an uncontrolled environment where informal settlement mushroom overnight into our Municipality. The informal settlement of Promise land is currently receiving attention from the Department of Human Settlement, to formalize and deliver basic service. Township layout is currently being finalized.

There are no budget provisions to attend to basic infrastructure as funding must be sourced by grant funding and it takes time to plan and source such funding.

The Municipality is left at a disadvantage in that the equitable share, and available grant funding has got no chance to keep up maintenance and provision of infrastructure. The poor forthcoming of residents registering on the indigent register also has an influence on the equitable share allocation, thus the lack of funding also has an impact negatively on the provision of free basic services, to the deserving communities.

The Municipality also managed to source funding from mining houses to complete the Kuruman Bulk Water Supply Scheme. Roads and storm water master plan was also completed with the funding we received from DBSA. The Municipality is still in the process of sourcing for funding for the implementation of the masterplan. Funds were also received from mining houses to upgrade the electrical and roads maintenance materials infrastructure in Kuruman and Wrenchville.

T 3.1.0

Chapter 3

3.1. WATER PROVISION

INTRODUCTION TO WATER PROVISION

The provision of basic services within Ga-Segonyana Local municipal area is mainly informed by the foundation layer during public consultation to develop firstly the Five Year IDP and the annual review of the IDP. The annual review of the IDP focuses on the continued relevance of identified community needs and applicable municipal strategies to address these needs. In the context of basic services, the following strategies guide development planning and response: Water Services Development Plan, Electricity Master Plan, Roads & Storm Water Master Plan, and the Waste Management Plan. Without these strategic documents or plans, structured and sustainable delivery or provision of services become a daunting task

The provision of basic services covers two categories:

- Residents/households registered to pay for services as per municipality Promun system
- Residents/households registered on our Indigent Register whom requires a level of subsidiary support to access basic services.

Ga-Segonyana Local Municipality, in its amended Service Delivery and Budget Implementation Plan (SDBIP) for 2021/22 identified the following key performance indicators (KPIs) for water and sanitation service delivery:

- Meet 90% compliance to general standards with regard to waste water outflow by 30 June of the financial year.

The Municipality is the Water Service Authority (WSA) for the entire Municipality Area. It serves as the water service provider for Kuruman, Wrenchville and Bankhara-Bodulong, the rural areas including Mothibistad, are serviced by Sedibeng water as the appointed Water Service Provider for Ga-Segonyana Local municipality. The Municipality depends entirely on underground water sources for its domestic, agricultural and commercial consumption. To date a total of 31 325 households benefitted from the supply of water services. The municipal blue drop status is 73%.

T 3.1.1

SERVICE STATISTICS

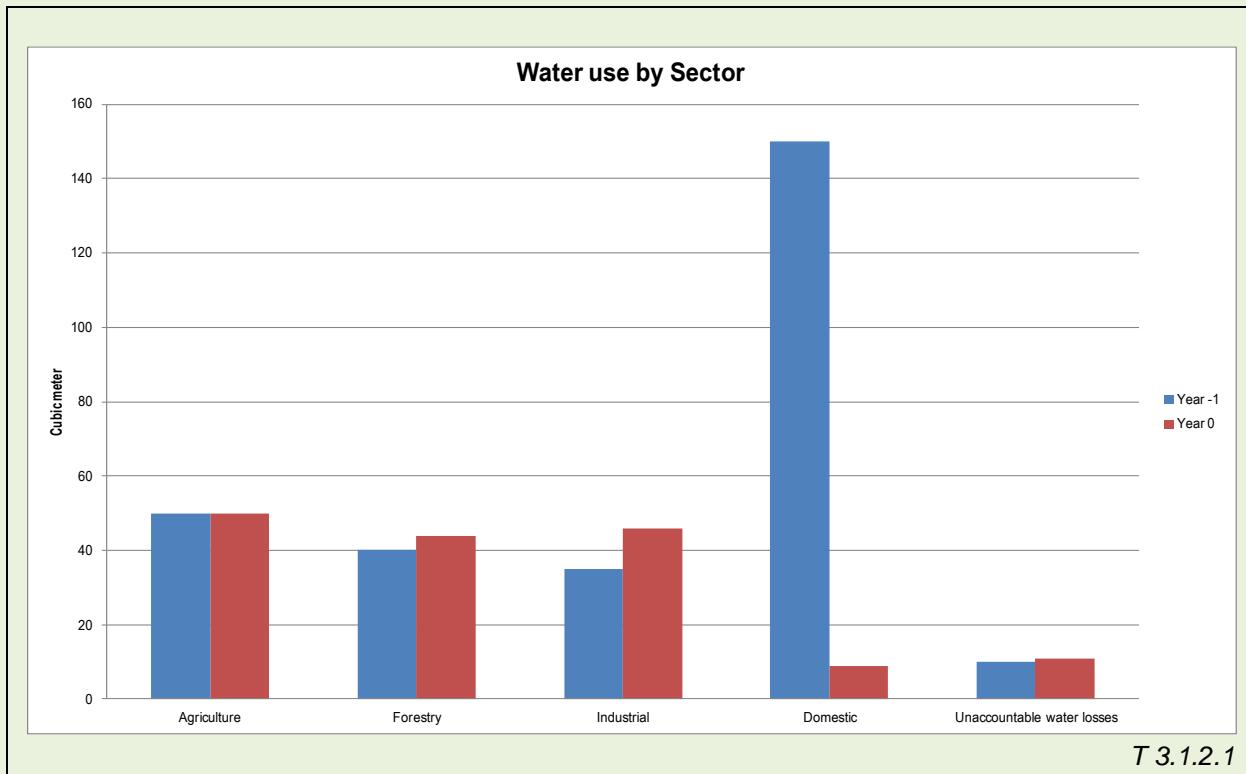
The Regulations relating to compulsory National Standards and Measures to Conserve Water, requires in section 10 (2) (a), that the water services authority should report on the quantity of water services provided, including the quantity of water used by each user sector.

The consumption of water in the municipality is divided in to four main categories:

- Industrial
- Domestic
- Non-revenue
- Water losses

Chapter 3

A major concern for the municipality is its ability to accurately measure water losses and non-revenue water.



COMMENT ON WATER USE BY SECTOR:

The municipality is the main supplier of water for domestic and industrial use. This excludes people who get water supply through boreholes in their premises and the provision of water for agricultural use by the Department of Agriculture. As small percentage of agriculture small holdings in Kuruman get their water supply from the municipality. Water produced and sold is significantly affected by the extreme losses as a result of the damage to the Kuruman reservoir. However, the municipality has constructed a 24 Mega litre water reservoir and still in a process of completing the second phase of pipe work from the boreholes to the reservoir. The intention of this project is to reduce the water losses. Despite the challenge, the Municipality has been able to supply water consistently to all the concerned sectors for consumption. The Municipality also experiences losses or unaccounted for water through the illegal extraction from fire hydrants and illegal water connection.

The municipality has experienced a significant increase in the number of informal housing developments that requires the provision of basic water services in the form of standpipes. These developments are unplanned and place a strain on existing services thus contributing to the unpredictable levels of service.

T 3.1.2.2

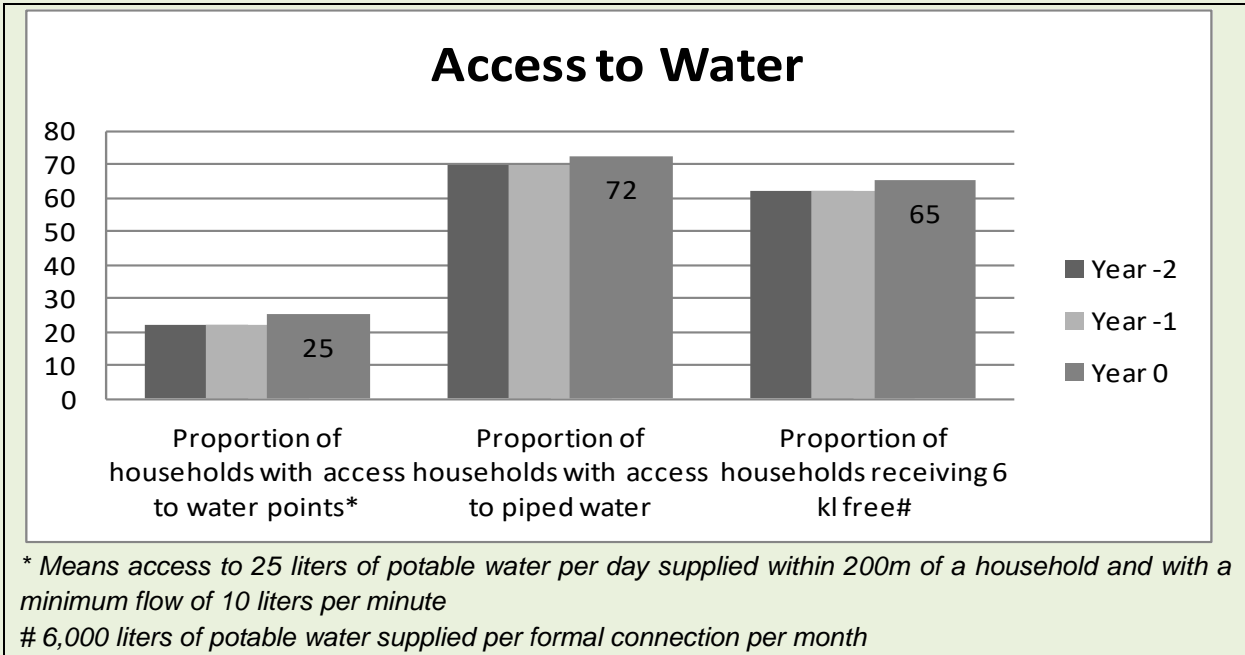
Chapter 3

Water Service Delivery Levels				Households
Description	2018-2019	2019-2020	2021-2022	2022-2023
	Actual No.	Actual No.	Actual No.	Actual No.
<u>Water: (above min level)</u>				
Piped water inside dwelling	6	6	8	9
Piped water inside yard (but not in dwelling)	6	6	10	13
Using public tap (within 200m from dwelling)	10	10	12	14
Other water supply (within 200m)	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>	22	23	30	35
<i>Minimum Service Level and Above Percentage</i>	65%	65%	63%	61%
<u>Water: (below min level)</u>				
Using public tap (more than 200m from dwelling)	10	10	15	18
Other water supply (more than 200m from dwelling)	–	–	–	–
No water supply	2	2	3	5
<i>Below Minimum Service Level sub-total</i>	12	12	18	22
<i>Below Minimum Service Level Percentage</i>	35%	35%	37%	21%
Total number of households*	35	35	48	57

* - To include informal settlements

T 3.1.3

Chapter 3



Chapter 3

Financial Performance Year 0: Water Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	132 801	167 895	165 704	170 924	2%
Expenditure:					
Employees	4 281	7 454	5 701	5 839	-28%
Repairs and Maintenance	2 282	2 483	1 483	1 326	-87%
Other	62 277	38 777	44 719	72 492	47%
Total Operational Expenditure	68 840	48 715	51 903	79 658	39%
Net Operational Expenditure	63 961	119 180	113 802	91 266	-31%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
T 3.1.8					

Chapter 3

COMMENT ON WATER SERVICES PERFORMANCE OVERALL:

The Municipality endeavors to provide a basic level of access to water for its residents at an RDP standard of 200m radius. In other circumstances residents have been able to make use of the services of Sedibeng water to attain yard and ultimate house connections. The biggest challenge in water provision is the increasing backlogs, which results from the illegal and uncontrolled occupation and allocation of stands in the rural areas. This makes it difficult for the municipality to plan for the complete eradication of water backlogs in the municipality.

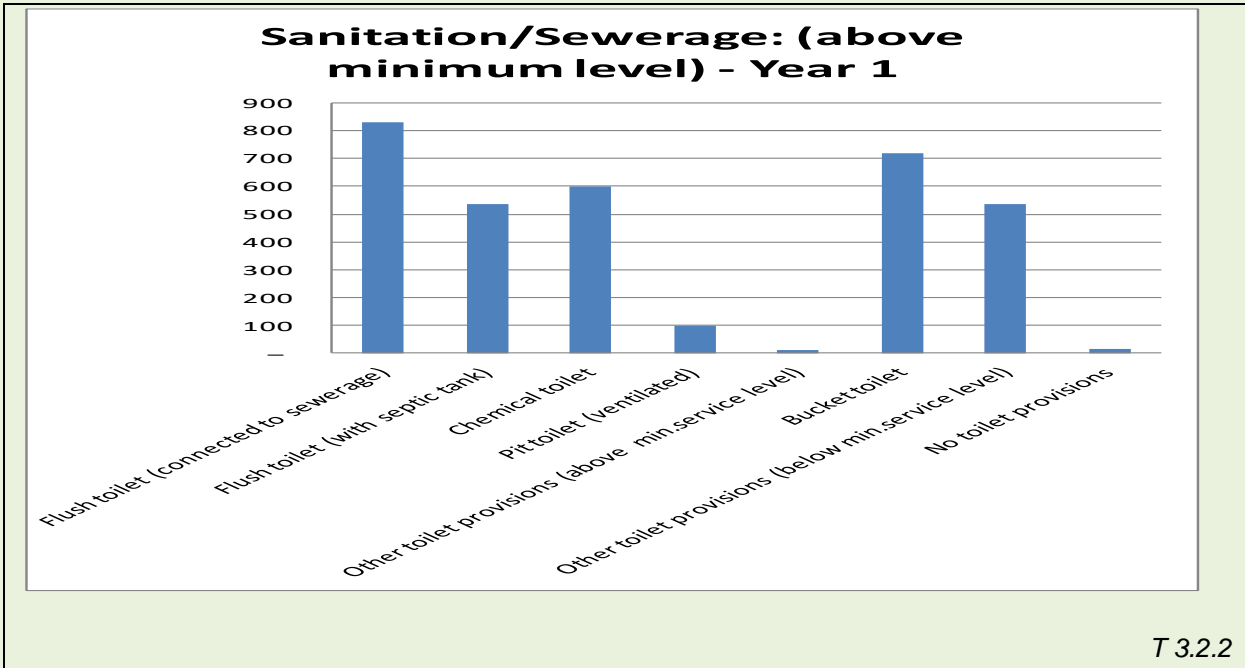
3.2 WASTE WATER (SANITATION) PROVISION

INTRODUCTION TO SANITATION PROVISION

The Kuruman Waste Water Treatments is receiving upgrades from 4.2 MI/day to 6 MI/day. The upgrades will ensure that the Bulk Sewer Treatment has capacity to accommodate new developments and connections. Feasibility plans for the planning and construction of the Regional Waste Water Treatment Works are have also commenced with the master planning of the sewerage infrastructure within the Jurisdiction of Ga-Segonyana Local Municipality. In its efforts to eradicate sanitation backlogs, the Municipality has embarked on a three-year program with the appointment of a dedicated service provider. This makes it easier to deliver the construction of VIP sanitation units across the rural areas of the municipality. Out of the existing Municipal settlement, Wrenchville, Mothibistad, Kuruman and parts of Bankhara–Bodulong have access to full water borne sanitation. The rest of the settlements in the Municipality are receiving VIP sanitation or are still on traditional pit latrines. Sewer suction services are also provided to some parts of privately owned septic tanks in rural villages.

T 3.2.1

Chapter 3



Financial Performance Year 0: Sanitation Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	62 587	48 606	70 317	68 685	29%
Expenditure:					
Employees	5 573	6 802	8 467	9 195	26%
Repairs and Maintenance	2 356	3 147	1 147	421	-648%
Other	29 422	6 811	24 276	28 175	76%
Total Operational Expenditure	37 351	16 760	33 890	37 791	56%
Net Operational Expenditure	25 236	31 847	36 427	30 895	-3%
<p><i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i></p> <p style="text-align: right;">T 3.2.8</p>					

Chapter 3

Chapter 3

COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL:

The refurbishment of Barnard pump station has been completed, and improved the blockages which reduced the maintenance cost

T 3.2.10

3.3 ELECTRICITY

INTRODUCTION TO ELECTRICITY

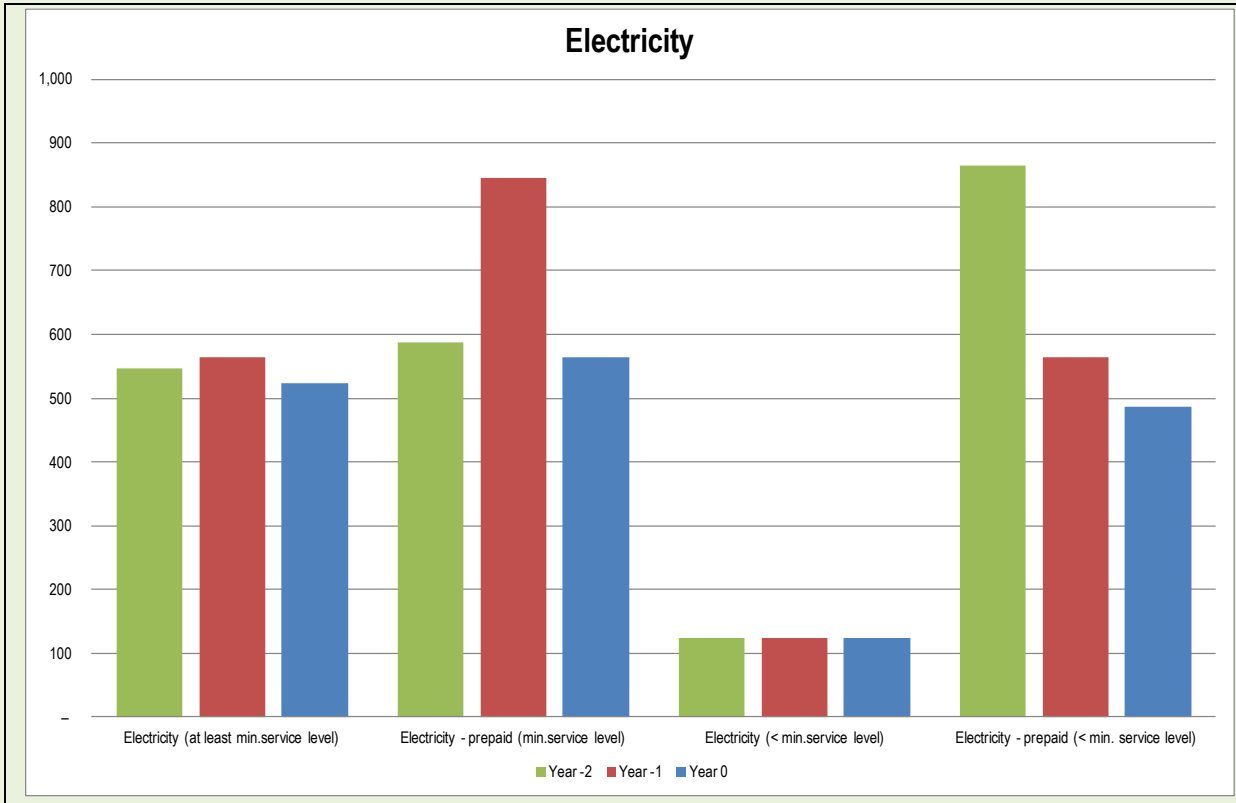
The Municipality is the electricity provider license holder for Kuruman, Wrenchville, Promise Land, Thuli Madonsela, Mogashwa, Obama Hills, Bankhara-Bodulong and Seven Miles Block H. The Municipality successfully managed to electrify 1 701 household in Diamond View 850 and 701 households in Seven Miles Block H, planned 150 house connections for Bankhara – Bodulong. Ga-Segonyana Local Municipality increased Notified Maximum Demand from 16.9 to 22 and upgrade two Medium Voltage lines from Hare Conductor to Chikadee to enable both lines to handle 10 MVA capacity.

Moffat substation upgrade and funded by Neighbourhood grand scope of work, refurbishing Sering 11kv Medium Voltage line from Moffat Substation replacing Mink conductor with Hare conductor, replacing rotten 11-meter poles and post insulators and installation of 630 KVA, 11KV/420 Mini substation. Building new Medium Voltage line from Moffat Substation to Industrial and linking new MV line to booster pump station to create back feed point and installation of 630 KVA, 11KV/ 420V Mini Substation to accommodate future developments at New Industrial Park. The last scope for Moffat Substation was replacing old fence with Clear Vu fence and extending substation yard to cover all outgoing feeders and installing earth mat at Moffat substation.

Through SLP projects funded by Assmang Blackrock Mine Ga-Segonyana LM replace seven (7) rotten 11-meter poles and four (4) rotten 9-meter poles in Bankhara – Bodulong. In Kuruman town thirty-two (32) rotten 9-meter poles were replaced and two (2) rotten 11-meter pole replace at Industrial. Other scope of work completed and funded by Assmang Blackrock Mine include replacing Low Voltage bare conductor with ABC bundle conductor in three streets, 177meter Wentzer street, 179-meter Weinberg Street, 118-meter Loubser street and High-Tension Cable were replaced on N14 mini substation to complete ring and replace High Tension Cable on Hibiscus Street. In Wrenchville pole replaced were completed three (3) rotten 11 – meter pole replaced and six (6) rotten 9 – meter poles replaced in Wrenchville.

T 3.3.1

Chapter 3



Chapter 3

COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL:

The Municipality's electrical infrastructure has improved and the NMD increased from 16,9 NMD to 22 NMD to accommodate future projects in the CBD and new electrification connections. The Municipality has been able to electrify 1 701 connections in Diamond View 850, Seven Miles 701 connections Block H and Bankhara-Bodulong 150 house connections completed.

The Municipality constructed new 11KV Medium Voltage from Moffat substation to Industrial and installation of 630KVA mini substation, refurbishing Sering Medium Voltage line and replace old High-tension cable at Hibiscus Street and N14 route. Low Voltage bare conductor was replaced in three streets Wentzel, Weinberg and Loubser streets. Also pole replacement were done in Kuruman town, Wrenchville and Bankhara – Bodulong.

On Eskom electrical network electrification was done and villages benefited from INEP programme were as follows

- 1.Magojaneng phase2 electrification projects 950 house connections completed.
- 2.Mapoteng No Man land (Masigela Villa) electrification 500 house connections completed.
- 3.Gasegonyana HH extension (Thamoyanche77, Galotolo21, Ncweng 87, Pietboss 29, Gamopedi 77, Sedibeng 45, Lokaleng44, Slojah 10, Geelboom 109, Gasehubane 49 and Garuele 59.

T 3.3.9

3.4 WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

INTRODUCTION TO WASTE MANAGEMENT

Household refuse collection is done weekly in Kuruman town , Mothibistad and Wrenchville according to the National standard for weekly Refuse Collection from every household by 2024.

Business refuse collection is done on daily basis from Monday to Sunday including holidays

Successes

- 1 Donation of 210 liters empty drums to be converted into street bins. They are painted and branded with (# Keep Ga-Segonyana Clean)
- 2 Weekly Clean-up and awareness campaigns
- 3 The weighbridge is functional and being used on a daily basis
- 4 The municipality is registered with SAWIC and is currently reporting on monthly basis without any interruption.

Chapter 3

5 The municipality in partnership with Impact Catalyst appointed 60 beneficiaries that were placed at Batharos, Mothibistad, Maruping and Kuruman town for a cleaning project. 10 of which received training for SHE Representative, Basic Fire and First Aid Level 1

6 The municipality formed partnership with the Department of Forestry, Fisheries and Environment to appoint 723 beneficiaries throughout 15 wards to start a project of Cleaning and Greening whose contracts ended on the 31st of May 2024. The beneficiaries received short course on Financial Management.

7 The municipality is adhering to the National Standard for weekly refuse collection from every household in Ward 1, 3 and 15.

8. Free Basis Waste Removal for 313 Indigents

9. Municipality has a team of 15 EPWP workers who do street cleaning on a daily basis.

Challenges

1 The street bins that were placed strategically were vandalized and it limited street bins in Kuruman town to control litter

2 Obsolete machinery that break now and then affects the service delivery negatively.

3 Increased illegal dumping.

4 Recycling is not done as the Municipality has not procured a bailing machine as yet for the buy back centre.

Top service delivery priorities and the impact you have had on them during the year.

The section is short staffed and as a result, street cleaning overtime is worked every weekend throughout the year.

Obsolete machinery for waste collection break now and then and has negative impact on service delivery

Explain the measures taken to improve performance and the major efficiencies achieved by your service during the year.

210 litre drums to be converted into street bins to control littering

The appointment of 723 and 60 beneficiaries for cleaning in all 15 wards.

Appointment of 15 EPWP for street cleaning in town on a daily basis

Weekly household refuse collection is done without any backlog

Ongoing Clean-up campaigns and educational awareness are conducted

Indicate how your municipality identifies and responds to those communities that are living in poverty and are deficient in this basic service.

The municipality is rendering free basic services to them and their names are put in the indigent registers so that the municipality can receive an equitable share grant to enable smooth service delivery.

Give the name and extent of service provision of any municipal entity(ies) responsible for rendering Refuse Services within the municipality.

Enviro-Pro JV Omogolo. (Landfill site operation and management)

T 3.4.1

Chapter 3

Solid Waste Service Delivery Levels				
Description	Year -3	Year -2	Year -1	Year 0
	Actual No.	Actual No.	Actual No.	Actual No.
Solid Waste Removal: (Minimum level)				
Removed at least once a week	2,895	2,685	2,846	2,235
<i>Minimum Service Level and Above sub-total</i>	2,895	2,685	2,846	2,235
<i>Minimum Service Level and Above percentage</i>	50.9%	47.1%	51.5%	44.8%
Solid Waste Removal: (Below minimum level)				
Removed less frequently than once a week	655	547	565	523
Using communal refuse dump	865	846	487	865
Using own refuse dump	655	547	565	523
Other rubbish disposal	502	952	938	720
No rubbish disposal	112	123	124	124
<i>Below Minimum Service Level sub-total</i>	2,790	3,015	2,678	2,755
<i>Below Minimum Service Level percentage</i>	49.1%	52.9%	48.5%	55.2%
Total number of households	5,685	5,699	5,523	4,991
				T 3.4.2

Households - Solid Waste Service Delivery Levels below the minimum						
Description	Year -3	Year -2	Year -1	Year 0		
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
Formal Settlements						
Total households	100,000	100,000	100,000	100,000	100,000	100,000
Households below minimum service level	25,000	25,000	25,000	25,000	25,000	25,000
Proportion of households below minimum service level	25%	25%	25%	25%	25%	25%
Informal Settlements						
Total households	100,000	100,000	100,000	100,000	100,000	100,000
Households ts below minimum service level	25,000	25,000	25,000	25,000	25,000	25,000
Proportion of households ts below minimum service level	25%	25%	25%	25%	25%	25%
						T 3.4.3

Chapter 3

Households - Solid Waste Service Delivery Levels below the minimum						
Description	Year -3	Year -2	Year -1	Year 0		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	100,000	100,000	100,000	100,000	100,000	100,000
Households below minimum service level	25,000	25,000	25,000	25,000	25,000	25,000
Proportion of households below minimum service level	25%	25%	25%	25%	25%	25%
Informal Settlements						
Total households	100,000	100,000	100,000	100,000	100,000	100,000
Households ts below minimum service level	25,000	25,000	25,000	25,000	25,000	25,000
Proportion of households ts below minimum service level	25%	25%	25%	25%	25%	25%
						T 3.4.3

Chapter 3

Employees: Waste Disposal and Other Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
Total	55	93	55	38	41%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T3.4.6

Financial Performance Year 0: Electricity Services					
					R'000
Details	Year -1	Year 0			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue	235 517	330 967	325 988	270 478	-22%
Expenditure:					
Employees	9 384	9 327	8 840	8 967	-4%

Chapter 3

Repairs and Maintenance	16 223	8 700	12 270	8 895	2%
Other	140 123	141 208	158 668	171 088	17%
Total Operational Expenditure	165 730	159 234	179 778	188 951	16%
Net Operational Expenditure	69 787	171 733	146 210	81 527	-111%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.3.7

Chapter 3

COMMENT ON WASTE MANGEMENT SERVICE PERFORMANCE OVERALL:

The Waste Management Office applied for specialized vehicles funded by MIG, a 10 ton pay loaded refuse truck with rear wheels valued at R2 508 194.10 and a A4x4 TLB (tractor- loader backhoe) valued at R1 408 011.90. The funding is expected from 5% of the MIG funding that is shared by Sports and Waste Management. The IWMP is outdated and will be reviewed, after the review the project will be included in the MIG funding projects for the next 3 years

T 3.4.10

3.5 HOUSING

INTRODUCTION TO HOUSING

Post Apartheid Policy Framework

The initial post-1994 period was defined by the 1994 White Paper on Housing, the mandate and responsibility of the state as set out in the Constitution of South Africa, and the Reconstruction and Development Programme of 1996 (RDP).

The focus was on the quantity of houses delivered - a quantity based approach. Despite significant success with housing delivery, this approach also gave rise to critical challenges of affordability of houses, and the future ability of the State to sustain this delivery model.

Breaking New Ground and Sustainable Human Settlements

The review of the Reconstruction and Development Programme (RDP) led to the introduction of the comprehensive plan for the creation of Sustainable Human Settlements - more commonly referred to as Breaking New Ground (BNG).

This plan brought with it a paradigm shift, from a housing delivery, quantity based approach to a more demand defined, quality-based and integrated approach. This change also included a shift in focus from shelter to asset creation.

Incremental Development and Participatory Planning Approaches

The period after 2010 included a critical review of the BNG, and the realisation that the focus was still placed on housing delivery and that other critical aspects relating to the creation of Sustainable Human Settlements, such as community improvement and the provision of basic services has not been adequately addressed. Therefore, the current period places enormous emphasis on incremental development driven by the local community needs, and prioritises participation, and meaningful engagement in the development process. The National Upgrading Support Programme (NUSP), Upgrading of Informal Settlements Programme (UISP), Neighbourhood Development Partnership Grant (NDPG) and the Urban Settlements Development Grant are critical supporting Programmes and funding interventions in the practical realm of incremental development and the creation of Sustainable Human Settlements.

T 3.5.1

Chapter 3

COMMENT ON THE PERFORMANCE OF THE HOUSING SERVICE OVERALL:

The Department of COGHSTA has appointed a service provider to do the assessment on eradication of mud houses in the past two years across all the 23 villages such that funds can be made available to build houses in Ga-Segonyana jurisdiction.

Progress to date:

GA-Segonyana has submitted a business plans for the below Seven (7) villages:

1. Gasehubane
2. Garuele
3. Gantatelang
4. Gamopedi
5. Mokalamosesane
6. Ditshoshwaneng
7. Ncweng.

However, the funding is not yet made.

Challenges:

One of the requirements for the Department to do is Housing projects, and the Dolomite/Geotech report is available by

One of the requirements for the Department to do housing projects is the Dolomite / Geotech report made available by the Municipality and the availability of services in a township.

With Kuruman been underlaid by Dolomite this results to slow delivery of housing as it is cost effective to conduct the said investigations.

Projects are implemented by the Department, No funds are transferred to the Municipality to manage and implement the housing projects and that lead to the slow Overall performance has largely been impacted by number of factors communities invading prime land earmark for development and long waiting period for Geotech studies to be finalized

T 3.5.7

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

The Indigent Policy of the municipality recognises indigent households as households with the following distinct characteristics that are also criteria to qualify and receive free basic services: Income Indigent

- Full-time occupant of the property

Chapter 3

- Account holder (municipal account)
- Use of municipal services
- Total household income must not exceed R4 500 per month
- Child-headed households
- Beneficiaries of low cost-free basic houses funded through subsidies and grants
- Certain geographic areas
- Exceptional circumstances

It is expected that the account holder will complete an application form to register as an indigent. If the applicant meets all the criteria, they will be entitled to free basic services on a monthly basis. A site verification visit will be performed, and the applicant will be interviewed within a two-year period to confirm their declarations in the application. Thereafter, site verifications will be conducted at least every two years.

As an exception to the above criteria and process, the Municipality has determined certain geographical areas as indigent. The households within these areas will be registered as indigent by reason of their location within a designated area but will also be individually verified within a two-year period. The municipality installs a prepaid electricity meter at own cost to all qualifying households to ensure that the electricity bill is easily managed and to enable the customer to claim free units per month. The municipality provides the following services to indigent households who qualify:

- 50Kwh of electricity per month
- 6Kl of water per month
- Refuse removal (full subsidization)
- Sanitation (full subsidization)

It is incumbent upon the indigent household to declare any change in their status that will necessitate review of the allocation. One of the most important provisions in the Policy recognises and defines the incidence of Child-headed households. It was recognised that this is quite a prolific circumstance in the Sol Plaatje municipal area and that these types of households were at risk as the policy did not make express allowance for them.

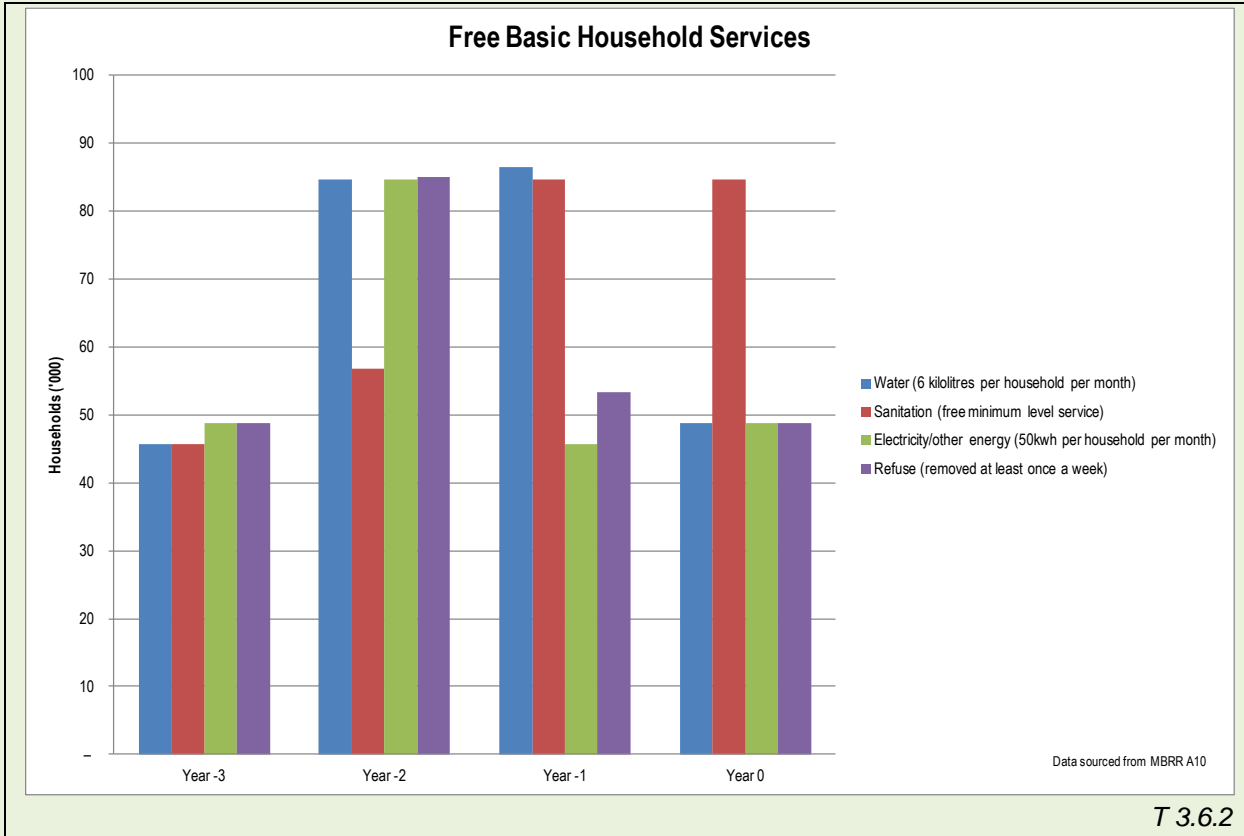
An extract from section 5 of the Indigent Management Policy expounds on this category below:

Child-headed households shall qualify automatically for full subsidization in line with this policy. A child shall be any person who is 18 years and younger. Such applicants shall be assisted by the ward councilors and all documentary proof shall serve as evidence prior to qualification.

The municipality embarks on an indigent registration campaign annually for all the wards. The areas where the municipality provides services such as Kuruman, Mothibstad and Wrenchville, the indigent

Chapter 3

registration opens for the whole year in case customers lose their jobs so that they can receive Free basic services. The indigent policy is reviewed annually and the qualifying household income threshold is R4 120 and less.
T 3.6.1



Free Basic Services To Low Income Households											
	Number of households										
	Total	Households earning less than R4,120 per month									
		Total	Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse		
		Access	%	Access	%	Access	%	Access	%		
Year -2	1 286	1 286	1 286	100%	238	19%	1 286	100%	238	19%	
Year -1	2 251	2 251	2 251	100%	336	15%	2 251	100%	336	15%	
Year 0	2 955	2 955	2 955	100%	406	14%	2 955	100%	406	14%	

T 3.6.3

Chapter 3

Financial Performance Year 0: Cost to Municipality of Free Basic Services Delivered					
Services Delivered	Year -1	Year 0			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Water	200	244	250	248	2%
Waste Water (Sanitation)	220	240	250	245	2%
Electricity	100	120	130	135	11%
Waste Management (Solid Waste)	105	110	120	125	12%
Total	625	714	750	753	5%
					T 3.6.4

Chapter 3

COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT:

The Municipality embarks on campaigns once a year at all areas within our jurisdiction however few indigents responded. The Municipality relies on the South African Police Service (SAPS) for the certifying of documents. SAPS are not always available to assist and they prioritize their work as they do not have adequate resources for their own function. The Budget and Treasury Office is facilitating the possibility of applications for a number of employees who qualify to apply to be Commissioners of Oaths. This will reduce the reliance on SAPS. Every effort will be made to reach as many indigents households as possible. The Indigent Register is submitted yearly to Eskom to provide free the 50 kwh units to community members registered as indigents and for other services provided by the municipality, they will receive the 6 kl of water and their accounts will be credited with 100% sanitation and refuse removal services.

Chapter 3

T 3.6.6

COMPONENT B: ROAD TRANSPORT

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

INTRODUCTION TO ROAD TRANSPORT

Delete Directive note once comment is completed - Provide brief introductory comments on the strategy, priorities and provision regarding road development and maintenance and transport including public bus services.

T 3.7

3.7 ROADS

INTRODUCTION TO ROADS

Majority of the Municipal roads in the rural areas are gravel which requires upgrading to paved or surfaced roads. Existing surfaced roads in Kuruman, Mothibstad and Wrenchville have aged and require resealing and patching. Some existing gravel or collector roads in Ga-Segonyana are in a constant need of maintenance due to high volumes of traffic and the damage caused by storm water run off. The riding quality deteriorates rapidly and requires regular grading and re-gravelling. This high maintenance activities impact heavily on the Municipal operating budget. The Municipality is currently embarking on a rural roads programme with the intention to pave the existing gravel roads. To date (2015 to 2021) a total of 55.64 km has been completed where 8.4 Km was completed in 2021-2022 . The master plan is being utilised to source funding from potential funders such as mining houses and relevant departments. On weekly basis the Municipality is having planned schedule for grading gravel roads in all 15 Wards.

T 3.7.1

Gravel Road Infrastructure					
	Kilometers				
	Total gravel roads	New gravel roads constructed	Gravel roads surfaced	Gravel roads paved	Gravel roads graded/maintained
2018-2019	721	0	0	7,8	8
2019-2020	721	0	0	3,6	6
2020-2021	721	0	0	1,8	6
2021-2022	721	0	0	8,4	7
2021- 2022	721	0	0	1,85	15
T 3.7.2					
Tarred Road Infrastructure					

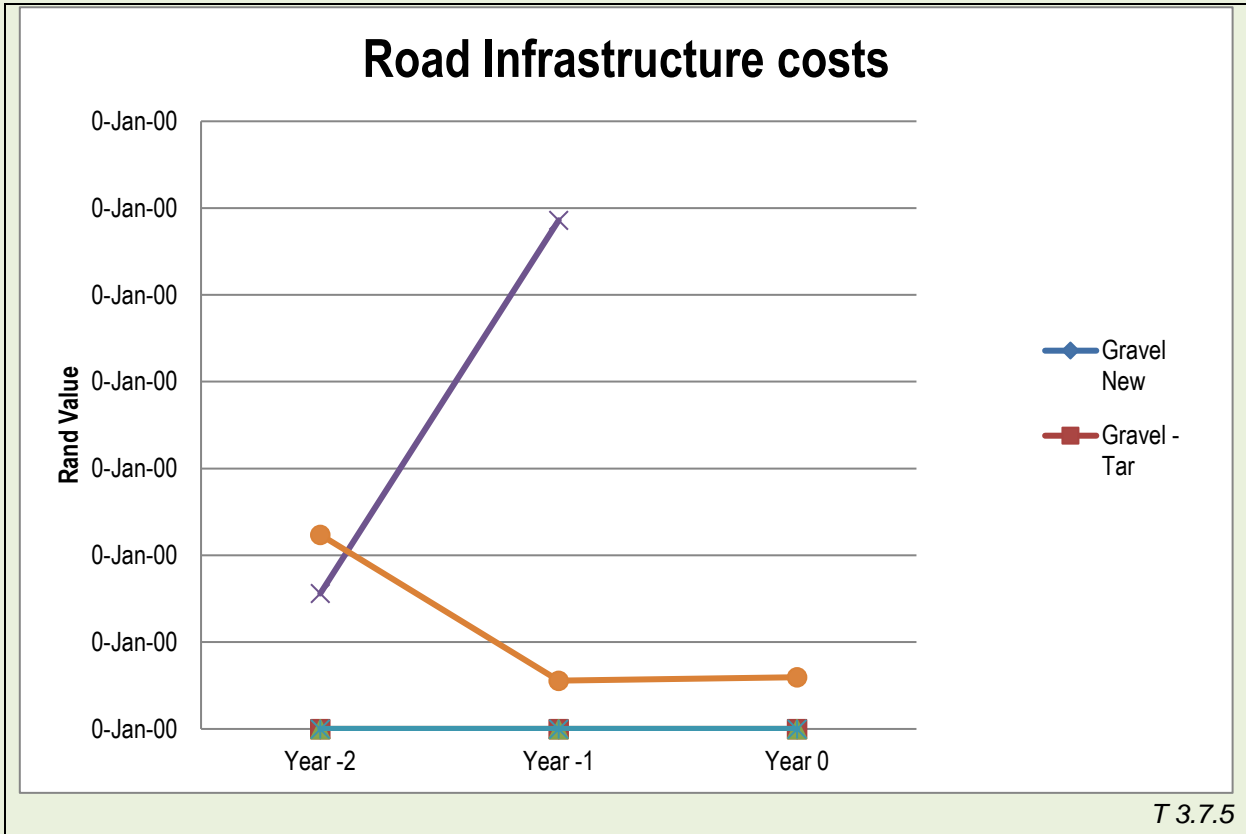
Chapter 3

					Kilometres
	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
2017-2018	114	20	30	15	140
2018-2019	114	0	7,3	7,3	2,9
2019-2020	114	0	0	0	5
2020-2021	114	0	2.2	0	5
2021-2022	114	1	50	50	6
					<i>T 3.7.3</i>

Tarred Road Infrastructure					Kilometres
	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
2017-2018	114	20	30	15	140
2018-2019	114	0	7,3	7,3	2,9
2019-2020	114	0	0	0	5
2020-2021	114	0	2.2	0	5
2021-2022	114	1	50	50	6
					<i>T 3.7.3</i>

Cost of Construction/Maintenance						R' 000
	Gravel			Surfaced & Paved		
	New	Gravel - Tar	Maintained	New	Re-worked	Maintained
2018-2019	R 0.00	R 0.00	R 0.00	R 16 164 419.39	R 0.00	R 5 939 803.00
2019-2020	R0.00	R0.00	R0.00	R 21 157 128.68	R 0.00	R ???
2020-2021	R0.00	R0.00	R0.00	R 11 747 319.64	R 0.00	R ???
2021-2022	R0.00	R0.00	R0.00	R 11 747 319.64	R 0.00	R ???
						<i>T 3.7.4</i>

Chapter 3



Chapter 3

Road Service Policy Objectives Taken From IDP

Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	2017-2018		2018-2019		2019-2020	2020-2023		
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Elimination of gravel roads in townships	Kilometres of gravel roads tarred (Kilometres of gravel road remaining)	4,2 kms gravel roads tarred (706 gravel roads remaining)	10,9 kms gravel roads tarred (685 kms gravel roads remaining)	4,2 kms gravel roads tarred (706 kms gravel roads remaining)	00 kms gravel roads tarred (685 kms gravel roads remaining)	00 kms gravel roads tarred (685 kms gravel roads remaining)	41km (685 kms gravel roads remaining)	7 kms gravel roads tarred (644 kms gravel roads remaining)	7 kms gravel roads tarred (637 kms gravel roads remaining)
Development of municipal roads as required	41 kms of municipal roads developed	4,2 kms	10,9 kms	4,2 kms	0	0	41 kms	7 kms	7 kms

T 3.7.6

Chapter 3

Financial Performance Year 0: Road Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	21 939	17 923	27 921	32 643	45%
Expenditure:					
Employees	4 682	6 270	5 768	5 905	-6%
Repairs and Maintenance	4 748	6 669	6 069	3 768	-77%
Other	35 525	29 151	26 144	31 798	8%
Total Operational Expenditure	44 955	42 090	37 981	41 471	-1%
Net Operational Expenditure	(23 016)	(24 167)	(10 060)	(8 828)	-174%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					
T 3.7.8					

COMMENT ON THE PERFORMANCE OF ROADS OVERALL:

The Municipality has so far been addressing the roads backlog with the grant funding from MIG mainly focusing in the rural areas. Mining houses have also assisted the Municipality significantly with regards to the eradication of potholes in the Municipal areas. Ga-Segonyana Local Municipality through MIG has upgraded 1.85 gravel road to paved road in Kagung Village Rethabile Section.

T 3.7.10

Chapter 3

3.9 WASTE WATER (STORMWATER DRAINAGE)

INTRODUCTION TO STORMWATER DRAINAGE

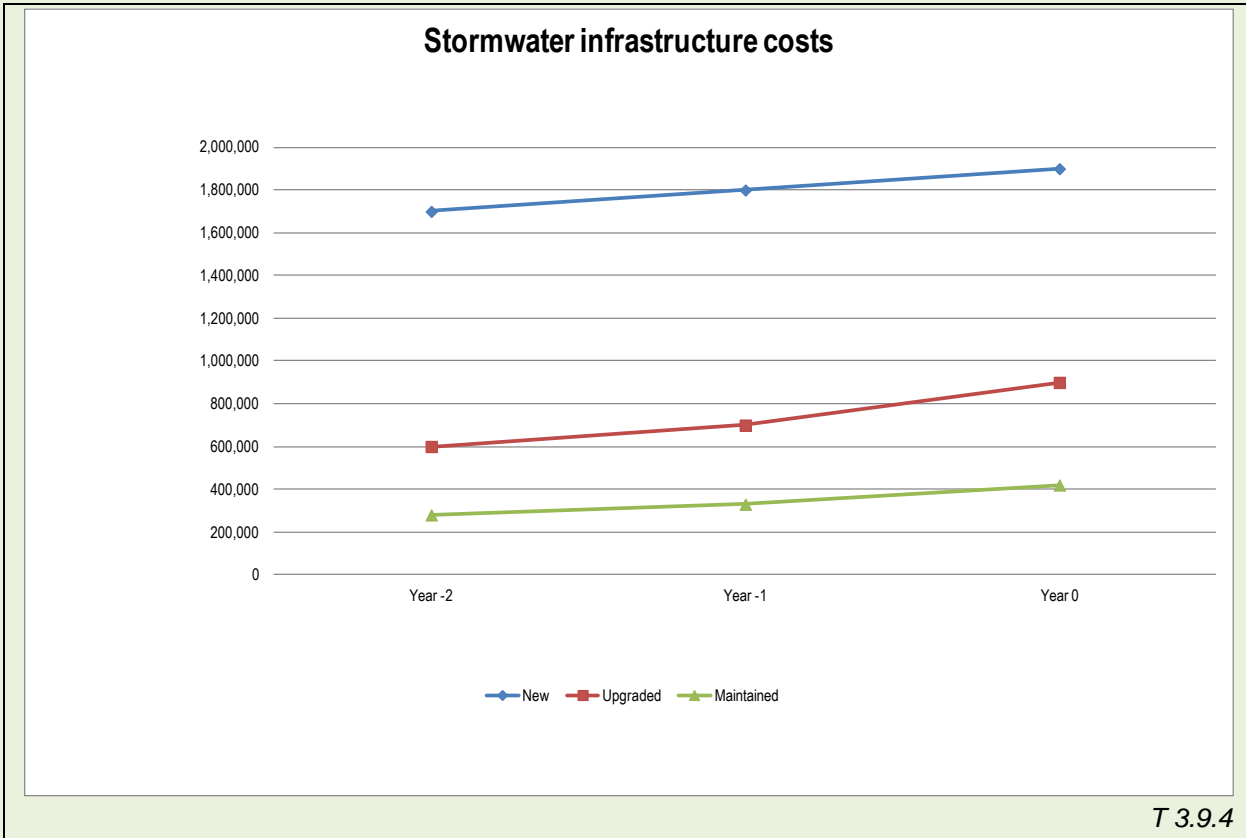
Provide brief introductory comments on the progress being made to improve stormwater drainage and discuss the major successes achieved and challenges faced in year 0 (include your top 3 service delivery priorities and the impact you have had on them during the year). Set out measures taken to improve performance and the major efficiencies achieved by your service during the year. Refer to support given to informal settlement and rural development. Refer to support given to those communities that are living in poverty. Give the name and extent of service provision of any municipal entity(ies) responsible for rendering Stormwater Drainage Services within the municipality.

T 3.9.1

Stormwater Infrastructure				
	Total Stormwater measures	New stormwater measures	Stormwater measures upgraded	Stormwater measures maintained
Year -2	145	15	10	100
Year -1	160	20	12	120
Year 0	166	25	14	140
				T 3.9.2

Cost of Construction/Maintenance			
	Stormwater Measures		
	New	Upgraded	Maintained
Year -2	1,700,000	600,000	280,000
Year -1	1,800,000	700,000	330,000
Year 0	1,900,000	900,000	420,000
			T 3.9.3

Chapter 3



Chapter 3

Chapter 3

COMMENT ON THE PERFORMANCE OF STORMWATER DRAINAGE OVERALL:

Delete Directive note once comment is completed – Explain the priority of the four largest capital projects and explain the variations from budget for net operating and capital expenditure. Confirm your year 5 targets set out in the IDP schedule can be attained within approved budget provision and if not then state how you intend to rectify the matter. Explain the priority of the four largest capital projects and explain variances from budget for net operating and capital expenditure. Also explain any likely variation to the total approved project value (arising from year 0 and/or previous year actuals, or expected future variations).

T3.9.9

COMPONENT C: PLANNING AND DEVELOPMENT

This component includes: planning; and local economic development.

3.10 PLANNING

INTRODUCTION TO PLANNING

The Town Planning section is part of the Infrastructure Services department, and its primary responsibility is to guide development and regulate land uses within the Ga-Segonyana Municipal Jurisdiction, utilizing the Spatial Development Framework and the Land Use Management Scheme Regulation as planning tools. The Town planning unit is a strategic division of the Municipality tasked with maintaining an orderly built environment and proper land use management for a variety of land uses. The unit is in charge of the following functions:

a) Urban and Regional Planning

The Municipality's Urban Planning Division is a strategic division tasked with maintaining an orderly built environment and proper land use management for diverse land uses such as industrial, institutional, residential, and various businesses.

The Division is a sub-directorate of the Directorate: Basic Services and Infrastructure Department, and it is divided into two sections: Town Planning and Building Control.

- Urban Planning services, such as zoning information and the processing of various land use applications, such as rezoning applications, as well as the enforcement of town planning scheme rules, are overseen by the Urban Planning Division.
- Building Control - Submission of plans, inspection, and (dis)approval.

Chapter 3

The Urban Planning Section plays a critical role in establishing and promoting an integrated town devoted to eliminating spatial inequities and guiding development toward lively, resilient, and sustainable urban and rural areas. The Urban Planning Section recognizes that, in response to spatial transformation, spatial restructuring is required to quicken investment and generate opportunities that will boost the local economy and help the municipality accomplish its strategic goals.

Ga-Segonyana Local Municipality established its own Municipal Planning Tribunal (MPT) in 2021, and the tribunal is having one meeting per quarterly. The tribunal has nine members, three of whom are outside professionals: a professional town planner, an environmental science specialist, and an attorney and the rest are internal members from the municipality

Section 35(3) of the spatial Planning and Land Use Management Act, 2013 (Act 16 of 2013) requires that a municipality must, in order to determine Land Use Management applications in its area, categorise development applications to be considered by the authorised official and those to be referred to the Municipal Planning Tribunal. Ga-Segonyana Council has adopted both the land use management scheme (LUMs), 2020 and the Spatial Development Framework (SDF) 2020, in the 2019/2020 financial year.

T 3.10.1

Applications for Land Use Development						
Detail	Formalisation of Townships		Rezoning		Built Environment	
	2022-2023	2021- 2022	2020-2021	2021-2022	2022-2023	2022-2023
Planning application received	2	3	25	27	0	0
Determination made in year of receipt	2	3	25	27	0	0
Determination made in following year	0	0	0	0	0	0
Applications withdrawn	0	0	00	0	0	0
Applications outstanding at year end	0	0	0	0	0	0

T 3.10.2

Chapter 3

Financial Performance Year 0: Planning Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	19 173	33 796	34 094	8 682	-289%
Expenditure:					
Employees	18 434	24 168	23 233	7 478	-223%
Repairs and Maintenance	3 340	5 002	2 005		
Other	14 843	13 928	15 256	7 099	-96%
Total Operational Expenditure	36 618	43 098	40 494	14 577	-196%
Net Operational Expenditure	(17 445)	(9 302)	(6 401)	(5 895)	-58%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
T 3.10.5					

Chapter 3

Planning Policy Objectives Taken From IDP									
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	2019-2020		2020-2021			2021-2022	2022-2023	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
Determine planning application within a reasonable timescale	Approval or rejection of all build environment applications within 12 weeks	Determination within 12 weeks	Determination within 12 weeks	Determination within 12 weeks	Determination within 12 weeks	Determination within 12 weeks	Determination within 11 weeks	Determination within 12 weeks	Determination within 12 weeks
	Reduction in planning decisions overturned	3 planning decisions overturned	3 planning decisions overturned	5% planning decisions overturned	5% planning decisions overturned	5 planning decisions overturned	4% planning decisions overturned	No planning decisions overturned	No planning decisions overturned

T 3.10.3

Chapter 3

COMMENT ON THE PERFORMANCE OF PHYSICAL PLANNING OVERALL:

There are no capital projects prioritised for planning & Development and, therefore no budget expenditure for projects.

T 3.10.7

3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

INTRODUCTION TO ECONOMIC DEVELOPMENT

Ga-Segonyana Local Municipality is one of the three Local Municipalities that make up the John Taolo Gaetsewe District. The economy is mainly based on Mining and Agricultural activities. The Ga-Segonyana Local Municipality is situated on the Namaqua route, forming part of the main route between Gauteng and Namibia and Cape Town via Upington.

The Municipality is an Administrative Capital of the District, given its centrality to accessible transport routes, amenities and also housing most government and some private sector administrative offices. This has also contributed in the influx of people from the neighbouring municipalities, especially Joe Morolong Local Municipality and even outside the district in pursuit of economic opportunities. Ga-Segonyana Local is positioned as a preferred services centre, both for commercial and residential for the Mining Corridor.

The Local Economic Development Unit of the Municipality focuses on the three service delivery sections, which includes Small, Medium & Micro Enterprises Development, Tourism Development and Business Licensing and Regulation. The Unit is structured to respond to the issues impacting on economic activities but also provides for a conducive environment where economic development can happen through stakeholder relations and ensuring for governance and regulations through municipal by laws and legislative framework.

Over the previous year, the municipality has aggressively implemented existing policies in order to have maximum impact in its service delivery programmes. The alignment of the LED Strategy to other key policies such as the IDP, National Spatial Development Perspective, the Provincial Growth strategy and National LED Framework has allowed the LED services within the municipality to start making critical in routes and find expression in the other work of the municipality but also in clarifying what the role of Local Economic Development is, within a municipal context. This is obviously an area of growth given lessons learnt and potential for great improvement in services provision

T 3.11.1

Chapter 3

Economic Activity by Sector				R '000
Sector	Year -2	Year -1	Year 0	
Agric, forestry and fishing	2	1.5	1.5	
Mining and quarrying	6	5	2	
Manufacturing	56	58	63	
Wholesale and retail trade	45	51	52	
Finance, property, etc.	51	48	52	
Govt, community and social services	23	25	25	
Infrastructure services	34	38	41	
Total	217	226.5	236.5	
				T 3.11.2

Economic Employment by Sector				Jobs
Sector	Year 1 No.	Year -1 No.	Year 0 No.	
Agric, forestry and fishing	20,000	25,000	30,000	
Mining and quarrying	400,000	435,000	372,000	
Manufacturing	320,000	300,000	270,000	
Wholesale and retail trade	190,000	200,000	210,000	
Finance, property, etc.	275,000	255,000	235,000	
Govt, community and social services	300,000	310,000	320,000	
Infrastructure services	400,000	430,000	450,000	
Total	1905000	1955000	1887000	
				T 3.11.3

COMMENT ON LOCAL JOB OPPORTUNITIES:

Delete Directive note once comment is completed - Comment briefly on the short and longer term prospects for economic growth and development referring to the above. Include in this section references to Tourism and Market Places (including street traders)

T 3.11.4

Chapter 3

Jobs Created during Year 0 by LED Initiatives (Excluding EPWP projects)				
Total Jobs created / Top 3 initiatives	Jobs created No.	Jobs lost/displaced by other initiatives No.	Net total jobs created in year No.	Method of validating jobs created/lost
Total (all initiatives)				
Year -2				
Year -1				
Year 0				
Initiative A (Year 0)				
Initiative B (Year 0)				
Initiative C (Year 0)				
				T 3.11.5

Job creation through EPWP* projects		
Details	EPWP Projects No.	Jobs created through EPWP projects No.
Year -2		40
Year -1		50
Year 0		66
		2,000
		2,900
		4,500
* - Extended Public Works Programme		T 3.11.6

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Chapter 3

Financial Performance Year 0: Local Economic Development Services					
					R'000
Details	Year - 1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	3 445	3 211	3 211	1 618	-98%
Expenditure:					
Employees	6 197	7 007	6 826	3 187	-120%
Repairs and Maintenance					
Other	304	562	695	26	-2081%
Total Operational Expenditure	6 500	7 570	7 521	3 213	-136%
Net Operational Expenditure	(3 055)	(4 359)	(4 310)	(1 595)	-173%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.11.9

COMPONENT D: COMMUNITY & SOCIAL SERVICES

This component includes: libraries and archives; museums arts and galleries; community halls; cemeteries and crematoria; child care; aged care; social programmes, theatres.

INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES

Delete Directive note once comment is completed – Provide brief introductory comments. Refer to support given to those communities that are living in poverty.

T 3.52

Chapter 3

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

INTRODUCTION TO LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES

Municipal library provides services to the community in the form of reading materials for convenient use; circulation of reading materials; service to help provide users with library materials, educational and recreational audiovisual materials; or a combination of these services.

Ga-Segonyana municipality has eight (8) libraries (Kuruman, Mothibistad, Batlharos, Kagung, Bankhara, Seoding, Seven Miles, Ga-Sehubane) that serves the broader community in the municipal jurisdiction.

While the services include community information services, recreational activities, reference services, storytelling, reading competition, career information, customer care, adult literacy education, mobile library services, services to prisoners, services to old age homes and online internet search.

The primary purposes of our libraries are to provide resources and services in a variety of media to meet the needs of individuals and groups for education, information and personal development including recreation and leisure.

T3.12.1

SERVICE STATISTICS FOR LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)

Service Statistic of all libraries for the 2020/ 2021 financial year

Activity	Totals
1. Circulation of library materials	- 640
2. Un-shelved library materials	- 616
3. Library users	- 459
4. Library visitors	- 1303
5. Total Library memberships	- 8029

T 3.12.2

Chapter 3

Libraries; Archives; Museums; Galleries; Community Facilities; Other Policy Objectives Taken From IDP									
Service Objectives Service Indicators (i)	Outline Service Targets (ii)	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
Provide library services to 8 libraries		8	8	8	8	8	8	8	9
Awareness campaigns		8	8	8	8	8	8	8	9
Holiday programmes		8	8	8	8	8	8	8	9
Statistics		8	8	8	8	8	8	8	9

Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *'Current Year' refers to the targets set in the Year 0 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Intergrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.

T 3.12.3

Chapter 3

Financial Performance Year 0: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
R'000					
Details	Year - 1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	1 222	1 276	1 281	2 554	50%
Expenditure:					
Employees	8 539	11 950	11 459	10 724	-11%
Repairs and Maintenance					
Other	134	176	174	1 626	89%
Total Operational Expenditure	8 674	12 126	11 633	12 350	2%
Net Operational Expenditure	(7 451)	(10 849)	(10 351)	(9 796)	-11%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
T 3.12.5					

COMMENT ON THE PERFORMANCE OF LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC) OVERALL:

Delete Directive note once comment is completed – Explain the priority of the four largest capital projects and explain the variations from budget for net operating and capital expenditure. Confirm your year 5 targets set out in the IDP schedule can be attained within approved budget provision and if not then state how you intend to rectify the matter. Explain the priority of the four largest capital projects and explain variances from budget for net operating and capital expenditure. Also explain any likely variation to the total approved project value (arising from year 0 and/or previous year actuals, or expected future variations).

T 3.12.7

Chapter 3

3.13 CEMETORIES AND CREMATORIIUMS

INTRODUCTION TO CEMETORIES & CREMATORIIUMS

Delete Directive note once comment is completed – Provide brief introductory comments. Set out your top 3 service delivery priorities and the impact you have had on them during the year. Explain the measures taken to improve performance and the major efficiencies achieved by your service during the year. Refer to support given to those communities that are living in poverty.

T 3.13.1

SERVICE STATISTICS FOR CEMETORIES & CREMATORIIUMS

T 3.13.2

Chapter 3

Cemeteries and Crematoriums Policy Objectives Taken From IDP									
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
Fence repairs of grave yards		3	3	3	3	0	3	3	4
Digging of graves (Mothibistad, Wrenchville, Kuruman)		105	105	105	120	12	300	300	300

*Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *Current Year' refers to the targets set in the Year 0 Budget/IDP round. *Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Intergrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.*

T 3.13.3

Chapter 3

Financial Performance Year 0: Cemeteries and Crematoriums					
R'000					
Details	Year - 1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	1 488	1 716	1 716	1 648	-4%
Expenditure:					
Employees	2 326	2 561	2 809	2 809	9%
Repairs and Maintenance	85	200	100	46	-338%
Other	(85)	15	18	23	33%
Total Operational Expenditure	2 326	2 777	2 927	2 877	4%
Net Operational Expenditure	(837)	(1 060)	(1 211)	(1 229)	14%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.13.5

Chapter 3

Capital Expenditure Year 0: Cemeteries and Crematoriums					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					T 3.13.6

Chapter 3

3.20 POLICE

INTRODUCTION TO POLICE

In summary the DLTC is responsible for ensuring the driver fitness in order to allow a driver to sit behind a steering wheel.

Our top three service delivery priorities are centred around

- (1) traffic safety and accident reduction;
- (2) traffic flow optimization and
- (3) law enforcement & licencing.

Our foremost priority is to implement measures that minimize traffic-related accidents and enhance the safety of all road users. This involves analyzing accident data, improving signage and conducting public awareness campaigns.

We also strive to alleviate congestion by point duty allocations of officers at different points/locations including school patrols, escorts and being visible at busy streets.

We boost our performance by hosting road blocks on weekly basis to enhance our revenue collection; improved our driving licence testing centre by a more advanced system using technology to increase efficiency and curbs issues of corruption; engage communities and make awareness of traffic laws and road safety awareness especially during the festives teaching people fatigue, driving under the influence, moving violations, drug usage, awareness of pedestrians and being considerate.

The municipal traffic driving license testing centre is a Grade A driving license testing centre and is authorized to examine and test a person for learners license and driving license of any code.

Functions of driving license testing centre (DLTC)

1. Appointment for learners licenses for all codes
2. Appointment for driving licenses for all codes
3. Testing for learners licenses for all codes
4. Testing for driving licenses for all codes
5. Issuing for learner licenses
6. Issuing temporary driving licenses
7. Issuing duplicate learners licenses
8. Renewal of drivers licenses
9. Renewal of professional driving permits (PRDP)

T 3.20.1

Chapter 3

Metropolitan Police Service Data					
	Details	Year -1	Year 0		Year 1
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Number of road traffic accidents during the year				
2	Number of by-law infringements attended				
3	Number of police officers in the field on an average day	12	12	12	12
4	Number of police officers on duty on a average day	12	12	12	12
					T 3.20.2

Concerning T 3.20.2

Driving License Testing Centre (DLTC) Statistics for July 2022 until June 2023

The undermentioned are the total number of visits from clients done at the Municipal Traffic Department sub-section DLTC.

Activity	Total
Renewal of Driver's License	- 2676
Renewal of PrDP	- 2136
Application for Driving License	- 49
Application for Learners License	- 2978

DLTC was visited by 7839 clients for the financial year of July 2020 until June 2021

Vehicle Testing Station (VTS) Statistics for July 2022 until June 2023

Number of roadworthy tests	- 1604
Number of roadworthy certificates issued	- 1271

Law Enforcement Statistics for July 2022 until June 2023

Number of Summons issued	- 1524
Art 341 Notice issued	- 1842
J534	- 131

Total of 3497 Charges were laid for the financial year July 2020 until June 2021

Registration and Licensing Statistics for July 2022 until June 2023

Number of transactions	- 12936
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Chapter 3

Number of special permits issued	-	126	
Number of temporary permits issued	-	57	
Duplication registration certificate issued	-	272	
Application for roadworthy	-	1467	
Number of roadworthy certificates issued	-	1284	
		PRDP's issued	-
			1848
			T 3.20.2.1

Financial Performance Year 0: Police					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	12 228	7 606	7 896	13 953	45%
Expenditure:					
Police Officers					
Other employees	17 570	24 240	22 700	24 896	3%
Repairs and Maintenance	562	500	600	540	7%
Other	17 008	(17 135)	(15 404)	1 437	1293%
Total Operational Expenditure	35 139	7 606	7 896	26 872	72%
Net Operational Expenditure	(22 911)	()	()	(12 919)	100%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
T 3.20.5					

Chapter 3

Chapter 3

3.21 FIRE

INTRODUCTION TO FIRE SERVICES

The municipal Fire & rescue purpose is to enhance community safety, quality of life and confidence by minimising the impact of hazards and emergency incidents on the people, environment and economy of the town.

Ga-Segonyana Local Municipality is having 14 Council Wards (33 community (villages) areas) of which ad-hoc (07:30 – 16:30 - weekdays) Fire and Rescue Services are rendering to and also into cross borders of Joe Morolong Local Municipal jurisdiction. Two officials are on standby after hours (16:30 – 07:30), weekends and holidays to render these services whenever the call of duty arises. The municipality performs firefighting in respect of formal structures (brick buildings), informal structures (shacks), rubbish, vehicles, veld, electrical or any kind of related fires. The department also attends to Disaster Incidents, Vehicle Accidents, Hazardous Material Incidents and Rescue Services.

The staff component of the fire department is twenty (20) of which thirteen (13) are permanent and seven (07) are temporary employees.

The service is based on four pillars:

Firefighting & Rescue operations

Administration

Fire safety

Prevention and

Disaster Management

T 3.21.1

Metropolitan Fire Service Data					
	Details	Year -1	Year 0		Year 1
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Total fires attended in the year	205	80	169	120
2	Total of other incidents attended in the year	9	5	5	9
3	Average turnout time - urban areas	30 minutes	30 minutes	15 minutes	30 minutes
4	Average turnout time - rural areas	1 hour	1 hour	55 minutes	1 hour

Chapter 3

5	Fire fighters in post at year end	8	13	13	4
6	Total fire appliances at year end	1	1	1	1
7	Average number of appliance off the road during the year	3	1	3	2
					T 3.21.2

The disaster and Fire new station was completed and furnished by Assmang Khoemani Mine on September 2024. The Disaster and Fire personnel is activated by either the municipal call center, Council, John Taolo Gaetsewe District Municipal call center, Councillors, Senior Management and community members to different incidents and disasters in the municipal jurisdiction.

Emergency incidents are reported to the municipal call center and this is done so to streamline all calls to one point in the municipality.

In terms of legislation (Act 99 of 1987) Fire Brigade Service Act, and Disaster Management Act 57 of 2002, the aim of the service is to:

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T3.21.2.1

Financial Performance Year 0: Fire Services						R'000
Details	Year - 1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	12 101	1 610	1 640	1 632	1%	
Expenditure:						
Fire fighters						
Other employees	1 761	7 537	7 587	7 679	20%	
Repairs and Maintenance	1 007	150	200	124	-21%	
Other	(916)	(13 802)	(14 000)	64	21650%	
Total Operational Expenditure	1 852	(6 115)	(6 213)	7 866	178%	
Net Operational Expenditure	10 249	7 725	7 853	(6 235)	224%	
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>						T 3.21.5

Chapter 3

Chapter 3

COMMENT ON THE PERFORMANCE OF FIRE SERVICES OVERALL:

- Prevent the outbreak or spread of a fire (fire prevention)
- Protection of lives and properties against fire or other threatening danger (public safety)
- Protecting and assisting the public
- Providing relief to the community

T 3.21.7

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

INTRODUCTION TO DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES, ETC

The aim of the disaster management is to protect and preserve the life and relief warrant to disaster beneficiaries, and to issue community with information and warnings detailing information that is timeously, relevant and tailored to assists our community members to make informed decisions about their safety. Emergency incidents/disaster calls are reported and dispatched to the disaster & Fire personnel of these incidents.

The disaster management function is part of the emergency services division and report to the Director Community Services.

Priorities of Disaster Risk Reduction and Management (DRRM)

1. Disaster prevention & Mitigation
2. Disaster preparedness
3. Disaster response
4. Rehabilitation and Recovery

Our Aim

1. Protection and preservation of life and relief warrant to disaster beneficiaries
2. Issuing of community information and community warnings detailing information that is timeously, relevant and tailored to assist our community members to make informed decisions about their safety.

The municipality has established a 24 hour call centre to curb the backlog of service delivery complaints of our community and to direct all complaints to a central point. Community members contact standby officials directly on their phones and sometimes they are not attending or responding immediately to the call/ incident. This centre also assist with service delivery queries and dispatch the relevant department to any complaints that is reported by our community that the municipality is serving. Emergency incidents/ Disaster calls are also reported to the call centre and this centre is dispatching the Disaster & Fire personnel to these incidents.

Chapter 3

measures taken to improve performance and the major efficiencies achieved by your service during the year. Refer to support given to those communities that are living in poverty.

T 3.22.1

SERVICE STATISTICS FOR DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES, ETC

Our municipal area was affected by severe heavy rainstorms during November 2020 until mid-March 2021 and damaged a lot of houses, business, cemeteries and limited the movement of people due to water logged streets and or premises.

About 369 reported households were affected by this severe heavy rainfalls and they are as follows:

- | | |
|------------------------------|------------------|
| 1. Seven Miles/ Gantatelang | = 159 households |
| 2. Batlharos/ Nanana Section | = 68 |
| 3. Magojaneng/ Tswelelopele | = 50 |
| 4. Maruping | = 39 |
| 5. Seoding | = 30 |
| 6. Kagung | = 23 |

An item about the severe destruction was presented to the municipal council on the 14 January 2021, to take a resolution on the disaster that has affected our municipal area and a disaster was declared by our council.

A costed business plan for emergency housing relief for the affected households were submitted to National Housing Human Settlement with all the relevant attachment as per directive and of which delegation from National Human Settlement came to verify the municipal submission.

National Human Settlement approved only 161 households/ beneficiaries for emergency housing for our municipality.

- 18 x House Fires
- 14 x Informal settlement fires (Shacks)
- 141 x Veld Fires
- 08 x Rubbish Fires
- 03 x Electrical related Fires
- 04 x Motor Vehicle Fires
- 01 x Truck Fire
- 01 x Tree Fires
- 01 x Tyre Fire
- 01 x Shop Fire
- 04 x Building Fires
- 01 x Container Fire
- 01 x Guesthouse Fire
- 01 x Thatch Roof Fire
- 09 x Motor Vehicle Accidents
- 01 x Fire belt

Chapter 3

02 x Special Services

T 3.22.2

Chapter 3

Financial Performance Year 0: Sport and Recreation					
R'000					
Details	Year - 1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	1 836	2 175	2 126	2 082	-4%
Expenditure:					
Employees	2 720	8	4	3 236	100%
Repairs and Maintenance	104 805	115	115	65	-78%
Other	27	3 620	3 395	60	-5913%
Total Operational Expenditure	2 852	3 743	3 514	3 361	-11%
Net Operational Expenditure	(1 016)	(1 569)	(1 388)	(1 280)	-23%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.23.4

Chapter 3

5

COMMENT ON THE PERFORMANCE OF DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL OF PUBLIC NUISANCES, ETC OVERALL:

Awareness and Preparedness for Emergencies at Local/ District/ Province Level is a tool for bringing Disaster Stakeholders, Community Members, and Staff together to allow effective communication about risks and planning for emergency response.

It should be stressed that emergency planning, like most management challenges, is a process of continuous improvement. Comments on the emergency exercise will help Disaster Stakeholders continue improving service delivery to the community they serve and to build capacity amongst themselves.

The horrific consequences of disaster remain in the public memory for a long time. Given the size and scale of the industry and many of its operations, the number of major incidents is small, however, although most people would rather regard even one incident as being too many. It would be equally wrong to suggest that no progress has been made in the prevention, preparation for and management of disaster.

A fast and effective local response to an incident can be the most important factor in limiting injury to people as well as damage to property and environment. While incidents destroy community confidence, a well-informed, well-prepared community is better able to deal with the aftermath.

Annual events are held in Ga-Segonyana Local Municipal Jurisdiction and all events applications are submitted to SAPS, this is in accordance to the SARE Act (Safety at Sport and Recreational Events Act 2 of 2010) that all applications must be submitted to the Authorized person of SAPS. Events Safety Security planning are convened with all relevant stakeholders with the conveners to plan the safety of the events.

When meetings are convened, all application for the different events are categorized by SAPS Authorized member at the Province, because the categorization will guide the Event Safety Security Committee and convener what type of magnitude event are we planning and all the deployment of resources that must be availed to safe guard the attendees and artists.

T 3.22.7

Chapter 3

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes: corporate policy offices, financial services, human resource services, ICT services, property services.

INTRODUCTION TO CORPORATE POLICY OFFICES, Etc

Delete Directive note once comment is completed – Provide brief introductory comments.

T 3.24

3.24 EXECUTIVE AND COUNCIL

This component includes: Executive office (mayor; councilors; and municipal manager).

INTRODUCTION TO EXECUTIVE AND COUNCIL

Delete Directive note once comment is completed – Provide brief introductory comments. Set out your top 3 service delivery priorities and the impact you have had on them during the year. Explain the measures taken to improve performance and the major efficiencies achieved by your service during the year.

T 3.24.1

Financial Performance Year 0: Sport and Recreation

R'000

Details	Year - 1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	1 836	2 175	2 126	2 082	-4%
Expenditure:					
Employees	2 720	8	4	3 236	100%
Repairs and Maintenance	104 805	115	115	65	-78%

Chapter 3

Other	27	3 620	3 395	60	-5913%
Total Operational Expenditure	2 852	3 743	3 514	3 361	-11%
Net Operational Expenditure	(1 016)	(1 569)	(1 388)	(1 280)	-23%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.23.4

SERVICE STATISTICS FOR THE EXECUTIVE AND COUNCIL

T 3.69.2

Chapter 3

Financial Performance Year 0: Sport and Recreation					
R'000					
Details	Year - 1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	1 836	2 175	2 126	2 082	-4%
Expenditure:					
Employees	2 720	8	4	3 236	100%
Repairs and Maintenance	104 805	115	115	65	-78%
Other	27	3 620	3 395	60	-5913%
Total Operational Expenditure	2 852	3 743	3 514	3 361	-11%
Net Operational Expenditure	(1 016)	(1 569)	(1 388)	(1 280)	-23%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
T 3.23.4					

Chapter 3

Capital Expenditure Year 0: The Executive and Council					
					R' 000
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T 3.24.6

COMMENT ON THE PERFORMANCE OF THE EXECUTIVE AND COUNCIL:

Delete Directive note once comment is completed – Explain the priority of the four largest capital projects and explain the variations from budget for net operating and capital expenditure. Confirm your year 5 targets set out in the IDP schedule can be attained within approved budget provision and if not then state how you intend to rectify the matter. Explain the priority of the four largest capital projects and explain variances from budget for net operating and capital expenditure. Also explain any likely variation to the total approved project value (arising from year 0 and/or previous year actuals, or expected future variations).

T 3.24.7

Chapter 3

3.25 FINANCIAL SERVICES

INTRODUCTION FINANCIAL SERVICES

Financial services consist of six sections namely Assets Management, Budget Management, Expenditure Management, Payroll, Revenue Management and Supply Chain Management. The Municipality has created another Section that will be responsible for the compilation of Annual Financial Statements. All Management positions in the Budget and Treasury Office were filled and over 90% of the lower level positions were also filled for the year under review. The exception being the newly created positions just mentioned which are in the process of being filled.

The Finance Department handed over accounts that did not have payments for the past 3 years to attorneys for collection. The process is slow but at least every month the municipality is receiving deposits from the attorneys. The cut off lists and blocking of prepaid electricity cards are done every month to encourage consumers to come and make arrangements on their accounts.

The Municipality collection rate for the year under review amounted to 88%. It is a remarkable achievement given the high unemployment rate, low salaries and general unfavourable economic conditions. The Municipality continues to apply credit control measures to improve its collection rate. The Municipality is also planning to improve its metering function to reduce the incidence of illegal connections. The conversion of conventional meters into prepaid ones both for electricity and water will greatly improve the Municipality's cash inflows and thus enable the Municipality to deliver on its mandate.

T 3.25.1

Chapter 3

Debt Recovery							
							R' 000
Details of the types of account raised and recovered	Year -1		Year 0			Year 1	
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %	Estimated outturn for accounts billed in year	Estimated Proportion of accounts billed that were collected %
Property Rates	50 223			55 032	41 055	57 938	76%
Electricity - B							
Electricity - C	126 340			127 968	128 778	214 411	100%
Water - B							
Water - C	23 394			28 319	28 750	47 960	100%
Sanitation							
Refuse	11 107			12 828	13 529	22 570	100%
Other							
<i>B- Basic; C= Consumption. See chapter 6 for the Auditor General's rating of the quality of the financial Accounts and the systems behind them.</i>							T 3.25.2
R' 000							
Details of the types of account raised and recovered	Year -1 201819		Year 0 201920			Year 1 202021	
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %	Estimated outturn for accounts billed in year	Estimated Proportion of accounts billed that were collected %
Property Rates				45 158 445,71	38 003 762,00	49 762 316,92	85%
Electricity - B				108 310 332,00	133 878 506,00	112 931 244,03	129%

Chapter 3

Electricity - C						
Water - B				22 880 479,05		22 277 550,57
Water - C						
Sanitation				13 825 960,51		13 433 717,08
Refuse				8 942 684,76		9 343 196,02
Other				7 611 740,64		5 130 472,77
<i>B- Basic; C= Consumption. See chapter 6 for the Auditor General's rating of the quality of the financial Accounts and the systems behind them.</i>						
						T 3.25.2

Chapter 3

Financial Service Policy Objectives Taken From IDP									
Service Objectives Service Indicators (i)	Outline Service Targets (ii)	Year 0		Year 1			Year 2	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
<i>Increase in speed of payment of tariffs, tax demands, invoices</i>	No more than x% of creditors raised (in Rand value) during the year outstanding (o/s) at year end	No more than T0% of current yr creditors o/s at yr end	No more than A0% of current yr creditors o/s at yr end	No more than T1% of current yr creditors o/s at yr end	No more than T1% of current yr creditors o/s at yr end	No more than A1% of current yr creditors o/s at yr end	No more than T2% of current yr creditors o/s at yr end	No more than T5% of current yr creditors o/s at yr end	No more than T5% of current yr creditors o/s at yr end
<i>Reducing the number of invoices raised by increasing advance payment for services rendered (A project requiring participation by all departments but let by the central finance department)</i>	x% reduction in number of invoices raised over the previous year's target	T0% reduction in invoices raised; target limit of invoices	A0% reduction in invoices raised; target limit of invoices	T1% reduction in invoices raised; target limit of invoices	T1% reduction in invoices raised; target limit of invoices	A1% reduction in invoices raised; target limit of invoices	T2% reduction in invoices raised; target limit of invoices	T5% reduction in invoices raised; target limit of invoices	T5% reduction in invoices raised; target limit of invoices
<i>Improving speed of legal measures to recover revenues</i>	Commence legal proceedings for recovery of revenues within 4 weeks of the due date	Legal proceeding within 4 weeks of due date	Legal proceeding within 4 weeks of due date	Legal proceeding within 4 weeks of due date	Legal proceeding within 4 weeks of due date	Legal proceeding within 4 weeks of due date	% of legal proceeding commenced within 4 weeks of due date	% of legal proceeding commenced within 4 weeks of due date	% of legal proceeding commenced within 4 weeks of due date
<p>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; * 'Current Year' refers to the targets set in the Year 0 Budget/IDP round. * 'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Intergrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.</p>									

Chapter 3

Financial Performance Year 0: Financial Services						R'000
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	80 517	80 992	90 156	90 593	11%	
Expenditure:						
Employees	38 629	47 862	46 900	48 788	2%	
Repairs and Maintenance	621	755	1 000	882	14%	
Other	50 795	29 148	38 703	58 666	50%	
Total Operational Expenditure	90 045	77 765	86 603	108 336	28%	
Net Operational Expenditure	(9 527)	3 227	3 553	(17 743)	118%	
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>						T 3.25.5

Financial Performance Year 0: Financial Services						R'000
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	120	125	100	95	-32%	
Expenditure:						
Employees	125	244	250	248	2%	
Repairs and Maintenance	25	244	250	248	2%	
Other	45	244	250	248	2%	
Total Operational Expenditure	195	732	750	744	2%	
Net Operational Expenditure	75	607	650	649	6%	
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>						T 3.25.5

Capital Expenditure Year 0: Financial Services						R' 000
Capital Projects	Year 0					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	260	326	378	31%		
Project A	100	130	128	22%	280	
Project B	80	91	90	11%	150	
Project C	45	50	80	44%	320	
Project D	35	55	80	56%	90	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>						T 3.25.6

COMMENT ON THE PERFORMANCE OF FINANCIAL SERVICES OVERALL:

Chapter 3

Delete Directive note once comment is completed – Explain the priority of the four largest capital projects and explain the variations from budget for net operating and capital expenditure. Confirm your year 5 targets set out in the IDP schedule can be attained within approved budget provision and if not then state how you intend to rectify the matter. Explain the priority of the four largest capital projects and explain variances from budget for net operating and capital expenditure. Also explain any likely variation to the total approved project value (arising from year 0 and/or previous year actuals, or expected future variations).

T 3.25.7

3.26 HUMAN RESOURCE SERVICES

INTRODUCTION TO HUMAN RESOURCE SERVICES

Explain the measures taken to improve performance and the major efficiencies achieved by HR service during the year.

Human Resources provide services in the areas of Recruitment, Selection and Placement, Health and Safety, Organizational Development, Skills Development and Training, Human Resources Administration and Labour Relations.

Considerable improvement is made in terms of leave management. However, the process of transforming the system to do leave electronically has been kick-started and the position of Senior Health and Safety was budgeted for to beef up the sub-unit. Managers and supervisors are making strides currently on the monitoring of staff and as it took long to sign leave on time. Cases of injuries on duty are submitted electronically, however, it is still a challenge in getting responses and acknowledgements within a reasonable time of at least a week. The Labour Department is still citing lack of staff as a contributing factor and the system is constantly dysfunctional. We are currently submitting some claim information manually when experiencing challenges. The position of Secondary was also budgeted for and will hopefully be implemented by the end of December 2022.

T 3.26.1

SERVICE STATISTICS FOR HUMAN RESOURCE SERVICES

No	Title	Number	Category	Status
1	Manager: Human Resources	1	14	Full-Time
2	Labour Relations Specialist	1	14	Full-Time
3	Skills Development Facilitator (SDF)	1	13	Full-Time
4	Health and Safety Officer	1	11	Full-Time
5	Senior Human Resources Officer	1	10	Full-Time

Chapter 3

6	Human Resources Officer	2	8	Full-Time
7	Senior Health and Safety Officer (Vacant)	1	13	Full-Time
8	Secondary SDF (Vacant)	1	10	Full-Time
	Total Number	9		

T 3.26.2

Chapter 3

Employees: Human Resource Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	#DIV/0!
4 - 6	0	0	0	0	#DIV/0!
7 - 9	1	2	1	1	50%
10 - 12	1	1	1	0	0%
13 - 15	3	4	3	1	25%
16 - 18	0	0	0	0	#DIV/0!
19 - 20	0	0	0	0	#DIV/0!
Total	5	7	5	2	29%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.*

T3.26.4

Financial Performance Year 0: Human Resource Services						R'000
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	2 846 247.00	1 355 964.00	1 455 964.00	1 317 339.00	-3%	
Expenditure:						
Employees	1 273 245.00	6 036 684.00	5 952 184.00	8 693 230.00	31%	
Repairs and Maintenance	155 706.00	369 996.00	369 996.00	69 753.00	-430%	
Other	5 719 038.00	5 515 452.00	4 427 452.00	4 508 873.00	-22%	
Total Operational Expenditure	7 147 989.00	11 922 132.00	10 749 632.00	13 271 856.00	10%	
Net Operational Expenditure					#DIV/0!	

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

T 3.26.5

Chapter 3

Capital Expenditure Year 0: Human Resource Services					
					R' 000
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					T 3.26.6

COMMENT ON THE PERFORMANCE OF HUMAN RESOURCE SERVICES OVERALL:

Delete Directive note once comment is completed – Explain the priority of the four largest capital projects and explain the variations from budget for net operating and capital expenditure. Confirm your year 5 targets set out in the IDP schedule can be attained within approved budget provision and if not then state how you intend to rectify the matter. Explain the priority of the four largest capital projects and explain variances from budget for net operating and capital expenditure. Also explain any likely variation to the total approved project value (arising from year 0 and/or previous year actuals, or expected future variations).

T 3.26.7

3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

This component includes: Information and Communication Technology (ICT) services.

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

Delete Directive note once comment is completed – Provide brief introductory comments. Set out priorities and the impact you have had on them during the year. Explain the measures taken to improve performance and the major efficiencies achieved by ICT service during the year.

T 3.27.1

SERVICE STATISTICS FOR ICT SERVICES

T 3.27.2

Chapter 3

ICT Services Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year -1		Year 0		Year 1	Year 3		
		Target	Actual	Target		Actual	Target		
Service Indicators		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									
<p><i>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. *Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *Current Year' refers to the targets set in the Year 0 Budget/IDP round. *Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Intergrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.</i></p>									

T 3.27.3

Chapter 3

Employees: ICT Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	#DIV/0!
4 - 6	0	0	0	0	#DIV/0!
7 - 9	1	1	1	0	0%
10 - 12	2	2	2	0	0%
13 - 15	1	2	1	1	50%
16 - 18	0	0	0	0	#DIV/0!
19 - 20	0	0	0	0	#DIV/0!
Total	4	5	4	1	20%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.*

T3.27.4

Financial Performance Year 0: ICT Services						R'000
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	120	125	100	95	-32%	
Expenditure:						
Employees	125	244	250	248	2%	
Repairs and Maintenance	25	244	250	248	2%	
Other	45	244	250	248	2%	
Total Operational Expenditure	195	732	750	744	2%	
Net Operational Expenditure	75	607	650	649	6%	

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

T 3.27.5

Chapter 3

Capital Expenditure Year 0: ICT Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T 3.27.6

COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL:

Delete Directive note once comment is completed – Explain the priority of the four largest capital projects and explain the variations from budget for net operating and capital expenditure. Confirm your year 5 targets set out in the IDP schedule can be attained within approved budget provision and if not then state how you intend to rectify the matter. Explain the priority of the four largest capital projects and explain variances from budget for net operating and capital expenditure. Also explain any likely variation to the total approved project value (arising from year 0 and/or previous year actuals, or expected future variations).

T3.27.7

3.28 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

This component includes: property; legal; risk management and procurement services.

INTRODUCTION TO PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

Delete Directive note once comment is completed – Provide brief introductory comments. Set out priorities and the impact you have had on them during the year. Explain the measures taken to improve performance and the major efficiencies achieved by Property, legal, risk management and procurement services during the year.

T3.28.1

SERVICE STATISTICS FOR PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

T 3.28.2

Chapter 3

Chapter 3

Employees: Property; Legal; Risk Management; and Procurement Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	#DIV/0!
4 - 6	0	0	0	0	#DIV/0!
7 - 9	1	2	1	1	50%
10 - 12	3	3	3	0	0%
13 - 15	4	4	4	0	0%
16 - 18	0	0	0	0	#DIV/0!
19 - 20	0	0	0	0	#DIV/0!
Total	8	9	8	1	11%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.
T 3.28.4

Financial Performance Year 0: Property; Legal; Risk Management and Procurement Services					R'000
Details	Year -1	Year 0			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.
T 3.28.5

Chapter 3

Capital Expenditure Year 0: Property; Legal; Risk Management and Procurement Services

R' 000

Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T 3.28.6

COMMENT ON THE PERFORMANCE OF PROPERTY SERVICES OVERALL:

Delete Directive note once comment is completed – Explain the priority of the four largest capital projects and explain the variations from budget for net operating and capital expenditure. Confirm your year 5 targets set out in the IDP schedule can be attained within approved budget provision and if not then state how you intend to rectify the matter. Explain the priority of the four largest capital projects and explain variances from budget for net operating and capital expenditure. Also explain any likely variation to the total approved project value (arising from year 0 and/or previous year actuals, or expected future variations).

T 3.28.7

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

This component includes: Annual Performance Scorecard Report for the current year.

Plan Number: Plan Name																	
No.	Strategic Focus Area (IDP)	Key Performance Indicator	Baseline (Previous years actual)	Demand	Backlog	Annual Target (Year)	5 Year Target	Means of verification	Unit of Measure	Quarterly Target	Quarterly actual	Status (Achieved/ Not Achieved)	Measures taken to improve performance	Performance Monitoring Quality Assurance comment	Management Response	Internal Audit Comment	Portfolio of Evidence

Note: Set out key plans as per performance scorecard e.g Plan 1: Sustain and build natural environment, Plan 2: Economic Development and job creation, Plan 3: Quality living environment, Plan 4: Safe, healthy and secure environment, Plan 5: Empowering our citizen, Plan 6: Promoting cultural diversity, Plan 7: Good governance, Plan 8: Financial viability and sustainability.

T 3.30

Chapter 4

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

INTRODUCTION

The Organizational Development process and filling of positions had been going fairly well in that positions that became vacant had been filled within six (6) months of becoming vacant. There had been some delays in completing other positions due to budget constraints; however, critical positions had been filled to ensure that there is delivery of services especially in core services departments like Infrastructure and Community Services.

To date the two positions of Directors: Corporate and Community Services had not been filled. However, a shortlist was made for both positions. It is anticipated that a position of Director: Corporate Services shall be filled by the beginning of July 2019 as the interviews had already been conducted.

T 4.0.1

Chapter 4

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees					
Description	Year -1	Year 0			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Water	26,485	26,485	23,572	23,572	%
Waste Water (Sanitation)	8,541	8,541	8,285	8,285	%
Electricity	12,355	12,355	10,254	10,254	%
Waste Management	14,232	14,232	13,235	13,235	%
Housing	6,542	6,542	5,496	5,496	%
Waste Water (Stormwater Drainage)	5,643	5,643	5,530	5,530	%
Roads	5,643	5,643	5,530	5,530	%
Transport	5,322	5,322	4,470	4,470	%
Planning	1,254	1,254	1,003	1,003	%
Local Economic Development	2,516	2,516	2,063	2,063	%
Planning (Strategic & Regulatory)	12,546	12,546	10,413	10,413	%
Local Economic Development	2,355	2,355	2,190	2,190	%
Community & Social Services	4,565	4,565	3,698	3,698	%
Environmental Protection	5,649	5,649	4,971	4,971	%
Health	5,649	5,649	4,971	4,971	%
Security and Safety	5,649	5,649	4,971	4,971	%
Sport and Recreation	5,649	5,649	4,971	4,971	%
Corporate Policy Offices and Other	5,649	5,649	4,971	4,971	%
Totals	136,240	136,240	120,592	120,592	–

Headings follow the order of services as set out in chapter 3. Service totals should equate to those included in the Chapter 3 employee schedules. Employee and Approved Posts numbers are as at 30 June, as per the approved organogram.

T 4.1.1

Chapter 4

Vacancy Rate: Year 0			
Designations	*Total Approved Posts No.	*Vacancies (Total time that vacancies exist using fulltime equivalents) No.	*Vacancies (as a proportion of total posts in each category) %
Municipal Manager	1	0	0.00
CFO	1	1	100.00
Other S57 Managers (excluding Finance Posts)	10	1	10.00
Other S57 Managers (Finance posts)	3	1	33.33
Police officers	12	3	25.00
Fire fighters	20	3	15.00
Senior management Levels 13-15 (excluding Finance Posts)	25	5	20.00
Senior management Levels 13-15 (Finance posts)	6	2	33.33
Highly skilled supervision: levels 9-12 (excluding Finance posts)	35	8	22.86
Highly skilled supervision: levels 9-12 (Finance posts)	8	1	12.50
Total	121	25	20.66

Note: *For posts which are established and funded in the approved budget or adjustments budget (where changes in employee provision have been made). Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T 4.1.2

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year No.	Terminations during the Financial Year No.	Turn-over Rate*
Year -2	50	18	36%
Year -1	50	12	24%
Year 0	50	10	20%

* Divide the number of employees who have left the organisation within a year, by total number of employees who occupied posts at the beginning of the year

T 4.1.3

COMMENT ON VACANCIES AND TURNOVER:

T 4.1.4

Chapter 4

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

Note: MSA 2000 S67 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 1998.

Policies are reviewed annually and performance management system implemented at the first three levels of Management (ie. Municipal Manager, Directors and Line Managers. Collective Agreements are adhered to on a regular basis and amendments made whenever there are changes to be implemented.

T 4.2.0

CONFIDENTIAL

Chapter 4

4.2 POLICIES

HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
1	Affirmative Action	N/A		Use provisions of EEA
2	Attraction and Retention			Approved 2012
3	Code of Conduct for employees	N/A		Schedule 2 of MSA
4	Delegations, Authorisation & Responsibility			Reviewed 2015
5	Disciplinary Code and Procedures			Collective Agreement 01/02/2018
6	Essential Services			Negotiations on going parties have not yet reached agreement.
7	Employee Assistance / Wellness			Approved 30/03/2016
8	Employment Equity			Use provisions of EEA
9	Exit Management	N/A		
10	Grievance Procedures			Collective Agreement 01/02/2018
11	HIV/Aids	N/A		
12	Human Resource and Development			Approved 29/03/2018
13	Information Technology			Reviewed 30/08/2019
14	Job Evaluation			Approved 30/06/2015
15	Leave			Reviewed 30/06/2019
16	Occupational Health and Safety			Reviewed 29/06/2017
17	Official Housing	N/A		Main Collective Agreement
18	Official Journeys			Reviewed annually with Budget
19	Official transport to attend Funerals	N/A		
20	Official Working Hours and Overtime			Reviewed 11/06/2020
21	Organisational Rights	N/A		Main collective agreement
22	Payroll Deductions	N/A		BCEA provisions
23	Performance Management and Development			Reviewed 30/06/2019
24	Recruitment, Selection and Appointments			Reviewed 30/06/2019
25	Remuneration Scales and Allowances			Collective Agreement
26	Resettlement	N/A		
27	Sexual Harassment			Reviewed 30/03/2016
28	Skills Development (Training and Development Policy)			Reviewed 30/03/2021
29	Smoking			Reviewed 30/03/2016
30	Special Skills	N/A		
31	Work Organisation	N/A		
32	Uniforms and Protective Clothing			Approved 30/08/2020
33	Other:			

Use name of local policies if different from above and at any other HR policies not listed.

T 4.2.1

Chapter 4

COMMENT ON WORKFORCE POLICY DEVELOPMENT:

Policies are reviewed annually as reflected in the template and any legislative changes are made as and when applicable. Some changes of review were made on the Finance policies to make an alignment with the budget in line with the MFMA requirements. All policies are presented to Local Labour Forum and Councillors before submitted to Council for approval.

T 4.2.1.1

4.3 INJURIES, SICKNESS AND SUSPENSIONS

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken	Employees using injury leave	Proportion employees using sick leave	Average Injury Leave per employee	Total Estimated Cost
	Days	No.	%	Days	R'000
Required basic medical attention only	60	5	8%	12	60
Temporary total disablement					
Permanent disablement					
Fatal					
Total	60	5	8%	12	60

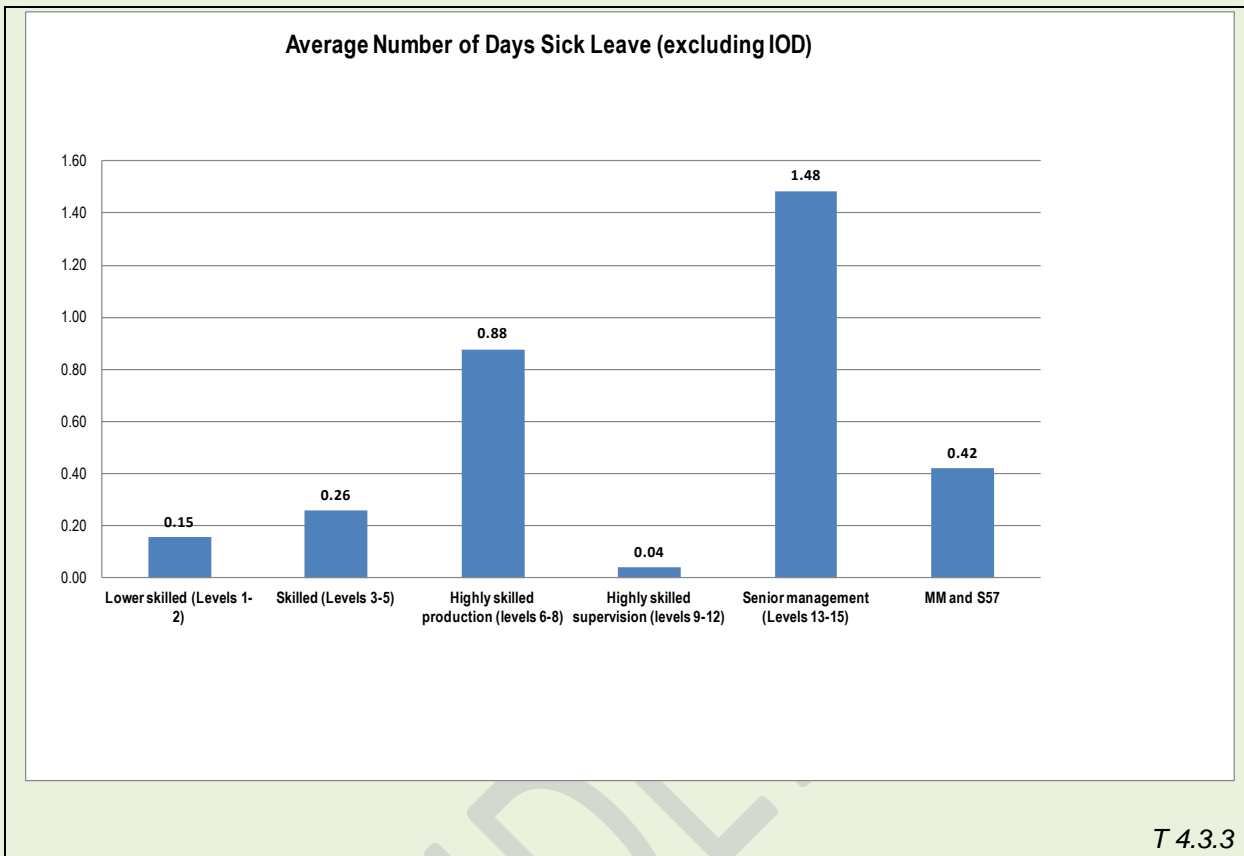
T 4.3.1

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	%	No.	No.	Days	R' 000
Lower skilled (Levels 1-2)	24	90%	10	30	0,15	30
Skilled (Levels 3-5)	40			22	0,26	
Highly skilled production (levels 6-8)	136			58	0,88	
Highly skilled supervision (levels 9-12)	6	95%	2	26	0,04	31
Senior management (Levels 13-15)	230			11	1,48	
MM and S57	65			8	0,42	
Total	501	93%	12	155	3,23	61

* - Number of employees in post at the beginning of the year
 *Average is calculated by taking sick leave in column 2 divided by total employees in column 5

T 4.3.2

Chapter 4



COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT:

There was no cases of suspensions and misconduct on Finance for the period of 2022-2023 financial year

T 4.3.7

4.4 PERFORMANCE REWARDS

COMMENT ON PERFORMANCE REWARDS:

The performance rewards by gender is not yet implemented at this stage under the year in review

T 4.4.1.1

Chapter 4

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

Note: MSA 2000 S68 (1) requires municipalities to develop their human resource capacity to a level that enables them to perform their functions and exercise their powers in an economical, effective, efficient and accountable way.

Capacity building is done through short courses solicited by departments on a need basis and also following the legislative requirements by Local Government Seta by developing Workplace Skills Plans and implementation thereof. Further thereto, employees are assisted through the Study Aid Policy to enrol with various academic institutions to pursue relevant careers related to their work.

T 4.5.0

CONFIDENTIAL

Chapter 4

4.5 SKILLS DEVELOPMENT AND TRAINING

Skills Matrix														
Management level	Gender	Employees in post as at 30 June Year 0	Number of skilled employees required and actual as at 30 June Year 0											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
			No.	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0
MM and s57	Female		5							0	1			1
	Male		5							1	2		1	2
Councillors, senior officials and managers	Female		2							3	3		3	3
	Male		3							4	4		4	4
Technicians and associate professionals*	Female		4							2	2		2	2
	Male		8							8	9		8	9
Professionals	Female		8							6	6		6	6
	Male		6							2	2		2	2
Sub total	Female		19							11	12		11	12
	Male		22							15	17		15	17
Total		0	82	0	0	0	0	0	0	52	58	0	52	58

*Registered with professional Associate Body e.g CA (SA)

T 4.5.1

Chapter 4

Financial Competency Development: Progress Report*				
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))
Financial Officials				
<i>Accounting officer</i>	1	0	1	
<i>Chief financial officer</i>	1	0	1	
<i>Senior managers</i>	3	0	3	
<i>Any other financial officials</i>	40	0	40	
Supply Chain Management Officials	7,00		7,00	
<i>Heads of supply chain management units</i>	1	0	1	
<i>Supply chain management senior managers</i>	0	0	0	
TOTAL	53	0	53	

* This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007)

Chapter 4

Skills Development Expenditure											
										R'000	
Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development Year 1								
			Learnerships		Skills programmes & other short courses		Other forms of training		Total		
			No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
MM and S57	Female							10	20	10	20
	Male							20	25	20	25
Legislators, senior officials and managers	Female										
	Male										
Professionals	Female										
	Male										
Technicians and associate professionals	Female										
	Male										
Clerks	Female										
	Male										
Service and sales workers	Female										
	Male										
Plant and machine operators and assemblers	Female										
	Male										
Elementary occupations	Female										
	Male										
Sub total	Female							10	20	10	20
	Male							20	25	20	25
Total			0	0	0	0	0	30	45	30	45
*% and *R value of municipal salaries (original budget) allocated for workplace skills plan.										%* *R	
T4.5.3											

T 4.5.4

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

4.6 EMPLOYEE EXPENDITURE

Chapter 4



COMMENT ON WORKFORCE EXPENDITURE:

Delete Directive note once comment is completed – Explain the spending pattern in the context of the actual and two previous years plus the budget year. Refer to implications for workforce ratio in Chapter 5. Comment on factors influencing workforce expenditure during the year.

T 4.6.1.1

COMMENT ON UPGRADED POSTS AND THOSE THAT ARE AT VARIANCE WITH NORMAL PRACTICE:

There are no upgraded post for the year under review.

T 4.6.5

DISCLOSURES OF FINANCIAL INTERESTS

Delete Directive note once comment is completed – Refer to disclosures made by officials and councillors concerning their financial interests as required by PM Regulations 805 of 2006 are set out in **Appendix J**. Make other comments as appropriate.

T 4.6.6

Chapter 5

CHAPTER 5 – FINANCIAL PERFORMANCE

INTRODUCTION

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

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

The municipality's tariffs increased in line with the inflation rate. In the refuse, water and sanitation services, cost reflective tariffs were implemented and will be phased in over three years. The municipality compiled the General Valuation Roll that is to be implemented from 1st July 2023. The Municipality procured the services for prepaid meters vending. The service provider is paid 5.6% of all the monies collected every month.

The municipality is also uses the services of VAT service provider and they are paid 9.6% on all refunds paid by SARS. The financial system is assisting with day-to-day transactions, support on reconciliations and reports and monthly payments are made. The payroll system is used for monthly salaries and there is monthly fee for licenses the Payroll System.

The annual financial statements service providers assist the municipality with fixed assets register, employee benefits and provisions for landfill sites amounts as well as assisting in audit queries *T 5.0.1*

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

As already mentioned, the Municipality uses the assistance of Consultants to compile the Annual Financial Statements. The Annual Financial Statements were submitted per the dictates of the Municipal Financial Management Act (MFMA). Every effort was made to compile the Statements in line with the MFMA and Generally Recognized Accounting Practices (GRAP) statements and other relevant prescripts.

The Municipality's financial performance for the year under review results shows an operating deficit of R 6.2 million. The R 6.2 million amount is arrived at after R 90.9 million depreciation, impairment and amortization. It is also important to note that the aforementioned expense items are accounting entries and not cash.

The total revenue budgeted for the year under review is R 672 million, compared to the R 573 budgeted amount. This despite the underperformance of the service charges. The Service charges budgeted amount was R 249 million and only R 185 million was recognized. The significant increase of revenue is attributable to Grants and Transfers. The Municipality received R 156 million more than budgeted.

Chapter 5

The Municipality spent R 79 million more than the budget. The major expenditure variances resulted from general expenses of R 16 million. The difference is attributable to depreciation and related accounting entries (non-cash items).

Property rates revenue increased due to new developments, Services charges increased due to cost reflective implementation and NERSA tariff increase. Rental of facilities dropped due to low demand for Caravan Park and the Town Hall still under construction. Interest on external investments increased due to more money being invested than last year. Interest on outstanding debts increased due to the increasing consumer debt. Traffic income decreased due to less fines issued.

T 5.1.0

Chapter 5

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Chapter 5

Reconciliation of Table A1 Budget Summary

Description	Year 0											Year -1			
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Financial Performance															
Property rates	51 738	2 843	54 581			54 581	55 032		(451)	100.83	106.37				50 223
Service charges	246 167	2 811	248 978			248 978	184 784		64 194	74.22	75.06				174 461
Investment revenue	3 820	1 000	4 820			4 820	5 692		(872)	118.09	149.01				5 055
Transfers recognised - operational	231 333	-	231 333			231 333	234 839		(3 506)	101.52	101.52				214 651
Other own revenue	30 729	2 151	32 881			32 881	39 829		(6 948)	121.13	129.61				30 757
Total Revenue (excluding capital transfers and contributions)	563 787	8 806	572 593	-		572 593	520 176		52 417	1	1				475 147
Employee costs	189 861	(3 535)	186 325			186 325	186 827	(502)	(502)	100.27	98.40	4 669	4 669		173 050
Remuneration of councillors	11 082	2 023	13 106			13 106	13 186	(80)	(80)	100.61	118.98				10 472
Debt impairment	12 004	-	12 004			12 004	33 972	(21 968)	(21 968)	283.00	283.00	710	710		11 721
Depreciation & asset impairment	58 000	911	58 911			58 911	90 876	(31 965)	(31 965)	154.26	156.68				55 465
Finance charges	930	11	941			941	7 692	(6 751)	(6 751)	817.70	826.93	5 599	5 599		6 515
Materials and bulk purchases	156 602	3 301	159 903			159 903	167 803	(7 900)	(7 900)	104.94	107.15	9 305	9 305		160 697
Transfers and grants	62	-	62			62	61	1	1	97.76	97.76				30
Other expenditure	153 258	10 757	164 015			164 015	178 219	(14 204)	(14 204)	108.66	116.29	10 304	10 304		124 051
Total Expenditure	581 800	13 468	595 268	-	-	595 268	678 636	(83 370)	(83 368)	2	2	30 588	30 588	-	542 002
Surplus/(Deficit)	(18 013)	(4 662)	(22 675)	-		(22 675)	(158 460)		135 785	(1)	(1)				(66 855)
Transfers recognised - capital	116 950	40 438	157 388			157 388	142 599								170 177
Contributions recognised - capital & contributed assets			-			-	9 668								17 487
Surplus/(Deficit) after capital transfers & contributions															
Share of surplus/ (deficit) of associate			-			-									
Surplus/(Deficit) for the year															
Capital expenditure & funds sources															
Capital expenditure															
Transfers recognised - capital	116 950	40 438	157 388			157 388	121 128		36 260	76.96	103.57				173 955
Public contributions & donations			-			-	9 668		(9 668)						8 857
Borrowing			-			-			-						
Internally generated funds	20 224	11 514	31 738			31 738	14 749		16 989	46.47	72.93				16 428
Total sources of capital funds	137 174	51 952	189 126			189 126	145 545		43 581	0	0				199 239
Cash flows															
Net cash from (used) operating	151 363	2 260	153 623			153 623	68 628		84 995	44.67	45.34				162 606
Net cash from (used) investing	(137 174)	(21 083)	(158 257)			(158 257)	(122 123)		(36 134)	77.17	89.03				(155 505)
Net cash from (used) financing	(2 500)	-	(2 500)			(2 500)	(3 448)		948	137.91	137.91				(2 414)
Cash/cash equivalents at the year end							38 210								

T 5.1.1

Chapter 5

Financial Performance of Operational Services							R '000
Description	Year -1	Year 0		Year 0 Variance			
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget	
Operating Cost							
Water	26,485	23,572	28,075	23,042	-2.30%	-21.84%	
Waste Water (Sanitation)	8,541	8,285	9,054	8,456	2.02%	-7.07%	
Electricity	12,355	10,254	12,478	13,219	22.43%	5.61%	
Waste Management	14,232	13,235	13,662	12,097	-9.41%	-12.94%	
Housing	6,542	5,496	5,954	6,346	13.40%	6.19%	
Component A: sub-total	68,155	60,842	69,222	63,161	3.67%	-9.60%	
Waste Water (Stormwater Drainage)	5,643	5,530	5,925	5,304	-4.26%	-11.70%	
Roads	5,643	5,530	5,925	5,304	-4.26%	-11.70%	
Transport	5,322	4,470	5,747	4,630	3.45%	-24.14%	
Component B: sub-total	16,607	8,455	8,624	9,554	11.50%	9.73%	
Planning	1,254	1,003	1,191	1,354	25.93%	12.04%	
Local Economic Development	2,516	2,063	2,264	2,340	11.83%	3.23%	
Component B: sub-total	3,769	3,066	3,455	3,693	17.00%	6.46%	
Planning (Strategic & Regulatory)	12,546	10,413	11,793	11,542	9.78%	-2.17%	
Local Economic Development	2,355	2,190	2,425	2,402	8.82%	-0.98%	
Component C: sub-total	14,900	12,603	14,218	13,944	9.62%	-1.97%	
Community & Social Services	4,565	3,698	4,337	4,291	13.83%	-1.06%	
Environmental Protection	5,649	4,971	6,157	4,971	0.00%	-23.86%	
Health	5,649	4,971	6,157	4,971	0.00%	-23.86%	
Security and Safety	5,649	4,971	6,157	4,971	0.00%	-23.86%	
Sport and Recreation	5,649	4,971	6,157	4,971	0.00%	-23.86%	
Corporate Policy Offices and Other	5,649	4,971	6,157	4,971	0.00%	-23.86%	
Component D: sub-total	32,808	28,552	35,122	29,145	2.04%	-20.51%	
Total Expenditure	136,240	113,518	130,642	119,497	5.00%	-9.33%	
In this table operational income is offset against operational expenditure leaving a net operational expenditure total for each service as shown in the individual net service expenditure tables in chapter 3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						T 5.1.2	

COMMENT ON FINANCIAL PERFORMANCE:

According to the table above all services were overspent. The water services being the worst at 24% above the budgeted amount. Waste management is the only service that performed within the budget. Planning underspending is concerning and appropriate measures will be taken to improve the expenditure. The same is true for Sports and Recreation. Mostly the variances above 10% are for the depreciation and impairments that were more than the budgeted amount.

T5.1.3

Chapter 5

5.2 GRANTS

Grant Performance						
Description	R' 000					
	Year -1	Year 0		Year 0 Variance		
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants						
National Government:	209 843	215 521	215 521	215 521		
Equitable share	205 035	210 902	210 902	210 902	100.00	100.00
Municipal Systems Improvement	-			-		
Department of Water Affairs	-			-		
Levy replacement	-			-		
Other transfers/grants [insert description]	4 809	4 619	4 619	4 619	100.00	100.00
Provincial Government:	2 095	1 200	1 200	1 200		
Health subsidy	-			-		
Housing	-			-		
Ambulance subsidy	-			-		
Sports and Recreation	2 095	1 200	1 200	1 200	100.00	100.00
Other transfers/grants [insert description]						
District Municipality:	-	-	-	-		
[insert description]						
Other grant providers:	-	-	-	-		
[insert description]						
Total Operating Transfers and Grants	211 939	216 721	216 721	216 721		

Variations are calculated by dividing the difference between actual and original/adjustments budget by the actual.

Full list of provincial and national grants available from published gazettes.

T 5.2.1

COMMENT ON OPERATING TRANSFERS AND GRANTS:

All the conditional Grants performed well and were 100% spent. Additional Grants were given to the Municipality because of the Municipality's excellent performance.

T 5.2.2

Chapter 5

Grants Received From Sources Other Than Division of Revenue Act (DoRA)						
Details of Donor	Actual Grant Year -1	Actual Grant Year 0	Year 0 Municipal Contribution	Date Grant terminates	Date Municipal contribution terminates	Nature and benefit from the grant received, include description of any contributions in kind
Parastatals						
A - "Project 1"						
A - "Project 2"						
B - "Project 1"						
B - "Project 2"						
Foreign Governments/Development Aid Agencies						
A - "Project 1"						
A - "Project 2"						
B - "Project 1"						
B - "Project 2"						
Private Sector / Organisations						
A - "Project 1"						
A - "Project 2"						
B - "Project 1"						
B - "Project 2"						
<i>Provide a comprehensive response to this schedule</i>						<i>T 5.2.3</i>

COMMENT ON CONDITIONAL GRANTS AND GRANT RECEIVED FROM OTHER SOURCES:

The Municipality received conditional operational grants of R216 721mil with an actual achieved of 100% versus the adjusted budget of R216 721mil. Expenditure for MIG is only 80.45% and Municipality applied for the roll-over which was approved for the current year.

T 5.2.4

Chapter 5

5.3 ASSET MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT

Asset management is a systematic process of deploying, operating, maintaining, upgrading, and disposing of assets cost-effectively. Effective management of infrastructure assets and other assets is central to the municipality providing an acceptable standard of services to the community. Infrastructure impacts on the quality of the living environment and opportunities to prosper. Not only is there a requirement to be effective, but the manner in which the municipality discharges its responsibilities as a public entity is also important.

The Municipal Manager as the Accounting Officer is responsible for the management of the assets of the municipality, including the safeguarding and the maintenance of those assets. The Municipality has adopted the Asset Management Policy as stated in MFMA Section 63. This policy is compliant to all applicable GRAP standards and it guides the daily handling and management of the municipal assets

T 5.3.1

Chapter 5

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 0				
Asset 1				
Name	Upgrading of internal water supply to Kuruman & Wrenchville			
Description	Water reticulation			
Asset Type	Water reticulation			
Key Staff Involved	PMU			
Staff Responsibilities	Ensure the smooth running of the capital project			
Asset Value	Year -3	Year -2	Year -1	Year 0
				46 667 207.00
Capital Implications				
Future Purpose of Asset	Provision of clean and safe drinking water			
Describe Key Issues				
Policies in Place to Manage Asset	Asset management policy			
Asset 2				
Name	Maruping (itireleng section) Extension of water supply reticulation			
Description	Water reticulation			
Asset Type	Water reticulation			
Key Staff Involved	PMU			
Staff Responsibilities				
Asset Value	Year -3	Year -2	Year -1	Year 0
				15 220 520.00
Capital Implications				
Future Purpose of Asset	Provision of clean and safe drinking water			
Describe Key Issues				
Policies in Place to Manage Asset	Asset management policy			
Asset 3				
Name	Magojaneng RDP- Upgrade of gravel internal road to paved road			
Description	Road Infrastructure			
Asset Type	Road Infrastructure			
Key Staff Involved	PMU			
Staff Responsibilities				
Asset Value	Year -3	Year -2	Year -1	Year 0
				20 668 422.00
Capital Implications				
Future Purpose of Asset	Safe access roads to the community			
Describe Key Issues				
Policies in Place to Manage Asset	Asset management policy			
				T 5.3.2

Chapter 5

COMMENT ON ASSET MANAGEMENT:

All municipal procurement is through the Supply Chain Management Unit which uses the approved Policy and relevant legislation. The projects are rigorously evaluated as the business plan for a project is initiated by the Municipality and then Consultants review it and refine it. Once it is ready it is presented to the Department of Cooperative Governance Human Settlements and Traditional Affairs (COGHSTA) for further scrutiny and funding approval.

This whole process includes the evaluation of costs and prospective revenue including the maintenance repairs likely to emanate from the completed project. All projects records are kept and available for inspection for any reason including the Audit. The resultant assets are managed in term of the Municipal Asset Management Policy.

T 5.3.3

Repair and Maintenance Expenditure: Year 0				
R' 000				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	27 524	32 407	33 646	-22%
T 5.3.4				

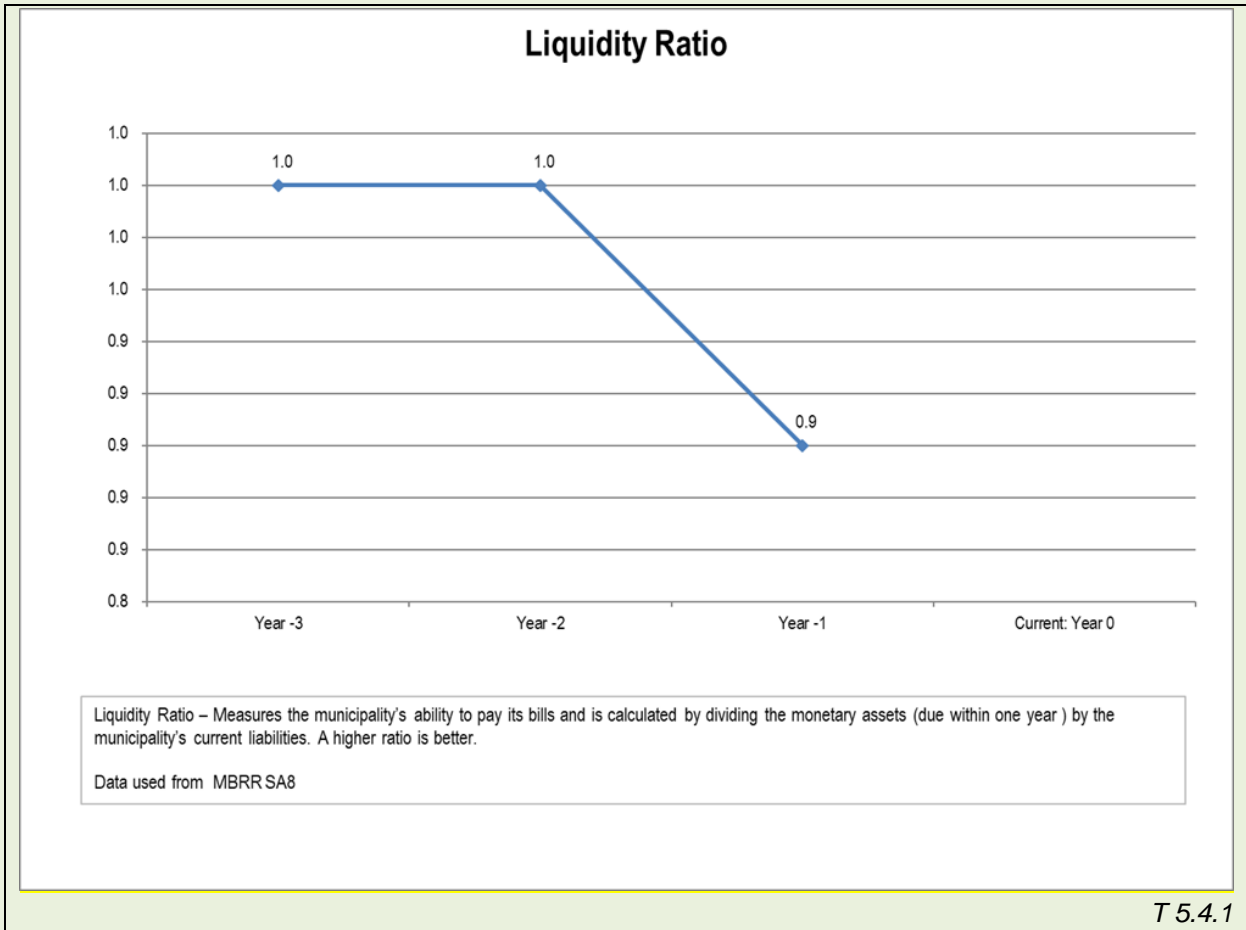
COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:

These are inventory items that are procured by municipality and are kept at stores for repairs & maintenance. Due to dilapidated infrastructure and theft thereof more expenditure was incurred by the Infrastructure Department in trying to restore these for service delivery purposes. Electricity unit experienced losses on theft of cables especially during load shedding. Such occurrences may repeat given the current electricity crisis countrywide.

T 5.3.4.1

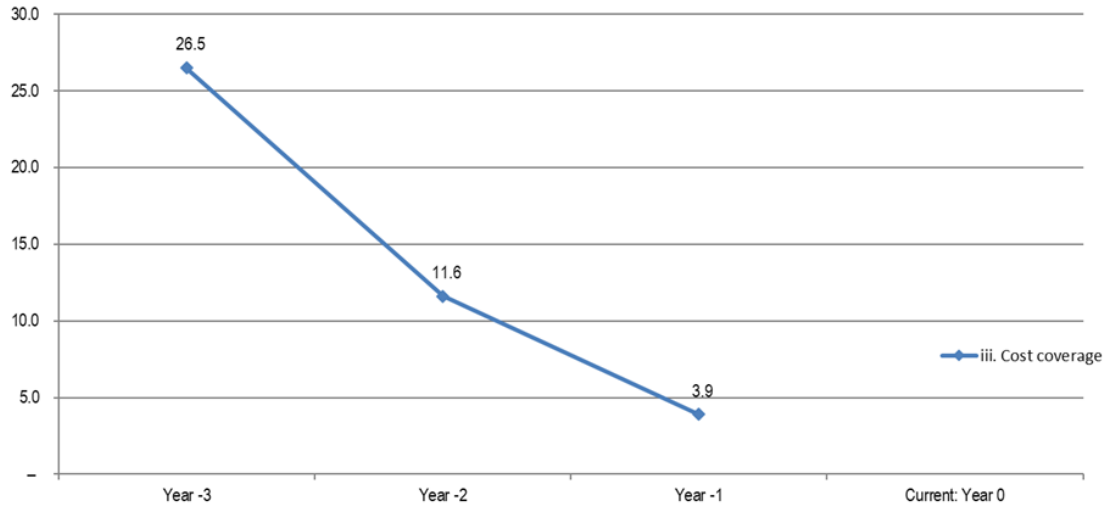
Chapter 5

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS



Chapter 5

Cost Coverage



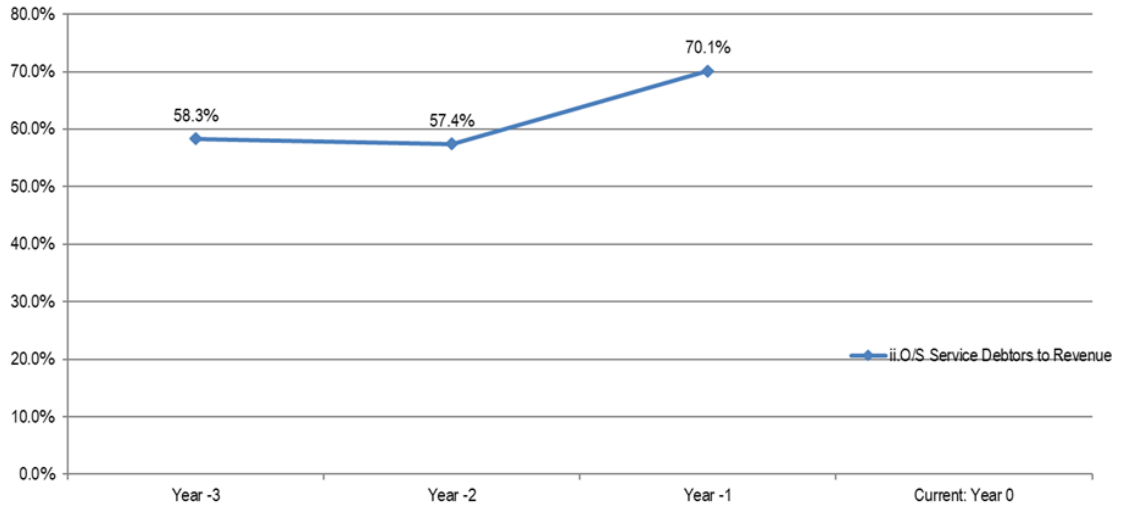
Cost Coverage– It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated

Data used from MBRR SA8

T 5.4.2

Chapter 5

Total Outstanding Service Debtors



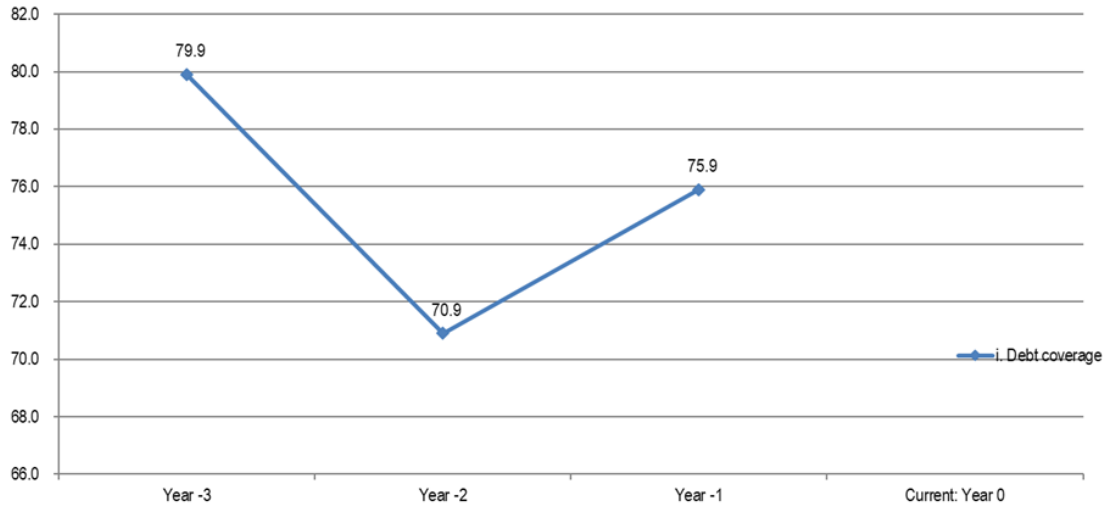
Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower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

Data used from MBRR SA8

T 5.4.3

Chapter 5

Debt Coverage



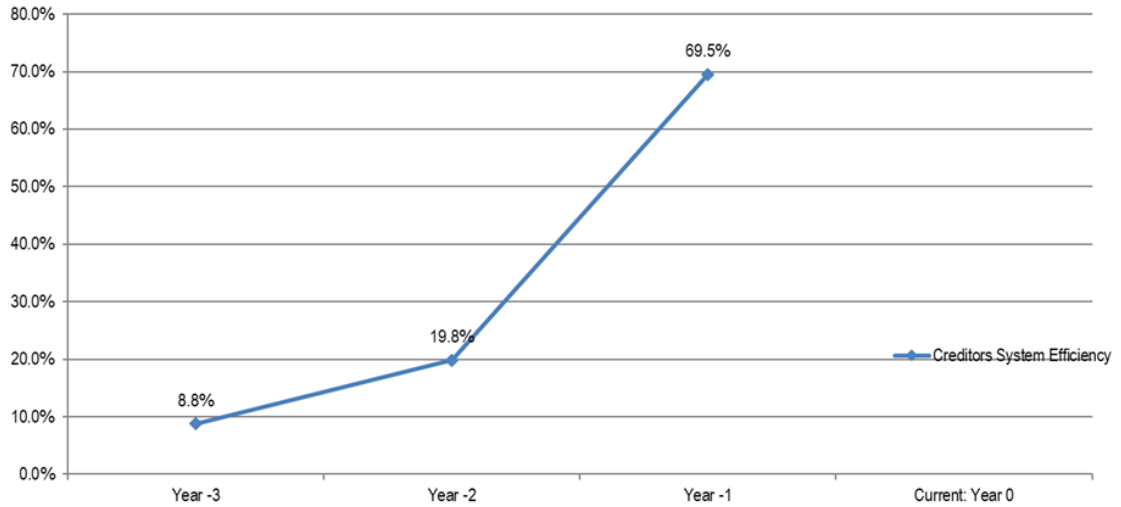
Debt Coverage– The number of times debt payments can be accommodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accommodated by the municipality

Data used from MBRR SA8

T 5.4.4

Chapter 5

Creditors System Efficiency



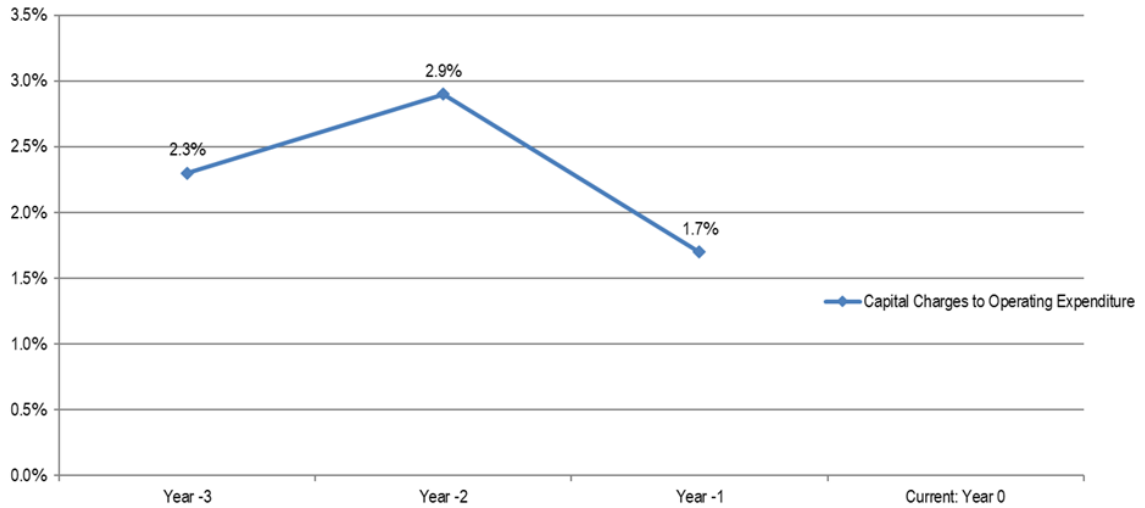
Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases

Data used from MBRR SA8

T 5.4.5

Chapter 5

Capital Charges to Operating Expenditure

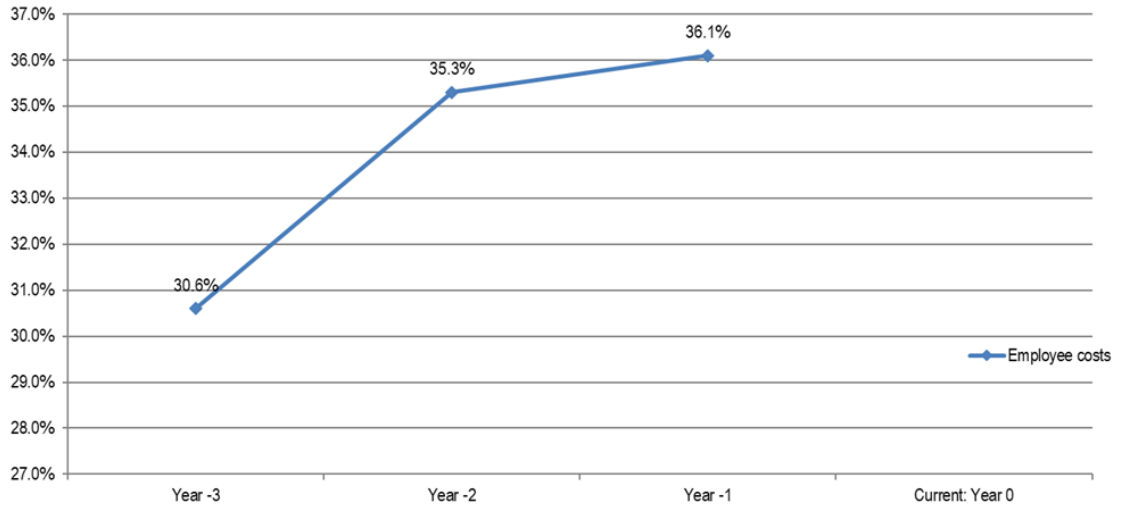


Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

Data used from MBRR SA8

Chapter 5

Employee Costs

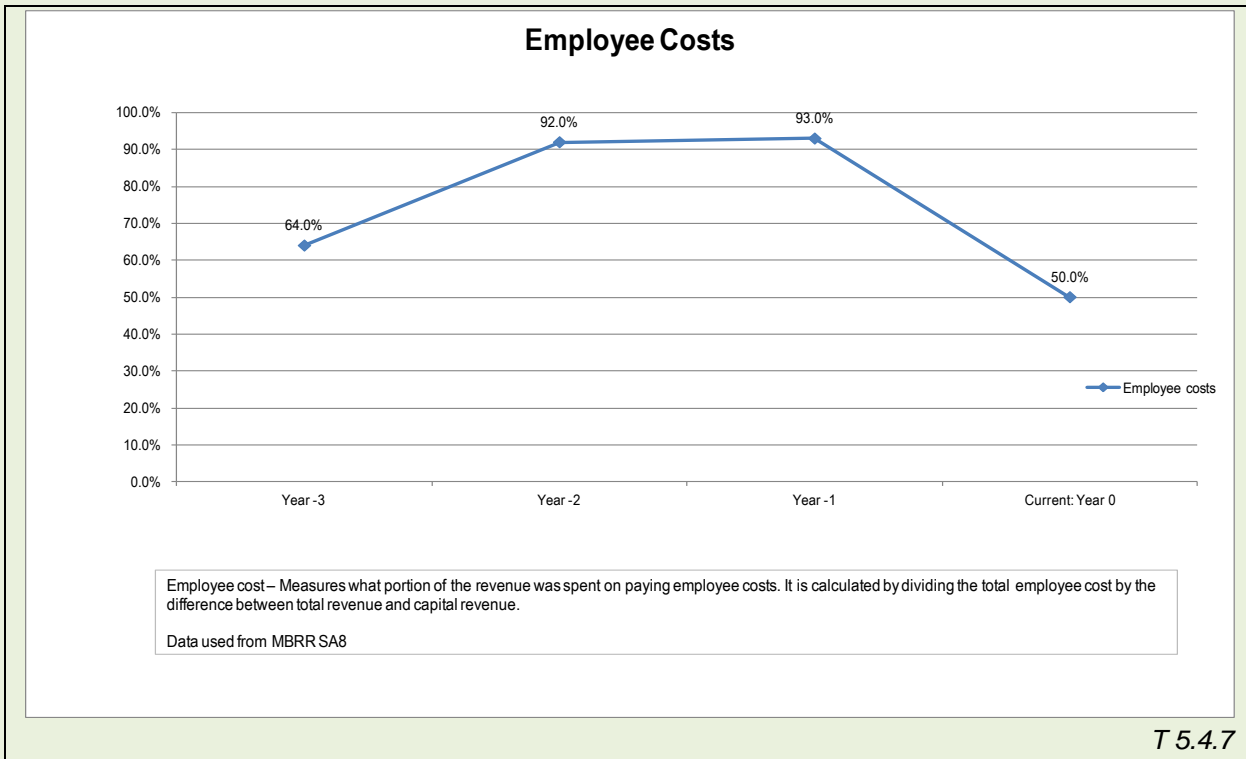


Employee cost – Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.

Data used from MBRR SA8

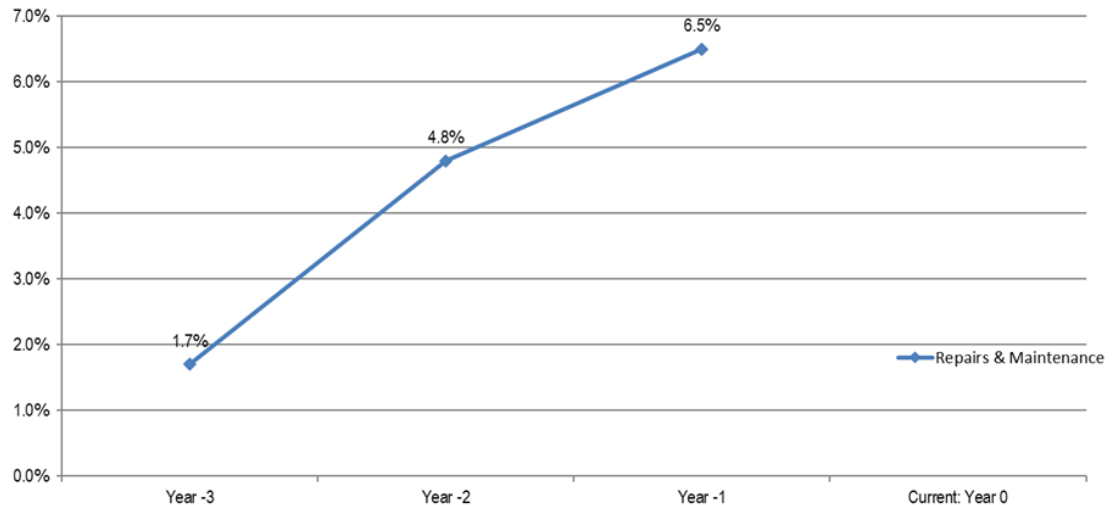
T 5.4.6

Chapter 5



Chapter 5

Repairs & Maintenance



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

Data used from MBRR SA8

T 5.4.8

COMMENT ON FINANCIAL RATIOS:

The liquidity ratio dropped from 1:1 to 0.7 in 2022-23 which means the municipality's financial viability is declining. The cost coverage dropped from 1.4 to 0.8 which means the municipality barely has one month cash to cover its operations.

T 5.4.9

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

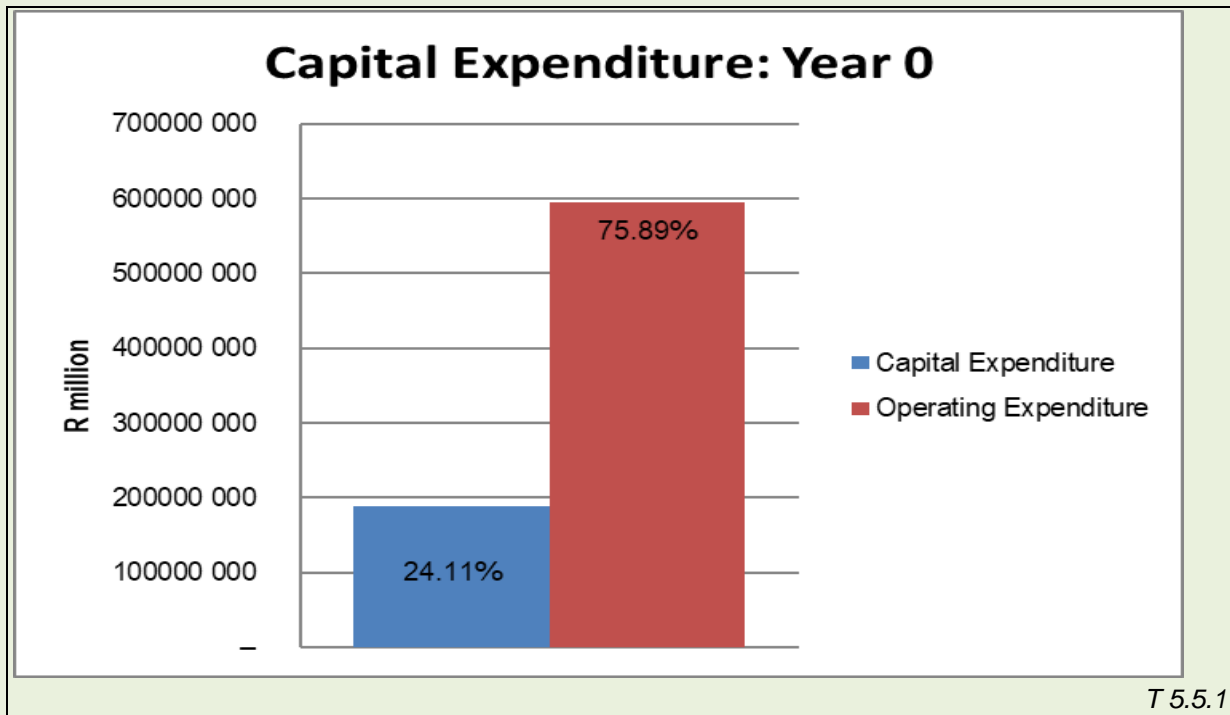
Delete Directive note once comment is completed – Capital expenditure relates mainly to construction projects that will have value lasting over many years. Capital expenditure is funded from grants, borrowings and operating expenditures and surpluses. Component B deals with capital spending indicating where the funding comes from and whether Municipalities are able to spend the available funding as planned. In this component it is important to indicate the different sources of funding as well as how these funds are spend. Highlight the 5 largest projects (see T5.7.1) and indicate what portion of the capital budget they use. In the introduction briefly refer to these key aspects of capital expenditure

Chapter 5

(usually relating to new works and renewal projects) and to **Appendices M** (relating to the new works and renewal programmes), **N** (relating to the full programme of full capital projects, and **O** (relating to the alignment of projects to wards).

T 5.5.0

5.5 CAPITAL EXPENDITURE



5.6 SOURCES OF FINANCE

Chapter 5

Capital Expenditure - Funding Sources: Year -1 to Year 0							R' 000
Details	Year -1	Year 0					
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)	
Source of finance							
External loans	0	0	0	0			
Public contributions and donations	11 429	0	0	9 668	30.00%	3222724.67%	
Grants and subsidies	149 754	116 950	157 388	136 976	34.58%	17.12%	
Other	5 491	20 224	31 738	24 360	56.93%	20.45%	
Total	166 674	137 174	189 126	171 004	121.51%	3222762.24%	
<i>Percentage of finance</i>							
External loans	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Public contributions and donations	6.9%	0.0%	0.0%	5.7%	24.7%	100.0%	
Grants and subsidies	89.8%	85.3%	83.2%	80.1%	28.5%	0.0%	
Other	3.3%	14.7%	16.8%	14.2%	46.9%	0.0%	
Capital expenditure							
Water and sanitation	37 639	30 500	55 801	65 194	82.95%	113.75%	
Electricity	66 660	43 324	61 753	61 928	42.54%	42.94%	
Housing	–	–	–	–			
Roads and storm water	39 122	22 321	20 785	18 893	-6.88%	-15.36%	
Other	23 253	41 029	50 787	24 988	23.78%	-39.10%	
Total	166 674	137 174	189 126	171 004	142.39%	102.24%	
<i>Percentage of expenditure</i>							
Water and sanitation	22.6%	22.2%	29.5%	38.1%	58.3%	111.3%	
Electricity	40.0%	31.6%	32.7%	36.2%	29.9%	42.0%	
Housing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Roads and storm water	23.5%	16.3%	11.0%	11.0%	-4.8%	-15.0%	
Other	14.0%	29.9%	26.9%	14.6%	16.7%	-38.2%	
<i>T 5.6.1</i>							

COMMENT ON SOURCES OF FUNDING:

The bulk of capital is funded by National Government, Provincial Government, Own funding (CRR) and public contributions. National funding constitutes 80% of total capital funding. Variance between actual and budget arises from the donations received from the mines and were not budgeted for in the municipality's budget, but only actual assets were transferred through WIP at year end. The Municipality received the additional funding from National Treasury in March 2023 and the project could not be finished before year end.

T 5.6.1.1

Chapter 5

5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Capital Expenditure of 5 largest projects*					
Name of Project	Current: Year 0			Variance: Current Year 0	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
	A - Name of Project	26,000	26,500	25,700	1%
B - Name of Project	19,500	19,750	19,900	-2%	-1%
C - Name of Project	15,700	15,700	15,500	1%	0%
D - Name of Project	12,000	11,800	11,700	3%	2%
E - Name of Project	11,500	11,000	11,250	2%	4%
* Projects with the highest capital expenditure in Year 0					
Name of Project - A					
Objective of Project					
Delays					
Future Challenges					
Anticipated citizen benefits					
Name of Project - B					
Objective of Project					
Delays					
Future Challenges					
Anticipated citizen benefits					
Name of Project - C					
Objective of Project					
Delays					
Future Challenges					
Anticipated citizen benefits					
Name of Project - D					
Objective of Project					
Delays					
Future Challenges					
Anticipated citizen benefits					
Name of Project - E					
Objective of Project					
Delays					
Future Challenges					
Anticipated citizen benefits					
T 5.7.1					

Chapter 5

COMMENT ON CAPITAL PROJECTS:

Delete Directive note once comment is completed - Provide information in the template above on the 5 largest projects, ranked according to their approved budget provision year 0. Comment on the variance between the original and adjustment budgets and on availability of future Budget provision to operate the projects and lessons learnt in the year about capital project implementation on time to budget.

T 5.7.1.1

5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

Municipal Infrastructure Grant (MIG)* Expenditure Year 0 on Service backlogs						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Infrastructure - Road transport				%	%	
<i>Roads, Pavements & Bridges</i>	30327469	955000	29372469	57%	0,01%	
<i>Storm water</i>				%	%	
Infrastructure - Electricity				%	%	
<i>Generation</i>				%	%	
<i>Transmission & Reticulation</i>				%	%	
<i>Street Lighting</i>				%	%	
Infrastructure - Water				%	%	
<i>Dams & Reservoirs</i>				%	%	
<i>Water purification</i>				%	%	
<i>Reticulation</i>				%	%	
Infrastructure - Sanitation	11361297	0	11361297	22%	22%	

Chapter 5

Reticulation				%	%
Sewerage purification				%	%
Infrastructure - Other				%	%
Waste Management				%	%
Transportation				%	%
Gas				%	%
Other Specify:				%	%
Communiity Hall	7559248	1500000	6059248	14%	11%
Sportsground	10545000	7545000	3000000	20%	0,06%
				%	%
Total				%	%

* MIG is a government grant program designed to fund a reduction in service backlogs, mainly: Water; Sanitation; Roads; Electricity. Expenditure on new, upgraded and renewed infrastructure is set out at Appendix M; note also the calculation of the variation. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.

T 5.8.3

Delete Directive note once comment is completed – Explain that need and cost of backlogs are the result of migration into an area; migration out of an area; the trend towards disaggregation of families into more than one housing unit; and the cost of renewing and upgrading core infrastructure. Explain how this balance effects net demand in your municipality and how your municipality is responding to the challenges created.

T 5.8.1

Service Backlogs as at 30 June Year 0				
	Households (HHs)			
	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water	16187	47	12197	36
Sanitation	11124	32	9028	26
Electricity	23369	68	4658	13
Waste management		%		%
Housing		%	5680	16

% HHs are the service above/below minimum standard as a proportion of total HHs. 'Housing' refers to * formal and ** informal settlements.

T 5.8.2

Chapter 5

COMMENT ON BACKLOGS:

Delete Directive note once comment is completed - Comment on how MIG grants have been utilised to redress the backlogs and on the variances in T 5.8.3. If appropriate, comment that **Appendix P** contains details of schools and clinics that have been established that do not have ready access to one or more basic services and **Appendix Q** contains details of those services provided by other spheres of government (whether the municipality is involved on an agency basis or not) that carry significant backlogs.

T 5.8.4

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

The management of cash flow is one of the pivotal tasks of the finance department of the municipality. Adequate cash management enables effective decision making and the identification of early warning signs in terms of potential cash flow constraints. It is therefore imperative that cash flow trends be closely monitored and corrective action be taken timeously when required. The cash flow status of the municipality is currently being monitored on a daily basis.

T 5.9

Chapter 5

5.9 CASH FLOW

Cash Flow Outcomes				
R'000				
Description	Year -1	Current: Year 0		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	218 279	310 994	318 109	272 028
Government - operating	214 043	231 333	231 333	216 721
Government - capital	174 076	116 950	126 519	159 717
Interest	5 055	3 820	4 820	5 692
Dividends				
Payments				
Suppliers and employees	(445 799)	(510 803)	(526 227)	(584 716)
Finance charges	(3 047)	(930)	(930)	(814)
Transfers and Grants				
NET CASH FROM/(USED) OPERATING ACTIVITIES	162 606	151 364	153 624	68 628
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE				
Decrease (Increase) in non-current debtors				
Decrease (increase) other non-current receivables				
Decrease (increase) in non-current investments				
Payments				
Capital assets	(155 505)	(137 174)	(158 257)	(122 123)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(155 505)	(137 174)	(158 257)	(122 123)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans				
Borrowing long term/refinancing				
Increase (decrease) in consumer deposits				
Payments				
Repayment of borrowing	(2 414)	(2 500)	(2 500)	(3 448)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(2 414)	(2 500)	(2 500)	(3 448)
NET INCREASE/ (DECREASE) IN CASH HELD	4 687	11 690	(7 133)	(56 943)
Cash/cash equivalents at the year begin:	90 466	90 467	95 152	95 152
Cash/cash equivalents at the year end:	95 153	102 157	88 019	38 209
<i>Source: MBRR A7</i>				<i>T 5.9.1</i>

Chapter 5

COMMENT ON CASH FLOW OUTCOMES:

The total cash on hand on 30 June 2023 were R 38 061 906.56 that includes the Primary-, Traffic-, Call Account and two fixed deposit at ABSA

T 5.9.1.1

5.10 BORROWING AND INVESTMENTS

INTRODUCTION TO BORROWING AND INVESTMENTS

The municipality currently has long term borrowings at the Development Bank of South Africa (DBSA). The municipality applies a conservative approach to borrowing. No additional long-term debt was incurred for the year under review .

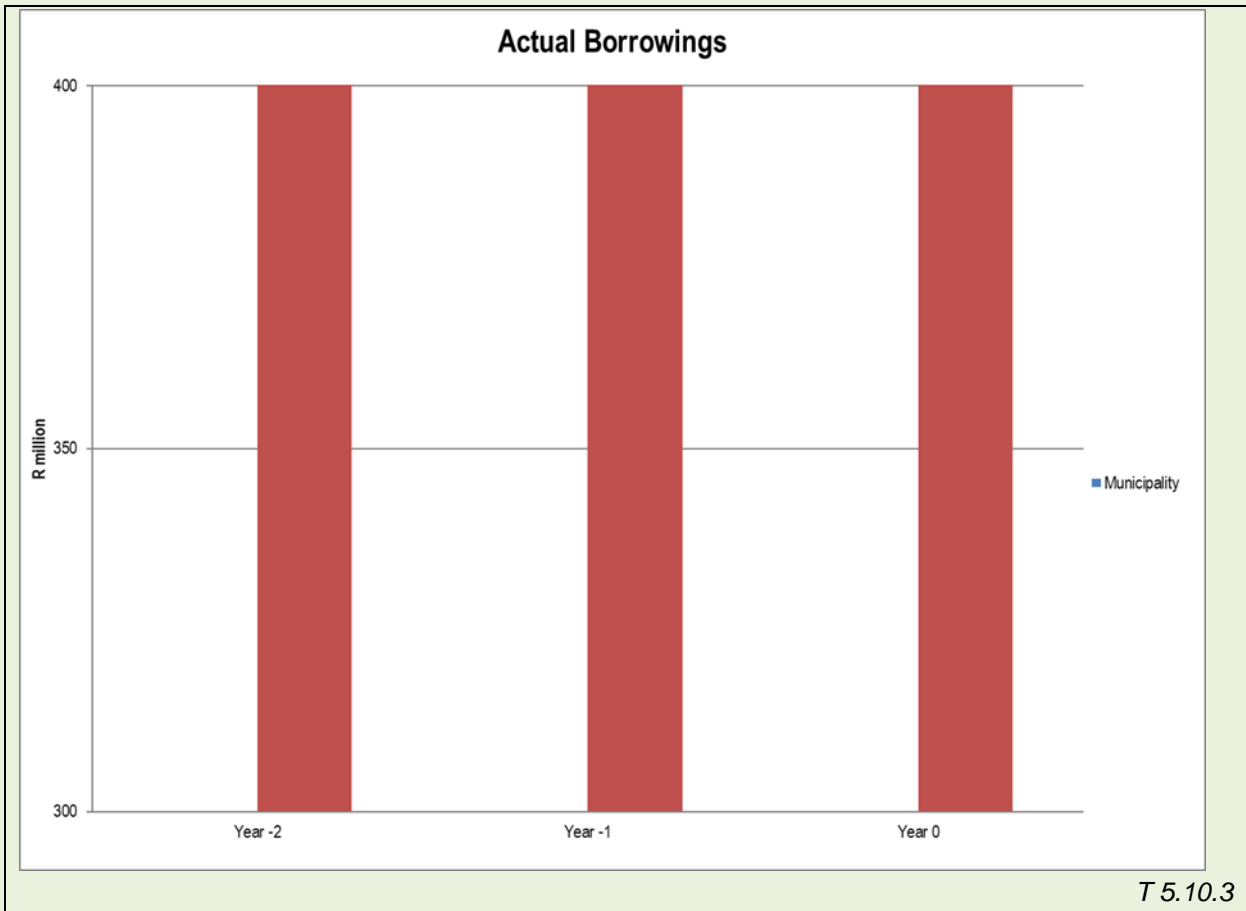
On 30 June 2024 the Municipality have three outstanding loans from DBSA and there were no investment accounts for the year under review.

T 5.10.1

Actual Borrowings: Year -2 to Year 0			
	R' 000		
Instrument	Year -2	Year -1	Year 0
Municipality			
Long-Term Loans (annuity/reducing balance)	8356	6080	3875
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases			
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Municipality Total	8 356	6 080	3 875

T 5.10.2

Chapter 5



Municipal and Entity Investments			
			R' 000
Investment* type	Year -2	Year -1	Year 0
	Actual	Actual	Actual
Municipality			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank	0	1268	0
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Municipal Bonds			
Other			
Total	0	1268	0

T 5.10.4

Chapter 5

COMMENT ON BORROWING AND INVESTMENTS:

The DBSA loans reduced with R 2 204 850 during 2023/24, that brings the outstandings loan on 30 June 2024 to R 3 875 154. There were no new loans for the three years under view.

T5.10.5

Chapter 5

5.11 PUBLIC PRIVATE PARTNERSHIPS

PUBLIC PRIVATE PARTNERSHIPS

Delete Directive note once comment is completed - Provide overview of agreements, contracts and projects undertaken during the year through PPP's – Refer to further details of PPP details **Appendix H. Table SA3 (MBRR)** may also be used to gain information on PPP's.

T 5.11.1

COMPONENT D: OTHER FINANCIAL MATTERS

5.12 SUPPLY CHAIN MANAGEMENT

SUPPLY CHAIN MANAGEMENT

Delete Directive note once comment is completed - Provide a brief narrative that describes the progress made by your municipality in developing and implementing policies and practices in compliance with the guidelines set out in SCM Regulations 2005. State the number of Supply Chain officials that have reached the prescribed levels required for their positions (See MFMA Competency Regulation Guidelines) and state the number of prescribed officials that are yet to reach the necessary competency levels; and set out any remarks made in the previous Auditor-General's report or the report for year 0 concerning the quality of Supply Chain Management and detail the remedial action taken. Note comments made in Chapter 2, under section 2.8.

T 5.12.1

Chapter 5

5.13 GRAP COMPLIANCE

GRAP COMPLIANCE

GRAP is a set of accounting standards issued by the Accounting Standard Board (ASB) for the public sector in South Africa.

The municipality has adopted the Generally Recognised Accounting Practices (GRAP) as the accounting reporting framework. As such, the annual financial statements are prepared in accordance with the approved GRAP standards..

T 5.13.1

Chapter 6

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

INTRODUCTION

Note: The Constitution S188 (1) (b) states that the functions of the Auditor-General includes the auditing and reporting on the accounts, financial statements and financial management of all municipalities. MSA section 45 states that the results of performance measurement... must be audited annually by the Auditor-General.

Delete Directive note once comment is completed - Refer to the Annual Financial Statements set out in Volume II and the timescale for the audit of these accounts and the audit of performance and the production of reports on these matters by the Auditor General as set out in this Chapter. If this is the version of the annual report presented to Council in September then the Auditor-Generals statements on this year's submissions will not be available for inclusion in this Chapter and this should be explained.

T 6.0.1

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS YEAR -1

6.1 AUDITOR GENERAL REPORTS YEAR -1 (PREVIOUS YEAR)

Auditor-General Report on Financial Performance: Year -1	
Audit Report Status*:	Qualified opinion
Non-Compliance Issues	Remedial Action Taken
MFMA 112(1)j & SCM regulation 43: Awards made to providers who were in the service of the state.	Providers are required to fill out MBD 4 forms and reliance is also placed on the CSD portal.
MFMA 122(1): AFS were not prepared in all material aspects.	Adequade review will be performed before financials are submitted to AGSA.
MFMA 62(1)(d): UIF&W	The current irregular expenditure was identified by the AGSA, and that is as a result of different interpretation of the law.
SCM Regulation 43: Non-tax compliant service providers	Reliance is placed on CSD and the SARS website.
2017 Preferential Procurement Regulation 8(2): Local content	SCM policy updated.
Municipal planning and performance management regulation 7(1): Inadequate performance management system	A performance system will be procured.
<i>Note: *The report status is supplied by the Auditor General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse)</i>	

T 6.1.1

Chapter 6

COMPONENT B: AUDITOR-GENERAL OPINION YEAR 0 (CURRENT YEAR)

6.2 AUDITOR GENERAL REPORT YEAR 0

Auditor-General Report on Financial Performance Year 0*	
Status of audit report:	Unqualified opinion with matters
Non-Compliance Issues	Remedial Action Taken
MFMA 112(1)j & SCM regulation 44: Awards made to providers who were in the service of the state.	Providers are required to fill out MBD 4 forms and reliance is also placed on the CSD portal.
MFMA 122(1): AFS were not prepared in all material aspects.	Adequade review will be performed before financials are submitted to AGSA.
MFMA 62(1)(d): UIF&W	The current irregular expenditure was identified by the AGSA, and that is as a result of different interpretation of the law.
MFMA 64(2)(f): ineffective internal control for debtors & revenue.	Controls will be put in place.
Municipal planning and performance management regulation 7(1): Inadequate performance management system	A performance system will be procured.
<p><i>Note:*</i> The report's status is supplied by the Auditor General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse). This table will be completed prior to the publication of the Annual report but following the receipt of the Auditor- General Report on Financial Performance Year 0.</p>	
T 6.2.1	

AUDITOR GENERAL REPORT ON THE FINANCIAL STATEMENTS: YEAR 0

Delete Directive note once comment is completed - Attach report.

T 6.2.3

COMMENTS ON AUDITOR-GENERAL'S OPINION YEAR 0:

Delete Directive note once comment is completed - Provide comments from the Municipal Manager / CFO on the Auditor-General's opinion. Include comments on year 0 if it provides useful context.

T 6.2.4

COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES:

Section 71 of the MFMA requires municipalities to return a series of financial performance data to the National Treasury at specified intervals throughout the year. The Chief Financial Officer states that these data sets have been returned according to the reporting requirements.

Chapter 6

Signed (Chief Financial Officer)..... Dated

T 6.2.5

GLOSSARY

GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give “ <i>full and regular</i> ” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “ <i>what we do</i> ”.
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General performance indicators	Key After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.

GLOSSARY

Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	<ul style="list-style-type: none"> • Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.

GLOSSARY

Performance Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote:	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a "vote" as:</p> <ul style="list-style-type: none"><i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i><i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i>

APPENDICES

APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Directorate	Director/Manager (State title and name)
Municipal Manager	Mr M Tsatsimpe
OFFICE OF THE MUNICIPAL MANAGER	
Performance Management System Manager	Mrs B Dithupe
Intergrated Development Plan Manager	Mrs T Teise
INSTITUTIONAL DEVELOPMENT AND TRANFROMATION	
Head of Department	Mr C Pule
Legal Services Manager	Ms M Molale
Human Resource Manager	Mr M Gaselebelwe
Labour Relations Manager	Mr O Lencoe
Information and Technology Manager	Mr M Segoje
Records Manager	Mr
Office of the Mayor's Manager	Mr L Fourie
FINANCIAL VIABILITY AND ACCOUNTABILITY	
Chief financial Officer	Mr LMashiane
Revenue & Debt Collection	Mrs T Jarvis
Manager payroll & Expenditure	Mr T Sehloho
Budget Manager	Ms D Pelele
Supply Chain Management Manager	Mr B Sechogela
Assest Manager	Ms N Keswa
COMMUNITY SERVICES	
Head of Department	Mrs F Baloyi
Waste management Manager	Mr A Keetile
Chief Traffic	Mr L Lungile
Chief Librarian	Mrs M Moetsi
Disaster Management Manager	Mr Mosweu
Basic Services delivery and Infrastructure	
Director	Mr B Kgosieng
Roads & Strom Water Manager	Mrs M Manhe
Project Management Unit Manager	Mrs G Monchwe
Town Planner	Mr T Molauzi
Acting Electricity & Fleet Manager	Mr Monyela
Water & Sanitation Manager	Mr V Seane
Human Settlement, Planning & Building Manager	Mr O Monchusi
<i>Use as a spill-over schedule if top 3 tiers cannot be accomodated in chapter 2 (T2.2.2).</i>	

TC

APPENDICES

APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
Constitution Schedule 4, Part B functions:		
Air pollution		
Building regulations		
Child care facilities		
Electricity and gas reticulation		
Firefighting services		
Local tourism		
Municipal airports		
Municipal planning		
Municipal health services		
Municipal public transport		
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law		
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto		
Stormwater management systems in built-up areas		
Trading regulations		
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems		
Beaches and amusement facilities		
Billboards and the display of advertisements in public places		
Cemeteries, funeral parlours and crematoria		
Cleansing		
Control of public nuisances		
Control of undertakings that sell liquor to the public		
Facilities for the accommodation, care and burial of animals		
Fencing and fences		
Licensing of dogs		
Licensing and control of undertakings that sell food to the public		
Local amenities		
Local sport facilities		
Markets		
Municipal abattoirs		
Municipal parks and recreation		
Municipal roads		
Noise pollution		
Pounds		
Public places		
Refuse removal, refuse dumps and solid waste disposal		
Street trading		
Street lighting		
Traffic and parking		
<i>* If municipality: indicate (yes or No); * If entity: Provide name of entity</i>		T D

APPENDICES

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

APPENDICES

Disclosures of Financial Interests		
Period 1 July to 30 June of Year 0 (Current Year)		
Position	Name	Description of Financial interests* (Nil / Or details)
(Executive) Mayor		
Member of MayCo / Exco		
Councillor		
Municipal Manager		
Chief Financial Officer		
Deputy MM and (Executive) Directors		
Other S57 Officials		

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

APPENDICES

APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE

APPENDICES

Revenue Collection Performance by Vote						
						R' 000
Vote Description	Year -1	Current: Year 0			Year 0 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Example 1 - Vote 1						
Example 2 - Vote 2						
Example 3 - Vote 3						
Example 4 - Vote 4						
Example 5 - Vote 5						
Example 6 - Vote 6						
Example 7 - Vote 7						
Example 8 - Vote 8						
Example 9 - Vote 9						
Example 10 - Vote 10						
Example 11 - Vote 11						
Example 12 - Vote 12						
Example 13 - Vote 13						
Example 14 - Vote 14						
Example 15 - Vote 15						
Total Revenue by Vote	-	-	-	-	-	-
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3</i>						T K.1

APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

APPENDICES

Revenue Collection Performance by Source							R '000
Description	Year -1	Year 0			Year 0 Variance		
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget	
Property rates	26,485	23,572	28,075	23,042	-2%	-22%	
Property rates - penalties & collection charges	8,541	8,285	9,054	8,456	2%	-7%	
Service Charges - electricity revenue	12,355	10,254	12,478	13,219	22%	6%	
Service Charges - water revenue	14,232	13,235	13,662	12,097	-9%	-13%	
Service Charges - sanitation revenue	6,542	5,496	5,954	6,346	13%	6%	
Service Charges - refuse revenue	1,865	1,622	1,865	1,510	-7%	-23%	
Service Charges - other	5,643	5,530	5,925	5,304	-4%	-12%	
Rentals of facilities and equipment	5,643	5,530	5,925	5,304	-4%	-12%	
Interest earned - external investments	5,322	4,470	5,747	4,630	3%	-24%	
Interest earned - outstanding debtors	8,455	8,455	8,624	9,554	12%	10%	
Dividends received	1,254	1,003	1,191	1,354	26%	12%	
Fines	2,516	2,063	2,264	2,340	12%	3%	
Licences and permits	6,846	6,230	7,256	6,640	6%	-9%	
Agency services	12,546	10,413	11,793	11,542	10%	-2%	
Transfers recognised - operational	2,355	2,190	2,425	2,402	9%	-1%	
Other revenue	48,542	40,776	48,542	46,115	12%	-5%	
Gains on disposal of PPE	4,565	3,698	4,337	4,291	14%	-1%	
Environmental Protection	5,649	4,971	6,157	4,971	0%	-24%	
Total Revenue (excluding capital transfers and contributions)	179,353	157,791	181,274	169,118	6.70%	-7.19%	
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.</i>							T K.2

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APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants: excluding MIG						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Neighbourhood Development Partnership Grant						
Public Transport Infrastructure and Systems Grant						
<i>Other Specify:</i>						
Total						
<i>* This includes Neighbourhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG) which is dealt with in the main report, see T 5.8.3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Obtain a list of grants from national and provincial government.</i>						T L

APPENDICES

COMMENT ON CONDITIONAL GRANTS EXCLUDING MIG:

Delete Directive note once comment is completed – Use this box to provide additional information on grant benefits or conditions and reasons for acceptance.

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APPENDICES

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

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

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Capital Expenditure - New Assets Programme*							
Description	Year -1	Year 0			Planned Capital expenditure		
		Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2
	R '000						
Capital expenditure by Asset Class							
Infrastructure - Total	-	-		-	-	-	-
Infrastructure: Road transport - Total	-	-		-	-	-	-
<i>Roads, Pavements & Bridges</i>							
<i>Storm water</i>							
Infrastructure: Electricity - Total	-	-		-	-	-	-
<i>Generation</i>							
<i>Transmission & Reticulation</i>							
<i>Street Lighting</i>							
Infrastructure: Water - Total	-	-		-	-	-	-
<i>Dams & Reservoirs</i>							
<i>Water purification</i>							
<i>Reticulation</i>							
Infrastructure: Sanitation - Total	-	-		-	-	-	-
<i>Reticulation</i>							
<i>Sewerage purification</i>							
Infrastructure: Other - Total	-	-		-	-	-	-
<i>Waste Management</i>							
<i>Transportation</i>							
<i>Gas</i>							
<i>Other</i>							
Community - Total	-	-		-	-	-	-
<i>Parks & gardens</i>							
<i>Sportsfields & stadia</i>							
<i>Swimming pools</i>							
<i>Community halls</i>							
<i>Libraries</i>							
<i>Recreational facilities</i>							
<i>Fire, safety & emergency</i>							
<i>Security and policing</i>							
<i>Buses</i>							
<i>Clinics</i>							
<i>Museums & Art Galleries</i>							
<i>Cemeteries</i>							
<i>Social rental housing</i>							
<i>Other</i>							

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Capital Expenditure - New Assets Programme*							
							R '000
Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Heritage assets - Total	-	-		-	-	-	-
Buildings							
Other							
Investment properties - Total	-	-		-	-	-	-
Housing development							
Other							
Other assets	-	-		-	-	-	-
General vehicles							
Specialised vehicles							
Plant & equipment							
Computers - hardware/equipment							
Furniture and other office equipment							
Abattoirs							
Markets							
Civic Land and Buildings							
Other Buildings							
Other Land							
Surplus Assets - (Investment or Inventory)							
Other							
Agricultural assets	-	-		-	-	-	-
List sub-class							
Biological assets	-	-		-	-	-	-
List sub-class							
Intangibles	-	-		-	-	-	-
Computers - software & programming							
Other (list sub-class)							
Total Capital Expenditure on new assets	-	-		-	-	-	-
Specialised vehicles	-	-		-	-	-	-
Refuse							
Fire							
Conservancy							
Ambulances							

* Note: Information for this table may be sourced from MBRR (2009: Table SA34a)

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

APPENDICES

Capital Expenditure - Upgrade/Renewal Programme*							
Description	R '000						
	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Infrastructure - Total	-	-		-	-	-	-
Infrastructure: Road transport -Total	-	-		-	-	-	-
<i>Roads, Pavements & Bridges</i>							
<i>Storm water</i>							
Infrastructure: Electricity - Total	-	-		-	-	-	-
<i>Generation</i>							
<i>Transmission & Reticulation</i>							
<i>Street Lighting</i>							
Infrastructure: Water - Total	-	-		-	-	-	-
<i>Dams & Reservoirs</i>							
<i>Water purification</i>							
<i>Reticulation</i>							
Infrastructure: Sanitation - Total	-	-		-	-	-	-
<i>Reticulation</i>							
<i>Sewerage purification</i>							
Infrastructure: Other - Total	-	-		-	-	-	-
<i>Waste Management</i>							
<i>Transportation</i>							
<i>Gas</i>							
<i>Other</i>							
Community	-	-		-	-	-	-
Parks & gardens							
Sportsfields & stadia							
Swimming pools							
Community halls							
Libraries							
Recreational facilities							
Fire, safety & emergency							
Security and policing							
Buses							
Clinics							
Museums & Art Galleries							
Cemeteries							
Social rental housing							
Other							
Heritage assets	-	-		-	-	-	-
Buildings							
Other							

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Capital Expenditure - Upgrade/Renewal Programme*								R '000
Description	Year -1	Year 0			Planned Capital expenditure			
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3	
Capital expenditure by Asset Class								
Investment properties	-	-		-	-	-	-	
Housing development								
Other								
Other assets	-	-		-	-	-	-	
General vehicles								
Specialised vehicles								
Plant & equipment								
Computers - hardware/equipment								
Furniture and other office equipment								
Abattoirs								
Markets								
Civic Land and Buildings								
Other Buildings								
Other Land								
Surplus Assets - (Investment or Inventory)								
Other								
Agricultural assets	-	-		-	-	-	-	
List sub-class								
Biological assets	-	-		-	-	-	-	
List sub-class								
Intangibles	-	-		-	-	-	-	
Computers - software & programming								
Other (list sub-class)								
Total Capital Expenditure on renewal of existing assets	-	-		-	-	-	-	
Specialised vehicles	-	-		-	-	-	-	
Refuse								
Fire								
Conservancy								
Ambulances								

* Note: Information for this table may be sourced from MBRR (2009: Table SA34b)

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APPENDIX N – CAPITAL PROGRAMME BY PROJECT YEAR 0

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Capital Programme by Project: Year 0					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Water					
"Project A"	82	85	92	8%	11%
"Project B"	82	85	92	8%	11%
"Project C"	85	90	95	5%	11%
Sanitation/Sewerage					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Electricity					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Housing					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Refuse removal					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Stormwater					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Economic development					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Sports, Arts & Culture					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Environment					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Health					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Safety and Security					
"Project A"	82	85	92	8%	11%

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APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD YEAR 0

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Capital Programme by Project by Ward: Year 0		
Capital Project	Ward(s) affected	R' 000 Works completed (Yes/No)
Water		
"Project A"		
"Project B"		
Sanitation/Sewerage		
Electricity		
Housing		
Refuse removal		
Stormwater		
Economic development		
Sports, Arts & Culture		
Environment		
Health		
Safety and Security		
ICT and Other		

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APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

Service Backlogs: Schools and Clinics				
Establishments lacking basic services	Water	Sanitation	Electricity	Solid Waste Collection
Schools (NAMES, LOCATIONS)				
Clinics (NAMES, LOCATIONS)				
<i>Names and locations of schools and clinics lacking one or more services. Use 'x' to mark lack of service at appropriate level for the number of people attending the school/clinic, allowing for the proper functioning of the establishment concerned.</i>				<i>TP</i>

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

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Service Backlogs Experienced by the Community where another Sphere of Government is the Service Provider (where the municipality whether or not act on agency basis)		
Services and Locations	Scale of backlogs	Impact of backlogs
Clinics:		
Housing:		
Licencing and Testing Centre:		
Reseviors		
Schools (Primary and High):		
Sports Fields:		
		T Q

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

Declaration of Loans and Grants made by the municipality: Year 0				
All Organisation or Person in receipt of Loans */Grants* provided by the municipality	Nature of project	Conditions attached to funding	Value Year 0 R' 000	Total Amount committed over previous and future years
* Loans/Grants - whether in cash or in kind				T R

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APPENDIX S – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

National and Provincial Outcomes for Local Government		
Outcome/Output	Progress to date	Number or Percentage Achieved
Output: Improving access to basic services		
Output: Implementation of the Community Work Programme		
Output: Deepen democracy through a refined Ward Committee model		
Output: Administrative and financial capability		
<p><i>* Note: Some of the outputs detailed on this table may have been reported elsewhere in the Annual Report. Kindly ensure that this information consistent.</i></p>		

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Key Performance Area: Institutional Development and Organizational Development							Annual Budget	Portfolio of Evidence	Quarterly Reporting				Actual Cumulative	Actual expenditure	Achieved / Not Achieved	Reason for non-achievement
Strategic Goals	Programme (IDP)	Objectives	Key Performance Indicators	Baseline	Target output (Annual target)	Unit of Measurement			1st Quarter	2nd Quarter	3rd Quarter	4th Quarter				
Municipal Capacity and Infrastructure Development	Legal Services	To continuously ensure the municipality comply to legislation	KPI 1 Litigation cases attended by 30 June 2024.	4 Quarterly reports on litigation cases attended to by 30 June 2023.	4 Quarterly reports on litigation cases attended to by 30 June 2024.	Number	7 000 000	Summary reports	1	1	1	1	4	66 16955.80	Achieved	n/a
			KPI 2 Number of signed Contracts/Service Level Agreements (SLA) by 30 June 2024.	4 Quarterly Signed Contracts/Service Level Agreement by 30 June 2023.	4 Quarterly Signed Contracts/Service Level Agreement by 30 June 2024.	Number	Operational	Appointed services providers report and signed SLA's.	1	1	1	1	4	n/a	Achieved	n/a
			KPI 3 Number of signed lease agreements by 30 June 2024.	Signed lease agreements by 30 June 2023.	Signed lease agreements by 30 June 2024.	Number	Operational	Signed lease agreements	n/a	1	n/a	n/a	1	n/a	Achieved	n/a
			KPI 4 By-laws public awareness campaigns conducted by 30 June 2024.	2 Biannual by-laws public awareness campaigns conducted by 30 June 2023.	2 Biannual by-laws public awareness campaigns conducted by 30 June 2024.	Number	Operational	Advertisement/public notice and copies of by-laws	n/a	1	n/a	1	2	n/a	Achieved	n/a
	Employee Assistance Programme (EAP)	To ensure that the socio- needs of employees are met	KPI 5 Number of Employee wellness campaigns conducted by 30 June 2024.	2 Biannual employee wellness campaigns conducted by 30 June 2023.	2 Biannual employee wellness campaigns conducted by 30 June 2024.	Number	200 000	Notices, invitations, programmed and attendance registers	n/a	1	1	n/a	2	R 46 450,00	Achieved	n/a
Key Performance Area: Institutional Development and Organizational Development									Quarterly Reporting				Act	Act	Ach	Rea

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Strategic Goals	Programme (IDP)	Objectives	Key Performance Indicators	Baseline	Target output (Annual target)	Unit of Measurement	Annual Budget	Portfolio of Evidence	1st	2nd	3rd	4th				
Municipal Capacity and Infrastructure Development	Training and Skills Development	Adherence to the Skills Development Act and related regulations at all times.	KPI 6 Employment equity reports submitted to the Department of labour by the 15th of January 2024.	Employment equity report submitted to the Department of labour by the 15th of January 2023.	Employment equity report submitted to the Department of labour by the 15th of January 2024	date	Operational	Employment Equity Report and acknowledgement letter from Department of Labour.	n/a	n/a	15-Jan	n/a	15-Jan	n/a	Achieved	n/a
			KPI 7 Work skills plan developed and submitted to LGSETA by 30 April 2024.	Work skills plan developed and submitted to LGSETA by 30 April 2023.	Work skills plan developed and submitted to LGSETA by 30 April 2024.	Date	Operational	Work Skills Plan Report and acknowledgement letter from LGSETA	n/a	n/a	n/a	30-Apr-24	30-Apr-24	n/a	Achieved	n/a
			KPI 8 Number of Employees trained by 30 June 2024.	50 employees trained by 30 June 2023.	50 employees trained by 30 June 2024.	Number	1 000 000	List of trainees, programme/agenda, attendance register, and training report/s.	n/a	n/a	31	9	40	60 495,09	Not achieved	Most of the training providers accreditation were expiring in June and others tax status were not tax compliant
Municipal Capacity and Infrastructure Development	Labour relations	To ensure labour peace and productivity by maintaining continuous engagements with staff or organised labour	KPI 9 Number of LLF meetings held by 30 June 2024.	4 Quarterly LLF meetings held by 30 June 2023.	4 Quarterly LLF meetings held by 30 June 2024.	Number	Operational	Agenda, minutes and attendance registers.	1	1	1	1	4	n/a	Achieved	n/a
			KPI 10 Grievance cases attended to within 30 days by 30 June 2024.	Grievance cases attended to within 30 days 30 June 2023.	Grievance cases attended to within 30 days 30 June 2024.	Days	Operational	Grievance forms, attendance registers.	n/a	30 days	n/a	30 days	30 days	n/a	Achieved	n/a
			KPI 11 Disciplinary cases finalized within 90 days by 30 June 2024.	Disciplinary cases finalized within 90 days by 30 June 2023.	Disciplinary cases finalized within 90 days by 30 June 2024	Days	Operational	Disciplinary case report.	n/a	0	n/a	0	0	n/a	Not achieved	There were no cases received for the year under review.

	Occupational Health and safety (OHS)	To ensure that there is a healthy and safe workforce by implementing provisions of the Occupational Health and Safety Act	KPI 12 Number of Occupational Health & safety workshop conducted by 30 June 2024.	2 Biannual Occupational Health and Safety Trainings/Sessions conducted by 30 June 2023.	2 Biannual Occupational Health & safety workshop conducted by 30 June 2024.	Number	Operational	Programmes and attendance registers.	n/a	1	n/a	1	2	n/a	Achieved	n/a
Municipal Capacity and Infrastructure Development	Training and Skills Development	Adherence to the skills development Act and related regulations at all times	KPI 13 Section 54A Manager, Section 56 Manager, and Finance officials sent to training for minimum competency level by 30 June 2024.	Report on Section 54A Manager, Section 56 Manager, and Finance officials sent to training for minimum competency level by 30 June 2023.	Report on Section 54A Manager, Section 56 Manager, and Finance officials sent to training for minimum competency level by 30 June 2024.	Number	Operational	Proof of enrolment.	n/a	n/a	n/a	1	1	n/a	Achieved	n/a
Key Performance Area: Institutional Development and Organizational Development								Quarterly Reporting				Actual Cumulative	Actual	Achieved / Not Achieved	Reason for non-achievement	
Strategic Goals	Programme (IDP)	Objectives	Key Performance Indicators	Baseline	Target output (Annual target)	Unit of Measurement	Annual Budget	Portfolio of Evidence	1st Quarter	2nd Quarter	3rd Quarter					4th Quarter
Municipal Capacity and Infrastructure Development	IT and support	Constantly support the flow of and access to information through providing information and communication (ICT) support to ICT infrastructure	KPI 14 ICT queries/Incidents attended to within 16 working hours expressed as a % of total number of requests received by 30 June 2024.	ICT queries/Incidents attended to within 8 working hours expressed as a % of total number of requests received by 30 June 2023.	ICT queries/Incidents attended to within 8 working hours expressed as a % of total number of requests received by 30 June 2024.	%	Operational	ICT queries/incident register and support tickets.	100%	100%	100%	100%	100%	n/a	Achieved	n/a
			KPI 15 ICT queries/Incidents resolved within 72 working hours expressed as a % of total number of incidents/quires attended to by 30 June 2024.	90% of ICT queries/Incidents resolved within 24 working hours expressed as a % of total number of incidents/quires attended to by 30 June 2023.	90% of ICT queries/Incidents resolved within 24 working hours expressed as a % of total number of incidents/quires attended to by 30 June 2024.	%	Operational	ICT queries/incident register and Support tickets.	100%	100%	100%	100%	100%	n/a	Achieved	n/a

Key Performance Area: Institutional Development and Organizational Development																
Strategic Goals	Programme (IDP)	Objectives	Key Performance Indicators	Baseline	Target output (Annual target)	Unit of Measurement	Annual Budget	Portfolio of Evidence	Quarterly Reporting				Actual Cumulative	Actual expenditure	Achieved / Not Achieved	Reason for non-achievement
									1st Quarter	2nd Quarter	3rd Quarter	4th Quarter				
Municipal Capacity and Infrastructure Development	IT and support	Constantly support the flow of and access to information through providing information and communication (ICT) support to ICT infrastructure.	KPI 16 Number of Documents uploaded on the Municipal website by 30 June 2023.	Number of Documents uploaded on the Municipal website by 30 June 2023.	Number of Documents uploaded on the Municipal website by 30 June 2024	Number	Operational	Screenshots of uploads and support register	10	23	20	25	78	n/a	Achieved	n/a
	Records and Archives	To ensure that all municipal documentations are kept safe, can be retrieved timeously and that necessary confidentiality is protected.	KPI 17 Number of Records storage inspections conducted by registry by 30 June 2024.	4 Quarterly reports on records storage inspections conducted by registry by 30 June 2023.	4 Quarterly reports on records storage inspections conducted by registry by 30 June 2024.	Number	Operational	Inspection report.	1	1	1	1	4	n/a	Achieved	n/a
			KPI 18 Number of monitoring report on records inspection conducted by 30 June 2024	New	4 quarterly monitoring reports on records inspections conducted by 30 June 2024	Number	Operational	Follow up report.	1	1	1	1	4	n/a	Achieved	n/a

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			KP 19 Number of records management workshops conducted by 30 June 2024.	2 Biannually records management workshops conducted by 30 June 2023.	2 Biannually records management workshops conducted by 30 June 2024.	Number	Operational	Programme, notices and attendance registers.	n/a	1	n/a	1	2	n/a	Achieved	n/a
	SMMEs	Dissemination of information to the community and stakeholders on daily issues that affect the community on the grounds and when needed	KPI 20 Number of Newsletters developed by 30 June 2024.	4 Quarterly Newsletters developed by 30 June 2023.	4 Quarterly Newsletters developed by 30 June 2024.	Number	100 000	Copy of Newsletter and distribution register	1	1	1	1	4	11 550	Achieved	n/a
Key Performance Area: Local and Economic Development								Portfolio of Evidence	Quarterly Reporting				Actual Cumulative	Actual expenditure	Achieved / Not Achieved	Reason for non-achievement
Strategic Goals	Programme (IDP)	Objectives	Key Performance Indicators	Baseline	Target output (Annual target)	Unit of Measurement	Annual Budget		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter				
Create a conducive environment for prosperous investment	Local economic development	To continuously monitor compliance of businesses with Business Act, by-laws and policies	KPI 21 Number of Businesses inspections conducted for compliance by 30 June 2024.	160 Quarterly Businesses inspected conducted for compliance by 30 June 2023.	160 Quarterly Businesses inspected conducted for compliance by 30 June 2024.	Number	Operational	Inspection register	0	41	45	31	117	n/a	Not achieved	The insufficiency of works on the inspection and monitoring as per targeted number result from non-alignment of activities amongst the various entities and support units involved in the area of work. This ha

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Key Performance Area: Basic Services Delivery and Infrastructure Development																
Programme (IDP)	Programme (IDP)	Objectives	Key Performance Indicators	Baseline	Target output (Annual target)	Unit of Measurement	Annual Budget	Portfolio of Evidence	Quarterly Reporting				Actual Cumulative	Actual	Achieved / Not Achieved	Reason for non-achievement
									1st Quarter	2nd Quarter	3rd Quarter	4th Quarter				
	Ward Committees	Continuously allow communities to make inputs on service delivery issues through ward committees	KPI 26 Number of Meetings held per ward committee by 30 June 2024.	60 Quarterly meetings held per ward committee by 30 June 2023.	60 Quarterly meetings held per ward committee by 30 June 2024.	Number	Operational	Minutes and attendance register	15	15	12	15	57	n/a	Not achieved	Unavailability Community members
	Building Plan Administration and Inspectorate	To continuously comply to national building act and regulations	KPI 27 Building occupational certificates issued within 30 days by 30 June 2024.	Building occupational certificates issued within 30 days by 30 June 2023.	Building occupational certificates issued within 30 days by 30 June 2024.	Days	Operational	Inspection request form and occupational certificates	30 days	30 days	30 days	30 days	30 days	n/a	Achieved	n/a
KPI 28 Building plans assessed within 30 days 30 June 2024.			Building plans assessed within 30 days 30 June 2023.	Building plans assessed within 30 days 30 June 2024.	Days	Operational	Building plans application register and proof of assessment.	30 days	30 days	30 days	30 days	30 days	30 days	n/a	Achieved	n/a
KPI 29 Notices served on contraventions reported by 30 June 2024.			number of notices served on contraventions by 30 June 2023.	number of notices served on contraventions by 30 June 2024.	Number	Operational	Contravention registers and notices served	3	5	5	6	19	n/a	Achieved	n/a	
KPI 30 Refurbishment of Town Hall & Office Space by 30 June 2024.			New	Refurbishment of Town Hall & Office Space by 30 June 2024.	Number	20 800 000	Close out report & GPS coordinates	n/a	n/a	n/a	0	0	20 192 963,98	Not achieved	Identification of additional works which were not on the original BOQ	
Electrical connections	Provision of electricity to new households	KPI 31 Households & business provided with electrical connections expressed as a % of the total number of	100% Households & business provided with electrical connections expressed as a % of the total number of	100% Households & business provided with electrical connections expressed as a % of the total number of	%	Operational	Application forms and connection report.	100%	100%	100%	100%	100%	n/a	Achieved	n/a	

		applications received by June 2024	applications received by June 2023.	applications received by June 2024.												
Water Infrastructure	To supply at least basic water services to all households in the municipal area by 2024.	KPI 32 Households & business provided with full waterborne sewer connections expressed as a % of the total number of applications received by June 2024.	100% Households & business provided with full waterborne sewer connections expressed as a % of the total number of applications received by June 2023.	100% Households & business provided with full waterborne sewer connections expressed as a % of the total number of applications received by June 2024.	%	Operational	Application forms and connection report.	100%	100%	100%	100%	100%	n/a	Achieved	n/a	
		KPI 33 Households & business provided with new water yard connections expressed as a % of the total number of applications received by June 2024.	100% Households & business provided with new water yard connections expressed as a % of the total number of applications received by June 2023.	100% Households & business provided with new water yard connections expressed as a % of the total number of applications received by June 2024.	%	Operational	Application forms and connection report.	100%	100%	100%	100%	100%	n/a	Achieved	n/a	
Water connections	Upgrading of water infrastructure	KPI 34 Replacement of faulty meters (replacement of the old water meter with the new meters) by June 2024.	new	200 Quarterly replacement of faulty meters (replacement of the old water meter with the new meters) by June 2024.	Number	Operational	Replacement registers & default list from BTO	64	242	49	36	391	n/a	Achieved	n/a	
Project Management	To ensure projects are implemented within required and legal standards by continuously monitoring progress with implementation of projects	KPI 35 Construction of new community hall at Seoding by 30 June 2024.	New	Construction of foundation works for Seoding community hall completed by 30 June 2024.	Number	13 227 981,73	Progress report, last payment certificate and GPS coordinates.	n/a	n/a	n/a	0	0	1 261 645,84	Not achieved	Community unr resulted fr commur memb occupying land identified the hall to be b	
		KPI 36 Upgrading of gravel internal road to paved road in Maruping Tsago section completed by 30 June 2024.(Multiyear)	New	Construction of 4.52km base layer of paved road in Maruping Tsago section completed by 30 June 2024.	KM	12 354 653.86	Progress report, last payment certificate and GPS coordinates.	n/a	n/a	n/a	4,52KM	4,52KM	12 716 464,50	Achieved	n/a	

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		KPI 37 Upgrading of multi Sports facilities in Wrenchville by June 2024	New	Upgrading of multi Sports facilities in Wrenchville by June 2024	Number	11 583 993,67	Progress report, last payment certificate and GPS coordinates.	n/a	n/a	n/a	1	1	12 879 594,65	Achieved	n/a
		KPI 38 Report on Dikgweng Donkerhook bulk water supply (Ward 12) by June 2024.	new	Report on Dikgweng Donkerhook bulk water supply Ward 12 (Construction of 10km pipeline. 2.Drilling and equipping of 2 boreholes. 3. refurbishment of 1 borehole. 4. erection of 80 kl elevated tank. 5. installation of 42 standpipes) by 30 June 2024.	Number	R 29 448 088,84	Close out report, last payment certificate and GPS coordinates.	n/a	n/a	n/a	1	1	R 28 495 209,54	Achieved	n/a
		KPI 39 Report on Extension of Bankhara Bodulong bulk water supply by 30 June 2024.(multiyear)	Extension of Bankhara Bodulong bulk water supply (450 sites) by 30 June 2023.(multiyear)	Report on Extension of Bankhara Bodulong bulk water supply (1.Drilling and equipping of 3 new boreholes. 2. Refurbishment of 3 boreholes. 3. Installation of 10 km long pump main. 4. Installation of 10 km long reticulation pipelines. 5. Installation of 55 standpipes) by 30 June 2024.	Number	R4 255 637,90	Progress report, last payment certificate and GPS coordinates.	n/a	n/a	n/a	1	1	R4 205 865,37	Achieved	n/a

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		<p>KPI 40 Report on Mapoteng: diamond view – Extension of water supply network by 30 June 2024.(multyear)</p>	new	<p>Report on Mapoteng: diamond view – Extension of water supply network (1.Sourcing of new production boreholes. 2. Construction of 1150 KL pressed steel reservoir. 3.Construction of 15.28 kl internal articulation. 4. Installation of 35 communal stand pipes) by 30 June 2024</p>	number	7 062 041.56	Progress report, last payment certificate and GPS coordinates.	n/a	n/a	n/a	1	1		Achieved	n/a
		<p>KPI 41 Report on Mokala mosesane bulk water supply(phase 2) by30 June 2024.</p>	new	<p>Report on Mokala mosesane bulk water supply phase 2 (1. drilling and equipping of 1 new borehole 2. Instaliation of 1.9 km pump main. 3 .Instaliation 250 meter pipe line. 4. Instaliation of 3 new stand pipe) by 30 June 2024.</p>	number	6 608 640.58	Progress report, last payment certificate and GPS coordinates.	n/a	n/a	n/a	Achieved	1	R6 957 346.26	Achieved	n/a
		<p>KPI 42 Report on Extension of Magojaneng bulk water supply (Tswelelo pele Sec) Ward 3 by 30 June 2024</p>	new	<p>Report on Extension of Magojaneng bulk water supply (Tswelelo pele Sec) Ward 3 (1. Equipping of 1new borehole, refurbishment of booster pumpstation & dis-functional borehole. 2. construction of 750kl elevated steel tank. 3. installation of 13km water reticulation pipeline. 4. installation Of 35 standpipes) by 30 June 2024.</p>	number	23 974 320.54	Progress report, last payment certificate and GPS coordinates.	n/a	n/a	n/a	1	1	R23 605 969.37	Achieved	n/a

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		KPI 43 Seven miles new double Pit VIP Toilets by 30 June 2024.	New	Construction of 530 new lined double pit VIP toilets at Seven Miles completed by June 2024.	Number	16 596 257,30	Progress report, last payment certificate and GPS coordinates.	n/a	n/a	n/a	530	530	15 271 871,32	Achieved	n/a
Roads and Storm water	To upgrade main gravel roads to paved standard by 2024.	KPI 44 Patching and resealing of existing tarred roads by 30 June 2024.	1 Kilometers of resealing of existing tarred roads by 30 June 2023.	1 Kilometer of Patching and resealing of existing tarred roads by 30 June 2024.	Kilometers	Operational	Report on meters of resealing of existing tarred roads.	n/a	2,95KM	480m	1,33km	4,76KM	n/a	Achieved	n/a
Electrical Infrastructure	Electrical Infrastructure maintenance	KPI 45 Refurbishment of medium voltage electrical network in Kuruman town by 30 June 2024.	New	Replacement of 600 meter HT cable by 30 June 2024.	Meters	Operational	Close out report GPS coordinates	n/a	n/a	n/a	0	0	n/a	Not achieved	Due to the extension of scope which lead to the pole replacement Wrenchville, Kuruman and Bankhara.
		KPI 46 Refurbishment of low voltage in Kuruman town electrical network by 30 June 2024.	New	Replacement of 1km low voltage bundle conducted by 30 June 2024.	KM	Operational	Close out report GPS coordinates	n/a	n/a	n/a	0	0	n/a	Not achieved	Due to the extension of scope which lead to the pole replacement Wrenchville, Kuruman and Bankhara.
		KPI 47 Adherence to electricity maintenance programme by June 2024	New	100% Adherence to electricity maintenance programme by June 2024	%	Operational	Maintance plan, Job cards & expenditure report.	n/a	n/a	100%	100%	100%	n/a	Achieved	n/a
	Electrical Infrastructure upgrade	KPI 48 Refurbishment of Moffat substation by 30 June 2024.	New	Refurbishment of Moffat substation by 30 June 2024.	Number	R 10 000 000,00	Close out report GPS coordinates	n/a	n/a	n/a	1	1	R9 999 914.31	Achieved	n/a
Electrical connections	Provision of basic level of services to 1000 households in 2025/26 Financial year	KPI 49 Electrification of 1701 households for 150 Bankhara Bodulong,701 Seven miles & Diamond	Electrification of 850 households for Diamond view & 150 Bankhara Bodulong by 30 June 2023	Electrification of 1701 households for 150 Bankhara Bodulong,701 Seven miles & Diamond	Number	R 43 025 000,00	PCS file provided by contractor: Stand no., ID numbers, meter numbers and beneficiaries names	n/a	n/a	n/a	1701	1701	R4 302 499.93	Achieved	n/a

Key Performance Area: Basic Services Delivery and Infrastructure Development														Actual Cumulative	Actual expenditure	Achieved / Not Achieved	Reason for non-achievement
Strategic Goals	Programme (IDP)	Objectives	Key Performance Indicators	Baseline	Target output (Annual target)	Unit of Measurement	Annual Budget	Portfolio of Evidence	Quarterly Reporting								
									1st Quarter	2nd Quarter	3rd Quarter	4th Quarter					
			View 850 by 30 June 2024.		View 850 by 30 June 2024.												
			KPI 50 Monthly water sampling with a minimum of 90% determinants with SANS 241 standard by 30 June 2024	Laboratory reports on quality of drinking water according to SANS 241 standards by 30 June 2023.	Monthly water sampling with a minimum of 90% determinants with SANS 241 standard by 30 June 2024	%	Operational	Copies of lab reports	90%	90%	90%	90%	90%	n/a	Achieved	n/a	
Develop and maintain infrastructural community services		To create platform for economic growth opportunities and job creation through continuous promotion of Ga-Segonyana as investment destination	KPI 51 EPWP Jobs created by 30 June 2024.	278 EPWP Jobs created by 30 June 2023.	278 EPWP Jobs created by 30 June 2024.	Number	R 1 111 000,00	Copies of employment contracts	n/a	n/a	n/a	170	170	R1 111 000,00	Not achieved	Insufficient job opportunity for placement of EPWP workers	
			KPI 52 In-situ houses constructed by the Department of COGHSTA by 30 June 2024.	1 Report on number of in-situ houses constructed by the Department of COGHSTA by 30 June 2023.	Report on in-situ houses constructed by the Department of COGHSTA by 30 June 2024.	Number	Operational	Report on in-situ housing provided by COGHSTA	n/a	n/a	n/a	1	1	n/a	Achieved	n/a	
Create a conducive environment for prosperous business investment		To ensure and Inspectorate the implementations of by-laws	KPI 53 Audit report on outdoor advertising conducted by 30 June 2024.	1 Audits on outdoor advertising conducted by 30 June 2023.	Audit report on outdoor advertising conducted by 30 June 2024.	Number	Operational	Outdoor advertising audit report	n/a	n/a	n/a	1	1	n/a	Achieved	n/a	
Key Performance Area: Basic Services Delivery and Infrastructure Development(Community services)														Actual Cumulative	Actual	Achieved / Not Achieved	Reason for non-achievement
Strategic Goals	Programme (IDP)	Objectives	Key Performance Indicators	Baseline	Target output (Annual target)	Unit of Measurement	Annual Budget	Portfolio of Evidence	Quarterly Reporting								
									1st	2nd	3rd	4th					

Strategic Goals	Programme (IDP)	Objectives	Key Performance Indicators	Baseline	Target output (Annual target)	Unit of Measurement	Annual Budget	Portfolio of Evidence	Quarterly Reporting				Actual Cumulative	Actual	Achieved / Not Achieved	Reason for non-achievement
									1st Quarter	2nd Quarter	3rd Quarter	4th Quarter				
Develop and main infrastructural and community services	Licensing and vehicle testing	To continuously ensure that vehicles are road worthy and regulate vehicle and driver's licenses in an efficient and professional manner	KPI 54 Learners licenses test conducted by 30 June 2024.	Learner's licenses test conducted by 30 June 2023.	12 Monthly monthly reports on Learners licenses test conducted by 30 June 2024.	Number	Operational	Enatis report	3	3	3	3	12	n/a	Achieved	n/a
			KPI 55 Drivers licenses tests conducted by 30 June 2024.	12 Monthly reports on Drivers licenses tests conducted by 30 June 2023.	12 Monthly reports on Drivers licenses tests conducted by 30 June 2024.	Number	Operational	Enatis report	3	3	0	0	6	n/a	Not Achieved	K53 route is not functional therefore the provincial inspectorate has suspended testing of driver's licenses until further notice.
			KPI 56 Number of parks maintained by 30 June 2024.	5 parks maintained by 30 June 2023.	5 parks maintained by 30 June 2024.	Number	Operational	Reports Maintenance registers, weekly schedule.	5	5	5	5	5	n/a	Achieved	n/a
	Disaster Services	To establish fully functional disaster.	KPI 57 Emergency incidents attended to within an hour expressed as a % of incidents reported by 30 June 2024	100% of Emergency incidents attended to within an hour expressed as a % of incidents reported by 30 June 2023.	100% of Emergency incidents attended to within an hour expressed as a % of incidents reported by 30 June 2024	%	Operational	Incident report forms	100%	97%	100%	100%	98,5%	n/a	Not Achieved	Due to two incidents that are reported that are reported as the same time and priority had to be made on which one is life threatening
Key Performance Area: Basic Services Delivery and Infrastructure Development									Quarterly Reporting							

Develop and main infrastructural and community services	Business licenses (Commercial and Industrial)	To continuously monitor compliance of businesses with Business Act, by-laws and policies	KPI 58 Business premises inspections conducted expressed as a % of request received (hazardous premises and fire safety) by 30 June 2024.	Business premises inspections conducted expressed as a % of request received (hazardous premises and fire safety) by 30 June 2023.	Business premises inspections conducted expressed as a % of request received (hazardous premises and fire safety) by 30 June 2024.	%	Operational	Inspection request register and the inspection report.	100%	100%	100%	100%	100%	n/a	Achieved	n/a
	Licensing and vehicle testing	To continuously ensure that vehicles are road worthy and regulate vehicle and driver's licenses in an efficient and professional manner	KPI 59 Roadworthy tests conducted expressed as a total % of appointments made by 30 June 2024.	100% of Roadworthy tests conducted expressed as a total % of appointments made by 30 June 2023.	100% of Roadworthy tests conducted expressed as a total % of appointments made by 30 June 2024.	%	Operational	Roadworthy Register and quality assurance forms	100%	100%	100%	100%	100%	n/a	Achieved	n/a
	Road Safety / Law Enforcement	Provide ongoing traffic control services	KPI 60 Number of Road blocks conducted by 30 June 2024.	48 road blocks conducted by 30 June 2023.	48 road blocks conducted by 30 June 2024.	Number	Operational	Stop and approach register and road block schedule	12	13	12	15	52	n/a	Achieved	n/a
			KPI 61 Revenue generated through roadblocks by 30 June 2024.	R480 000 Revenue generated through roadblocks by 30 June 2023.	R480 000 Revenue generated through roadblocks by 30 June 2024.	R	Operational	Financial report of revenue generated and proof of payment	R 157 700,00	R 122 350,00	R125 650,00	R143 550,00	R 549 250,00	n/a	Achieved	n/a
Key Performance Area: Basic Services Delivery and Infrastructure Development							Annual Budget	Portfolio of Evidence	Quarterly Reporting				Actual Cumulative	Actual expenditure	Achieved / Not Achieved	Reason for non-achievement
Strategic Goals	Programme (IDP)	Objectives	Key Performance Indicators	Baseline	Target output (Annual target)	Unit of Measurement			1st Quarter	2nd Quarter	3rd Quarter	4th Quarter				

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Develop and main infrastructural and community services	Waste Management	To provide weekly curbside waste removal service to residential, schools, industrial and commercial sites (3 times a week) in Kuruman town, Wrenchville and Mothibistad	KPI 62 Number of households & business provided with door-to-door waste collection by 30 June 2024.	8000 households provided with door-to-door waste collection by 30 June 2023.	6000 households & Households provided with door-to-door waste collection by 30 June 2024.	Number	Operational	Control levy sheets and weekly schedules.	6129	6151	6110	6510	6225	n/a	Achieved	n/a
	Revenue Generation/The Eye	To continuously preserve, maintain and collect revenue related to the Kuruman Eye.	KPI 63 Revenue generated from Caravan Park by 30 June 2024.	R250 000 revenue generated from Caravan Park by 30 June 2023.	R250 000 revenue generated from Caravan Park by 30 June 2024.	R	Operational	Financial report of revenue generated and proof of payment	n/a	n/a	n/a	R313 607,04	R313 607,04	n/a	Achieved	n/a
			KPI 64 Revenue generated from 1st eye by 30 June 2024.	60 000 Revenue generated from 1st eye by 30 June 2023	60 000 Revenue generated from 1st eye by 30 June 2024.	R	Operational	Financial report of revenue generated and proof of payment	n/a	n/a	n/a	R96 787,81	R96 787,81	n/a	Achieved	n/a
	Libraries	Improved literacy knowledge levels of the community	KPI 65 Library awareness campaigns conducted by 30 June 2024.	8 Library awareness campaigns conducted by 30 June 2023.	8 Library awareness campaigns conducted by 30 June 2024.	Number	Operational	Reports on Library awareness campaigns	8	8	8	8	8	n/a	Achieved	n/a
			KPI 66 Number of participants attending library programmes held by 30 June 2024.	480 participants attending library programmes held by 30 June 2023.	480 participants attending library programmes held by 30 June 2024.	number	Operational	Attendance registers and report.	140	122	120	136	518	n/a	Achieved	n/a
Cemeteries	To provide and maintain burial space at all times	KPI 67 % of graves provided against the total number of applications received by 30 June 2024.	% Of graves provided against the total number of applications received by 30 June 2023.	% Of graves provided against the total number of applications received by 30 June 2024.	%	Operational	Graves applications.	100%	100%	100%	100%	100%	n/a	Achieved	n/a	

Key Performance Area: Financial Viability and Accountability														Actual Cumulative	Actual expenditure	Achieved / Not Achieved	Reason for non-achievement
Strategic Goals	Programme (IDP)	Objectives	Key Performance Indicators	Baseline	Target output (Annual target)	Unit of Measurement	Annual Budget	Portfolio of Evidence	Quarterly Reporting								
									1st Quarter	2nd Quarter	3rd Quarter	4th Quarter					
Enhance revenue and financial management	Free Basic Services (Indigent)	To ensure provision of free basic services to registered indigents	KPI 68 Number of indigent campaigns conducted by 30 June 2024.	Number of indigent campaigns conducted by 30 June 2023.	Number of indigent campaigns conducted by 30 June 2024.	Number	Operational	Indigent register	n/a	n/a	n/a	1	1	n/a	Achieved	n/a	
	Expenditure Management	Reduce unnecessary spending on travelling, overtime and operational costs by an average of 10% p.a.	KPI 69 Unauthorised expenditure expressed as a % of total expenditure by 30 June 2024.	0% Unauthorised expenditure expressed as a % of total expenditure by 30 June 2023.	0% Unauthorised expenditure expressed as a % of total expenditure by 30 June 2024.	%	Operational	Unauthorised expenditure register and section 71 & 52(d) reports	n/a	n/a	n/a	R3 366 000,00	R3 366 000,00	n/a	Not achieved	Under budgeting for non-cash items	
			KPI 70 Irregular expenditure expressed as a % of total expenditure on New procumbent by 30 June 2024.	0% Irregular expenditure expressed as a % of total expenditure on New procumbent by 30 June 2023.	0% Irregular expenditure expressed as a % of total expenditure on New procumbent by 30 June 2024.	%	Operational	Irregular expenditure register and section 71 & 52(d) reports	n/a	n/a	n/a	R5 242 315,96	R5 242 315,96	n/a	Not achieved	Incorrect declaration made by the supplier	
			KPI 71 Fruitless expenditure expressed as a % of total expenditure by 30 June 2024.	% Fruitless expenditure expressed as a % of total expenditure by 30 June 2023.	% Fruitless expenditure expressed as a % of total expenditure by 30 June 2024.	%	Operational	Fruitless expenditure register and section 71 & 52(d) reports	n/a	n/a	n/a	268 332,89	268 332,89	n/a	Not achieved	Eskom generates their invoice late, which is leading to late submission of invoices to the municipality	

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Key Performance Area: Financial Viability and Accountability																
Strategic Goals	Programme (IDP)	Objectives	Key Performance Indicators	Baseline	Target output (Annual target)	Unit of Measurement	Annual Budget	Portfolio of Evidence	Quarterly Reporting				Actual Cumulative	Actual expenditure	Achieved / Not Achieved	Reason for non-achievement
									1st Quarter	2nd Quarter	3rd Quarter	4th Quarter				
			KPI 72 % of rates clearance certificates issued within 10 days of customer applications by 30 June 2024.	100 % of rates clearance certificates issued within 10 days of customer applications by 30 June 2023.	100 % of rates clearance certificates issued within 10 days of customer applications by 30 June 2024.	%	Operational	Customer application forms and clearance certificates	n/a	n/a	n/a	100%	100%	n/a	Achieved	n/a
	Budgeting	To compile a funded and realistic budget annually for approved by Council by the end of May each year.	KPI 73 2023/2024 Adjusted budget submitted to Council for approval by 28 February 2024.	2022/2023 Adjusted budget submitted to Council for approval by 28 February 2023.	2022/2023 Adjusted budget submitted to Council for approval by 28 February 2024.	Date	Operational	Approved adjusted budget and council resolution	n/a	n/a	28-Feb-24	n/a	28-Feb-24	n/a	Achieved	n/a
			KPI 74 2024/2025 draft budget tabled to council by 31 March 2024.	2023/2024 draft budget tabled to council by 31 March 2023.	2024/2025 draft budget tabled to council by 31 March 2024.	Date	Operational	Draft Budget and Council Resolution	n/a	n/a	27-Mar-24	n/a	27-Mar-24	n/a	Achieved	n/a
			KPI 75 2024/2025 budget tabled to council for approval by the 31 May 2024.	2022./2023 budget tabled to council for approval by the 31 May 2023.	2024/2025 budget tabled to council for approval by the 31 May 2024.	Date	Operational	Budget and Council Resolution	n/a	n/a	n/a	31-May-24	31-May-24	n/a	Achieved	n/a

Key Performance Area: Financial Viability and Accountability																
Strategic Goals	Programme (IDP)	Objectives	Key Performance Indicators	Baseline	Target output (Annual target)	Unit of Measurement	Annual Budget	Portfolio of Evidence	Quarterly Reporting				Actual Cumulative	Actual expenditure	Achieved / Not Achieved	Reason for non-achievement
									1st Quarter	2nd Quarter	3rd Quarter	4th Quarter				
		To ensure 100% compliance annually to legislatively prescribed financial report requirements.	KPI 76 Performance and budget reports submitted to council by 30 June 2024.	4 Quarterly performance and budget reports (sec 52(d)) submitted to council by 30 June 2023.	4 Quarterly performance and budget reports (sec 52(d)) submitted to council by 30 June 2024.	Number	Operational	Section 52 (d) reports and council resolution	1	1	1	1	4	n/a	Achieved	n/a
Enhance revenue and financial management	Budgeting	To promote Financial Viability and accountability	KPI 77 Section 71 datastrings uploaded on lg portal within 10 working days after month end by 30 June 2024.	12 Quarterly section 71 reports submitted within 10 working days after month end by 30 June 2023.	12 QuarterlySection 71 datastrings uploaded on lg portal within 10 working days after month end by 30 June 2024.	Number	Operational	Section 71 data strings, proof of submission to the Mayor and acknowledgement email of MSCOA uploads.	3	3	3	3	12	n/a	Achieved	n/a
		To ensure 100% compliance annually to legislatively prescribed financial report requirements.	KPI 78 Annual Financial Statements submitted to the Auditor General by 31 August 2023.	Annual Financial Statements submitted to the Auditor General by 31 August 2022.	Annual Financial Statements submitted to the Auditor General by 31 August 2023.	Date	R57 000 000,00	Copy of the AFS and acknowledgement letter	31-Aug-23	n/a	n/a	n/a	31-Aug-23	5 473 593.80	Achieved	n/a
	To promote Financial Viability and accountability	KPI 79 Municipal Property Rates Act submitted to council by 30 June 2024.	4 Quarterly reports on Municipal Property Rates Act submitted to council by 30 June 2023.	4 Quarterly reports on Municipal Property Rates Act submitted to council by 30 June 2024.	Number	Operational	Report and council resolution	1	1	1	1	4	n/a	Achieved	n/a	
Key Performance Area: Financial Viability and Accountability							Annual Budget	Portfolio of Evidence	Quarterly Reporting				Actual	Actual	Achieved /	Reason for

Strategic Goals	Programme (IDP)	Objectives	Key Performance Indicators	Baseline	Target output (Annual target)	Unit of Measurement			1st Quarter	2nd Quarter	3rd Quarter	4th Quarter				
Enhance revenue and financial management	Debt collection	To promote Financial Viability and accountability.	KPI 80 Receipts from debtors expressed as a % of total revenue for the period from 1 July 2023 to 30 June 2024.	90% Receipts from debtors expressed as a % of total revenue for the period from 1 July 2022 to 30 June 2023	90% Receipts from debtors expressed as a % of total revenue for the period from 1 July 2023 to 30 June 2024	%	Operational	List of debtors' receipts, Revenue Report Control levy summary	101.40%	73.62%	90.10%	90.98%	89.05%	n/a	Not achieved	This is due to culture of non-payment and slow moving of accounts handed over to attorney.
			KPI 81 Supplementary valuation conducted by 30 June 2024.	Supplementary valuations conducted by 30 June 2023.	Supplementary valuations conducted by 30 June 2024.	Number	Operational	Supplementary valuation roll	n/a	n/a	n/a	1	1	n/a	Achieved	n/a
			KPI 82 Cash/trade creditors coverage ratio by 30 June 2024.	Cash/trade creditors coverage ratio by 30 June 2023.	Cash/trade creditors coverage ratio by 30 June 2024.	Ratio	Operational	Bank Statement, creditors listing/ age analysis	01:01	1.14	2.03	.55	.55	n/a	Achieved	n/a
			KPI 83 Net creditors' days by 30 June 2024.	Net creditors' days by 30 June 2023.	Net creditors' days (valid expenditure) by 30 June 2024.	Days	Operational	Creditors age analysis, Proof of payment, cashbook and date stamp on Invoice.	30	30	30	30	30	n/a	Achieved	n/a
Key Performance Area: Good Governance and Public Participation							Annual Budget	Portfolio of Evidence	Quarterly Reporting				Actual Cumulative	Actual	Achieved / Not Achieved	Reason for non-achievement
Strategic Goals	Programme (IDP)	Objectives	Key Performance Indicators	Baseline	Target output (Annual target)	Unit of Measurement			1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Actual Cumulative	Actual	Achieved / Not Achieved	Reason for non-achievement

Foster Participative Cohesion and Collaboration	Integrated Development Planning	To annually develop /review a credible IDP that is aligned to regional, provincial and national priorities and that addresses the needs of the community that we serve	KPI 84 Draft IDP tabled to council by 31 March 2024.	Draft IDP tabled to council by 31 March 2023.	Draft IDP tabled to council by 31 March 2024.	Date	Operational	Draft IDP and Council Resolution	n/a	n/a	27-Mar-24	n/a	27-Mar-24	n/a	Achieved	n/a
			KPI 85 Final IDP submitted and approved by council by 31 May 2024.	Final IDP submitted and approved by council by 31 May 2023.	Final IDP submitted and approved by council by 31 May 2024.	Date	Operational	Approved IDP and council resolution	n/a	n/a	n/a	31-May-24	31-May-24	n/a	Achieved	n/a
			KPI 86 IDP Rep forum meetings held by 30 June 2024.	4 Quarterly IDP Rep forum meetings held by 30 June 2023.	4 Quarterly IDP Rep forum meetings held by 30 June 2024.	Number	Operational	Agenda, minutes and attendance register	1	1	1	1	4	n/a	Achieved	n/a
			KPI 87 IDP steering committee meetings held by 30 June 2024.	4 Quarterly IDP steering committee meetings held by 30 June 2023.	4 Quarterly IDP steering committee meetings held by 30 June 2024.	Number	Operational	Agenda, minutes and attendance register	1	1	1	1	4	n/a	Achieved	n/a
			KPI 88 IDP/budget review consultation meetings held in all wards by 30 June 2024.	IDP/budget review consultation meetings held in all wards by 30 June 2023.	IDP/budget review consultation meetings held in all wards by 30 June 2024.	Number	Operational	Public notice, agenda, minutes and attendance register/visual invitation	n/a	n/a	n/a	15 wards	15 wards	n/a	Achieved	n/a
			KPI 89 IDP/budget community consultation meetings held in 15 wards by 30 June 2024.	15 Wards represented at IDP/budget community participation meetings by 30 June 2023.	15 Wards represented at IDP/budget community participation meetings by 30 June 2024.	Number	307 277.00	Public notice, agenda, minutes and attendance register/visual invitation	n/a	n/a	n/a	15 wards	15 wards	304 070,97	Achieved	n/a
Key Performance Area: Good Governance and Public Participation							Annual Budget	Portfolio of Evidence	Quarterly Reporting				Actual Cumulative	Actual expenditure	Achieved / Not Achieved	Reason for non-achievement
Strategic Goals	Programme (IDP)	Objectives	Key Performance Indicators	Baseline	Target output (Annual target)	Unit of Measurement			1st Quarter	2nd Quarter	3rd Quarter	4th Quarter				

Foster Participative Cohesion and Collaboration	Risk Management	Improve risk management processes by ensuring that all identified risks are mitigated	KPI 90 Audit, Risk and Performance Committee reports submitted to council by 30 June 2024.	4 Quarterly Audit, Risk and Performance Committee reports submitted to council by 30 June 2023.	4 Quarterly Audit, Risk and Performance Committee reports submitted to council by 30 June 2024.	Number	Operational	Audit, Risk and Performance Committee reports and council minutes	1	0	1	0	2	n/a	Not achieved	The council meeting is scheduled to take place on the 31st July.
			KPI 91 Number of Audit Risk and Performance committee meetings held by 30 June 2024.	4 Quarterly Audit, Risk and Performance Committee meeting held by 30 June 2023.	4 Quarterly Audit, Risk and Performance Committee meeting held by 30 June 2024.	Number	Operational	Agenda, attendance register/visual invitation and minutes.	1	1	1	1	4	n/a	Achieved	n/a
			KPI 92 Annual Internal Audit Policy approved by Audit and Performance Committee by 30 June 2024.	New	Annual Internal Audit Policy approved by Audit and Performance Committee by 30 June 2024.	Date	Operational	Internal Audit policy & ARPC minutes	n/a	n/a	n/a	0	0	n/a	Not achieved	The policy has been reviewed the next ARPC to ensure alignment with the new emerging Global Internal Audit Standard (GIA)
			KPI 93 Internal audit charter Annually reviewed by Audit Risk & Performance committee by 30 June 2024.	New	Internal audit charter Annually reviewed by Audit Risk & Performance committee by 30 June 2024.	Date	Operational	Internal Audit charter & ARPC minutes	n/a	n/a	n/a	26-Jun-24	26-Jun-24	n/a	Achieved	n/a
			KPI 94 Internal audit plan Annually reviewed by Audit Risk & Performance committee by 30 June 2024.	New	4 Internal audit plan reviewed quarterly by Audit Risk & Performance committee by 30 June 2024.	Number	Operational	Internal Audit plan & ARPC minutes	1	1	1	1	4	n/a	Achieved	n/a
			KPI 95 Internal audit 3 years rolling plan Annually reviewed by Audit Risk & Performance	New	Internal audit 3 years rolling plan Annually reviewed by Audit Risk & Performance committee by 30 June 2024.	Date	Operational	Internal Audit 3 years rolling plan & ARPC minutes	n/a	n/a	n/a	26-Jun-24	26-Jun-24	n/a	Achieved	n/a

			committee by 30 June 2024.															
			KPI 96 Number of Internal audit reports submitted to Audit Risk & performance committee by 30 June 2024.	Internal audit reports submitted to Audit Risk & performance committee by 30 June 2024.	6 Quarterly Internal audit reports submitted to Audit Risk & performance committee by 30 June 2024.	Number	Operational	signed IA reports	2	1	1	1	5	n/a	Not achieved			Due to the limited resour
	Performance Management	To plan, monitor, report and evaluate performance of the municipality and employees within required timeframes	KPI 97 Section 46 MSA report submitted to AGSA by 31 August 2023.	Section 46 MSA report submitted to AGSA by 31 August 2022.	Section 46 MSA report submitted to AGSA by 31 August 2023.	Date	Operational	Section 46 report and acknowledgement letter from AGSA	31-Aug-23	n/a	n/a	n/a	31-Aug-23	n/a	Achieved			n/a
	Auditing	To obtain unqualified audit results.	KPI 98 Progress reports on the implementation of Audit Action Plan submitted to Council by 30 June 2024.	2 Bi-annual progress reports on the implementation of Audit Action Plan submitted to Council by 30 June 2023.	3 Progress reports on the implementation of Audit Action Plan submitted to Council by 30 June 2024.	Number	Operational	Audit Action Plan & council resolution	1	n/a	1	1	3	n/a	Achieved			n/a
Key Performance Area: Good Governance and Public Participation									Quarterly Reporting									
Strategic Goals	Programme (IDP)	Objectives	Key Performance Indicators	Baseline	Target output (Annual target)	Unit of Measurement	Annual Budget	Portfolio of Evidence	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Actual Cumulative	Actual expenditure	Achieved / Not Achieved	Reason for non-achievement		
Foster Participative Cohesion and Collaboration	Performance Management	To plan, monitor, report and evaluate performance of the municipality and employees	KPI 99 2024-2025 Service Delivery Budget and Implementation Plan (SDBIP) approved by the mayor by 28 June 2024.	2023-2024 Service Delivery Budget and Implementation Plan (SDBIP) approved by the Mayor by 28 June 2023.	2024-20245 Service Delivery Budget and Implementation Plan (SDBIP) approved by the Mayor by 28 June 2024.	Date	Operational	Copy of an approved SDBIP signed by the Mayor and proof of submission	n/a	n/a	n/a	28-Jun-24	28-Jun-24	n/a	Achieved			n/a

Key Performance Area: Good Governance and Public Participation															Annual Budget	Portfolio of Evidence	Quarterly Reporting				Actual Cumulative	Actual expenditure	Achieved / Not Achieved	Reason for non-achievement
Strategic Goals	Programme (IDP)	Objectives	Key Performance Indicators	Baseline	Target output (Annual target)	Unit of Measurement	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter														
		within required timeframes	KPI 100 5 2024-2025 performance agreements signed by the Accounting Officer and Directors by the 30 June 2024.	5 2022-2023 performance agreements signed by the accounting officer and Directors by 30 June 2023.	5 2024-2025 performance agreements signed by the accounting officer and Directors by 30 June 2024.	Number	Operational	Copies of signed Performance Agreements	n/a	n/a	n/a	5	5	n/a	Achieved	n/a								
			KPI 101 Section 72 report compiled and submitted to the National and Provisional Treasury and COGHSTA by 25 January 2024.	Section 72 report compiled and submitted to the National and Provisional Treasury and COGHSTA by 25 January 2023.	Section 72 report compiled and submitted to the National and Provisional Treasury and COGHSTA by 25 January 2024.	Date	Operational	Section 72 report and proof of submission	n/a	n/a	25-Jan-24	n/a	25-Jan-24	n/a	Achieved	n/a								
Foster Participative Cohesion and Collaboration	Performance Management	To plan, monitor, report and evaluate performance of the municipality and employees within required timeframes	KPI 102 Mid-Year performance review session conducted and submitted to COGHSTA by 31 January 2024.	2021-2022 Mid-Year performance review session conducted and submitted to COGHSTA by 31 January 2023	2023-2024 Mid-Year performance review session conducted and submitted to COGHSTA by 31 January 2024.	Date	Operational	Minutes, attendance register and proof of submission	n/a	n/a	31-Jan-24	n/a	31-Jan-24	n/a	Achieved	n/a								
			KPI 103 Performance evaluation of the accounting officer and senior management for 2022-2023 by 31 January 2024.	Performance evaluation of the accounting officer and senior management for 2021-2022 by 31 January 2023.	Performance evaluation of the accounting officer and senior management for 2022-2023 by 31 January 2024.	Date	Operational	Agenda, attendance register, minutes and assessment report.	n/a	n/a	0	n/a	0	n/a	Not achieved	Unavailability panel resulting from the IDP road shows .								
	Integrated Development Planning	To annually develop /review a credible IDP that is aligned to regional, provincial and national priorities and that addresses the needs of the	KPI 104 IDP/PMS/Budget process plan approved by 31st August 2023.	IDP/PMS/Budget process plan approved by 31st August 2022.	IDP/PMS/Budget process plan approved by 31st August 2023.	Date	Operational	Approved IDP/PMS/Budget process plan and council resolution	31-Aug-23	n/a	n/a	n/a	31-Aug-23	n/a	Achieved	n/a								

		community that we serve																
Risk Management	Improve risk management processes by ensuring that all identified risks are mitigated	KPI 105	Reviewed Risk management policy annually reviewed by 30 June 2024.	Reviewed Risk management policy annually reviewed by 30 June 2023.	Reviewed Risk management policy annually reviewed by 30 June 2024.	Date	Operational	Policy, APC report and Council resolution.	n/a	n/a	n/a	0	0	n/a	Not achieved	The council meeting is scheduled to take place on the 31st July.		
		KPI 106	2024-2025 Risk assessment annually completed by 30 June 2024	2023-2024 Risk assessment annually completed by 30 June 2023.	2024-2025 Risk assessment annually conducted by 30 June 2024.	Date	Operational	Risk assessment register.	n/a	n/a	n/a	10-Jun-24	10-Jun-24	n/a	Achieved	n/a		
		KPI 107	Strategic risk assessments/reviews conducted by 30 June 2024.	Quarterly report on Strategic risk assessments/reviews conducted by 30 June 2023.	Quarterly report on Strategic risk assessments/reviews conducted by 30 June 2024.	Number	Operational	4 strategic risk assessment reports and attendance register	1	0	1	1	3	n/a	Not achieved	Due to management's unavailability.		
		KPI 108	Operational risk assessments/reviews conducted by 30 June 2024.	4 Quarterly reports on operational risk assessments/reviews conducted by 30 June 2023.	4 Quarterly reports on operational risk assessments/reviews conducted by 30 June 2024.	Number	Operational	4 Operational risk assessment reports and attendance register	1	0	1	1	3	n/a	Not achieved	Due to management's unavailability.		
Anti-corruption	To continuously curb corrupt behavior through deterrence, prevention and education	KPI 109	Fraud Prevention Policy Annually reviewed and submitted to council by 30 June 2024.	Fraud Prevention Policy Annually reviewed and submitted to council by 30 June 2022.	Fraud Prevention Policy Annually reviewed and submitted to council by 30 June 2024.	Date	Operational	Fraud and Prevention policy and council resolution.	n/a	n/a	n/a	0	0	n/a	Not achieved	The council meeting is scheduled to take place on the 31st July.		

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	Performance Management	To plan, monitor, report and evaluate performance of the municipality and employees within required timeframes	KPI 110 Final Annual Report submitted to council by 31 March 2024.	Final Annual Report submitted to council by 31 March 2023.	Final Annual Report submitted to council by 31 March 2024.	Date	Operational	Annual Report and council resolution	n/a	n/a	n/a	27-Mar-24	27-Mar-24	n/a	Achieved	n/a
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REPORT OF THE AUDITOR-GENERAL TO THE NORTHERN CAPE PROVINCIAL LEGISLATURE AND THE COUNCIL ON GA-SEGONYANA LOCAL MUNICIPALITY

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

QUALIFIED OPINION

Qualified opinion

1. I have audited the financial statements of the Ga-segonyana Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2023, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects of the matters described in the basis-for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Ga-segonyana Local Municipality as at 30 June 2023, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practise (Standards of GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2022 (Dora).

Basis for qualified opinion

3. The municipality did not recognise and classify expenses in accordance with GRAP 1 *Presentation of financial statements* as the municipality did not have adequate systems in place to ensure that expenses are classified correctly. Consequently, Cleaning in note 36 was materially overstated with a factual amount of R13 687 627 and Operating lease was overstated with a factual amount of R15 051 994.
4. During the 2021-22, the municipality did not recognise and classify expenses in accordance with GRAP 1, *Presentation of Financial Statements* as the municipality did not have adequate systems in place to ensure that expenses are recorded in the correct accounting period and are classified correctly. Consequently, consulting and professional services in note 35 was understated with R7 442 576 and sundry expenses included in general expenditure in note 36 was overstated by R7 161 954.
5. The municipality did not disclose segment reporting in accordance with the GRAP 18, *Segment reporting*. Consequently I was not able to confirm this disclosure by alternative means.

Cash flow statement

6. The municipality did not correctly prepare and disclose the net cash flow from operating activities, net cash flow from financing activities and net cash flow from investing activities as required by GRAP 2, *Cash Flow Statements*. This was due to multiple errors in determining cash flows from operating activities, cash flow from financing activities and cash flow from investing activities. I was not able to determine the full extent of the errors in the net cash flows from operating activities, net cash flow from financing activities and net cash flow investing activities as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments to net cash flow from operating activities as stated at R68 627 884, investing activities (R122 123 131) and net cash flow from financing activities as stated at (R3 447 814) in the financial statements.
7. During the 2021-22, the municipality did not correctly prepare and disclose the net cash flows from operating activities and net cash flows from investing activities as required by GRAP 2, *Cash Flow Statements*. This was due to multiple errors in determining cash flow operating activities and cash flow from investing activities. I was not able to determine the full extent of the errors in the net cash flow from operating activities and net cash flow from investing activities as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments to net cash flows from operating activities as stated at R162 606 004 and net cash flows from investing activities as stated at (R155 504 934) in the financial statements were necessary.

Context for opinion

8. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
9. 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.
10. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of matters

11. I draw attention to the matters below. My opinion is not modified in respect of these matters.
12. As disclosed in note 46 to the financial statements, material electricity losses to the amount of R22 387 530.06 (2022: R18 502 841) was incurred which represents 19,09% (2022: 23%) of total bulk electricity purchased.

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Material impairment – receivables from exchange transactions

13. As disclosed in note 6 to the financial statements, municipality reported a material impairment of R55 656 935 (2022: R49 781 617) as a result of debt impairment of receivables from exchange transactions due to non-collection of outstanding balance owed to the municipality

14. As disclosed in note 4 to the financial statements, municipality reported a material impairment of R30 884 752 (2022: R19 356 082) as a result of debt impairment of receivables from non-exchange transactions due to non-collection of outstanding balance owed to the municipality

15. As disclosed in note 51 to the financial statements, the corresponding figures for 30 June 2022 were restated as a result of an error in the financial statements of the municipality as at 30 June 2022.

Other matter

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

17. In terms of section 125(2)(e) of the MFMA, the particulars of non-compliance with the MFMA should be disclosed in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

Responsibilities of the accounting officer for the financial statements

18. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the MFMA and the Dora; and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

19. 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.

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

20. 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

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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.

21. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

22. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected development priority presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

23. I selected the following development priority presented in the annual performance report for the year ended 30 June 2023 for auditing. I selected a development priority that measures the municipality's performance on its primary mandated functions and that is of significant national, community or public interest.

Development priority

Page numbers

Purpose

Basic service delivery and infrastructure development is to ensure the provision of the fundamental service delivery and infrastructure development as the key mandate of the municipality

24. I evaluated the reported performance information for the selected development priority against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipality's planning and delivery on its mandate and objectives.

25. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives.
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements.
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated.

- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents

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- the reported performance information is presented in the annual performance report in the prescribed manner.
- there is adequate supporting evidence for the achievements reported and for the measures taken to improve performance.

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

27. The material findings on the reported performance information for the selected development priority are as follows:

Key Performance Area 3: Basic Service Delivery and Infrastructure development

Various indicators

28. For the following indicators, the planned and reported targets did not relate to the planned indicator. Consequently, I could not audit the reliability of the reported achievements.

<i>Indicator description</i>	Planned target
KPI 35 Geohydrological Investigation and drilling and equipping of 2 new boreholes at Magojaneng (ward 3) completed by 30 June 2023.	2
KPI 37 Construction of 250kl pressed steal tank on a 20m high & installation of 10 prepaid stand pipes at Maruping/ltireleng completed by 30 June 2023.	1
KPI 34 Refurbishment of existing 3 borehole, 10,4km internal reticulation 75mm UPVC class12, 10km 110mm and 160mm main pipeline at Bankhara Bodulong completed by 30 June 2023.	450 sites
KPI 41 Upgrading of Wrenchville sports ground completed by 30 June 2023.	1
KPI 40 Households provided with new water yard connection done by blue water by 30 June 2023	Report on households provided with new water yard connection done by Sedibeng Water b 30 June 2023.

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Various indicators

29 I could not determine if the reported achievement/s were correct, as adequate supporting evidence was not provided for auditing. Consequently, the reported achievements might be more or less than reported and were not reliable for determining if the targets had been achieved.

<i>Indicator</i>	Planned targets	Reported achievements
KPI 53 Number of households provided with door- to-door waste collection by 30 June 2023.	8000 households provided with door- to-door waste collection by 30 June 2023.	6 084
KPI 40 Laboratory reports on quality of drinking water according to SANS 241 standards by 30 June 2023.	Monthly water sampling with a minimum of 90% determinants with SANS 241 standard by 30 June 2023	90%

Other matters

30. I draw attention to the matters below.

31. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or underachievement's and measures taken to improve performance. This information should be considered in the context of the material findings on the reported performance information.

I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for Key Performance Area 3: Basic Service Delivery and Infrastructure development. Management did not correct all of the misstatements and I reported material findings in this regard.

32. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipality's compliance with legislation.

33. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

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34. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipality, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
35. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements, performance reports and annual reports

36. The financial statements submitted for auditing were not prepared in all material respect in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets, current assets, 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.
37. Sufficient appropriate audit evidence could not be obtained that contract were only awarded to providers whose tax matters had been declared by the South African Revenue Service to be in order, as required by SCM Regulation 43. No similar non-compliance was reported in the prior year
38. No 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).
39. Awards were made to providers who are in the service of other state institutions or whose directors / principal shareholders were in the service of other state institutions, in contravention of MFMA 112(1)(j) and SCM Regulation 44. Similar awards were identified in the previous year and no effective steps were taken to prevent or combat the abuse of the SCM process, as required by SCM Regulation 38(1).
40. Reasonable steps were not taken to prevent irregular expenditure amounting to R51 249 909 as disclosed in note 45 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the disclosed irregular expenditure was caused by contravention of the supply chain management requirements (SCM) relating to panel awarding.
41. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R48 939 000, as disclosed in note 43 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by overspending on the approved budget.

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Strategic planning and performance management

42. The performance management system and related controls were inadequate to prevent material findings identified, as required by municipal planning and performance management regulation 7(1).

Other information

43. 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 development priorities presented in the annual performance report that have been specifically reported in the auditor's report.
44. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
45. In connection with my audit, my responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected development priorities presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
46. 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

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Internal control deficiencies

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

Auditor General

Auditor-General

Kimberley

30 November 2023



AUDITOR GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

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

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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

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

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

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Communication with those charged with governance

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

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

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Legislation	Sections or regulations
MSA: Municipal Planning and performance Management Regulations, 2001	Regulations 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 3(6)(a), 7(1), 8, 9(1)(a), 10(a), Regulations 12(1), 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers directly Accountable to Municipal Managers, 2006	Regulations 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations 17(2), 36(1)(a)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2), 5(3), 5(6), 8(4)
Annual Division of Revenue Act	Section 11(6)(b), 12(5), 16(1); 16(3)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations	Regulations 17, 25(7A)
Municipal Property Rates Act 6 of 2004	Section 3(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), Regulations 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5) 9(1), 10(1), 10(2), Regulations 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

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Legislation	Sections or regulations
MSA: Municipal Planning and performance Management Regulations, 2001	Regulations 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 3(6)(a), 7(1), 8, 9(1)(a), 10(a), Regulations 12(1), 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers directly Accountable to Municipal Managers, 2006	Regulations 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations 17(2), 36(1)(a)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2), 5(3), 5(6), 8(4)
Annual Division of Revenue Act	Section 11(6)(b), 12(5), 16(1); 16(3)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations	Regulations 17, 25(7A)
Municipal Property Rates Act 6 of 2004	Section 3(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), Regulations 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5) 9(1), 10(1), 10(2), Regulations 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

APPENDICES

COMPLIANCE WITH LEGISLATION

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	Section 1 - Paragraph (a), (b) & (d) of the definition: irregular expenditure, Section 1 - Definition: service delivery and budget implementation plan, Sections 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 29(1), Sections 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), 32(2)(b), Sections 32(6)(a), 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 62(1)(f)(i), Sections 62(1)(f)(ii), 62(1)(f)(iii), 63(1)(a), 63(2)(a), 63(2)(c), 64(2)(b), Sections 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), Sections 72(1)(a)(ii), 112(1)U, 116(2)(b), 116(2)(c)(ii), 117, 122(1), Sections 122(2), 126(1)(a), 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii), Sections 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 170, Sections 171(4)(a), 171(4)(b)
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulations 71(1), 71(2), 72
MFMA: Municipal Investment Regulations, 2005	Regulations 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2017	Regulations 5, 12(1)(c), 12(3), 13(b), 13(c), 13(c)(i), 16(a), 17(1)(a), Regulations 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), Regulations 27(2)(e), 28(1)(a)(i), 28(1)(a)(ii), 29(1)(a), 29(1)(b), Regulations 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c), Regulations 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43, Regulations 44, 46(2)(e), 46(2)(f)
Municipal Systems Act 32 of 2000	Sections 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 29(3)(b), 34(a), 34(b), Sections 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), 56(a), 57(2)(a), Sections 57(48), 57(6)(a), 66(1)(a), 66(1)(b),

APPENDICES

	67(1)(d), 74(1), 93J(1), 96(b)
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Legislation	Sections or regulations
MSA: Municipal Planning and performance Management Regulations, 2001	Regulations 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 3(6)(a), 7(1), 8, 9(1)(a), 10(a), Regulations 12(1), 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers directly Accountable to Municipal Managers, 2006	Regulations 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations 17(2), 36(1)(a)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2), 5(3), 5(6), 8(4)
Annual Division of Revenue Act	Section 11(6)(b), 12(5), 16(1); 16(3)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations	Regulations 17, 25(7A)
Municipal Property Rates Act 6 of 2004	Section 3(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 2(1)(a), 2(1)(f)

APPENDICES

Preferential Procurement Regulations, 2017	Regulations 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), Regulations 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5) 9(1), 10(1), 10(2), Regulations 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

Section

Line Item

Finding

Amount

Finding Details

Root Cause

Recommendation

Nature of Findings

APPENDICES

Misstatements in annual financial statements

Cash and cash equivalents

Differences identified in Cash Flow Statement

3 447 814

During the audit of Cash Flow the following differences were identified between the auditor's recalculation and cash flow statement:

Ineffective use of GRAP checklist to ensure classification of items disclosed in the face of the cash flow statement. In addition, infectively of the cash flow calculation to pick errors and incorrect value used in the computation

Management should prepare regular management accounts for the early detection of non-compliance with GRAP requirement and casting error on financial information submitted for audit.

Management should ensure that the Financial Statements are reviewed to detect errors that could have been done during the preparation of the Annual Financial Statements and also calculations should be reviewed to ensure that they are accurate

GRAP non-compliance

APPENDICES

Other reported information	Misstatements in annual financial statements
Other	General expenses
Segment reporting - Presentation and disclosure	Expenditure-Operating leases (Accuracy)
	15 051 994
	During the audit execution for expenditure, the audit team noted an incorrect recognition regarding how Operating leases was valued. In terms of GRAP 13, par 40, the municipality is supposed to recognise the lease payments over the straight-line basis unless another systematic basis is more representative of the time pattern of the users' benefit.
	The audit team noted that management recognised the lease payments based on how much the supplier invoiced the Municipality over that specific period. Until management proves to the auditors that the method, they chose to value the Operating leases is more representative of the time pattern of the users' benefit, the finding prevails.
	Lack of proper review of the Management did not comply to the requirement of AFS to ensure that it they GRAP 13, par 40 with regards to how Operating are free from errors. leases should be valued.
	It is recommended for Management should prove to the auditors that the management to implement method that they opted to value the Operating a proper review process of leases is the more representative of the time the AFS before submission pattern of the user's benefit as required by GRAP for audit and consider 13, par 40. If not, management should revisit an amending the annual entire population and correctly value the financial statement to Operating leases as per the GRAP 13, par 40 by include Segment reporting straight lining the lease payments over the lease as required by GRAP 18 term.
	Internal control deficiency GRAP non-compliance

APPENDICES

Misstatements in annual financial statements Misstatements in annual financial statements

Misstatements in annual financial statements	Misstatements in annual financial statements	
General expenses	General expenses	
Expenditure: Operating leases (VAT not charged)	Expenditure: Cleaning (Classification issue)	
713 129	13 687 627	
During the audit execution, the audit team noted the supplier, who is a registered VAT vendor that did not charge VAT on the following taxable supplies:	During the audit execution, we have identified a classification misstatement relating to how Cleaning was classified. We tested the sample size of 30 items and unfortunately all of them were incorrectly classified and were relating other expenditure items. Below is the sample items selected:	
The cause is due to management not following up on the VAT not charged by the suppliers on taxable supplies.	The cause of this misstatement is due to lack of proper review of the financials submitted for audit.	
Management should revisit the entire invoices received from the supplier and follow up with the supplier and make sure that VAT was correctly charged by the supplier on taxable supplies.	Management should revisit the whole population and ensure that the expenditure is correctly classified.	
GRAP non-compliance	GRAP non-compliance	

APPENDICES

Misstatements in annual financial statements	
Finance lease obligation	
Finance lease Obligation and Finance costs: Differences between the amount per the GL and the amount per the AFS	
	878 462

During the review of the financial statements against the supporting schedules the difference between the amount as per the general ledger and the amount per the financial statement was identified as documented below:

The finding was as a result of the lack of the proper review of the financial statements.

It is recommended that management review the financial statements before submission and in the process also perform reconciliations between the AFS and its underlying schedules and the General Ledger

GRAP non-compliance

APPENDICES

Non-compliance with laws and regulations	Misstatements in annual financial statements
Suppliers' tax affairs not in order	Current tax payable
Procurement and contract management - Award made to non-tax compliant supplier.	VAT Payable- incorrectly valued
84 548	4 300 986
	During the audit of Value Added Tax, the following difference was noted between the recalculated VAT receivable and the VAT receivable as per the financial statements:
Procurement and contract management - Award made to non-tax compliant supplier.	
Management did not ensure that award is made to a supplier that is tax compliant.	Lack of review by management during the preparation of the annual financial statements and the supporting schedules.
Management should ensure that they award quotations to suppliers that are tax compliant.	It is recommended that management review the supporting schedules to the VAT Payables presented in the AFS. It is also recommended that adjustments be made to the AFS accompanied by corresponding support.
Non-compliance with applicable legislation	GRAP non-compliance

APPENDICES

Non-compliance with laws and regulations

Bid documentation did not stipulate minimum threshold for local production and content

Local content: Irregular expenditure

69 536

Through our procedures performed it was noted that the advertisement for invitation to bid does not specify the minimum threshold for local production and content. This results in irregular expenditure.

Management did not ensure that the bid invitation specifies the minimum threshold for local production and content.

Management should ensure that bid invitation specifies the minimum threshold for local production and content for bids that meet the local content requirements.

Non-compliance with applicable legislation

APPENDICES

Misstatements in annual financial statements	Misstatements in annual financial statements
Receivables from exchange transactions	Contingent liabilities
Receivables from exchange transactions - Journal	Contingent liabilities - Understatement
1 294 372	700 000
<p>1. The below passed journal number 9511 is invalid as it was passed to reverse an expenditure and recognise the receivable for the insurance paid in June recorded as a payment for July in the general ledger. However, through an inspection of the invoice it could be confirmed that the billing is not for July 2023 and should be recognised as an expense and not a receivable.</p> <p>2. The supporting documents for the below journals was not provided to confirm their validity and accuracy.</p> <p>(1) This is as a result of the error made in the capturing of the transaction as pertaining to July 2023.</p> <p>(2) This is as a result of the lack of the proper record keeping to ensure that the supporting documents for the invoice are available upon</p>	<p>During the audit of contingent liabilities, we obtained lawyers external confirmations, and we noted that the following matter was not disclosed under note 39.</p> <p>Management oversight over the review of the AFS to ensure that it they are free from errors.</p> <p>Management should revisit note 39 and consider adjusting the annual financial statements and include the above matter that was omitted.</p> <p>Furthermore, management should perform a reconciliation between lawyer's confirmations and the disclosure note for accuracy and completeness so that this finding should not repeat itself in the future.</p>
GRAP non-compliance	GRAP non-compliance

APPENDICES

Non-compliance with laws and regulations	Misstatements in annual financial statements
	Rev from exch transactions: Service charges
Revenue Exchange Transactions: Support was not received	Completeness: Indigent Customers were not billed for sewer.
349 826	1 263 071
<p>During the audit of Revenue from exchange transactions RFI 62 of 2023 was issued on the 20 October 2023, which was due on the 25th of October 2023, however support for the following Journals was not submitted for audit:</p> <p>*9625 *9510</p> <p>The municipality does not have appropriate controls in place to ensure that information submitted on time for audit purposes, furthermore this is an indication that the municipality have</p> <p>Management should ensure that: - the information requested is submitted within 3 days as per the agreement in the engagement letter - there are proper controls over preparation of documents by ensuring that the driver who goes out to collect refuse sign a control sheet when leaving the Municipality and ensure that</p>	
	<p>During the audit of Revenue from exchange transaction (indigents) it was identified that the following indigent customers were not billed for sewer as of 30 June 2023, however, indigent household policy stated this "In respect of sewerage charges the rebate will be up to 29% of 6kl of water "</p> <p>This is as a result of the lack of the proper controls in place to ensure that the consumers are billed for the consumption for water and sewerage services.</p> <p>It is recommended for the Management to follow up on these cases identified and ensure that all consumers are billed for the services rendered.</p>
Internal control deficiency	GRAP non-compliance

APPENDICES

Misstatements in annual financial statements	Misstatements in annual financial statements
Rev from exch transactions: Service charges	Rev from exch transactions: Rental of facilities and equipment
Prepaid electricity: Estimate for unused electricity not performed	Revenue from exchange - Completeness of rental of
701 448	219 996
<p>Contrary to the above, the following errors have been noted:</p> <p>Management did not perform an estimation of unused pre-paid electricity at year end. The sale of electricity constitutes a sale of goods. In the case of prepaid electricity, the significant risks and rewards of ownership only transfer to the consumer at the time of consumption of the electricity.</p> <p>Therefore, an estimate of unused pre-paid electricity should be completed at year end and the revenue recognised should be on the consumption basis.</p> <p>Please refer to the following table below for the estimate that should have been accounted for:</p>	<p>During the audit of Revenue from exchange transaction a sample the following completeness issue was identified:</p> <p>The below sample of contracts relating to rental of facilities was selected from the file, however they could not be traced to the schedule of the rental of facilities</p>
<p>The requirements of the accounting standards were not adhered to.</p>	<p>This is as a result of management's oversight as they did not review and ensure that the schedule was complete.</p>
<p>Management should ensure that an estimate of unused pre-paid electricity at year end is completed to ensure the revenue for pre-paid electricity is recognised on a consumption basis.</p>	<p>Management should ensure that rental of facilities schedule is reviewed regularly to ensure that all transactions have been recorded.</p>
GRAP non-compliance	GRAP non-compliance

APPENDICES

Misstatements in annual financial statements

Rev from exch transactions: Service charges

Revenue from exchange transactions: Completeness of service charges

30 671 070

During the testing of revenue, the customers in the attached annexure were identified to not have been billed for 12 months. The following request for information were issued requesting the reasons with the supporting documents for the debtors in the attached annexures that were not billed for 12 months in the 2022/23 reporting period which was not submitted within 3 days.

Request for information 67 was issued on 25 October 2023 and due on 30 October 2023.

Request for information 68 was issued on 26 October 2023 and due on 31 October 2023.

Request for information 71 was issued on 27 October 2023 and due on 31 October 2023.

Furthermore, cut off letter number 4 was issued on 02 November 2023 which was due on 03 November 2023. Management requested the extension until 08 November 2023 for which the information was not submitted.

This is as a result of the lack of the proper controls in place to ensure that the consumers are billed for the consumption for water and electricity and for services provided for sewer and refuse removal.

It is recommended for the Management to follow up on these cases identified and ensure that all consumers are billed for the services rendered.

GRAP non-compliance

APPENDICES

Misstatements in annual financial statements	Non-compliance with laws and regulations
Rev from non-exch transactions: Taxation revenue	
Revenue from non - exchange: VAT charged by a non - VAT vendor	1. Competitive bids: Municipal Council resolution
9 256	
During the testing of grant expenditure, it was identified that the supplier could not be verified as a VAT registered supplier on SARS website and the supplier included a VAT portion on tax invoice when billing the municipality.	Through our procedures performed it was noted that extensions were made on contracts however there is no evidence provided that this has been tabled in the Council of the Municipality.
This is as a result of the supplier charging VAT while not a VAT vendor	Management did not ensure that extensions of contracts are tabled in the Council of the Municipality.
It is recommended that management perform vendor search on suppliers	Management should ensure that the extensions of contracts are tabled in the Council of the Municipality.
GRAP non-compliance	Internal control deficiency

APPENDICES

Other reported information	Non-compliance with laws and regulations
Other	Suppliers' tax affairs not in order
Internal Control Deficiency:	Procurement and contract management - Bid awarded to the supplier who is not tax compliant.
Age analysis	
During the audit of receivables from exchange transactions, we identified the discrepancies between the age categories as per the age analysis and as per the debtor's statement. We noted that the amounts recorded under current in the age analysis are listed as amounts owed under 30 days and forward categories in the debtors' statements.	During the audit of Procurement and contract management the following bid was received, and it was noted that the following winning bidders was not tax compliant at the time of the awarding of the bid even after the 7 days grace period: Erf 4440, Kuruman - Current zoning: Authority zone II - 5.2ha
This is as a result of the age analysis being generated on different points than at the end of the reporting period.	Management did not ensure that the bidder tax matters are in order prior to awarding the bid
It is recommended for the Management to review the configuration and settings of the system(munsoft) used to generate the age analysis to ensure that the criteria and parameters for classifying receivables into different age categories are accurately defined.	Management should ensure that the award bids to the suppliers that are tax compliant and review bid documents submitted for awards for accuracy and completeness to eliminate the repeat of this finding.
Internal control deficiency	Non-compliance with applicable legislation

APPENDICES

Other reported information Non-compliance with laws and regulations

Other

Revenue from exchange: Cash and cash equivalents - Reconciling
Internal Control Deficiency items not cleared on time

During the audit of Revenue from exchange transaction (interest on investment) the following internal control deficiencies were identified:

[A] The schedule recorded the following interest

amount as received in the FNB account, however the amounts were recorded in ABSA account: During the audit of cash and cash equivalent, it was noted that some bank reconciling items were not cleared timeously.

Lack of internal controls to ensure that all policies are approved by the council or the delegated official. Management did not in all instances exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls

Management should ensure that schedules are reviewed before being submitted for audit. Management should exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls to ensure that reconciling items are timeously cleared.

Internal control deficiency Internal control deficiency

APPENDICES

Other reported information

Other

Indigents Internal control deficiency

During testing of indigents completeness, the following internal control deficiencies was identified:

Indigents with ID Number were duplicated on the indigent register, please refer to Annexure A

This is as a result of the lack of the proper controls and reviews during the preparation of the indigent register.

Management should ensure that there are proper controls and enough reviews to avoid duplication of applicants.

Internal control deficiency

Other reported information

Other

Revenue: Prepaid electricity Type 2 Report

During the audit of prepaid electricity, the following related to the revenue system utilized by the municipality was noted.

The auditor requested a type 2 SOC report from the municipality, relating to the vendor/supplier/service organization currently utilised for the sale of prepaid electricity. (This was per RFI 84 which was issued on 10 November 2023 and was due on 15 November 2023)

A meeting was conducted with the service provider on 17th November 2023 to clarify the information requested in RFI 84.

The request for information was not submitted on time, a cut off letter number 6 was issued on 22 November 2023, and was due on 24 November 2023. However, the municipality failed to submit the necessary information by the 24th of November 2023. The meeting was further held with the client on 25 November 2023 where the management requested the extension on the RFI until 27 November 2023 at 10:00. Despite this extension the requested SOC report has still not been received.

Management does not have controls in place to ensure that the electricity provided to MBL is the electricity sold. i.e they are receiving all the monies/revenue due to municipality

1. Management should assess the terms and conditions of the contract, assess the reasonableness of the revenue sharing percentages per the contract.
2. Implement controls over the sale of prepaid electricity.
3. Management should obtain a Type 2 report to assess the risks associated with using a service provider's services. The Type 2 report will help Management to understand the service organization's commitment to security, availability, processing integrity, confidentiality, and privacy.

The Type 2 report is an important auditing document that provides valuable information about the effectiveness of a service organization's controls over a specified period. Furthermore, it can be used by Management to make informed decisions about

Internal control deficiency



GA-SEGONYANA LOCAL MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Ga Segonyana Local Municipality

Council committee

Mayor

Speaker

Councillors

Cllr. N Masegela (Chairperson EXCO)

Cll. K.B. Madikiza

Cllr C. Phillips (Chief Whip)

Councillors appointed 09 November 2021

Cllr. T. Merementsi (Chairperson MPAC)

Cllr. K. Mathole (EXCO Member)

Cllr. L Moagi (EXCO Member)

Cllr. M. Reetsang (EXCO Member)

Cllr. C.O. Mojaki

Cllr. K.R. Makhubo

Cllr. K.P. Moepeng

Cllr. L.S. Molusi

Cllr. K.G. Molokwe

Cllr. T. L. Diphatse

Cllr. T.S. Nyathi

Cllr. N. Mereotlhe

Cllr. G.C. Chere

Cllr. M.K. Taeng

Cllr. S.I. Kok

Cllr. M.E. Valela

Cllr. M.E. Leberegane

Cllr. K.S. Setlhodi

Cllr. E.S. Ellis

Cllr. M.P. Mamapula

Cllr. K.H. Chweu

Cllr M.F. Disang

Cllr. S.M. Ryan

Cllr. O.D. Mathibe

Cllr. MS Kapoledi

Chief Financial Officer (CFO)	K Noke
Accounting officer	M. Tsatsimpe
Registered office	Corner Voortrekker and School Street Kuruman
Business address	Corner Voortrekker and School Street Kuruman
Postal address	Private Bag X1522 Kuruman 8460

Ga Segonyana Local Municipality

General Information

Bankers

First National Bank
ABSA Bank

Auditors

Auditor General (South Africa)

Jurisdiction

The Ga-Segonyana Local Municipality includes the following areas: Kuruman, Bankhara, Mothibistad, Magojaneng, Obama Hill, Ditshoswaneng, Mpoteng, Seoding, Mokalamosesane, Gamopedi, Ncweng, Galotolo, Pietbos, Sloja, Lokaleng, Geelboom, Sedibeng, Batlharos, Gasehubane, Garuele, Gasebolao, Maruping, Vergenoeg, Kagung, Lohatlha, Seven Miles, Thamonyanche, Wrenchville, Promise Land and Thuli Madonsela.

Relevant Legislation

Constitution of the Republic of South Africa (Act No. 108 of 1996)

Municipal Finance Management Act (Act 56 of 2003) Division of Revenue Act

The Income Tax Act (Act No. 58 of 1962) Value Added Tax Act (Act No. 117 of 1998 Municipal Structures Act

(Act No. 32 of 2000) Water Service Act (Act No.108 of 1997) Housing Act (Act No. 107 of 1997)

Housing Act (Act No. 107 of 1997) Electricity Act (Act No. 41 of 1987)

Skills Development Levies Act (Act No. 9 of 1999) Employment Equity Act (Act No. 55 of 1998) Unemployment Insurance Act (Act No. 30 of 1966)

Basic Conditions of Employment Act (Act No. 75 of 1997) Municipal System Amendment Act (Act No. 7 of 2011) Municipal Supply Chain Management Regulations Municipal Collective Agreements

Municipal Budget and Reporting Regulations MFMA Circulars and Regulations

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Ga Segonyana Local Municipality

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

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Abbreviations

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

The Accounting Officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the director to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the year then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

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

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

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2024 and, in the light of this review and the current financial position, he is satisfied that the municipality has adequate resources to continue in operational existence for the foreseeable future.

Although the accounting officer is primarily responsible for the financial affairs of the municipality, the annual financial statements are supported by the entity's external auditors.

The annual financial statements set out on page 7 to 97, which have been prepared on the going concern basis were approved by the Accounting Officer on 31 August 2023.

M. Tsatsimpe Designation

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30
June 2023

Legislative requirements

We are pleased to present our draft report for the financial year ended 30 June as required in terms of section 166 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003, as amended) (MFMA), read with circular 65 published by the National Treasury for the year ended 30 June 2023.

Audit, Performance and Risk committee (APRC) members and attendance

The Audit, Risk and Performance committee (APRC) has been appointed by the District Municipality John Taolo Gaetsewe. Service level agreements between the District and Gamagara, Ga-Segonyana and Joe Morolong Local Municipalities provide for a shared APRC within the District.

The APRC is governed by formal terms of reference, which are regularly reviewed and approved by council.

The APRC consists of the members listed hereunder and should meet 4 times per annum as per approved terms of reference. During the current year, 8 meetings were held:

Name of member	Number of meetings attended
Tshimomola R. (Chairperson) (Ended 31/12/2022)	6
Buys F. (Ended 31/12/2022)	5
Mashati M. (Ended 31/12/2022)	2
Snyders J (Chairperson) (Commenced on 01/04/2023)	2
Ntseno N (Commenced on 01/04/2023)	2
Nkoe K (Commenced on 01/04/2023)	2

Audit committee responsibility

The APRC has complied with its responsibilities arising from section 166 of the MFMA read with MFMA Circular 65, and reports that it operated in terms of the audit committee charter read in conjunction with the internal audit charter

The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The quality of in year management and monthly/quarterly reports submitted in terms of the MFMA and the Division of Revenue Act.

Evaluation of draft annual financial statements

The APRC has:

- Reviewed and discussed the draft unaudited annual financial statements to be included in the annual report, with the Accounting Officer for submission to AGSA on 31 August 2023. The draft unaudited annual financial statements was work in progress, however management committed to finalise and consider the review by internal audit and the APRC. On this basis the APRC supports the submission to the AGSA.
- Reviewed the progress on the audit action plan;

The following will be reviewed in the APRC meeting of November 2023

- .the Auditor-General of South Africa's audit report, management report and management's response thereto, and
- .the organisation's compliance with legal and regulatory provisions

From the above the concurrence and acceptance of the Auditor-General of South Africa's report on the annual financial statements will be assessed

Internal audit

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30

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Audit, Risk and Performance Committee is satisfied that the internal audit function is operating effectively and objectively and it has addressed the risks pertinent to the municipality and its audits. The quality assurance improvement program and combined assurance plan will be implemented in the next financial year

Ga Segonyana Local Municipality

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Auditor-General of South Africa

Audit, Risk and Performance Committee will meet with the Auditor-General of South Africa to ensure that there are no unresolved issues.

Chairperson of the Audit Committee

Date: _____

Ga Segonyana Local Municipality

Statement of Financial Position as at 30 June 2023

		2023	2022
	Note(s)	R	Restated* R
Assets			
Current Assets			
Inventories	3	46 937 514	64 090 984
Receivables from non-exchange transactions	4	29 114 694	29 994 036
VAT	5	-	16 346 766
Receivables from exchange transactions	6	30 286 772	43 140 739
Cash and cash equivalents	7	38 210 006	95 153 067
		144 548 986	248 725 592
Non-Current Assets			
Investment property	8	20 268 149	20 253 699
Property, plant and equipment	9	1 763 142	1 705 161
		170	397
Intangible assets	10	496 305	485 656
Heritage assets	11	1 655 642	1 655 642
		1 785 562	1 727 556
		266	394
Total Assets		1 930 111	1 976 281
		252	986
Liabilities			
Current Liabilities			
Other financial liabilities	12	2 204 855	2 275 769
Finance lease obligation	13	-	960 111
Payables from exchange transactions	14	76 508 536	93 952 195
VAT payable	5	8 081 616	-
Consumer deposits	15	6 400 581	5 914 289
Employee benefit obligation	16	2 256 432	2 904 000
Unspent conditional grants and receipts	17	14 857 204	17 399 799
		110 309 224	123 406 163
Non-Current Liabilities			
Other financial liabilities	12	3 875 149	6 080 009
Finance lease obligation	13	-	427 942
Employee benefit obligation	16	35 499 513	35 435 000
Provisions	18	25 495 555	27 717 355
		64 870 217	69 660 306
Total Liabilities		175 179 441	193 066 469
Net Assets		1 754 931	1 783 215
		811	517
Accumulated surplus		1 754 931	1 783 215
		811	517

* See Note 51

Ga Segonyana Local Municipality

Statement of Financial Performance

		2023	2022
	Note(s)	R	Restated* R
REVENUE			
Revenue from exchange transactions			
Sale of stands		3 872 723	1 786 942
Service charges	20	184 783 447	174 461 354
Rental of facilities	21	2 872 486	3 272 540
Interest on outstanding receivables	23	4 516 791	2 839 606
Licences and permits		3 642 989	3 680 421
Other revenue	24	13 444 041	12 610 581
Interest on investments	25	5 691 571	5 054 603
Total revenue from exchange transactions		218 824 048	203 706 047
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	26	55 032 123	50 222 676
Interest on outstanding receivables	23	3 924 469	1 668 827
Transfer revenue			
Grants and subsidies realised	27	387 106 472	402 315 155
Fines, penalties and forfeits	22	7 555 914	4 898 223
Total revenue from non-exchange transactions		453 618 978	459 104 881
Total revenue	19	672 443 026	662 810 928
EXPENDITURE			
Employee related costs	28	(186 827 196)	(173 049 555)
Remuneration of councillors	29	(13 185 940)	(10 472 326)
Depreciation, amortisation and impairment loss/(reversal)	30	(90 876 471)	(55 465 290)
Finance costs	31	(7 692 090)	(6 515 349)
Debtors impairment	32	(18 773 629)	(7 703 540)
Bad debts written-off	33	(15 197 913)	(4 017 292)
Bulk purchases	34	(124 534 746)	(120 721 658)
Contracted Services	35	(97 359 300)	(71 559 365)
Cost of land sold	3.1	(1 783 000)	(2 902 000)
General expenses	36	(122 406 150)	(89 595 154)
Total expenditure		(678 636 435)	(542 001 529)
Operating (deficit) surplus		(6 193 409)	120 809 399
Gains/(Loss) on disposal of assets		(2 574 551)	(4 915 395)
Fair value adjustments	55	14 450	-
Actuarial gains/(losses)	16	5 675 994	1 859 000
		3 115 893	(3 056 395)
SURPLUS FOR THE YEAR		(3 077 516)	117 753 004

* See Note 51

Ga Segonyana Local Municipality

STATEMENT OF CHANGES IN NET ASSETS

	Accumulated surplus	Total net assets
	R	R
Opening balance as previously reported	1 565 082 612	1 565 082 612
Balance at 01 July 2021 as restated*	1 665 462 513	1 665 462 513
Surplus for the year ended 30 June 2022	117 753 004	117 753 004
Total changes	117 753 004	117 753 004
Opening balance as previously reported	1 779 833 855	1 779 833 855
Prior year adjustments	123 841 420	123 841 420
Restated* Balance at 01 July 2022 as restated*	1 758 009 327	1 758 009 327
Changes in net assets		
Surplus/(Deficit) for the year ended 30 June 2023	(3 077 516)	(3 077 516)
Total changes	(3 077 516)	(3 077 516)
Balance at 30 June 2023	1 754 931 811	1 754 931 811

* See Note 51

Ga Segonyana Local Municipality

Cash Flow Statement

	2023	2022
Note(s)	R	Restated* R
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		
Sale of goods and services	272 028 150	218 278 576
Grants	376 438 199	384 597 306
Interest on investments	5 691 571	5 054 603
	<u>654 157 920</u>	<u>607 930 485</u>
Payments		
Suppliers	(384 767 178)	(266 402 394)
Employee Costs	(199 948 623)	(179 396 621)
Finance costs	(814 235)	(3 047 349)
	<u>(585 530 036)</u>	<u>(448 846 364)</u>
Undefined difference compared to the cash generated from operations note	-	3 521 885
Net cash flows from operating activities	37 68 627 884	162 606 006
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	9 (121 705 267)	(155 361 747)
Purchase of intangible assets	10 (417 864)	(143 187)
Net cash flows from investing activities	(122 123 131)	(155 504 934)
CASH FLOWS FROM FINANCING ACTIVITIES		
Movement in other financial liabilities	(2 275 774)	(2 181 864)
Finance lease payments	(1 172 040)	(232 278)
Net cash flows from financing activities	(3 447 814)	(2 414 142)
Net increase/(decrease) in cash and cash equivalents	(56 943 061)	4 686 927
Cash and cash equivalents at the beginning of the year	95 153 067	90 466 140
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	7 38 210 006	95 153 067

* See Note 51

Ga Segonyana Local Municipality

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	

STATEMENT OF FINANCIAL PERFORMANCE REVENUE

Revenue from exchange transactions

Sale of stands	16 000 000	-	16 000 000	3 872 723	(12 127 277)	1
Service charges	246 166 592	2 811 475	248 978 067	184 783 447	(64 194 620)	2
Rental of facilities	1 604 896	-	1 604 896	2 872 486	1 267 590	3
Interest on outstanding receivables	5 144 646	550 000	5 694 646	4 516 791	(1 177 855)	17
Licences and permits	3 477 798	50 000	3 527 798	3 642 989	115 191	39
Other revenue	2 891 478	1 601 486	4 492 964	13 444 041	8 951 077	5
Interest on investments	3 819 579	1 000 000	4 819 579	5 691 571	871 992	4
Total revenue from exchange transactions	279 104 989	6 012 961	285 117 950	218 824 048	(66 293 902)	

Revenue from non-exchange transactions

Property rates	51 738 117	2 842 836	54 580 953	55 032 123	451 170	38
Interest on outstanding receivables	-	-	-	3 924 469	3 924 469	17
Grants and subsidies realised	231 333 147	-	231 333 147	387 106 472	155 773 325	11
Fines, Penalties and Forfeits	1 610 576	(50 000)	1 560 576	7 555 914	5 995 338	5
Total revenue from non-exchange transactions	284 681 840	2 792 836	287 474 676	453 618 978	166 144 302	
Total revenue	563 786 829	8 805 797	572 592 626	672 443 026	99 850 400	

EXPENDITURE

Employee related costs	(189 860 651)	3 658 461	(186 202 190)	(186 827 196)	(625 006)	12
Remuneration of councillors	(11 082 335)	(2 023 453)	(13 105 788)	(13 185 940)	(80 152)	13
Depreciation and amortisation	(58 000 000)	(911 000)	(58 911 000)	(86 688 407)	(27 777 407)	10
Finance costs	(930 200)	(10 800)	(941 000)	(7 692 090)	(6 751 090)	7
Debt Impairment	(12 004 360)	-	(12 004 360)	(18 773 629)	(6 769 269)	21
Bad debts written-off	-	-	-	(15 197 913)	(15 197 913)	14
Bulk purchases	(122 297 534)	10 000	(122 287 534)	(124 534 746)	(2 247 212)	
Contracted services	(83 981 347)	(11 638 000)	(95 619 347)	(97 359 300)	(1 739 953)	
Cost of land sold	-	-	-	(1 783 000)	(1 783 000)	
General expenses	(103 643 212)	(2 553 788)	(106 197 000)	(122 406 150)	(16 209 150)	

Ga Segonyana Local Municipality

Total expenditure	(581 799 639)	(13 468 580)	(595 268 219)	(674 448 371)	(79 180 152)	
Operating deficit	(18 012 810)	(4 662 783)	(22 675 593)	(2 005 345)	1 369 566 990	
Gain/(Loss) on disposal of assets	-	-	-	(2 196 090)	(2 196 090)	8
Fair value adjustments	-	-	-	14 450	14 450	16
Actuarial gains/losses	-	-	-	5 675 994	5 675 994	9
	-	-	-	3 494 354	3 494 354	
SURPLUS FOR THE YEAR	(18 012 810)	(4 662 783)	(22 675 593)	1 489 009	24 164 602	

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	

Ga Segonyana Local Municipality

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Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
Statement of Financial Position						
Assets						
Current Assets						
Inventories	67 604 159	(3 799 006)	63 805 153	46 937 514	(16 867 639)	20
Receivables from non-exchange transactions	17 230 930	14 115 950	31 346 880	29 114 694	(2 232 186)	35
Receivables from exchange transactions	43 595 792	(1 175 965)	42 419 827	30 286 772	(12 133 055)	22
VAT	4 175 215	12 171 551	16 346 766	(8 081 616)	(24 428 382)	23
Other debtors	19 238 998	(19 238 998)	-	-	-	20
Cash and cash equivalents	107 301 000	(13 587 036)	93 713 964	38 210 006	(55 503 958)	24
	259 146 094	(11 513 504)	247 632 590	136 467 370	(111 165 220)	
Non-Current Assets						
Investment property	18 473 517	1 780 182	20 253 699	20 268 149	14 450	18
Property, plant and equipment	1 664 549 534	168 701 108	1 833 250 642	1 759 256 597	(73 994 045)	25
Intangible assets	917 661	(432 005)	485 656	496 305	10 649	26
Heritage assets	1 655 642	-	1 655 642	1 655 642	-	
	1 685 596 354	170 049 285	1 855 645 639	1 781 676 693	(73 968 946)	
Total Assets	1 944 742 448	158 535 781	2 103 278 229	1 918 144 063	(185 134 166)	
Liabilities						
Current Liabilities						
Other financial liabilities	(12 995 625)	13 515 492	519 867	2 204 855	1 684 988	27
Payables from exchange transactions	66 797 582	43 583 490	110 381 072	76 508 536	(33 872 536)	29
Consumer deposits	5 310 000	(11 224 577)	(5 914 577)	6 400 581	12 315 158	32
Employee benefit obligation	-	2 256 432	2 256 432	-	(2 256 432)	30
Unspent conditional grants and receipts	11 642 295	(11 642 295)	-	14 857 204	14 857 204	31
Provisions	3 448 147	-	3 448 147	-	(3 448 147)	31
	74 202 399	36 488 542	110 690 941	99 971 176	(10 719 765)	
Non-Current Liabilities						
Other financial liabilities	22 437 583	(15 929 632)	6 507 951	3 875 149	(2 632 802)	27
Employee benefit obligation	8 778 568	26 656 432	35 435 000	35 499 513	64 513	30
Provisions	49 526 218	(21 808 863)	27 717 355	25 495 555	(2 221 800)	37
	80 742 369	(11 082 063)	69 660 306	64 870 217	(4 790 089)	
Total Liabilities	154 944 768	25 406 479	180 351 247	164 841 393	(15 509 854)	
Net Assets	1 789 797 680	133 129 302	1 922 926 982	1 753 302 670	(169 624 312)	

Net Assets

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Reserves

Accumulated surplus	1 789 797 454	133 129 607	1 922 927 061	1 749 821 408	(173 105 653)
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Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	

Narration area

Sale of stands

1) The variance is due to lack of demand for stands.

Service charges

2) Under recovery is mainly as a result of the challenges experienced regarding the installation of prepaid meters and also due to overbudgeting.

Rental of facilities

3) The variance is due to the delay in signing of contracts for SMME Hub tenants, the budget was understated.

Interest on Investments

4) Actual revenue was higher than the budget due to high bank balance. This has resulted in higher interest being accrued

Fines, Penalties and Forfeits

5) Variance is due to more fines issued in the 2021/22 financial year Other Revenue

6) Variance is as a result of expected benefit investing for Employees obligation that was not budgeted for.

Finance Costs

7) Variance is due to interest on landfill site and Interest on Employee Obligation that was not budgeted for.

Gains/(Loss on disposal of assets

8) Gains/(loss) on disposal of assets was not budgeted for.

Actuarial gains/(Losses)

9) Actuarial gains or losses were not budgeted for.

Depreciation and amortisation and impairment loss/(reversal)

10) Variance is due to the impairment reversal done on assets that had less than 1year of remaining useful and still in good condition.

Grants and subsidies realised

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2023

~~11) Variance is due to the municipality only budgeting for operational grants (i.e. Equitable share) and received additional grants for capital projects in terms of DORA Act.~~

Employee Related Costs

12) Variance is due to current service costs in terms of the valuation of GRAP 25 and appointment of new employees

Remuneration of councillors

Ga Segonyana Local Municipality

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Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	

13) Variance is due to no anticipated increase to the gazzetted remuneration of councillors in the current year under review..

14) Bad Debts write off

The municipality did not budget for bad debt

write-off Transfers and subsidies

15) No expenditure incurred relating to transfer and subsidies.

Gains/(loss) on disposal of assets

16) Gains/(loss) on disposal of assets was not budgeted for.

Interest on outstanding receivablest

17) Variance is due to no interest on sundry debtors being levied for the current year under review.

Investment property

18) Variance is due to the correction of error in the figure of investment property which increased the figure of investment property.

General expenses.

19) General expenses increased due to increases in repairs and maintenance from capital projects.

Inventory

20) Inventory variance due to RDP land derecognised and no other land trasferred to owner.

Debt Impairment

21) Actual amount less than budgeted.

Receivables from exchange transactions

22) The trade receivable are less than budgeted amounts due to the increase in the actual write- offs made during the financial year.

VAT

23) VAT receivable is lower than the budget amount as the municipality was refunded most of the outstanding returns as at year end.

Cash and cash equivalentents

24) The cash and cash equivalentents of the municipality was less than budgeted, the municipality improved in paying its creditors debt on time

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2023

~~Property, plant and equipment~~

25) Property, plant and equipment increased due to additional assets bought or constructed in the current year as projects are completed as well as public donations contributions on capital projects which was not budgeted for.

Intangible assets

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	

26) Variance due to additional computer software on new laptops bought for municipal officials. Other

Financial liabilities

27) This balance is composed of loans from DBSA and the municipality managed to repay part of the loan in the 2021/22 financial year.

Finance Leases

28) The Municipality did not budget for finance leases.

Payables from exchange transactions

29) Management improved in settling outstanding debts to its suppliers.

Employee benefit obligation

30) Difference due to the valuation in terms of Grap 25 not budgeted for by the municipality.

Unspent Conditional grants and receipts

31) Unspent grant was not budgeted for by the municipality, as initial anticipation is to spend total grants allocation, and also due to the fact that the unspent grants are to possibly be refunded to treasury based on the response on the application of the roll over of unspent grants.

Customer Deposits

32) The municipality had more customers who opened new customer accounts during the year than anticipated. This resulted in an increase in customer deposits.

Cost of land sold

33) The actual value for cost of land sold was lesser than budgeted due to RDP houses land which were transferred to owners .

Bulk Purchases

34) The variance is due to changes in NERSA tariff changes which increased in the current financial year by 14.59% Receivables from non-exchange transactions

35) Variance is due to more fines issued in the 2021/22 financial year and increase in tariff rate for property rates.

Contracted Services

36) The movement of contracted services and General Expenses was due to MSCOA classification. Items that were classified as general expenditure had to be reclassified as contracted services.

Provision.

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2023

~~37) Budget amount less than Actual amount due no new rehabilitation site being developed during the financial year under review.~~

Property rates.

38) The actual amount was less than budgeted amount.

Licence and Permits.

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	

39) The municipality did recognised more license and permits than anticipated due to improved collections by the traffic department.

Additional text

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30
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1. Presentation of Annual Financial Statements

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

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

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

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

These accounting policies are consistent with the previous period, except for the changes set out in note Changes in accounting policy.

1.1 Presentation currency

These Annual Financial Statements are presented in South African Rand, which is the functional currency of the municipality. All figures are rounded off to the nearest Rand.

1.2 Going concern assumption

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

1.3 Significant judgements and sources of estimation uncertainty

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

1.3.1 Trade receivables and allowance for doubtful debts

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

The impairment for trade receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. On debtors, an impairment loss is recognised in surplus and deficit when there is objective evidence that the debtors are impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.3.2 Allowance for slow moving, damaged and obsolete stock

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

Ga Segonyana Local Municipality

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1.3.3 Fair value estimation

The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined by using valuation techniques. The municipality uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values

Ga Segonyana Local Municipality

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1.3 Significant judgements and sources of estimation uncertainty (continued)

1.3.4 Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including production estimates, supply demand and interest.

1.3.5 Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in the notes to the Annual Financial Statements.

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 or service potential will be required to settle the obligation and a reliable estimate can be made of the obligation.

The best estimate of the expenditure required to settle the present obligation is the amount that the municipality 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 municipality, 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.

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.

Ga Segonyana Local Municipality

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1.3.6 Useful lives of assets

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

The estimation of residual values of assets is based on management's judgment as to whether the assets will be sold or used at the end of their useful lives, and in what condition they will be at that time.

Ga Segonyana Local Municipality

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June 2023

1.3 Significant judgements and sources of estimation uncertainty (continued)

1.3.7 Post retirement benefits

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

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in the Notes to the Annual Financial Statements.

The municipality obtains actuarial valuations of its Defined Benefit Plan Liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in the relevant Notes to the Annual Financial Statements.

1.3.8 Effective interest rate

Where interest rates are not specified in the transactions handled by the municipality, particularly with respect to finance leases the municipality used the prime interest rate to discount future cash flows.

1.3.9 Allowance for doubtful debts

Timing of Assessment

The municipality will assess at the end of each reporting date whether there is objective evidence that a receivable account or group of receivable accounts is impaired.

Evidence of Impairment

The following accounts are specifically excluded from impairment testing:

- Receivable accounts with a combined credit balance at reporting date;
- Receivable accounts where the combined balance at reporting date is zero;
- Receivable accounts where the Municipality is the owner; and
- Receivable accounts that have no balance outstanding longer than 30 days at reporting date as these accounts are considered not to be past due.

Any one of the following events is considered to provide objective evidence that a receivable account or group of receivable accounts could be impaired.

- A receivables that have been placed under or applied for liquidation or sequestration;
- Where the last payment date by the customer was before 15th May of each year;

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- Accounts handed over to debt collectors and/or power of attorney;
- All accounts indicated as in-active accounts on the system;
- When a formal arrangement is made on arrears debt;
- When accounts have been formally presented to Council for write off; and
- All accounts with balances outstanding 31 days and longer as these accounts are considered to be past due

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1.3 Significant judgements and sources of estimation uncertainty (continued) Calculation and

Recognition of Impairment Loss

The impairment loss is calculated as the difference between the carrying value at reporting date less the present value of expected future cash flows.

Individually Significant Receivables

Consumer receivables with a total balance outstanding at reporting date over R150 000 is considered material and will be assessed individually for evidence of impairment.

For sundry receivables management will assess on an annual basis which accounts are considered to be individually material. These accounts will be assessed individually for evidence of impairment.

Risk Categories

All receivables are categorised into one of three risk categories. These categories are:

- High risk category;
- Medium risk category; and
- Low risk category.

The allocation of receivables into the different risk categories are reviewed annually. Consumer receivables

The following receivables are specifically identified as being high risk due to their nature:

- Approved indigents;
- Tenant accounts; and
- Non-active accounts

The following receivables are specifically identified as being low risk receivables due to their nature and past payment history:

- Government receivables, excluding government schools

The following receivables are specifically identified as being medium risk receivables due to their nature and past payment history:

- All accounts with prepaid electricity meters; and
- Government school receivables

The remainder of the consumer receivables are classified as medium risk receivables.

All other receivables are divided into the three risk categories based on management's knowledge of these receivables. Summary of risk groups for consumer receivables:

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1.3 Significant judgements and sources of estimation uncertainty (continued)

High Risk	Medium Risk	Low Risk
Approved indigents	Remainder of consumer receivable accounts receivables,	Government
schools Tenant accounts	Remainder of consumer receivable accounts Government	excluding government receivables, excluding government
schools Non-active accounts	Remainder of consumer receivable accounts Government	receivables, excluding government

schools The risk factors and premium adjustment to the risk free rate are reviewed annually by management

Sundry receivables

The following receivables are specifically identified as being high risk due to their nature and past payment history:

- Motor vehicle accidents;
- Library books;
- Bursary costs/Study assistance;
- Closed accounts;
- Marked to be written off; and
- Handed over accounts

The following receivables are specifically identified as being low risk receivables due to their nature and past payment history:

- Main service contributions; and
- Relocation costs;

The following receivables are individually assessed:

- Medical aid

The remainder of the sundry receivables are classified as medium risk receivables.

All other receivables are divided into the three risk categories based on management's knowledge of these receivables. Summary of risk groups for consumer receivables:

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High Risk	Medium Risk	Low Risk
Motor vehicle accidents	Remainder of consumer receivable accounts	Main service contributions
Library books	Remainder of consumer receivable accounts	Main service contributions
Bursary costs	Remainder of consumer receivable accounts	Reallocation costs
Closed accounts	Remainder of consumer receivable accounts	Reallocation costs
Marked to be written off	Remainder of consumer receivable accounts	Reallocation costs
Non-active accounts	Remainder of consumer receivable accounts	Reallocation costs

The risk factors and premium adjustment to the risk free rate are reviewed annually by management.

Discount Rate

The discount rate is set as the yield of the R157 South African government bond as at the reporting date. The actual yield on the R157 bond is sourced from the RMB Global Markets website at reporting date.

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1.3 Significant judgements and sources of estimation uncertainty (continued)

The risk free rate is adjusted with a premium per risk category. The following is taken into account in determining the premium:

- The economic conditions of the population in the municipal district;
- History of bad debts written off;
- Effectiveness of the debt collection processes;
- The vast rural area that the municipality covers and the rural population have high social problems;
- High unemployment rate in the municipal district.

Based on the above risk factors identified the risk free rate is adjusted with the following premium:

Risk category	Premium adjustment
High risk	1.25%
Medium risk	0.75%
Low risk	0.25%

The risk factors and premium adjustment to the risk free rate are reviewed annually by management.

Expected Repayment Term

The total income from consumers for the reporting period include:

- Property tax;
- Refuse;
- Sewerage;
- Water;
- Electricity;
- Interest; and
- Less income foregone.

Expected Future Cash Flows

The expected future cash flows are based on management's past experiences with the different receivable groups. The expected future cash flows can be summarised as follows:

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1.3 Significant judgements and sources of estimation uncertainty (continued) Group

Expected future cash flow

Accounts with no payment received in the last No payment expected six months	Accounts marked as indigent do not expect any re-payment and is therefore included at 100% in the allowance calculation
Indigent receivables	No payment expected
Inactive accounts	No payment
Accounts marked as bad debts	Accounts with balances only in current, 30 days
expected Fully recoverable and/or 60 days	High risk consumer receivables
High risk consumer receivables	Will be determined using the following: -Geographical area -Category (Business, household, etc) -Payment history -Any other factors applicable (e.g. debtors handed over)
Medium risk consumer receivables	Will be determined using the following: -Geographical area -Category (Business, household, etc) -Payment history -Any other factors applicable (e.g. debtors handed over)
Low risk consumer receivables	Will be determined using the following: -Geographical area -Category (Business, household, etc) -Payment history -Any other factors applicable (e.g. debtors handed over)
High risk sundry receivables	Will be determined using the following: -Geographical area -Category (Business, household, etc) -Payment history -Any other factors applicable (e.g. debtors handed over)
Medium risk sundry receivables	Will be determined using the following: -Geographical area -Category (Business, household, etc) -Payment history -Any other factors applicable (e.g. debtors handed over)
Low risk sundry receivables	Will be determined using the following: -Geographical area -Category (Business, household, etc) -Payment history -Any other factors applicable (e.g. debtors handed over)

All payments received in July after the reporting date are added to the above calculated expected further cash flows before impairment is calculated.

Present Value of Expected Future Cash Flows

The future expected cash flows will be discounted using the present value (PV) formula.

1.4 Investment property

1.4.1 Initial Recognition

Investment property is property (land or buildings) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services, or
- administrative purposes, or

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- sale in the ordinary course of operations.

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

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1.4 Investment property (continued)

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

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

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

1.4.2 Subsequent Measurement

Subsequent to initial measurement investment property is measured at fair value in line with the asset management policy of the municipality on the Municipal Property Rates Act cycle.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises. The nature or type of properties classified as held for strategic purposes are as follows:

1.4.3 Derecognition

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

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

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

1.5 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or

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monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

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

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

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1.5 Property, plant and equipment (continued)

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

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

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Land		Infinity
Furniture and fixtures	Straight line	3-15 years
Infrastructure		
- Sewer pump station	Straight line	10-60 years
- Solid waste disposal	Straight line	3-50 years
- Electricity network	Straight line	3-50 years
- LV network	Straight line	10-50 years
- Distribution network	Straight line	2- 70 years
- Bridges	Straight line	30-80 years
- Bulk supply	Straight line	50-100 years
- MV network	Straight line	15-60 years
- Road structures	Straight line	5-55 years
- Airport structures	Straight line	20-60 years
- Collection and reticulation network	Straight line	50 years
- Borehole	Straight line	3-100 years
- Distribution reticulation network	Straight line	5-60 years
- Storage	Straight line	10-15 years
- Stormwater	Straight line	10-60 years
- Road traffic management	Straight line	10-40 years
- Waste water treatment	Straight line	3-60 years
- Water network	Straight line	20 years
- Water pipes	Straight line	20 years
- Water pump	Straight line	15-60 years
- Water storage	Straight line	3-60 years
Community Assets		
- Buildings	Straight line	15-50 years
Other property, plant and equipment		
- Furniture and equipment	Straight line	5-10 years
- Motor vehicles	Straight line	5-15 years
- Office equipment	Straight line	3-10 years
- Plant equipment	Straight line	4-15 years
- Computer equipment	Straight line	1-5 years
Road Furniture	Straight line	5-30
External Facilities	Straight line	3-30 years
Sports Facilities and other Amenities	Straight line	3-50 years
Landfill site	Straight line	13-50 years

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

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Reviewing the useful life, residual value and depreciation method of an asset on an annual basis does not require the municipality to amend the previous estimate unless expectations differ from the previous estimate.

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

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1.5 Property, plant and equipment (continued)

The depreciation charge for each period is recognised in surplus or deficit.

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

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.6 Site restoration and dismantling cost

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which a municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

- (a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- (b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- (c) if the adjustment results in an addition to the cost of an asset, the entity considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

If the related asset is measured using the revaluation model:

- (a) changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that: a decrease in the liability (subject to (b)) is credited to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit an increase in the liability is recognised in surplus or deficit, except that it is debited to the revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.
- (b) in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit; and
- (c) a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit or net assets under (a). If a revaluation is necessary, all assets of that class are revalued.

1.7 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and

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- the cost or fair value of the asset can be measured reliably.

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

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1.7 Intangible assets (continued)

Item	Amortisation method	Average useful life
Computer software	Straight line	3 to 5 years

Intangible assets are derecognised:

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

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

1.8 Heritage assets

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

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

Class of heritage assets means a grouping of heritage assets of a similar nature or function in a municipality's operations that is shown as a single item for the purpose of disclosure in the Annual Financial Statements.

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

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

1.8.1 Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

1.8.2 Initial measurement

Heritage assets are measured at cost.

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

1.8.3 Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost.

1.8.4 Impairment

The entity assess its heritage assets at each reporting date to determine whether there is an indication of impairment. If any such indication exists, the entity estimates the recoverable amount or the recoverable service amount of the heritage asset.

1.9 Financial instruments

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A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

Initial recognition

Financial instruments are recognised when the municipality becomes a party to contractual provision of the instruments. Financial instruments are initially recognised at amortised cost.

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1.9 Financial instruments (continued)

Financial Instruments are categorised according to their nature as either financial instruments at fair value, held at amortised cost, or held at cost. The classification depends on the nature and terms of the financial instrument for which the financial instruments were obtained / incurred and takes place at initial recognition.

1.9.1 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at cost.

1.10 Statutory receivables

Identification

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

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

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

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

The transaction amount (for purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

The municipality recognises statutory receivables as follows:

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

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

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

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

Accrued interest

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

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

Other charges

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1.10 Statutory receivables (continued)

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

Impairment losses

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

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

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

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

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

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

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

Derecognition

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

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

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

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1.11 Tax

VAT

The municipality pays Value Added Tax (VAT) to South African Revenue Service on a payment basis in accordance with section 15(2)(a) of the Value-Added Tax Act (Act No 89 of 1991), however the municipality accounts for VAT on an accrual basis.

1.12 Leases

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

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

1.12.1 Finance leases - lessee

Initial recognition

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.

Subsequent measurement

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

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

1.12.2. Operating leases - lessee

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

1.13 Inventories

1.13.1 Initial recognition

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

1.13.2 Subsequent measurement

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

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

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

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

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distribution.

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

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

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

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1.13 (continued)

1.13.3 Derecognition

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

1.14 Impairment of cash-generating assets

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

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

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

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

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

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

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

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

and its value in use. Useful life is either:

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

Judgements made by management in applying the criteria to designate assets as cash-generating assets or non-cash-generating assets, are as follows:

1.14.1 Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

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

Irrespective of whether there is any indication of impairment, the municipality also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment

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test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

1.14.2 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.

When estimating the value in use of an asset, the entity estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the entity applies the appropriate discount rate to those future cash flows.

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1.14 Impairment of cash-generating assets (continued)

1.14.3 Basis for estimates of future cash flows

In measuring value in use the municipality:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

1.14.4 Composition of estimates of future cash flows

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the entity expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

1.15 Impairment of non-cash-generating assets

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

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

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

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

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

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

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

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

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Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell

and its value in use. Useful life is either:

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1.15 Impairment of non-cash-generating assets (continued)

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

Judgements made by management in applying the criteria to designate assets as non-cash-generating assets or cash-generating assets, are as follows:

1.15.1 Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

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

Irrespective of whether there is any indication of impairment, the entity also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

1.15.2 Value in use

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

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

1.15.3 Depreciated replacement cost approach

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

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the entity would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

1.15.4 Restoration cost approach

Restoration cost is the cost of restoring the service potential of an asset to its pre-impaired level. The present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

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1.15.5 Service units approach

The present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. The current cost of replacing the remaining service potential of the asset before impairment is determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

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1.15 Impairment of non-cash-generating assets (continued)

1.15.6 Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

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

1.16 Employee benefits

Employee benefits are all forms of consideration given by a municipality in exchange for service rendered by employees.

1.16.1 Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The municipality measures the expected cost of accumulating compensated absences as the additional amount that the municipality expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The municipality recognises the expected cost of bonus, incentive and performance related payments when the municipality has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the municipality has no realistic alternative but to make the payments.

1.16.2 Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which a municipality pays fixed contributions into a separate municipality (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to

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employee service in the current and prior periods.

When an employee has rendered service to the municipality during a reporting period, the municipality recognises the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, a municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

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1.17 Provisions and contingencies

1.17.1 Initial Recognition

Provisions are recognised when:

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

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

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

The discount rate reflects current market assessments of the time value of money and the risks specific to the liability.

1.17.2 Subsequent measurement

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

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed by way of a note.

1.18 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

1.19 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets.

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

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

The municipality's main sources of revenue from exchange transactions income include service charges, rental of facilities, sale of stands, licences and permits and interest income.

1.18.1 Measurement

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

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1.19 Revenue from exchange transactions (continued)

1.18.2 Sale of goods (stands and licences and permits)

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

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

1.18.3 Rendering of services

Rendering of services includes the following service charges: refuse removal billed at a fixed fee per month, electricity (i.e. conventional and prepaid electricity) based on consumption, water based on consumption and sewerage based on water consumption. When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;

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

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

1.18.4 Interest

Revenue arising from the use by others of the municipality's 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.

Interest revenue is recognised on a time proportion basis.

1.18.5 Rental of facilities

Rental of facilities and equipment revenue arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms.

1.18.6 Other Income

Other income shall be accounted for when the cash, asset or service is received by the municipality.

1.20 Revenue from non-exchange transactions

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

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services,

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or use of assets) to another entity in exchange.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

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1.20 Revenue from non-exchange transactions (continued)

The municipality's main source of revenue from non-exchange transactions income include property rates, government grants and subsidies, public contributions, donations, fines and penalties.

1.19.1 Recognition

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

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

1.19.2 Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

1.19.3 Property Rates

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

1.19.4 Government grants, Public contributions and donations

Transfer revenue include government grants, subsidies, public contributions, donations, fines, penalties and forfeits. Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes. Apart from services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

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

1.19.5 Fines

Revenue from fines will be accounted on accrual basis based on IGRAP 1.

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Fines are economic benefits or service potential received or receivable by municipality, as determined by a court of other law enforcement body, as a consequence of the breach of laws or regulations. Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

The municipality recognises the full amount of revenue from fines at the transaction date and subsequently recognise the impairment loss for revenue not expected to be collected, as there is uncertainty about the entities ability to collect such revenue based on past history. The municipality considered the past history in assessing the likelihood of the discounts or reductions being taken up by the debtors

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1.20 Revenue from non-exchange transactions (continued)

1.19.6 Gifts and donations, including goods in-kind

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

1.21 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds. Borrowing costs are recognised as an expense in the period in which they are incurred.

1.22 Comparative figures

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

1.23 Unauthorised expenditure

Unauthorised expenditure means:

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

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

1.24 Fruitless and wasteful expenditure

Fruitless and wasteful 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.

1.25 Irregular expenditure

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

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 municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure.

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

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Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programmed/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

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1.26 Budget information

Municipality is subject to budgetary limits in the form of an approved and an adjustment budget which is given effect through council.

General purpose financial reporting by the municipality provides information on whether resources were obtained and used in accordance with the approved budget.

The approved budget is prepared on an accrual basis and presented by nature linked to performance outcome objectives. The approved budget covers the fiscal period from 2022/07/01 to 2023/06/30.

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

Comparative information is not required.

Material differences between the original budget and final budget as well as between the final budget and the actual are explained in the Annual Financial Statements. Deviations are regarded as material when they are greater than or equal to 10%. Deviations between approved budget and final budgets well as deviations between final budget and actual, are regarded as material differences

1.27 Events after reporting date

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

-those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date)

-those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date). There were no significant post balance sheet events that affected the Annual Financial Statements as at 30 June 2023.

1.28 Expenditure

Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrence of liabilities that result in decreases in net assets.

An expense is recognised in the municipality's Statement of Financial Performance when, and only when, the following criteria are satisfied:

- The cost or value may involve estimation. Where an item possesses the essential characteristics of an expense but fails to meet the criteria for recognition it is disclosed in the note; and
- All expenditure has been dealt with in terms of the above definition and recognition criteria.

Where an outflow of economic benefits does not result in future benefits, it is disclosed as fruitless and wasteful expenditure. The point at which an expense is recognised is dependent on the nature of the transaction or other event that gives rise to the expense. Where future economic benefits are consumed immediately or soon after acquisition, for example, repairs and maintenance expenditure, bulk purchases and general expenses, the expense is recognised in the reporting period in which the acquisition of the future economic benefit occurs. Where future economic benefits are expected to be consumed over several reporting periods e.g. non-current assets, expenses (depreciation) is allocated systematically to the reporting period during which the future economic benefits are expected to be consumed; where

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expenditure produces no future economic benefits e.g. fines paid, an expense is recognised immediately; and where a liability is incurred without the recognition of an asset an expense is recognised simultaneously with the recognition of the liability.

Generally, expenses are accounted for on an accrual basis at fair value. Under the accrual basis of accounting expenses are recognised when incurred usually when goods are received or services are consumed. This may not be when the goods or services are actually paid for. Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties in an arm's length transaction.

Major expenses include:

- Write downs of inventory and decreases in fair values of financial instruments classified as held at fair value.
- Losses on the disposal of non-current assets are reported separately from expenses in the Statement of Financial Performance.

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1.28 Expenditure (continued)

- Repairs and maintenance - inclusive of repairs and maintenance to buildings, infrastructure assets, motor vehicles and sports and recreational facilities;
- Bulk purchases - expenditure on the procurement of bulk electricity;
- Contracted services – included are debt collection costs, data cleansing costs, service level agreement costs, property valuation roll and asset register verification costs, software support costs and security services costs.
- Transfers and grants which relate to expenditure pertaining to free basic services; and
- General expenses which constitute several expense items which are not individually significant.
- Employee cost - relating to cost associated with employee contracts.
- Depreciation - Cost associated with the amortisation of property, plant and equipment..

1.29 Fines provision methodology

- 1) Obtain issued fines (Unadjusted issued fines) for the past 3 to 5 years.
 - a) Adjust the fines by the below adjustments:
 - b) Reduce the fines by the amount of fines withdrawn/cancelled.
 - c) Also reduce the fines by amounts reduced.
 - 2) Increase the fines by amounts increased for unpaid fines.
 - 3) Obtain the final total of amounts of a) to c) above.
 - 4) Adjust the issued fines by a) to c) above to get final collectible issued fines.
 - 5) Calculate the percentage discount rate of collectible issued fines as a percentage of unadjusted issued fines in 1) above
 - 6) Calculate average discount rate for the number of years the data was obtained e.g. if 3 years, calculate average over 3 years and if 5 years calculate average over 5 years.
 - 7) The provision is calculated as follows:

Gross fines debtors x average discount rate in 5) above.

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	2023	2022
	R	R

2. New standards and interpretations

2.1 Standards and interpretations issued and effective in the current year

There are no new standards that were issued and effective in the current year. The municipality has applied all standards and interpretations that were issued by the accounting standards board that are applicable to the municipality consistently with prior year

Standard/ Interpretation:	Effective date:	Expected impact:
	Years beginning on or after	
Grap 25		Unlikely there will be a material impact
Grap 104	01 April 2021	Unlikely there will be a material impact
Grap 104	01 April 2022	Unlikely there will be a material impact
iGrap 7	01 April 2021	Unlikely there will be a material impact
iGrap 21	01 April 2022	Unlikely there will be a material impact
	01 April 2022	Unlikely there will be a material impact

3. Inventories

Inventories 1	-	-
Other inventories held for sale (land)	58 886 783	60 669 783
Consumable stores	2 623 474	4 147 818
Water	117 557	98 213
	<u>61 627 814</u>	<u>64 915 814</u>
Inventories (write-downs)	(14 690 300)	(824 830)
	<u>46 937 514</u>	<u>64 090 984</u>

3.1 Other Inventory held for sale (land)

Opening balance	60 669 783	63 571 783
Cost of land sold	(1 783 000)	(2 902 000)
	<u>58 886 783</u>	<u>60 669 783</u>

The cost of inventories is assigned using the weighted average cost formula. Subsequently inventories are measured at the lower of cost nad net realisable value

Inventory pledged as security

No inventory was pledged as security.

4. Receivables from non-exchange transactions

Fines	12 848 296	13 370 567
Property Rates	16 266 398	16 623 469
	<u>29 114 694</u>	<u>29 994 036</u>

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30

Included in receivables from non-exchange transactions are balances owing from property rates as follows:

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	2023	2022
4. Receivables from non-exchange transactions (continued)		
Current (0-30 days)	4 453 195	215 401
31-60 days	2 129 802	2 290 352
61-90 days	1 737 811	1 602 221
91-120 days	1 599 538	1 504 544
121-365 days	10 929 275	8 321 143
>365 days	26 301 530	21 955 546
	47 151 151	35 889 207
Less: Allowance for impairment	(30 884 752)	(19 356 082)
Net balance	16 266 399	16 623 461
Fines		
Gross fines	16 154 406	14 540 689
Impairment	(3 306 110)	(1 170 122)
	12 848 296	13 370 567

Credit quality of receivables from non-exchange transactions

The credit quality of receivables from non-exchange transactions that are past due but not impaired have been assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Based on the assessment conducted by the municipality, the quality of these debtors is considered to be satisfactory.

5. Value Added Tax

VAT	(8 081 616)	16 346 766
Amounts outstanding from SARS at year end	4 226 919	5 931 299
VAT on accrual basis	(12 308 535)	10 415 467
	(8 081 616)	16 346 766

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30

	2023	2022			
6. Receivables from exchange transactions					
Gross balances					
Electricity	22 730 207	28 811 408			
Water	13 703 694	11 413 885			
Sewerage	21 289 361	19 325 553			
Refuse	12 019 230	10 485 433			
Sundry debtors	16 201 215	22 886 077			
	85 943 707	92 922 356			
Less: Allowance for impairment					
Less: Allowance for impairment	(55 656 935)	(49 781 617)			
Net balance	30 286 772	43 140 739			
Included in above is receivables from exchange transactions					
Rental	7 558 658	5 392 337			
Accrued Income	814 432	7 757 175			
Staff Recovery	1 087 881	160 363			
Merchandising Jobbing	6 740 245	9 576 202			
	16 201 216	22 886 077			
Net balance	16 201 216	22 886 077			
Sundry Receivables Ageing 2023					
	Rental	Accrued income	Staff Recovery	Merchandising Jobbing	Total
Current (0-30 days)	1 305 414	327 409	11 381	33 866	1 678 070
31-60 days	93 345	3 094	4 308	3 901	104 648
61-90 days	277 646	7 338	3 773	156	288 913
91-120 days	72 529	4 731	2 650	10 686	90 596
121-365 days	1 162 856	167 914	17 394	66 601	1 414 765
>365 days	4 646 869	303 946	1 048 375	6 625 035	12 624 225
	7 558 659	814 432	1 087 881	6 740 245	16 201 217
Sundry receivable Ageing 2022					
	Rental	Accrued Income	Staff Recovery	Merchandising Jobbing	Total
Current (0-30 days)	725 321	327 508	5 124	83 476	1 141 429
31-60 days	99 144	3 143	3 217	6 083	111 587
61-90 days	1 981 343	7 387	1 961	1 087	1 991 778
91-120 days	34 981	4 781	2 108	145	42 015
121-365 days	380 278	5 133 486	28 935	9 485 412	15 028 111
>365 days	2 171 270	2 280 870	119 018	-	4 571 158
	5 392 337	7 757 175	160 363	9 576 203	22 886 078

Ga Segonyana Local Municipality

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	2023	2022
6. Receivables from exchange transactions (continued)		
Electricity		
Current (0 -30 days)	5 416 948	6 220 337
31 - 60 days	1 686 673	1 500 450
61 - 90 days	1 058 225	1 049 815
91 - 120 days	979 118	846 586
121 - 365 days	5 988 441	4 894 869
> 365 days	7 600 802	14 299 351
	22 730 207	28 811 408
Water		
Current (0 -30 days)	2 829 307	2 133 724
31 - 60 days	1 077 498	1 359 608
61 - 90 days	901 150	821 369
91 - 120 days	771 611	518 740
121 - 365 days	3 874 324	2 570 315
> 365 days	4 249 804	4 010 129
	13 703 694	11 413 885
Waste water		
Sewerage		
Current (0 -30 days)	1 833 262	1 352 796
31 - 60 days	1 039 181	931 893
61 - 90 days	898 761	775 062
91 - 120 days	796 798	597 899
121 - 365 days	5 202 013	3 680 409
> 365 days	11 519 346	11 987 494
	21 289 361	19 325 553
Refuse		
Current (0 -30 days)	1 073 241	818 323
31 - 60 days	619 392	454 367
61 - 90 days	500 520	369 972
91 - 120 days	469 607	343 901
121 - 365 days	3 162 825	2 882 925
> 365 days	6 193 645	5 615 945
	12 019 230	10 485 433
Sundry debtors		
Current (0 -30 days)	1 678 069	1 411 547
31 - 60 days	104 648	104 354
61 - 90 days	289 913	1 985 289
91 - 120 days	90 595	37 719
121 - 365 days	1 414 765	427 397
> 365 days	12 624 225	18 919 771
	16 202 215	22 886 077
Reconciliation of allowance for impairment		
Balance at beginning of the year	(49 781 617)	(45 395 096)
Contributions to allowance	5 875 318	(4 386 521)
	(43 906 299)	(49 781 617)
Credit quality of consumer debtors		

Ga Segonyana Local Municipality

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2023

2022

6. Receivables from exchange transactions (continued)

The credit quality of receivables from exchange transactions that are past due but not impaired have been assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Based on the assessment conducted by the municipality, the quality of these debtors is considered to be satisfactory.

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	3 400	3 400
Other cash and cash equivalents	38 206 606	95 149 667
	<u>38 210 006</u>	<u>95 153 067</u>

The entity had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
FNB BANK - CHEQUE - ACCOUNT- 62649722883 FNB BANK -CHEQUE - ACCOUNT- 6265254632 FNB BANK - 7 Day CALL - 74690806392	-	87 963 239	18 567 378	-	86 623 775	18 557 833
	-	298 149	170 602	-	795 204	234 947
	-	507 492	60 225 856	-	507 492	60 225 857
	-	100 634	11 444 103	-	100 634	11 444 103
	733 878	1 234 245	-	771 941	672 756	-
	7 849 815	6 421 781	-	7 956 447	6 449 806	-
FNB BANK - CALL ACCOUNT - 62671219048	468 771	-	-	468 771	-	-
ABSA BANK - 4103242034 ABSA BANK - CHEQUE ACCOUNT - 4103241868 ABSA BANK - FIXED DEPOSIT - 20-8054-0793	799 341	-	-	799 341	-	-
	28 210 102	-	-	28 210 102	-	-
	-	-	-	4	-	-
ABSA BANK - FIXED DEPOSIT - 20-8054-0963 ABSA BANK - DEP PLUS - 93- 7142-0627 ABSA 4060204391	<u>38 210 006</u>	<u>95 149 667</u>	<u>95 149 667</u>	<u>38 210 006</u>	<u>95 149 667</u>	<u>95 149 667</u>

Total

8. Investment property

2023		2022	
Cost / Valuation	Accumulated depreciation	Cost /	Accumulated Carrying value

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Annual Financial Statements for the year ended 30

			Valuation	2023 depreciation	2022
	and accumulated impairment			and accumulated impairment	
6. Receivables from exchange transactions (continued)					
Investment property	20 268 149	-	20 268 149	20 253 699	- 20 253 699

Reconciliation of investment property - 2023

	Opening balance	Fair value adjustments	Total
Investment property	20 253 699	14 450	20 268 149

Ga Segonyana Local Municipality

Notes to the annual financial statements

8. Investment property (continued)

Reconciliation of investment property - 2022

	Opening balance	Total
Investment property	20 253 699	20 253 699

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.

Details of valuation

Investment property is reviewed by a professional valuer once every 4 years in line with the statutory requirements of the Municipal Property Rates Act (Chapter 6 of 2004). The last external valuation was done by an independent professional valuer on 25 August 2023. The valuation which conforms to international valuation standards is arrived at by reference to market evidence of transaction prices for similar properties.

The revaluation of investment property was performed by IA Consulting (Werner Welgemoed Registered Professional Valuer 6990/2).

9. Property, plant and equipment

	2023		2022	
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Cost / Valuation	Accumulated depreciation and accumulated impairment
Land	15 764 663	-	15 764 663	-
Operational Buildings	83 709 054	(20 773 081)	62 935 973	(19 388 457)
Plant and machinery	4 845 954	(2 998 556)	1 847 398	(2 923 640)
Furniture and fixtures	10 295 927	(8 057 474)	2 238 453	(7 667 805)
Motor vehicles	18 334 440	(11 512 204)	6 822 236	(10 475 514)
Office equipment	5 568 594	(2 993 475)	2 575 119	(6 252 748)
Infrastructure	2 472 947 790	(906 643 841)	1 566 303 949	2 353 172 545 (827 696 098) 1 447
Community	176 284 133	(71 629 754)	104 654 379	165 276 627 (67 830 431)
Total	2 787 750	(1 024 608 385)	1 763 142 170	2 647 396 091 (942 234 693) 1 705 161 398

GA SEGONYANA LOCAL MUNICIPALITY

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Notes to the annual financial statements
9. Property, plant and equipment (continued)
Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Work in Progress	Depreciation	Impairment loss	Total
Land	15 764 663	-	-	-	-	-	15 764 663
Buildings	53 855 614	31 771 421	(5 691)	(21 282 531)	(1 314 105)	(88 735)	62 935 973
Plant and machinery	1 300 383	1 041 918	(131 487)	-	(348 114)	(15 302)	1 847 398
Furniture and fixtures	2 299 588	794 839	(77 575)	-	(767 185)	(11 213)	2 238 454
Motor vehicles	6 693 504	1 335 415	(17 267)	-	(1 189 416)	-	6 822 236
Office equipment	2 325 002	1 830 518	(586 341)	-	(979 505)	(14 555)	2 575 119
Infrastructure	1 525 476	84 931 157	(1 604 236)	38 885 300	(77 083 885)	(4 300 834) 1	566 303
	447						949
Community	97 446 196	-	(151 954)	11 716 543	(3 865 671)	(490 736)	104 654
							378
	1 705 161	121 705 268	(2 574 551)	29 319 312	(85 547 881)	(4 921 375) 1	763 142
	397						170

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Depreciation	Work In Progress	Impairment loss	Total
Land	15 764 663	-	-	-	-	-	15 764 663
Buildings	42 628 308	-	-	(1 188 013)	12 415 319	-	53 855 614
Plant and machinery	1 292 242	345 710	(47 881)	(275 622)	-	(14 066)	1 300 383
Furniture and fixtures	2 458 563	824 468	(291 047)	(686 312)	-	(6 084)	2 299 588
Motor vehicles	7 758 509	-	(7 592)	(1 055 927)	-	(1 486)	6 693 504
Office equipment	2 411 033	1 118 499	(98 498)	(1 105 969)	-	(63)	2 325 002
Infrastructure	1 428 997	205 057 654	(4 424 176)	(51 032 815)	(57 416 606)	4 295 381 1	525 476
	009						447
Community	94 305 943	9 733 487	(46 201)	(3 786 575)	(2 641 919)	(118 539)	97 446 196
	1 595 616	217 079 818	(4 915 395)	(59 131 233)	(47 643 206)	4 155 143 1	705 161
	270						397

Assets subject to finance lease (Net carrying amount)

Office Equipment	-	865 502
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Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30

	2023	2022
9. Property, plant and equipment (continued)		
Additions Reconciliation		
Property, plant and equipment that was not used for any period of time during the reporting period that significantly impacted the delivery of goods and services of the entity (Carrying amount)		
Property, plant and equipment procured through cash received by the municipality	140 701 129	155 361 749
Property, plant and equipment procured through mining donations	9 668 474	14 074 885
	150 369 603	169 436 634
Property, plant and equipment in the process of being constructed or developed		
Cumulative expenditure recognised in the carrying value of property, plant and equipment		
Infrastructure	246 645 586	147 641 069
Community	20 962 893	19 506 888
	267 608 479	167 147 957
Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected		
Gravel to Paved Road Gamopedi	-	9 219 618
The project was running since the year 2019/2020 financial year and the supplier for the brick material declared insolvent in 2021 and went under voluntary liquidation which caused a delay in the project		
	-	9 219 618
Carrying value of property, plant and equipment where construction or development has been halted either during the current or previous reporting period(s)		
	-	-

Reconciliation of Work-in-Progress 2023

	Included within Infrastructure	Included within Buildings	Total
Opening balance	207 760 286	30 528 881	238 289 167
Additions/capital expenditure	133 075 584	11 716 543	144 792 127
Transferred to completed items	(115 472 814)	-	(115 472 814)
	225 363 056	42 245 424	267 608 480

Reconciliation of Work-in-Progress 2022

	Included within Infrastructure	Included within Buildings	Total
Opening balance	264 916 678	20 755 480	285 672 158
Additions/capital expenditure	146 279 092	19 506 888	165 785 980
Transferred to completed items	(203 435 484)	(9 733 487)	(213 168 971)
	207 760 286	30 528 881	238 289 167

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30

	2023	2022
9. Property, plant and equipment (continued)		
Expenditure incurred to repair and maintain property, plant and equipment		
Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance		
Buildings	610 283	93 704
Plant and Equipment	13 220 616	16 524 396
Infrastructure	2 514 081	-
	16 344 980	16 618 100

During the year the municipality discovered that electrification projects of R42 305 994 that were completed on 30 June 2022 were erroneously included on the WIP reconciliation which resulted in a WIP closing balance of R280 559 161 per the reconciliation. The identified misclassification error had no financial impact on the amounts reported on both the property plant and equipment reconciliation and statement of financial position as WIP balances were combined together with balances of assets that are completed and in use. There were also no depreciation and impairment implications due to insignificance of passage of time between completion time to year end. The correct closing balance to have been included on the WIP reconciliation should have been R238 289 167.

Ga Segonyana Local Municipality

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	2023	2022
	R	R

10. Intangible assets

	2023			2022		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	2 148 744	(1 652 439)	496 305	2 101 651	(1 615 995)	485 656

Reconciliation of intangible assets - 2023

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software	485 656	417 864	-	(407 215)	496 305

Reconciliation of intangible assets - 2022

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software	722 012	143 187	(7)	(379 536)	485 656

11. Heritage assets

	2023			2022		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Mayoral chain	5 642	-	5 642	5 642	-	5 642
The Eye	1 650 000	-	1 650 000	1 650 000	-	1 650 000
Total	1 655 642	-	1 655 642	1 655 642	-	1 655 642

Reconciliation of heritage assets 2023

	Opening balance	Total
Mayoral chain	5 642	5 642
The Eye	1 650 000	1 650 000
	1 655 642	1 655 642

Reconciliation of heritage assets 2022

	Opening balance	Total
Mayoral chain	5 642	5 642
The Eye	1 650 000	1 650 000
	1 655 642	1 655 642

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2023	2022
R	R

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30

12. Other financial liabilities

At amortised cost

DBSA Bank loan 6 080 004 8 355 778

The Borrower shall cede to the DBSA, security in the form of a cession over its income stream, covering the installments outstanding, plus interest and collection charges outstanding, at any time during the term of the loan.

The borrower hereby agrees to create and deposit at a recognised commercial bank, an amount equal to two installments over a period of one year of the respective loan period. This amount is to be ceded to the DBSA as security for the loan.

Non-current liabilities

At amortised cost 3 875 149 6 080 009

Current liabilities

At amortised cost 2 204 855 2 275 769

As at 30 June 2023, the Municipality had the following concessionary loans from DBSA:

Contract number	Loan number	Start date	Planned end date	Loan term (Years)	Loan Amount	Nominal Value June 2022	Interest rate per annum
61000632	102568/2	2007/11/19	2027/12/31	20	3 512 071	1 100 962	5,00 %
61000505	102274/2	2006/06/30	2026/02/28	20	12 109 500	3 293 722	8,46 %
61000357	101738/2	2005/03/24	2025/06/30	20	7 183 596	1 420 992	9,34 %
61003307	13891/201	2001/12/20	2021/12/31	20	3 849 273	-	2,10 %
61000038	100234/1	2003/08/07	2023/12/31	20	4 341 243	264 335	11,50 %

Contract number: 102568/2

- Grace period: 1 year

Contract number: 102274/2

- Grace period: 0 years

Contract number: 101738/2

- Grace period: 0 years

Contract number: 13891/201

Grace period: 0 years

Contact number: 100234/1

- Grace period: 0 years

Maturity analysis

At 30 June 2023

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
DBSA Bank loan	2 204 855	2 106 738	1 768 416	-

At 30 June 2022

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
DBSA Bank loan		3 538 225	1 246 006	1 190 422

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30

06/2022

2 275 771

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.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30

13. Finance lease obligation

Minimum lease payments due		
- within one year	-	960 111
	-	960 111
less: future finance charges	-	(145 205)
Present value of minimum lease payments	-	814 906
Present value of minimum lease payments due		
- within one year	-	960 111

It is municipality policy to lease certain equipment under finance leases.
The average lease term was 2-5 years and the average effective borrowing rate was 7% (2022: 7%).

Interest rates are linked to prime at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 9.

14. Payables from exchange transactions

Trade payables	17 848 216	28 558 564
Accruals	5 442 435	7 582 088
Unallocated deposits	2 845 641	1 605 021
Retention monies	16 588 066	18 520 313
Sale of stands - (pending transfer)	5 234 827	5 289 721
Sundry payables	26 347	2 249 426
Debtors with credit balances	7 377 882	7 959 195
Employee costs accrual	3 754 915	1 503 335
Group life Insurance	54 960	3 667 109
Leave pay	12 493 094	12 614 609
Bonus	4 842 153	4 402 814
	76 508 536	93 952 195

15. Consumer deposits

Service accounts	5 129 439	4 903 359
Housing rental	1 271 142	1 010 930
	6 400 581	5 914 289

Consumer deposits represent amounts received in advance and held as surety for service accounts and other services.

Ga Segonyana Local Municipality

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	2023 R	2022 R
16. Employee benefit obligations		
The amounts recognised in the statement of financial position are as follows:		
Carrying value		
Present value of the defined benefit obligation-wholly unfunded	(29 589 518)	(29 945 000)
Present value of the defined benefit obligation-partly or wholly funded	(8 166 427)	(8 394 000)
	(37 755 945)	(38 339 000)
Non-current liabilities	(35 499 513)	(35 435 000)
Current liabilities	(2 256 432)	(2 904 000)
	(37 755 945)	(38 339 000)

The Municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the medical aid fund, with which the municipality is associated, a member is entitled to continued as a member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-employment benefits are provided to these employees.

The most recent actuarial valuation of plan assets and the present value of the defined obligation were carried out at 30 June 2023 by Mr. DT Mureriwa. 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.

Long service award

The members of the long service award are made up as follows:

Eligible employee as at 30 June 2023	380	345
New entries	75	53
Exits	(5)	(18)
	450	380

Movements in the present value of the defined benefit obligations were as follows:

Opening balance	8 447 000	7 176 000
Total annual expenditure	977 378	1 218 000
Actuarial loss/(gains)	(1 204 951)	53 000
	8 219 427	8 447 000

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

Current service cost	921 000	894 000
Interest cost	830 000	654 000
Actuarial (gains) losses	(1 204 951)	53 000
Expected vesting benefits	(773 622)	(383 000)
	(227 573)	1 218 000

Movements in the present value of the defined benefit obligation were as follows:

Assumptions used at the reporting date:

Discount rate	10,47%	11,08 %
Net discount	3,96 %	3,50 %

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30

General earnings inflation rate

6,26 %

7,32 %

Average retirement age

63

62

Ga Segonyana Local Municipality

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	2023	2022
	R	R

16. Employee benefit obligations (continued)

Pre-retirement mortality SA85-90

The basis used to determine the overall expected rate of return on assets is as follows:

A discount rate of 10.47% per annum has been used. This yield was obtained by calculating the duration of the liability and then taking the yield from the yield index-linked yield is 4.47%. These rates do not reflect any adjustment for taxation, and were deduced from the interest rate data obtained from the JSE after the market close on 30 June 2023. The duration of the total liability was estimated to be 9.53 years curve at that duration using an iterative process (because the yield depends on the duration, which in turn depends on the liability). The corresponding liability-weighted index-linked yield is 4.47%. These rates do not reflect any adjustment for taxation, and were deduced from the interest rate data obtained from the JSE after the market close on 30 June 2023. The duration of the total liability was estimated to be 9.53 years.

Sensitivity analysis

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

The history of experienced adjustments is as follows:

	2023	2022	2021	2020	2019
	R	R	R	R	R
Defined benefit obligation	8 166 427	8 447 000	7 176 000	6 031 000	5 550 717
Surplus (deficit)	(8 166 427)	(8 447 000)	(7 176 000)	(6 031 000)	(5 550 717)
Experience adjustments on plan liabilities	56 445	180 000	621 000	55 820	300 806

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

Assumption	Change	Liability	% Change
Central assumptions		8 166 427	
General earnings inflation rate	+1%	8 691 310	6,43%
	-1%	7 692 137	-5,81%
Discount rate	+1%	34 136 458	16,13%
	-1%	25 927 828	13,14%
Average retirement age	+2 yrs	8 737 952	9,74%
	-2 yrs	7 371 205	7%
Withdrawal rates	x2	9 456 453	-50%

Sensitivity Analysis on Current-Service and Interest Costs for year ending 30/06/2023

Assumption	Change	Current service costs	Interest cost	Total	% Change
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Central assumptions		921 000	830 000	1 751 000	
General earnings inflation rate	+1%	903 158	853 372	1 756 530	6,43%
	-1%	2 720 920	4 318 765	7 039 685	-13,14
Discount rate	+1%	1 895 028	3 762 722	5 657 750	-2%
	-1%	2 258 137	4 016 484	6 274 621	2,89%
Average retirement age	-2 yrs	769 965	719 883	1 489 848	9,74%
	+2 yrs	884 777	858 254	1 743 031	-7%

Sensitivity Analysis on Current-Service and Interest Costs for year ending 30/06/2024

Assumption	Change	Current service cost	Interest cost	Total	% Change
Central assumptions		838 846	798 431	1 6327 277	

Ga Segonyana Local Municipality

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				2023 R	2022 R
16. Employee benefit obligations (continued)					
General earnings inflation rate	+1%			1,876,000	7%
	-1%	2 720 920	4 318 765	7 039 685	-13,14
Discount rate	+1%			5 621 750	16.13%
Average retirement age	+2 yrs	884 777	858 254	1 743 031	7%
	-2 yrs	769 965	719 883	1 489 848	-9,74%
Withdrawal rates	x2	838 846	798 431	1 637 277	15,80%
	x0,5	1 013 963	933 462	1 947 425	-50

Post employment medical aid subsidy

The members of the post-employment health care benefit plan are made up as follows:

In-service (employee) members	244	263
In-service (employee) non-members	119	117
Continuation (retiree and widow) members	22	23
	385	403

Movements in the present value of the defined benefit obligations were as follows:

Opening balance	29 945 000	28 407 000
Contributions by plan participants	1 637 970	1 538 000
	31 582 970	29 945 000

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

Current service cost	2 223 000	1 705 000
Interest cost	3 484 000	2 814 000
Actuarial (gains) losses	(4 471 043)	(1 912 000)
Settlement	(1 591 439)	(1 069 000)
	(355 482)	1 538 000

Movements in the present value of the defined benefit obligation were as follows:

Assumptions used at the reporting date:

Discount rates used	10,33 %	11,84 %
Health care cost inflation rate	6,40 %	8,45 %
Net-of health-care-cost-inflation discount rate	3,69 %	3,13 %
Maximum subsidy inflation rate	4,43 %	5,96 %
Medical cost trend rates	5,65 %	5,55 %
Expected increase in salaries	75,00 %	60,00 %
Expected pension increases	75,00 %	75,00 %
Proportion of employees opting for early retirement	15,37 %	15,00 %
Average retirement age	63	62
	-	-

Mortality during employment SA 85-90:

The basis used to determine the overall expected rate of return on assets is as follows

A discount rate of 11.84% per annum has been used. The corresponding index-linked yield at this term is 4.12%. These rates do not reflect any adjustment for taxation. These rates were deduced from the interest rate data obtained from the Johannesburg Stock Exchange after the market close on 30 June 2023.

Ga Segonyana Local Municipality

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	2023	2022
	R	R

16. Employee benefit obligations (continued)

These rates were calculated by using a liability-weighted average of the yields for the three components of the liability. Each component's fixed-interest and index-linked yields were taken from the respective bond yield curves at that component's duration, using an iterative process (because the yields depend on the liability, which in turn depends on the yields).

Health Care Cost Inflation Rate:

This assumption is required to reflect estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs (for example, due to technological advances or changes in utilization patterns). Any assumption regarding future medical scheme contribution increases is therefore subjective.

A health care cost inflation rate of 9.35% has been assumed. This is 1.50% in excess of expected CPI inflation over the expected term of the liability, namely 6.64%. A larger differential would be unsustainable, eventually forcing members to less expensive options. This implies a net discount rate of 3.13% which derives from $((1+13.85%)/(1+5.10%))-1$.

The healthcare cost inflation rate of 9.35% was assumed. It is 1.50% above the expected inflation over the expected term of the liability. The maximum subsidy cap inflation rate came to 6.64% which is 75% of the salary inflation assumption (expected inflation of 7.85%+1.00%). The next contribution increase was assumed to occur with effect from 1 January 2024.

Sensitivity analysis

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

The history of experienced adjustments is as follows:

	2023	2022	2021	2020	2019
	R	R	R	R	R
Defined benefit obligation	29 589 518	29 945 000	28 407 000	23 763 000	27 233 000
Surplus (deficit)	(29 589 518)	(29 945 000)	(28 407 000)	(23 763 000)	(27 233 000)
Experience adjustments on plan liabilities	-	-	28 400	1 188 000	679 000

Sensitivity Analysis on the Accrued Liability (R Millions)

Assumption	Change	Eligible Employees	Continuation Members	Total	% Change
Central assumptions		18.245	11.700	29.945	
Health care inflation rate	+1%	19.663	12.097	31.760	6%
	-1%	16.280	11.200	27.480	-8%
Discount rate	+1%	15.376	10.830	26.206	-12%
	-1%	21.905	12.706	34.611	16%
Post-employment mortality	+1 yr	17.825	11.334	29.159	-3%

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	-1 yr	18.655	12.064	30.719	3%
Average retirement age	-1 yr	20.363	11.700	32.063	7%
Membership continuation	10%	15.945	11700	27.645	-8%

Sensitivity Analysis on Current-Service and Interest Costs for year ending 30/06/2022

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Assumption	Change	Current-service cost	Interest cost	2023	2022
				R	R
Central assumptions		1,705,000	2,814,000	4,519,000	
Health care Inflation rate	+1%	1,875,000	3,012,000	4,896,000	8%
	-1%	1,473,000	2,544,000	4,017,000	-11%
Discount rate	+1%	1,412,000	2,689,000	4,101,000	-9%
	-1%	2,085,000	2,950,000	5,035,000	11%
Post-employment mortality	+1 yr	1,665,000	2,735,000	4,400,000	-3%
	-1 yr	1,745,000	2,891,000	4,636,000	3%
Average retirement age	-1 yr	1,917,000	2,990,000	4,907,000	9%
Membership continuation	-10%	1,494,000	2,604,000	4,098,000	-9%

Sensitivity Analysis on Current-Service and Interest Costs for year ending 30/06/2023

Assumption	Change	Current service cost	Interest Cost	Total	% Change
Central assumptions		2,223,000	3,484,000	5,707,000	
Health care inflation rate	+1%	2,407,000	3,699,000	6,106,000	7%
	-1%	1,964,000	3,193,000	5,175,000	-10%
Discount rate	+1%	1,866,000	3,299,000	5,165,000	-9%
	-1%	2,681,000	3,696,000	6,377,000	12%
Post-employment mortality	+1 yr	2,171,000	3,391,000	5,562,000	-3%
	-1 yr	2,271,000	3,576,000	5,847,000	2%
Average retirement age	+1 yr	2,330,000	3,735,000	6,065,000	6%
Membership contribution	-10%	1,941,000	3,212,000	5,153,000	-10%

17. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Municipal Infrastructure Grant	14 858 167	50 598
Municipal Disaster Relief Grant	131	-
Library Grant	(1)	-
Finance Management Grant	(8)	-
Expanded Public Works Program Grant	8	-
Integrated National Electrification Programme Grant	1 846	2 054 159
RBIG Grant	2	-
Neighbourhood Development Partnership	-	7 594 105
Water Service Infrastructure Grant	(2 941)	7 700 937
	14 857 204	17 399 799

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18. Provisions

Reconciliation of provisions - 2023

	Opening Balance	Change in discount factor	Total
Provision for rehabilitation of landfill sites	27 717 355	(2 221 800)	25 495 555

Reconciliation of provisions - 2022

	Opening Balance	Reversed during the year	Change in discount factor	Total
Provision for rehabilitation of landfill sites	24 173 786	-	3 543 569	27 717 355

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	2023	2022
	R	R

18. Provisions (continued)

The municipality has an obligation to rehabilitate the landfill sites of Ga Segonyana.

The environmental rehabilitation provision represents the estimated costs to rehabilitate and close existing waste landfill sites. The provision is recognised at the present value of the expenditure expected to settle the obligation.

The valuation of the landfill site provision was done by Environmental & Sustainability Solutions CC , a company which specialises in infrastructure maintenance and environmental consultancy services to municipalities and the professional valuator on the project was Seakle Godschalk, with extensive experience and expertise relevant for this type of work.

The future value of the rehabilitation of landfill sites obligation was calculated by inflating the non-current cost to an estimated future cost which is then discounted to present value. Interest rate used is 10.92%.

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

Because of the time value of money, provisions relating to cash outflows that arise soon after the reporting date are more onerous than those where cash outflows of the same amount arise later. Provisions are therefore discounted, where the effect is material settle the obligation.

The discount rate (or rates) shall be a pre-tax rate (or rates) that reflect(s) current market assessments of the time value of money and the risks specific to the liability. The discount rate(s) shall not reflect risks for which future cash flow estimates have been adjusted.

19. Revenue

Sale of stands	3 872 723	1 786 942
Service charges	184 783 447	174 461 354
Rental of facilities	2 872 486	3 272 540
Interest received on outstanding receivables	4 516 791	2 839 606
Licences and permits	3 642 989	3 680 421
Other revenue	13 444 041	12 610 581
Interest investment	5 691 571	5 054 603
Property rates	55 032 123	50 222 676
Interest on outstanding receivable	3 924 469	1 668 827
Government grants & subsidies	387 106 472	402 315 155
Fines, penalties and forfeits	7 555 914	4 898 223
	672 443 026	662 810 928

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

Sale of stands	3 872 723	1 786 942
Service charges	184 783 447	174 461 354
Rental of facilities	2 872 486	3 272 540
Interest on outstanding receivables	4 516 791	2 839 606
Licences and permits	3 642 989	3 680 421
Other revenue	13 444 041	12 610 581
Interest on investments	5 691 571	5 054 603
	218 824 048	203 706 047

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	2023 R	2022 R
19. Revenue (continued)		
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	55 032 123	50 222 676
Interest on outstanding receivables	3 924 469	1 668 827
Transfer revenue		
Government grants & subsidies	387 106 472	402 315 155
Fines, Penalties and Forfeits	7 555 914	4 898 223
	453 618 978	459 104 881
20. Service charges		
Sewer levied	17 935 619	15 004 285
Sale of electricity	127 451 973	126 340 468
Sale of water	28 319 082	23 393 501
Refuse removal	12 827 899	11 106 505
Less: Income forgone	(1 751 126)	(1 383 405)
	184 783 447	174 461 354
21. Rental of facilities		
Premises		
Premises	2 525 983	3 029 429
Facilities and equipment		
Rental of facilities	346 503	243 111
	2 872 486	3 272 540
22. Fines, Penalties and Forfeits		
Disconnection fees	28 135	195 802
Illegal Connections Fines	327 819	142 156
Overdue Books Fines	10 680	-
Pound Fees Fines	9 484	16 653
Traffic fines	7 179 796	4 543 612
	7 555 914	4 898 223
23. Interest on outstanding receivables		
Interest revenue from non exchange transactions	3 924 469	1 668 827
Interest revenue from exchange transactions	4 516 791	2 839 606
	8 441 260	4 508 433

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	2023 R	2022 R
24. Other revenue		
Administration and handling fees	96 681	8 142
Breakages and Losses Recovered	814	582
Collection Charges	145	21 000
Incidental Cash Surpluses	(39 306)	6 157
Skills Development Levy Refund	1 124 171	458 023
Staff Recoveries	1 012 264	382 806
Insurance Claims	8 956	8 973 798
Application Fees for Land Usage	543 747	124 502
Building Plan Approval	1 719 548	766 444
Cemetery and Burial	43 552	69 640
Clearance Certificates	83 654	93 487
Encroachment Fees	684	-
Entrance Fees	97 376	42 226
Legal Fees	982 737	-
Advertisements	96 357	44 447
Bad debts recovered	481 690	144 241
Movement in Employee Benefit obligation	2 365 061	1 451 999
Decrease in Landfill Rehabilitation	4 785 655	-
Inspection fees	8 763	11 615
Photocopies and Faxes	10 784	4 783
Publications:Tender Documents	13 913	-
Valuation Services	6 798	6 770
	13 444 044	12 610 662
25. Investment revenue		
Interest revenue		
Bank	5 691 571	5 054 603
26. Property rates		
Rates levied		
Property rates levied	56 438 676	51 637 446
Less: Income foregone	(1 406 553)	(1 414 770)
	55 032 123	50 222 676
27. Government grants and subsidies realised		
Operating grants		
Equitable share	210 902 000	205 034 872
Library Grant	1 200 000	2 095 032
Finance Management Grant (FMG)	3 100 008	3 100 000
Expanded Public Works Program Grant (EPWP)	1 519 000	1 708 610
	216 721 008	211 938 514
Capital grants		
Municipal Infrastructure Grant (MIG)	60 930 431	66 474 679
EEDMG Electricity Consumption Reduction	4 999 869	-
Neighbourhood Development Partnership Grant	13 485 000	19 751 895
Integrated National Electrification Programme (INEP)	33 302 313	53 945 841
Water Services Infrastructure Grant (WSIG)	44 456 983	32 607 458
Public Contributions	13 210 868	17 596 768
	170 385 464	190 376 641
	387 106 472	402 315 155

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	2023	2022
	R	R

27. Government grants and subsidies realised (continued) Equitable

Share

In terms of section 227 of the Constitution, this grant is used to enable the municipality to provide basic services and perform functions allocated to it. The Equitable Share Grant also provides funding to the municipality to deliver free basic services to poor households and to subsidise costs of administration and other core services of the municipality. The grant is realised in full upon receipt.

Municipal Infrastructure Grant

Balance unspent at beginning of year	50 598	10 397 696
Grant withheld	-	(139 419)
Current-year receipts	75 738 000	56 267 000
Conditions met - transferred to revenue	(60 930 431)	(66 474 679)
	14 858 167	50 598

Conditions still to be met - remains a liability and included under Unspent Conditional Grants.

The grant is mainly used to fund infrastructure related projects (mainly as part of the service delivery). Capitalised projects funded by this grant are included in property, plant and equipment whilst the unspent portion of the grant is included in current liabilities.

EEDMG ELECTRICITY CONSUMPTION REDUCTION

Current-year receipts	5 000 000	-
Conditions met - transferred to revenue	(4 999 869)	-
	131	-

The purpose of the grant is to assist municipalities to perform their functions and stabilise institutional and governance systems as required in the Municipal Systems Act and related legislation. No allocation was given to the municipality in the current year.

Library Grant

Current-year receipts	1 200 000	2 095 031
Conditions met - transferred to revenue	(1 200 000)	(2 095 031)
	-	-

The purpose is to fund capital projects and maintenance of library facilities the community.

Finance Management Grant (FMG)

Balance unspent at beginning of year	-	703 812
Current-year receipts	3 100 000	3 100 000
Conditions met - transferred to revenue	(3 100 008)	(3 100 000)
Other	-	(703 812)
	(8)	-

The purpose of the grant is to promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act.

Ga Segonyana Local Municipality

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	2023 R	2022 R
27. Government grants and subsidies realised (continued)		
Expanded Public Works Program (EPWP)		
Balance unspent at beginning of year	-	287 618
Current-year receipts	1 519 000	1 421 000
Conditions met - transferred to revenue	(1 519 000)	(1 708 618)
	<u>-</u>	<u>-</u>

The purpose of the grant is to incentives municipalities to expand work creation efforts through the use of labour intensive delivery methods in the identified focus areas, in compliance with EPWP guidelines.

Integrated National Electrification Programme

Balance unspent at beginning of year	2 054 159	190 769
Prior year unspent grant withheld	-	(190 769)
Current-year receipts	31 250 000	56 000 000
Conditions met - transferred to revenue	(33 302 313)	(53 945 841)
	<u>1 846</u>	<u>2 054 159</u>

The purpose of this grant is to provide capital subsidies to municipalities to address the electrification backlog of all existing and planned residential dwellings (including informal settlements, farm dwellers, new and existing dwellings) and the installation of relevant bulk infrastructure.

Covid-19 Additional Equitable Share

Balance unspent at beginning of year	-	20 015 869
Transferred to equitable share	-	(20 015 869)
	<u>-</u>	<u>-</u>

Neighbourhood Development Partnership Grant

Balance unspent at beginning of year	7 594 106	-
Current-year receipts	13 485 000	27 346 000
Conditions met - transferred to revenue	(13 485 000)	(19 751 894)
Prior year unspent grant grant withheld	(7 594 106)	-
	<u>-</u>	<u>7 594 106</u>

The purpose of the grant is to plan, catalyse, and invest in targeted locations in order to attract and sustain third party capital investments aimed at spatial transformation, that will improve the quality of life, and access to opportunities for residents in South Africa's targeted locations, under-served neighbourhoods, townships and rural towns.

Water Services Infrastructure Grant (WSIG)

Balance unspent at beginning of year	7 700 939	-
Current-year receipts	36 958 000	40 308 397
Conditions met - transferred to revenue	(44 456 983)	(32 607 458)
Roll over adjustment	(204 897)	-
	<u>(2 941)</u>	<u>7 700 939</u>

The purpose of the grant is to facilitate the planning, acceleration and implementation of various projects that will ensure availability of water to the community.

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	2023 R	2022 R
28. Employee related costs		
Basic	117 291 627	106 880 915
Bonus - 13th Cheque	8 917 387	7 833 993
Medical aid - company contributions	9 183 388	7 784 666
UIF	900 351	825 844
SDL	1 629 713	-
Pension fund company contributions	18 385 675	-
Leave pay	333 556	3 338 313
Employee benefit obligations	3 144 000	4 415 843
Defined contribution plans	-	16 327 129
Travel, motor car, accommodation, subsistence and other allowances	4 894 178	4 601 025
Overtime payments	6 777 591	6 737 026
Long-service awards	773 622	241 399
Night shift allowance	586 850	-
Acting Allowance	2 400 829	3 836 853
Transport allowance	482 440	458 440
Housing benefits and allowances	4 663 232	4 266 199
Bonus Provision	931 044	897 238
Industrial Council Contributions	49 908	45 536
Standby Allowance	1 301 888	1 329 712
Telephone Allowance	633 082	608 252
Group Insurance	3 668 350	2 621 162
Leave Provision current year movement	(121 515)	-
	186 827 196	173 049 545

Remuneration of Municipal Manager: M Tsatsimpe

Annual Remuneration	2 089 372	1 345 494
Car Allowance	181 146	181 146
Performance Bonuses	156 313	166 688
Contributions to UIF, Medical and Pension Funds	23 163	2 125
Covid 19 Allowance	2 500	6 000
Cellphone Allowance	42 980	43 176
Other	130	97 086
	2 495 604	1 835 386

Remuneration of Chief Financial Officer : Kagiso Noke

Annual Remuneration	1 283 098	961 010
Travel Allowance	195 032	178 779
Performance Bonuses	127 693	136 130
Contributions to UIF	2 125	2 125
Cellphone Allowance	30 630	79 793
Other Contributions	16 129	79 906
Covid-19 Allowance	2 500	6 000
	-	79 589
	1 657 207	1 523 332

Remuneration of Acting Chief Financial Officer - T Jarvis

Acting Allowance	104 115	37 100
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Acting period 22 March 2023-15 May 2023

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	2023 R	2022 R
28. Employee related costs (continued)		
Remuneration of Acting Chief Financial Officer :N. Keswa		
Acting Allowance	113 642	115 984
Acting period : 13 February 2023 - 13 March 2023		
Remuneration of the Acting CFO: Pelele Desiree-21 Dec 2022 - 10 Jan 2023		
Acting Allowance	53 603	-
	-	-
	53 603	-
Remuneration of the Director: Corporate Support Services - R Pule		
Annual Remuneration	1 083 208	954 453
Travel Allowance	154 200	154 200
Acting Allowance	31 363	-
Performance bonus	114 073	60 501
Cellphone allowance	30 840	30 840
Contributions to UIF	2 125	2 125
Covid-19 Allowance	2 500	6 000
Other contributions	13 983	70 650
	1 432 292	1 278 769
Remuneration of the Director: Corporate Support Services - Ms. MM Gaselebelwe		
Acting Allowance	-	29 383
Remuneration of the Director: Community Services - F.K Baloyi		
Annual Remuneration	801 219	681 770
Acting Allowance	120 924	-
Cellphone allowance	30 840	30 840
Contributions to UIF	2 125	2 125
Covid-19 Allowance	2 500	6 000
Other Contributions	13 027	68 313
Travel allowance	292 240	292 240
Performance bonus	100 470	43 240
	1 363 345	1 124 528
Remuneration of Acting Director: Community Services - C.L. Scholtz		
Annual Remuneration	-	31 503
C.L. Scholtz Acting period: 05 April 2022 - 19 April 2022.		
Remuneration of Acting Director: Community Services - Mr. MA Keetile		
Acting Allowance	31 157	31 503
Mr M Keetile Acting period: 06 March 2023 - 17 March 2023.		

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	2023 R	2022 R
28. Employee related costs (continued)		
Remuneration of the Director: Technical Services - H Smit		
Annual Remuneration	-	82 445
Car Allowance	-	12 000
Performance Bonuses	140 495	124 269
Contributions to UIF	177	354
Cellphone Allowance	-	2 500
Other Contributions	1 405	6 622
Leave pay out on termination	-	40 806
	142 077	268 996
Remuneration of Acting Director Technical Services: Mr.V Seane		
Acting Allowance	63 285	316 425
Acting period: 03 May 2023 - 30 June 2023		
Remuneration of Acting Director Technical Services: Mr BM Kgosieng		
Acting Allowance	475 577	379 674
Annual Remuneration	264 878	-
Travel Allowance	36 000	-
Cellphone allowance	7 500	-
Contributions to UIF	531	-
Other Contributions	2 622	-
	787 108	379 674
Remuneration of Acting Director Corporate Services: Molale M (31 May 2023-15 June 2023)		
Acting Allowance	38 933	-
29. Remuneration of councillors		
Mayor	1 040 096	909 279
Chief Whip	435 412	-
Councillors	10 876 568	9 290 783
Speaker	833 864	272 264
	13 185 940	10 472 326
In-kind benefits		

The Mayor and Speaker are both full-time councillors of the municipality. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor and Speaker each have the use of separate Council owned vehicles and are provided with a driver for official duties.

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	2023 R	2022 R
30. Depreciation, amortisation and impairment loss/(reversal)		
Buildings	5 759 247	5 093 126
Plant and machinery	363 416	290 955
Furniture and fixtures	778 398	691 129
Motor vehicles	1 189 416	1 057 413
Office equipment	994 060	1 106 032
Infrastructure	81 384 719	46 847 099
Intangible assets	407 215	379 536
	90 876 471	55 465 290

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

31. Finance costs

Employee benefit obligations	4 314 000	659 132
Interest on provision for rehabilitation of land	2 563 855	2 181 612
Non-current borrowings	650 386	844 135
Trade and other payables	18 644	21 602
Finance leases	145 205	2 808 868
	7 692 090	6 515 349

32. Debt impairment - Gain/(loss)

Contributions to debt impairment	18 773 629	7 703 540
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Contribution to debt impairment relates to receivables where financial difficulties of the debtor and default or delinquency in payments or all long debt outstanding are considered indicators to determine that debtors are provided for impairment. When an under recovery occurs during the financial year an additional contribution for impairment is made at year end.

33. Debtors write-off

Other debtors written-off	15 197 913	4 017 292
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34. Bulk purchases

Electricity	124 534 746	120 721 658
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The municipality appointed Sedibeng to produce water, supply and distribution to the communities in various wards in the municipality. The expenditure related to this contract operations is included under contracted services under note 35.

35. Contracted services

Consulting and professional services	71 045 863	49 016 847
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Annual Financial Statements for the year ended 30
Contractors - Bloem water

26 313 437	26 332 809
97 359 300	75 349 656

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	2023 R	2022 R
36. General expenses		
Advertising	296 912	176 787
Auditors remuneration	6 590 917	5 852 168
Bank charges	987 048	970 394
Cleaning	13 687 627	28 787
Computer expenses	4 562 316	4 217 559
Consumables	24 824 867	12 438 263
Entertainment	1 216 667	605 672
Operating leases	15 051 994	12 380 158
Hire	587 973	251 983
Insurance	13 154 228	10 742 497
Remuneration to Ward Committees	1 664 000	893 000
Indigent Relief	1 854 531	1 506 716
Skills development	-	1 459 009
Workmen's compensation	4 290 475	-
Fuel and oil	8 094 236	5 128 959
Postage and courier	533 181	550 974
Printing and stationery	881 333	671 043
Protective clothing	333 619	1 190 773
Repairs and maintenance	7 064 677	16 618 099
Subscriptions, Licencing and membership fees	2 056 598	2 000 749
Telephone and fax	120 468	53 879
Staff Training	1 125 391	159 530
Travelling & Subsistence	3 853 435	2 458 754
Electricity	6 256 956	1 529 921
Traffic Services	400 771	169 324
Payments to EPWP	2 710 847	-
Sundry expenses	205 083	7 540 156
	122 406 150	89 595 154
37. Cash generated from operations		
(Deficit) surplus	(3 077 516)	117 753 004
Adjustments for:		
Depreciation and amortisation	90 876 471	55 465 290
Loss/(Gain) on disposal of assets	2 574 551	4 915 395
Fair value adjustments	(14 450)	-
Dbt impairment	18 773 629	7 703 540
Interest income	(14 132 831)	-
Debt impairment Vat portion	-	528 742
Donations non cash	(13 210 868)	(14 074 885)
Actuarial Gains/loss	(5 675 994)	(1 859 000)
Bad debts written off	15 197 913	4 017 292
Movements in retirement benefit assets and liabilities	64 513	4 615 000
Movements in provisions	(2 221 800)	3 543 569
Cost of land sold	1 783 000	-
Other non-cash item-Other revenue	(7 150 716)	-
Opening balance adjustment	(24 909 359)	-
Changes in working capital:		
Inventories	17 153 470	4 360 311
Receivables from exchange transactions	3 911 583	(13 276 158)
Consumer deposits	486 292	604 034
Receivables from non-exchange transactions	789 006	(10 351 697)
Payables from exchange transactions	(17 443 662)	21 171 066
VAT	7 684 241	(8 313 532)
Unspent conditional grants and receipts	(2 542 595)	(14 195 965)
	68 914 878	162 606 006

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	2023 R	2022 R
38. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	14 372 601	86 667 352
Total capital commitments		
Already contracted for but not provided for	14 372 601	86 667 352
Total commitments		
Total commitments		
Authorised capital expenditure	14 372 601	86 667 352

This committed expenditure relates to plant, property and equipment and will be financed by unspent grants (WSIG), (INEP) and (MIG) rolled over as per conditions of Division Revenue Act.

39. Contingent Liabilities

The municipality had the litigation cases that resulted in the following contingent liabilities as at year end:

Claim A - against the Municipality in the amount of R49770.70 for outstanding invoices	700 000	-
Claim B – against the Municipality in the amount of R659846.92 for damages suffered		
Motor vehicle accident due to a pothole	70 000	70 000
Claim against the municipality for outstanding invoices for the period March 2021 and invoice on maintenance dated 30 April 2021 by Afrirent (Pty) Ltd.	-	1 259 890
SAMRO- Payment of Licences Fees	200 000	-
AFRIRENT-CLAIM OF PAYMENT NOT DONE	578 676	-
IMATU obo CHERE- Unfair Labour Practice	83 177	-
	1 631 853	1 329 890

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Notes to the annual financial statements

40. Related parties

Relationships

Accounting office with significant influence	Refer to note 28
Members of key management with significant influence	Refer to note 28
Councillors with significant influence and control	Refer to General Information and
Councillors 29 Key Management and Council Interest in other companies	
Director Community Services: FK Baloyi	La Coup Trading Enterprises Mpho Ya Basadi Suppliers and Projects Palesa tsa Cuba Lodge and Guest House Bomme Tshenolo Projects and Suppliers Kgalagadi Women in Mining production Drilling and Projects BFMS Mining and Drilling Solutions She Sanitation solutions Tsantsabane youth Maths and Science Academy Paxtrlo Logistics and mining construction projects Babommope
Acting CFO: N Keswa (13/02/2023-17/03/2023)	Reatlegile Construction and Projects Ko re tswang teng Foundation Amazingly organic skincare Nišaidie Financial Services Micent Engineering Resources and Solutions
Acting Director Technical Services: V Seane (03 May 2023- 30 June2023)	Diane Dikopane Solutions New Stragey Consulting
Acting Director Technical Services: BM Kgosieng (01 August 2022- 31March 2023)	Reba Electrical
Chief Financial Officer: K Noke Municipal Manager: MM Tsatsimpe Councillor: K B Madikiza	KAYAN Projects- Director Boka Resources Kuru Cross Resources Neo Batlharos Sound Hire- Director Tlotlanang Catering Director Bomme-Sejo Services and Cooperative Limited- Director By Fire Business Enterprise Obitseng Trading
Councillor: O.D Mathibe Councillor: A Van Der Westhuisen Councillor: C.O Mojaki	Nomisa Enterprise Director Director- Acsb Reaction and PI Services Director- Renyaditswe Mining and Multi Projects Director- MBR Mining Transport and Projects Director- V Charles Director- Wrenchville United Youth Club Merementsi General Trading and Projects Peo E Weste Primary Co-operative Limited
Councillor: C Philips	
Councillor: T Merementsi Councillor: S.I Kok	
Remuneration of members of key management	Refer to note 28

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Remuneration of councillor members

Refer to note 29

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Notes to the annual financial statements

	2023 R	2022 R
40. Related parties (continued)		
Related party transactions		
Salaries paid to related parties of councillors		
R.M Meyers (Wife to councillor T.E Meyers)	-	167 027
G. Nels (Son to Councillor K. Nels)	-	196 140
O. Nels (Son to Councillor K. Nels)	-	183 460
G. Sibi (Daughter to Councillor N.G Thupameng)	-	128 460
K.V Makoke (Brother to Councillor L.N Makoke)	-	162 985
D Baepi (Brother to Councillor L.C Moseki)	-	142 745
K.M Modise (Daughter to Councillor B.E Modise)	-	110 098
S.P Disipi (Wife to N.G Disipi)	-	105 706
Related party transactions		
Councillor. N.G Ngesi Mabenaki Projects JR Projects	-	1 315 217
Related party transactions key management and Councilors		

The municipality has the following current employee benefit obligations and made other non-employee cost related cost payments towards senior management of 30 June 2023

Leave and bonus balances due to key management and family members on year end

Key management	Leave	Bonus	Travel and Subsistence	Total
M Tsatsimpe	-	156 313	181 146	337 459
K Noke	22 439	127 693	195 032	345 164
T Jarvis	51 615	-	-	51 615
N Keswa	63 992	-	-	63 992
R Pule	145 639	114 073	154 200	413 912
FK Baloyi	138 710	100 470	292 240	531 420
M Molale	72 808	-	-	72 808
MA Keetile	45 204	-	-	45 204
H Smit	-	140 695	-	140 695
V Seane	105 152	-	-	105 152
BM Kgosieng	16 540	-	36 000	52 540
D Pelele	84 495	-	-	84 495
	746 594	639 244	858 618	2 244 456

The municipality has the following current employee benefit obligations and made other non-employee cost related cost payments towards senior management of 30 June 2022.

Leave and bonus balances due to key management and family members on year end

Key management	Leave	Bonus	Travel and Subsistence	Total
M Tsatsimpe	258 346	-	181 146	439 492
K Noke	8 387	-	178 779	187 166
T Jarvis	107 954	25 326	-	133 280
N Keswa	77 452	18 575	-	96 027
R Pule	129 811	-	154 200	284 011
MM Gaselebelwe	83 164	19 797	-	102 961
FK Baloyi	119 997	-	292 240	412 237
CL Scholtz	70 445	16 894	-	87 339
MA Keetile	73 864	17 714	-	91 578

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H Smit	-	-	12 000	12 000
V Seane	98 184	23 546	-	121 730
BM Kgosieng	107 954	25 698	-	133 652

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40. Related parties (continued)

G Monchwe	83 164	8 660	-	91 824
	1 218 722	156 210	818 365	2 193 297

Outstanding balances as at year end 30 June 2023

Councillors and Directors	Rates	Service charges	Other	Interest	Total
AWP Van Der Westhuizer	-	18 537	-	-	18 537
Pule RC	-	4 508	-	-	4 508
Tsatsimpe MM	-	6 843	-	-	6 843
	-	29 888	-	-	29 888

Outstanding balances as at year end 30 June 2022

Councillors	Rates	Service Charges	Other	Interest	Total
AWP Van Der Westhuizen	-	3 967	-	-	3 967

Mayor	Rates	Service Charges	Other	Interest	Total
N Masegela	-	16 116	-	503	16 619

41. Risk management

Financial risk management

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.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

At 30 June 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Consumer deposits	6 442 514	-	-	-
Employee benefit obligation	2 904 000	35 435 000	-	-
Unspent conditional grants and receipts	17 157 202	-	-	-
	-	-	-	-

At 30 June 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Consumer deposits	5 914 289	-	-	-
Employee benefit obligation	2 904 000	35 435 000	-	-
Trade and other payables	65 973 706	-	-	-
Finance lease obligation	744 098	427 942	-	-
Other financial liabilities	2 275 769	6 080 009	-	-
Unspent conditional grants and receipts	31 595 764	-	-	-

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41. Risk management (continued)

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, and accounts receivable. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to these customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the group of customers, taking into account their financial position, past experience and other factors.

Credit risk arises from 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 municipality end were as follows:

Financial instrument	30 June 2023	30 June 2022
Receivables from exchange transactions	30 286 772	43 140 739
Receivables from non-exchange transactions	29 114 694	29 994 036
Cash and cash equivalents	38 210 006	95 153 067

Market risk

Interest rate risk

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk.

The municipality analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the municipality calculates the impact on surplus and deficit of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies.

42. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that the municipality will continue to receive grants from National and Provincial Governments as well as continue to levy rates and charge for services provided to consumers. The proceeds are presumed to be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The following indicators have a negative outlook on the going concern of the municipality:

- Material electricity losses to the amount of R22 387 530.06 (2022: R18 502 841) was incurred which represents 19.09% (2022: 16.55%) of total bulk electricity purchased.
 - Material water losses to the amount of R3 587 000 (2022: 4 022 217) was incurred which represents 24.47% (2022: 32%) of water purchased.
 - Material impairment of R46 882 697 (2022: R49 781 617) as a result of a debt impairment of receivables from exchange transactions, due to non-collection of outstanding balances owned to the municipality due to mothibstad debt that amount to atleast 80% of
-

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municipal debtors. The municipality is unable to collect this debt through its credit control policy due to electricity being directly supplied by Eskom. We are therefore not able to implement electricity disconnections to enforce payment. Also the municipality has a valuation roll that it provides as basis for it to levy rates and taxes..

- -Material impairment of R17 273 532 (2022: R19 356 082) as a result of a debt impairment of receivables from non- exchange transactions, due to non-collection of outstanding balances owned to the municipality.

Despite the above negative indicators, the municipality is a going concern because of the following:

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42. Going concern (continued)

It is a state entity set up by the Constitution of the Republic of South Africa to provide basic services to the community and is also funded by the state for that purpose. Failure to provide these services will prompt National Government intervention to ensure it stays functional and able to deliver basic services and consequently compliance with the Constitution.

	2022/23	2023/24	2024/25
Finance Management Grant (FMG)	3 100 000	3 100 000	3 100 000
Expanded Public Works Program (EPWP)	1 519 000	-	-
Municipal Infrastructure Grant (MIG)	60 738 000	63 407 000	66 247 000
Integrated National Electrification Grant	25 250 000	16 354 000	17 088 000
Water Services infrastructure (WSIG)	30 000 000	42 250 000	44 111 000
Equitable Share	210 902 000	229 604 000	250 224 000
Energy Efficiency and Demand-Slide Management Grant (EEDMG)	5 000 000	-	5 000 000
	336 509 000	354 715 000	385 770 000

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43. Unauthorised expenditure

Opening Unauthorised expenditure	21 760 217	67 810 223
Current year	48 939 000	33 915 000
Written-off	(34 971 085)	(79 965 006)
	35 728 132	21 760 217

The current year unauthorised expenditure of R48 939 000 also includes R13 210 868 which is funding received from the mines for multiples projects which has been subsequently been written by council..

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43. Unauthorised expenditure (continued)

Reconciliation of operating and capital expenditure versus actual

Operating expenditure budget

Vote Description	Adjusted Budget	Actual spent GL amount by vote	Variance	Budget vs actual Unauthorised
Expenditure by Vote				
Vote 1 - EXECUTIVE & COUNCIL	22 670 000,00	22 646 000,00	(24 000,00)	-
Vote 2 - FINANCE AND ADMINISTRATION	184 045 000,00	188 393 000,00	4 348 000,00	4 348 000,00
Vote 3 - COMMUNITY AND SOCIAL SERVICES	14 503 827,00	14 096 448,24	(407 378,76)	-
Vote 4 - SPORTS & RECREATION	12 448 052,00	12 116 507,21	(331 544,79)	-
Vote 5 - PUBLIC SAFETY	25 012 300,00	31 478 000,00	6 465 000,00	6 465 000,00
Vote 6 - PLANNING AND DEVELOPMENT	37 665 776,00	39 346 000,00	1 680 000,00	1 680 000,00
Vote 7 - ROAD TRANSPORT	40 243 902,00	44 328 000,00	4 085 000,00	4 085 000,00
Vote 8 - ENVIRONMENTAL PROTECTION	212 767,00	205 366,16	(7 400,84)	-
Vote 9 - ENERGY SOURCES	154 202 796,00	165 653 000,00	11 450 000,00	11 450 000,00
Vote 10 - WATER MANAGEMENT	52 005 023,00	68 563 000,00	16 558 000,00	16 558 000,00
Vote 11 - WASTE WATER MANAGEMENT	29 418 685,00	33 772 000,00	4 353 000,00	4 353 000,00
Vote 12 - WASTE MANAGEMENT	22 629 106,00	18 253 000,00	(4 376 000,00)	-
Vote 13 - OTHER	210 000,00	165 800,00	(44 200,00)	-
Total Expenditure by Vote	595 267 697,00	639 016 121,61	43 748 475,61	48 939 000,00

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43. Unauthorised expenditure (continued)

Capital expenditure budget

Vote Description	Adjusted Budget	Actual spent GL amount by vote	Variance	Budget vs actual Unauthorised
Single-year expenditure to be adjusted				
Vote 1 - EXECUTIVE & COUNCIL	1 800 000,00	1 520 562,00	(279 438,00)	-
Vote 2 - FINANCE AND ADMINISTRATION	4 594 000,00	3 978 428,00	(615 572,00)	-
Vote 3 - COMMUNITY AND SOCIAL SERVICES	-	-	-	-
Vote 4 - SPORTS & RECREATION	20 759 000,00	6 566 552,00	(14 192 448,00)	-
Vote 5 - PUBLIC SAFETY	11 584 000,00	6 461 537,00	(5 122 463,00)	-
Vote 6 - PLANNING AND DEVELOPMENT	12 050 000,00	6 461 537,00	(5 588 463,00)	-
Vote 7 - ROAD TRANSPORT	20 785 000,00	18 893 113,00	(1 891 887,00)	-
Vote 8 - ENVIRONMENTAL PROTECTION	-	-	-	-
Vote 9 - ENERGY SOURCES	61 753 000,00	61 928 301,00	175 301,00	175 301,00
Vote 10 - WATER MANAGEMENT	55 801 000,00	60 149 240,00	4 348 240,00	4 348 240,00
Vote 11 - WASTE WATER MANAGEMENT	-	-	5 044 949,16	5 044 949,16
Vote 12 - WASTE MANAGEMENT	-	-	-	-
Capital single-year expenditure sub-total	189 126 000,00	165 959 270,00	(18 121 780,84)	9 568 490,16
 Total Unauthorised				 8 507 490,16

44. Fruitless and wasteful expenditure

Add: Expenditure identified-current year	17 225	181 140
Less: Amount written off	(17 225)	(181 140)
	<u>-</u>	<u>-</u>

The fruitless and wasteful expenditure relates to interest charged on overdue accounts. The Fruitless and wasteful expenditure in the Note are exclusive of Vat

Details of possible fruitless and wasteful expenditures under assessment (not included in the main note)

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45. Irregular expenditure

Opening balance	160 273 346	19 643 822
Add: Irregular Expenditure - current year	51 249 909	138 409 286
Add: Irregular Expenditure-current year identified during the audit	240 061	28 493 350
Less: Amount written off	(51 249 909)	(26 273 112)
Prior year adjustment	(65 201 236)	-
Less: Write-Off of prior year	(95 072 110)	-
	240 061	160 273 346

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	2023 R	2022 R
45. Irregular expenditure (continued)		
Analysis of irregular expenditure - Current year		
Bid adjudication Committee not compliant with regulation	1 694 480	3 731 425
SCM Regulation 32 Appointment	6 072 268	2 739 358
Appointment of Panels	43 483 161	130 238 627
SCM Regulation 13 Appointment	-	1 541 369
Unit rates	-	158 507
	51 249 909	138 409 286

Steps taken with regards to Irregular expenditure

There is an amount of irregular expenditure that is not included in the main note above that was identified during the audit of which the municipality could not quantify. At the time of reporting it was not clear if these may be regarded as irregular expenditure. Management has requested guidelines from National and Provincial Treasury, however at the time of reporting no feedback was received by the municipality. A formal dispute was logged with National Treasury for interpretation and clarity.

Further instances of Irregular Expenditure that might have resulted from non-compliance with SCM processes are under investigation to determine the full extent of the amount

The irregular expenditure figures in the note are inclusive of VAT

46. Additional disclosure in terms of Municipal Finance Management Act Bulk

Electricity and water Losses in terms of section 125 (2)(d)(i) of the MFMA

30 June 2023			
Unaccounted electricity losses	Lost units 13 819 463	Tariff 1,62	Value 22 387 530,06
30 June 2022			
Unaccounted electricity losses	Lost units 19 476 675	Tariff 0,95	Value 18 502 841
Volume in KWH/year			
System Input Volume		30 June 2023	30 June 2022
Billed Consumption		72 370 827	83 765 128
Distribution Loss		58 551 364	68 288 453
Percentage Distribution Loss (%)		13 819 463	19 476 675
		19,09%	23%
30 June 2023			
Unaccounted for water losses	Lost units 850 032	Tarriff 4,22	Value 3 587 000
30 June 2022			
Unaccounted for water losses	Lost units 953 132	Tarriff 4,22	Value 4 022 217
Volume in KI/year			
System Input Volume		30 June 2023	30 June 2022
Billed Consumption		3 782 327	2 958 931
Distribution Loss		2 932 295	2 005 799
% Distribution loss		850 032	953 132
		22,47%	32,00%

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Included in both water and electricity losses is the municipal own consumption at various municipal facilities.

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	2023 R	2022 R
46. Additional disclosure in terms of Municipal Finance Management Act (continued)		
SDL		
Opening balance	(199 986)	(199 986)
Current year subscription / fee	1 629 713	1 459 013
Amount paid - current year	(1 629 713)	(1 459 013)
	(199 986)	(199 986)
PAYE and UIF		
Current year subscription / fee	28 960 230	25 759 697
Amount paid - current year	(28 960 230)	(25 759 697)
	-	-
Pension and Medical Aid Deductions		
Current year subscription / fee	27 569 063	24 111 805
Amount paid - current year	(27 569 063)	(24 111 805)
	-	-
Councillors' arrear consumer accounts		
The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2023:		
Key management and Councillors receive and pay for services on the same terms and conditions as other rate payers and residents.		
47. Auditors' remuneration		
External Audit	6 590 917	5 852 168

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48. Financial instruments disclosure

Categories of financial instruments

2023

Financial assets

	At fair value	At amortised cost	At cost	Total
Trade and other receivables from exchange transactions	-	30 286 772	-	30 286 772
Other receivables from non-exchange transactions	-	12 848 296	-	12 848 296
Cash and cash equivalents	-	-	38 210 006	38 210 006
	-	43 135 068	38 210 006	81 345 074

Financial liabilities

	At fair value	At amortised cost	At cost	Total
Other financial liabilities	-	6 080 004	-	6 080 004
Trade and other payables from exchange transactions	-	76 508 536	-	76 508 536
Consumer deposits	-	6 400 581	-	6 400 581
	-	88 989 121	-	88 989 121

2022

Financial assets

	At fair value	At amortised cost	At cost	Total
Trade and other receivables from exchange transactions	-	43 140 739	-	43 140 739
Other receivables from non-exchange transactions	-	16 623 461	-	16 623 461
Cash and cash equivalents	-	-	95 153 067	95 153 067
VAT	-	-	16 417 530	16 417 530
	-	59 764 200	111 570 597	171 334 797

Financial liabilities

	At fair value	At amortised cost	At cost	Total
Other financial liabilities	-	8 355 778	-	8 355 778
Trade and other payables from exchange transactions	-	76 934 774	-	76 934 774
Finance Lease Liability	-	1 172 040	-	1 172 040
Consumer deposits	-	5 914 289	-	5 914 289
	-	92 376 881	-	92 376 881

Credit quality of other assets that are neither past due nor impaired

The municipality evaluates the credit risk of all its customers on an on-going basis taking into account the financial position, past payment history and also considers the municipality's internal control systems on debt collection and credit risk management.

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49. Deviations

Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Accounting Officer and noted by Council. The expenses incurred as listed hereunder have been approved by the Accounting Officer and have noted by Council. Furthermore, management did not note any material non-compliance with the Municipal Finance Management Act.

Reason	Month	Supplier	Amount	Description
Strip and Quote- Sole ProviderCar service and maintenance can only be done by Power Star or an agent authorised by Power Star. Power Star is the manufacturer of the truck. Almighty is authorised dealer or Power Star.No three quotations can be obtained as the dealer has to diagnose the services to be carried out first, thereafter act on the diagnosis report.	09 September 2022	ALMIGHTY	8 073	Car Service and Maintenance
Strip and Quote:The compactor truck was taken in for fault diagnosis at the dealer. The supplier has to strip the vehicle to locate fault, thereafter fix the fault. It is on this basis that no three quotations can be sourced from different suppliers,	09 September 2022	EQUIPMENT	53 602	Vehicle Service and Maintenance
Impractical It is impractical to follow SCM processes as the Service Provider was appointed by National Department of Public Safety	28 September 2022	Prodiba	40 290	License Disc
Emergency	17 August 2022	AMCOMMS	57 164	Newspaper Advertisement - Publication
Impractical It is impractical to follow SCM processes as the Service Provider was appointed by National Department of Public Safety	23 August 2022	Prodiba	27 496	License Disc
Sole Provider.	29 July 2022	AAS OPERATIONS	16 067	Chlorine Gas Cylinders Rentals
Strip & Quote:The service provider had to strip the aircons and diagnose the faults on the aircons. Thereafter the service provider had to fix the problem. It is therefore impractical to	obtain three or more quotations. Strip & QuoteWater tanker had to be taken to the			authorised agent to fix the mechanical problem. The agent had to strip and quote

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the fault.	27 October 2022	LP	33 350	Service and Maintenance
Strip & Quote: The stir lift was malfunctioning and needed to be striped to locate the fault. The service provider was requested to diagnose the problem, thereafter fix the problem.	20 October 2022	Almighty Equipment	16 718	Mechanical Services and Maintenance
	20 October 2022	Omogolo Consulting Cc	60 400	Service and Maintenance
It is impractical to follow SCM processes as the Service Provider was appointed by National Department of Public Safety	20 October 2022	Prodiba	31 363	License Disc
Strip and Quote: The compactor truck was taken in for fault diagnosis at the dealer. The supplier has to strip the vehicle to locate fault, thereafter fix the fault. It is on this basis that no three quotations can be sourced from different suppliers	03 November 2022	MOTUS GROUP	6 012	Vehicle Service and Maintenance
Strip & Quote: The cherry picker was built by Palfinger, so as the manufacturer of the tanker, the truck was sent to him to diagnose, the fault.	03 November 2022	Palfinger	113 846	Mechanical Service
It is impractical to follow SCM processes as the Service Provider was appointed by National Department of Public Safety.	24 November 2022	Prodiba	35 945	License Disc
Strip & Quote: Water tanker had to be taken to the authorised agent to fix the mechanical problem. The agent had to strip and quote the fault	20 December 2022	Almighty Equipment	6 683	Mechanical Services and Maintenance

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49. Deviations (continued)

Strip & Quote: The service provider had to strip the aircons and diagnose the faults on the aircons. Thereafter the service provider had to fix the problem. It is therefore impractical to obtain three or more quotations.	20 December 2022 LP Refregirati on and Projects	37 375 Service and Maintenance
It is impractical to follow SCM processes as the Service Provider was appointed by National Department of Public Safety.	21 December 2022 Prodiba	31 521 License Disc
It is impractical to follow SCM processes as the Service Provider was appointed by National Department of Public Safety	24 January 2023 Prodiba	29 230 License Disc
The robot controller was malfunctioning, and the control box was taken to Tele-Tronic to diagnose the fault and fix it thereafter. No three quotations can be sourced as the control box has to be stripped and fixed thereafter,	25 January 2023 TELE TRONIC	9 738 Traffic Light Motor Repairs
Strip and Quote: The aircons of different offices had to be serviced. At the time of the service the aircons are stripped to diagnose any faults, and thereafter the aircons are fixed/ serviced. No quotations can be sourced upfront, as the works has to be performed first and thereafter, price the works done.	08 February 2023 LP REFRIGE RA TION	58 995 Aircons Services and Maintenance
Impractical it is impractical to follow SCM processes as the Service Provider was appointed by National Department of Public Safety	21 February 2023 License Disc	Prodiba 30 099
Sole Provider: The vehicle testing machine has been supplied by Workshop Electronics to the municipality, and as a result they have sole rights to service, maintain and calibrate the machine. Due to this reason no Reg 18 procurement processes can be follow	03 March 2023 Workshop Electronics	46 901 Testing Machine - Calibration
Strip & Quote Water tanker had to be taken to the authorised agent to fix the mechanical problem. The agent had to strip and quote the fault. No quotations can be sourced from other service providers as the fault has be located first and thereafter fixed.	28 March 2023 Almighty Equipme nt	7 431 Truck Services
Sole Provider: It is impractical to follow SCM processes as the Service Provider was appointed by National Department of Public Safety Sole Provider It is impractical to follow SCM processes as the Service Provider was appointed by National Department of Public Safety	Sole Provider: It is impractical to follow SCM processes as the Service Provider was appointed by National Department of Public Safety Sole Provider: It is impractical to follow SCM processes as the Service Provider was appointed by National Department of Public Safety	

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Sole Provider: Massmatic is the provider of the licence	08 March 2023	Prodiba	9 717 License Disc
used by the municipality at landfill site for weight bridge. On annual basis the licence must be renewed. Since this licence is sole owned by Massmatic. No other service provider can provide this licence, hence no other quotations are sourced from other service providers.	14 March 2023	Prodiba	25 122 License Disc
	05 April 2023	Prodiba	38 710 License Disc
	18 May 2023	Prodiba	30 336 License Disc
	04 May 2023	Massmatic	5 558 License Renewal
Strip and Quote. The service provider had to strip the aircons to locate faults and thereafter fix the aircons. This was due to the aircons not working properly or not at all. It is not practical to follow the Reg 18 process as the value of the work cannot be pre-determined.	09 May 2023	'LP Refregiraton And Projects Cc	52 354 Repairs of Aircons
Strip and Quote: The water tanker (CZP 724 NC) went for service at Almighty Equipment. The truck can only be serviced by Power Star or one of its authorised dealers as it is the manufacturer of the truck. No other quotations can be sourced since Powerstar has to dign	24 May 2023	'Almighty Equipment (Pty) Ltd	11 114 Repairs and Maintenance

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49. Deviations (continued)

<p>Sole Provider:It is impractical to follow SCM processes as the Service Provider was appointed by National Department of Public Safety</p>	27 June 2023	Prodiba	71 179 License Disc
<p>Emergency:The electrical sub-station had been vandalised several times, and the Oryx Complex would be left without electricity and power. The municipality suffered financial lossess as the vandalised and stolen cables had to be replaced in order to restore the electricity.The manager electrity on an emergency basis requested the service to fence the transformer. On that reason the manager DID NOT request three quotation and/or request Reg 18 processes.</p>	28 June 2023	Gabane-Ponjo Trading and Projects (Pty) Ltd	84 548 Erection of Safety Fence - Oryx Electrical Sub Station 21 227 Mechanical Service
<p>Sole Provider and Strip and Quote:The steel wheel compactor (Landfill Site) needs to be serviced. It is CAT product. As a result, ONLY CAT approved service providers can service it. The compactor has to be taken in for service, where strip and quote will be conducted as well. Faults are thereafter fixed. As a results NO quotations can be sourced from other service providers.</p>	09 June 2023	Barlo world Equipme nt SA	21 386 Supply of Greasing System
<p>Sole Provider and Strip and Quote:Refuse truck's grease pump was malfuctioning/ broken and it needs repairing. The truck has to be taken to the service provider (manufacturer of the product) to diagnose the fault and thereafter fix the fault.The manufacturer of the grease pump system is Groenveld-Beka. This greasing system is automated, and has an On-board computer system that grease the entire truck. For quality assurance and compatability, it is safe and just that the pump and the fitting services be supplied and executed by the manufacturer of the product, as a result NO three quotations can be sourced from other service providers.</p>	08 June 2023	Timkem South Africa (Pty) Ltd	<hr/> 1 129 550 <hr/>

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30

June 2023

50. Budget differences

Financial statement line item	Reference* % Variance Final budget vs Actual amounts	Explanation of material differences between Final Budget vs Actual amounts	% Variance Approved vs Final budget	Explanation of material differences between Approved Budget and Final Budget amounts
STATEMENT OF FINANCIAL PERFORMANCE REVENUE				
Revenue from exchange transactions				
Sale of stands	44%	Sale of stands- The variance is due to lack of demand for stands.		
Rental of facilities	25%	The variance is due to the delay in signing of contracts for SMME Hub tenants, the budget was understated.		
Service Charges	23%	Under recovery is mainly as a result of the challenges experienced regarding the installation of prepaid meters, high credit that was given to consumers and also due to overbudgeting.		
Interest on investments	29%	The variance is due to high bank balance. This has resulted in higher interest being accrued		
Other Revenue	13%	Variance is as a result of more building plans paid.		-
Fines, Penalties and Forfeits	14%	Variance is due to more fines issued in the 2022/23 financial year		
Revenue from non-exchange transactions				
EXPENDITURE				
Depreciation and amortisation	185%	Depreciation and amortisation and impairment loss/(reversal) - Variance is due to the impairment reversal done on		-

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2022

assets that had less
than 1 year of
remaining useful and
still in good
condition.

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50. Budget differences (continued)

Bad debts written off	10%	Bad Debts write off - The municipality did not budget for bad debt write-off
Gains and losses	-21%	Gains/(loss) on disposal of assets was not budgeted for

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30

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51. Prior period errors

	Note	Previously reported	Adjustment	Re-classification	Restated	Refer
	(s)	R	R	R	R	R
Assets						
Current Assets						
Inventories	3	62 619 153	1 471 832	-	64 090 984	
Non-Current Assets						
Property, plant and equipment	9	1 703 035 553	2 125 845	- 1	705 161 398	
Total Assets		1 876 728 134	10 072 313	- 1	976 281 987	
Liabilities						
Current Liabilities						
Finance lease obligation	13	744 098	189 750	-	960 111	
Unspent conditional grants and receipts	17	-	-	-	-	
		70 808 896	24 077 147	-	94 912 306	
Non-Current Liabilities						
Total Liabilities		71 236 838	23 649 205	-	94 912 306	
Net Assets		1 805 491	(13 576 892)	- 1	881 369	

Ga Segonyana Local Municipality

51. Prior period errors (continued)

STATEMENT OF FINANCIAL PERFORMANCE

		Previously reported	Adjustment	Re- classific ation	Restated	Referen
	Note(s)	R	R	R	R	R
Revenue						
Revenue from exchange transactions						
Service charges	20	37 074	24 675	-	61 749	
Total revenue	19	469 295 910	19 115 413	-	488 411 323	
Expenditure						
		-	-	-	-	
Operating deficit		(31 342 393)	(22 247 813)	-	(53 590 206)	
Deficit for the year		(33 945 393)	(17 785 813)	-	(56 646 601)	
Other						

[1] In the 2021 financial period, account number 8100391 water was billed using an incorrect tariff. This resulted in an understatement of revenue from service charges amounting to R 24 675,34. This error also resulted in consumer debtors being understated by an amount of R 24 675,34. This error has retrospectively restated.

2 During the current year, Toshiba leases were noted that were acquired in February 2022 that were omitted from prior period note. The impact of the omission is that finance obligation is understated by R189 750 which was duly retrospectively corrected.

3. During the current year, the municipality discovered that prior year depreciation for infrastructure was overstated by R109 645. Consequently the accumulated depreciation was overstated by the same amount. The correction has been retrospectively applied. Additionally during the year it was discovered that land that is occupied is incorrectly classified as held for sale. The cost of this land is R2 016 200 which is per the valuation roll.

[4] Inventory increased by R1 471 832 due to an understatement in the prior year resulting in an increase in inventory and decrease in accumulated surplus

* See Note 51

Ga Segonyana Local Municipality

The accounting policies on pages 18 to 41 and the notes on pages 42 to 89 form an integral part of the annual financial statements.

52. Statutory receivables

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset. The receivables within the scope of GRAP 108, effective for all periods started on or after 1 April 2019.

* See Note 51

Ga Segonyana Local Municipality

STATEMENT OF FINANCIAL PERFORMANCE

	2023	2022
		Restated*
Note(s)	R	R
Statutory receivables (continued)		
The following are regarded as statutory receivables;		
Statutory Receivable		
Vat receivables	-	16 417 530
Receivables from non exchange transactions	16 266 398	16 623 461
	<u>16 266 398</u>	<u>33 040 991</u>

53. Disposal of: a significant asset(s) /or a group of assets and liabilities /or a component of the entity

Management has taken a decision not to dispose of a significant asset /or a group of assets and liabilities /or a component of the municipality.

54. Events after the reporting date

There were no events after reporting period .

55. Fair value adjustments

Investment property (Fair value model)	14 450	-
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56. Consumer debtors disclosure

Gross balances		
Consumer debtors - Rates	16 265 191	35 736 618
Less: Allowance for impairment		
Consumer debtors - Rates	1 207	(19 113 149)
Net balance		
Consumer debtors - Rates	16 266 398	16 623 469

57. Change in estimate

Landfill site

The estimated useful lives of assets were reviewed at 30 June 2022. The change of estimate was done only on asset that had 1year remaining as useful life, however they are still in use and in good condition,thus the change in the useful life was done on the remaining useful life based on the condition of the asset The effect of the adjustment is as follows:

Asset Description

* See Note 51

Ga Segonyana Local Municipality

Intangibles	-	22 953
Infrastructure	-	133 205
Buildings	-	87 624
Movables	-	633 583
		<hr/>
	-	877 365
		<hr/>

58. Segment information

General information

* See Note 51

Ga Segonyana Local Municipality

Notes to the annual financial statements

Restated*

58. Segment information (continued)

Identification of segments

The segments were organised based on the type and nature of service delivered by the Municipality. These services are delivered in various municipal departments, which for reporting purposes are allocated to a standardised functional area (guided by mSCOA regulations). Budgets are prepared for each functional area and the budget versus actual amounts are reported on a monthly basis. Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

Types of goods and/or services by segment

The Municipality has several departments/functional areas and accordingly the segments were aggregated for reporting purposes as set out below:

Reportable segment	Goods and/or services
Municipal governance and administration services	This segment consists of services such as executive services, support services to the executive and finance & administration services
Finance and administration	Provision of financial and administrative services to other segments of the municipality
Public Safety, Community and Social Services	Provision of public safety, an acceptable standard of Social Services, Emergency Services, Environmental and Health Services, Community Safety and Road Traffic Management
Sports and Recreation	Provision of advancement of participation in sport and recreation, Fast-tracking the revival of sport, Talent identification and optimization of talent, Empowerment programmes
Planning and Development	Provision of planning and development including policy and procedures. Co-ordination work relating to the preparation of the Annual Development Programme and its review
Road Transport	Construction and maintenance of roads and infrastructure owned by the municipality
Environmental Protection	This segment consists of environmental services such as planning & development, environmental protection and roads & storm water
Energy Sources	This segment consists of all services for energy supply to the community
Trading Services	This segment consists of all services for the management of waste water, water, refuse, electricity, in the municipal area

* See Note 51

