



## MOSES KOTANE LOCAL MUNICIPALITY



## 2021/2022 ANNUAL REPORT

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## **1.1. MAYOR'S FOREWORD**

It gives me pleasure to present the Annual Report for the 2021-2022 financial year to our internal and external stakeholders. This annual report is prepared in line with the approved Integrated Development Plan, budget and Service Delivery and Budget Implementation Plan for the financial year under review. It further gives update on the progress on the implementation of the projects and activities planned to take place through the year.

Despite limited resources Moses Kotane Local Municipality ensured that basic services such as water, sanitation and roads are provided on annual basis. While the municipality is trying its level best to ensure that all projects planned for the financial year were implemented on time, we experienced a delay in the procurement of the service providers due to the circular issued by National Treasury advising that all projects not advertised by 16 February 2022 be put on hold until further notice from National Treasury , subsequent to the municipality request to National treasury to uplift the notice which was granted, the municipality has managed to advertise project affected by the circular and it is anticipated to be completed in the first quarter of the 2022/2023 financial year.

Despite these challenges which frustrated the procurement process our municipality through the effort by administration and support of council provided a high quality of uninterrupted service delivery to our communities.

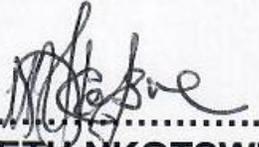
Moses Kotane Local Municipality welcome the introduction of Private-Public Partnerships by collaborating with various stakeholders to ensure integrated quality services to the local communities. Mechanism such as the District Development Model (DDM), which aims to improve the coherence, integration of capital and resources into one plan that positively fosters service delivery.

I kindly urge that all internal and external stakeholders contribute fully to the District Development Model (DDM) Programme's success, which will assist in eradicating poverty, produce local jobs and boost the economy.

The municipality has delivered water projects, VIDP Toilets, high mast lights and community halls to our communities.

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In conclusion, I would like to thank councillors for their unconditional support and the administration for their efforts to ensure that high quality service delivery is provided to our communities and taking Moses Kotane Local Municipality forward.



.....  
**CLLR NKETU NKOTSWE**

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## 1.2 MUNICIPAL MANAGER'S OVERVIEW

This report is compiled in terms of Section 127(2) of the municipal Finance Management Act (MFMA), Act 56 of 2003, which requires that the performance report of the municipality and of any municipal entity under the municipality's sole or shared control be tabled at the municipal council by the Mayor. After which the municipal manager must make public the report and invite the local community to submit representation in respect of the issues raised in the report.

The purpose of this report is to reflect on the activities and work that was carried out in the 2021/2022 financial year and provide feedback on performance against the targets that were set to various stakeholders including the community, sector departments and other interested parties. This annual report will ensure that communities hold the municipality responsible and accountable for the decision taken during the period under review.

In the period under review, Moses Kotane Local municipality ensured that the budget, the IDP and Service delivery Budget Implementation plan are aligned and the findings raised by Auditor General are addressed in an endeavor to get an improved audit opinion.

Despite the limited budget, the National Treasury circular and challenges with registration of projects that could not afford the municipality to cover a larger scope when it comes to basic service delivery, the municipality managed under those circumstances to implement water, sanitation, high mast lights and a community hall.

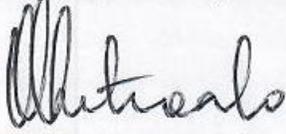
The following are the highlights of projects completed in the financial year under review:

### Completed water projects

- ✚ Pella Water Supply phase 1 and 2
- ✚ Mahobieskraal Bulk Water Supply
- ✚ Sandfontein VIDP Toilets
- ✚ Mabele A Podi VIDP Toilets
- ✚ Ramokokastad VIDP Toilets
- ✚ Makgophe VIDP Toilets
- ✚ Completed Internal Roads
- ✚ Tlokweng internal road.
- ✚ Madikwe china section internal road.
- ✚ Ramoga internal road.
- ✚ Completed High Mast lights project
- ✚ Mmatau
- ✚ Mabeskraal
- ✚ Tlokweng
- ✚ Mogwase

- 
- ✚ Mmorogong
  - ✚ Dikweipi
  - ✚ Legkraal
  - ✚ Mononono
  - ✚ Koffiekraal and Motlollo
  - ✚ Completed community hall in Phola Park

I would like to thank the council of Moses Kotane local municipality for their sustained support and appreciate support and hard work displayed in ensuring that our communities get the required services.



.....  
**MUNICIPAL MANAGER**

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### 1.3. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

#### INTRODUCTION TO BACKGROUND DATA

Moses Kotane Local Municipality was established in 2000 in terms of section 12 of the Local Government: Municipal Structures Act 117 of 1998 as a local Municipality.

The Municipality covers an area of approximately 5 719km<sup>2</sup> and is mostly rural in nature, comprising 107 villages and two formal townships of Mogwase and Madikwe with estimated population of 242 553. 2011 Census report's estimate that there are 75 193 households. The Municipality has predominantly African population, with fewer Indian, coloured and white groups.

MKLM is one of the five constituent local municipalities of Bojanala Platinum District Municipality in North West Province of the Republic of South Africa. It shares borders with Rustenburg, Kgetleng Rivier, Ramotshere Moiloa and Thabazimbi Local Municipalities. Its headquarters are based in Mogwase Township with satellite offices in Madikwe Township.

The economy of Moses Kotane is characterized mainly by tourism, mining, agriculture owing to its location within the major tourism and mining belt of the province, Pilanesberg and Sun City. Industries and social services also form critical part of the local economy.

The Municipality is an EXCO type with 35 Wards. It is led by Council made up of 69 Ward and Proportional Representative Councillors.

The Mayor is the chairperson of a ten-member EXCO made up of Portfolio Heads of the following Portfolio Committees:

-  Community Services and Public Safety
-  Local Economic Development
-  Finance
-  Corporate Services
-  Infrastructure & Technical Services
-  Planning & Development

The Administration arm of the municipality is headed by the Municipal Manager and is made up of the following six departments:

-  Office of the Municipal Manager

- 
- ✚ Corporate Services
  - ✚ Planning & Development
  - ✚ Budget and Treasury Office
  - ✚ Infrastructure and Technical Services
  - ✚ Community Services

## 1.4. Good governance

### 1.4.1 Political Governance - Municipal Council

The Municipality is led by Council, the Mayor, Speaker and the Executive Committee, with the Single Whip to ensure Councillor Participation in Municipal programmes. The Mayor is the Head of Executive Committee (EXCO) which comprises of five (10) Councillors who serve in departmental / portfolio committees. The current Municipal Council became in office after Local Government elections in November 2021. However, Councillors found annual IDP adopted by outgone Councillors, hence, the plan was already in place and being implemented with a view of taking delivery to Moses Kotane communities. MKLM Councillors continue to instil the motto of Batho Pele Principle towards all 35 wards, 107 villages and 2 urban areas.

There were programmes made by the office of the premier on implementation of VTSD, where municipality was requested to develop rural economic development strategy to profile its communities. The aims was to ensure that rural development within the Municipality is aligned to the overall package of development plans. The objective is to provide a set of approaches, projects, and interventions aimed at encouraging the development of the rural economy and improving the quality of life and the economic prospects of the communities in the rural areas.

The leadership has been clear that it cannot live on past achievements but projects to be implemented towards their communities. Note has to be taken that wards increased from 34 to 35 with an increase of ward and proportional councillors to 69. During planning phase, it was indicated that developmental needs and programmes to also focus on youth; women; elderly and people living with disabilities. There was non-functionality of other Council committees which council established good governance committees to ensure operational effectiveness, efficiency and also to strengthen socio-economic needs of the local communities – encouraging plans and piloting VTSD (this also tried to check on what businesses are at local level).

The portfolio committees - section 79 and 80 committees have been crucial in the decision-making process since they critically analyse issues prior and in making recommendations to the Executive Committee before Council sitting. Another important aspect is to ensure functionality of Intergovernmental Relations (IGR) and focus on improving economic growth to create stakeholder value in decision making and projects implementation.

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This will continually call for investor attraction and development of business plans for implementation of catalytic projects. The above will automatically grow municipal revenue base, while measures of debt collection are being set. Therefore, infrastructural development will be required, growth and development will be realised and the MKLM will continuously provide basic level of service and a better life to all 107 villages and two urban areas.

Moses Kotane Local municipality must ensure that anyone affected by or interested in a decision making processes should have the opportunity to participate. The process can happen be done in several ways – community members may be provided with information, asked for their opinion, given the opportunity to make recommendations or, in some cases, be part of the actual decision-making process, or by being allowed to make written comments to the municipality.

MKLM Council is the final decision-making body where crucial decisions are taken to lead the municipality to be service delivery oriented and to grow the economy. The Municipal Council is comprised of 69 Councillors, 35 ward and Proportional Representative Councillors. Like any other institution, good corporate governance remains at the centre for day to day municipal operations. Municipal Council have been and will ensure that municipal Vision, Mission and ethical values underpinning good corporate governance are implemented as per below:

#### Municipal Vision

“A caring municipality underpinned by minerals, agricultural and eco-tourism economy for the advancement of sustainable services to our communities”

#### Municipal Mission

To be driven by skilled human capital, conducting high work and service standards incorporating our natural resources to achieve inclusive quality life for our communities.

#### Municipal Values

-  Integrity
-  Transparency
-  Accountability
-  Honesty
-  Excellence
-  Human Dignity

“A caring and responsive municipality that is best to live in, work for, and do business with”

#### Municipal Mission

- ✚ Providing responsive, transparent and accountable leadership
- ✚ Creating an environment for business growth and job creation
- ✚ Providing sustainable services

### 1.4.2 Demographic Profile

Population data for each LM in North West. The data is sourced from Stats SA for the years 1996, 2001, 2011 and 2021. From the results, Moses Kotane Local Municipality has shown a population growth rate of 0.93% over the last ten years. This is one of the lowest growth rates in the Bojanala Platinum District Municipality, as well as in North West Province. The Rustenburg and Kgetleng Rivier LMs have the highest population growth rates in the District Municipality at 50.60% and 41.05%, respectively.

### 1.4.3 Ward level Population by Age Group and Gender

Table 1 below, shows population data for each LM in North West. The data is sourced from Stats SA for the years 1996, 2001, 2011 and 2021. From the results, Moses Kotane Local Municipality has shown a population growth rate of 0.93% over the last ten years. This is one of the lowest growth rates in the Bojanala Platinum District Municipality, as well as in North West Province. The Rustenburg and Kgetleng Rivier LMs have the highest population growth rates in the District Municipality at 50.60% and 41.05%, respectively.

**1.2 Table 1. Bojanala Platinum District Municipalities Population Data from 1996 – 2021**

Local Municipality	Population 1996	Population 2001	Population 2011	Population 2021	Percentage of total population 2021	Population growth / decline from 2011 to 2021	Percentage growth / decline from 2011 to 2021
Moses Kotane	229580.49	237097.22	242551.99	244817.56	0.41%	2265.57	0.93%
Rustenburg	311562.03	387091.97	549555.03	827606.74	1.37%	278051.71	50.60%
Kgetleng Rivier	32755.93	36515.38	51038.03	71989.36	0.12%	20951.33	41.05%
Moretele	176796.03	182685.72	188285.40	189870.01	0.31%	1584.62	0.84%

### 1.4.4 Population: Age and Gender for 2011 and 2021

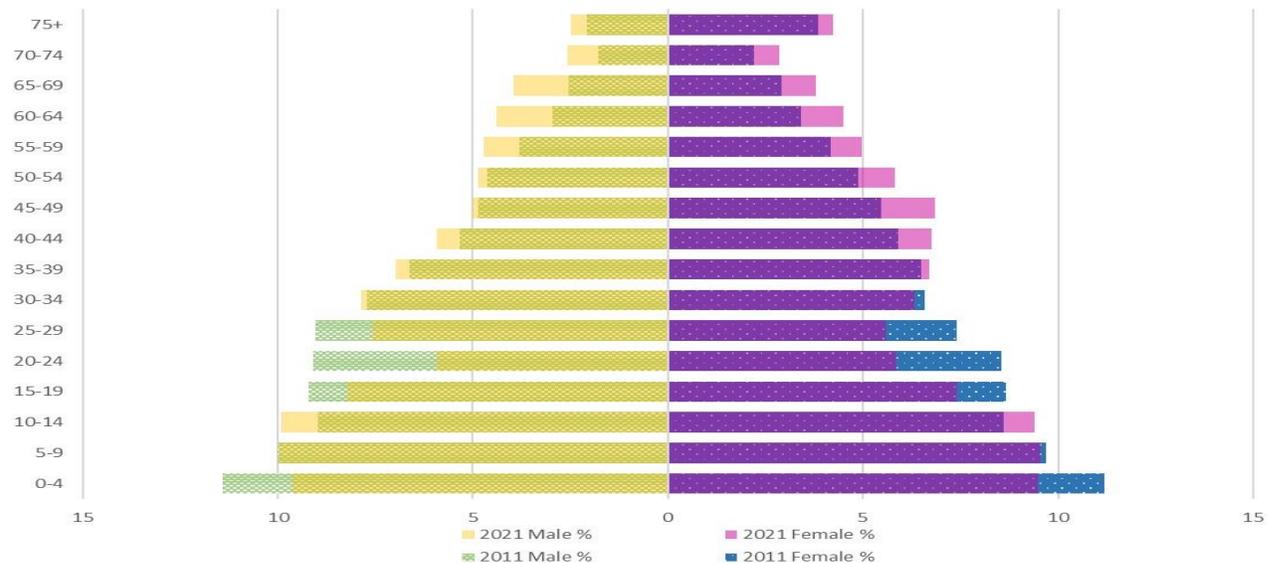
Table 2 reflects the population gender and age distribution for 2011, 2016 and 2021 in MKLM based on Stats SA data. Figure 1 shows a graphical comparison in the form of an overlaid growth pyramid of the MKLM population age and gender breakdown for the years 2011 and 2021.

**1.3 Table 2. Population gender and age distribution for 2011, 2016 and 2021**

Age Group	2011		2016		2021		2011 Total	2016 Total	2021 Total
	Female	Male	Female	Male	Female	Male			
<b>Total</b>	<b>123465</b>	<b>122916</b>	<b>125218</b>	<b>123225</b>	<b>125031</b>	<b>119787</b>	<b>246381</b>	<b>248443</b>	<b>244818</b>
0-4	13812	14020	12625	12601	11863	11536	27832	25226	23399
5-9	11975	12278	13353	13553	11947	11947	24254	26906	23894
10-14	10609	11015	10899	11150	11747	11859	21624	22049	23606
15-19	10714	11319	9226	9877	9242	9844	22033	19103	19086
20-24	10554	11159	8894	9073	7302	7094	21713	17967	14397
25-29	9147	11112	8954	11143	6971	9052	20259	20098	16023
30-34	8130	9464	8535	10117	7880	9398	17594	18652	17278
35-39	8019	8133	7897	8302	8362	8345	16152	16199	16707
40-44	7302	6568	8099	7063	8457	7106	13870	15162	15563
45-49	6753	5968	7380	5658	8574	5998	12722	13038	14572
50-54	6018	5677	6640	5851	7257	5842	11695	12490	13099
55-59	5149	4688	5651	5410	6200	5662	9837	11061	11862
60-64	4207	3624	5010	4471	5610	5278	7831	9481	10887
65-69	3586	3131	3899	3626	4745	4733	6717	7525	9478
70-74	2737	2192	3244	2593	3583	3102	4929	5837	6685
75+	4752	2568	4914	2735	5290	2993	7320	7649	8283

*Source: Statistics South Africa. 2021. Mid-year population estimates at local municipal scale.*

**1.4.5 Figure 1: Population pyramids for comparing the 2011 and 2021 age and gender distribution**



*Source: Statistics South Africa. 2021. Mid-year population estimates at local municipal scale.*

The following deductions can be made based on this graphic:

- ✦ There are more females in Moses Kotane, however, the birth rate has declined from 2011 to 2021.
- ✦ The proportion of both males and females in the categories between 15 and 29 years of age has decreased since 2011. This starts to increase from 35 years upwards.
- ✦ The soft narrowing of the cohorts as the population gets older is an indication of a slow death rate. This means that more people are living for longer, which has implications on the number of people that are dependent on the economically active segment of the population.

In 2021, the percentage of younger dependents accounted for 28.9% and older population accounted for 10% of the total population, which means that an estimated 39% of the population in MKLM is dependent on the economically active segment of the population.

#### **1.4.5 Population growth trend per settlement footprint: Settlement Population Data**

*Figure 2* shows the settlement footprint with associated 2021 population for MKLM, whilst *Figure 3* shows changes in population size between 2011 and 2021 in the different settlements. The results in *Figure 3* show that majority of the settlements in MKLM had an increase in population between 2011 and 2021, with Ledig estimated to have had the highest population growth during the 10 years.

<b>Natural Resources</b>	
<b>Major Natural Resource</b>	<b>Relevance to Community</b>
Platinum	Job creation and economic development
Chrome	Job creation and economic development
Cement	Job creation and economic development
Game	Tourism

The Census 2011 reported a population growth of 0.2%. The current sources of data used for integrated development plan is not reliable, old and not accurate. The above plans lead to poor planning especially in instance where waste collection need to be done as household and development in various villages are massive. In planning we are not to project but to provide and use endorsed statistics known by national Treasury. The Electoral stats cannot be used as it is also not inclusive of ages from 0-17. The other challenge is indigent register which need to be updated annually when status of various households' changes.

## 1.5. SERVICE DELIVERY OVERVIEW

### SERVICE DELIVERY INTRODUCTION

MKLM is a water services authority and get its water from Magalies – Vaalkop Dam. Water and Sanitation Unit is responsible for the provision of water and sanitation (VIP toilets) and urban areas of Mogwase and Madikwe. The Unit has been faced with challenges, including the worst of dry boreholes, lack of underground water in the previous years. We need to note that projects were implemented under such circumstances to ensure provision of quality water and sanitation services to our communities. Below are the municipal priorities;

Municipal Priorities	Departmental and Parastatals Priorities
Water and Sanitation	Housing (RDP houses) and electrification of households
Roads and Storm water	Health and Social Development
Institutional Development	Education
Sports and Recreation	Transport and Traffic
Economic Development	Safety and Security
Solid Waste & Environment	Electricity (ESKOM)
Community Participation and Communication	Spoornet
Land & Housing (Land for residential purposes)	
Disaster Management	

The first Key Performance Area of Basic Service Delivery met the needs of the community as priority no one (1) and most of the budget was allocated to access of water. Moses Kotane Local Municipality is a water strained municipality with limited financial resources to allocate and implement projects in all 107 villages and two urban areas.

- ✚ Below households statistics from 2011 indicated the numbers as reflected:
- ✚ Number of households in the Municipality **75 195**
- ✚ Number of billed households in the Municipality **21 300**
- ✚ Number of registered indigent households (Municipal Data) **10 580**
- ✚ Number of indigent households with access to free basic water **10 580**
- ✚ Number of indigent households with access to free basic electricity **10 580**

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## Municipal Challenges

Moses Kotane Municipality have encountered challenges and numerous achievements were made during the financial year. The main challenge faced by MKLM is poor planning due to unreliable statistics looking into the growth happening in our 107 rural areas governed by Traditional Leaders. Developments are done without plans submitted to the Municipality and basic level of service is required during the middle of the financial year (which some impacted in communities wanting to close municipal offices). This development is ongoing in rural areas and no revenue is collected from them. Education is required through the assistance of Councillors to encourage rezoning and communities believing in having title deeds and this will grow municipal revenue base. Attempts of land invasions relating to the lack of housing was done but control was done by the relevant unit. Non-delivery of waste collection in some other areas due to bad roads and wrong household count. Water leakages and shortages also causes illegal yard connection. Development of integrated plans together with all our stakeholders is required (waste management plan etc.) to avoid duplication of services and promote project collaborations. The service delivery protests which occurred throughout the financial year, was a huge concern for Council, however numerous meetings were held with affected communities to resolve them. Some challenges may be as below:

- ✓ Indigent consumers who do not collect their Free Basic Electricity
- ✓ Consumers who are possibly indigent not coming forward to disclose their status
- ✓ Illegal housing occupation (houses sold by owners/ others having houses in other provinces)
- ✓ Delays in land tenure upgrade programmes
- ✓ Mushrooming of informal settlement (where mining development is earmarked)
- ✓ Housing accreditation and growth in 107 villages led by Traditional Authorities

The skills challenge that currently exists through all facets of our communities and addressing it requires co-ordinated and targeted intervention from all spheres of government, the private sector and society. The municipality need to develop a programme that will aim to respond to the need for a larger and more skilled workforce, while encouraging young professionals, artisans, etc., to stay within the municipality. The issue of skills is important in creating quality rate payers, debt reduction and in addressing the triple challenge of poverty; unemployment and inequality among our communities. In addition, lack of women in management positions is important in ensuring that women are integrated effectively into the workplace employment equity plan policy to be developed.

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Then management of informal economy, especially street trading is a demanding task involving demarcation of trading areas, issuing of permits, organising traders into area committees that feed into the municipal plans which will also assist on an on-going collection of revenue and rentals for the municipality. No revenue base for the municipality except in Mogwase and Madikwe. This will be necessary to enforce regulations and by-laws as adopted by Council. This programmes will assist in growing and supporting the informal economy through initiatives such as the provision of infrastructure support and development to informal trade, provision of advisory and information services to product owners and visitors, and to ensure competitiveness through gathering business intelligence and improving product quality.

The municipality lacks plans of special purpose vehicle to support, market and promote the local film and digital media industry as a new concept that we lacked in the previous financial years. The programme will boost tourism, job creation and the development of core skills for SMME's. As an institution we lack programmes that focusses on development initiatives that aim to grow the local film and television industries in order to create opportunities for future investment by either the public or private sectors. There are key outputs towards projects with the aim to ensure capacity building and skills development of local producers, directors and screenwriters, increased export quality products locally. The other aspect is the establishment of film and television studio infrastructure that will expedite the development of local producers, the attraction of national and international investors.

Programmes of enterprise development, where small businesses becomes vital contributors to the health of the economy and offer a diversity of opportunity in our communities. Small businesses boost productivity, increases competition and innovation, creates employment and prosperity, and revitalizes our communities. Through this programme a platform can be created for small enterprises to develop into sustainable businesses. There is also a lack of platform to be created for sector programme such as construction, tourism development, arts and crafts and the ICT sectors. The above can only happen through the resuscitation of Development Agency, Business Linkages Programme, and opportunities through preferential procurement policies and plans

The importance of tourism marketing as essential that communities are made aware of the importance of tourism. Many of our key cultural and historical places of significance are in disadvantaged areas and will need infrastructural as well as management and tourism training to nurture a new culture of tourism through EPWP type programmes like Working for Tourism etc. (considering "Our icon Moses Kotane whom his reburial was done in Pella Village". Lack of plans to prioritise such routes

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in order to create sustainable opportunities for a wider section of society and in so doing add to the tourism interest in cultural and social history of our communities.

Sun City in itself known nationally and internationally to be in Rustenburg whereas is in Moses Kotane Local Municipality – lack of marketing. We need to create and promote investment nodes and corridors with the aim to reverse the effect of Apartheid townships by creating an all-inclusive live, work and play environments within a racially segregated and integrated municipal area. The key to this programme will be inclusive settlements and sustainable residential densities. Another challenge may be development of the primary road just for the municipal entrance for attractions of investors when entering the Municipal building.

The municipality need to ensure development and implementation of township establishments. Looking into MKLM especially in Mogwase and Madikwe as urban areas, due to the apartheid legacy, the former township areas were developed as dormitory residential areas for Sun City with an insular focus with now non-functional industrial areas, shopping complex, minor retail activities and basic social services. This resulted in slow economic growth and weak and under-developed economies and are not well integrated into the existing economy. Land use management plans and built environment plans.

In MKLM 107 rural villages governed by Traditional Leaders, households are scattered, generally poor or lack access to socio-economic infrastructure and services, public amenities and government services. Other issues include low literacy, skills levels and migratory labour practices to developed cities to seek for greener pastures, child/woman headed households, family disputes. The other issues to be considered is unexploited opportunities in agriculture, tourism, mining and manufacturing / lack of strategies for implementation. The VTSD will also assist to package some rural livelihoods development programme on the principles of the Comprehensive Rural Development Programme of the Department of Rural Development and Land Reform, and in the pilot phase to unlock rural nodes and opportunity corridors which may hold potential towards our communities.

**COMMENT ON ACCESS TO BASIC SERVICES:**

Waste has been collected in all areas in the Municipality – especially in the two “towns”. Challenges have however been experienced at the villages where the waste removal trucks have not been able to access the households due to narrow roads.

The provision of sanitation has been low in relation to the number of households in the municipality because the RDP houses built are provided with sanitation services.

Water connections to residential dwellings have been challenged by the dire shortage of water in the Municipality. This is compounded by the aged water infrastructure that the municipality together with the water provision partners i.e. Magalies Water board and Department of Water Affairs and Sanitation will be working on improving.

## 1.6. FINANCIAL HEALTH OVERVIEW

### FINANCIAL OVERVIEW

The Moses Kotane Local Municipality is mostly dependent on grant income followed by rates and services income. The municipality's sustainability depends on the effective management of its resources, community effective contribution and participation in the budgeting process as well as by the payments of rates for services.

Illegal water connection and non-payments of rates and for services is a concern for the Municipality. It is a critical problem. The management's main focus is to ensure that all reasonable steps are taken to enhance debt collection. Better planning and control over expenditure and higher effectiveness of staff will also deliver results in

<b>Financial Overview: 2021/2022</b>			
<b>Details</b>	<b>Original budget</b>	<b>Adjustment Budget</b>	<b>R' 000 Actual</b>
Income:			
Grants	719200	685668	685 483
Taxes, Levies and tariffs	338638	350148	215 994
Other	78411	91622	227737
Sub Total	1136249	1127438	1129214
Less: Expenditure	927519	69669	1 123 006
Net Total*	208730	1057769	6208

<b>Operating Ratios</b>	
<b>Detail</b>	<b>%</b>
Employee Cost	31%
Repairs & Maintenance	
Finance Charges & Impairment	2%

<b>Total Capital Expenditure: Year 2020/2021 – 2021/2022</b>			
			<b>R'000</b>
<b>Detail</b>	<b>2019/2020</b>	<b>2020/2021</b>	<b>2021/2022</b>
Original Budget	204802	203495	233760
Adjustment Budget	206219	253394	212120
Actual	164 628	213 603	179 281

## **1.7. ORGANISATIONAL DEVELOPMENT OVERVIEW**

### **ORGANISATIONAL DEVELOPMENT PERFORMANCE**

#### **Implementing PMS**

##### **Alignment of IDP, Budget and PMS**

The IDP, Budget and Performance Management System processes must be seamlessly integrated. Integrated Development Plan fulfils the planning stage of Performance Management. Performance Management System in turn, fulfils the implementation management, monitoring and evaluation of the Integrated Development Plan. The performance of an institution/organization is integrally linked to that of the employees or its staff. The employees need to ensure that they perform their duties to be able to realize their objectives. If employees do not perform, the institution will not achieve its intended objectives. The two are inseparable and that is why is the most critical and important to manage both at the same time.

##### **National Key Performance Areas**

The Municipality is trying to align its Key Performance Areas to the five National Key Performance Areas as articulated in the DPLG five-year strategy.

1. Basic Service Delivery and Infrastructure Development
2. Good governance and Public Participation
3. Municipal Transformation and Organizational Development
4. Local Economic development
5. Spatial Rationale
6. Financial Viability and Management

##### **National Key Performance Indicators**

Clear and effective Technical indicator are essential in the development and deployment of resources. The PMS policy and framework was developed to provide direction and guidance on the development, implementation, monitoring, reporting and feedback on the interventions identified in the SDBIP. The Technical Indicator

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are developed to harmonize and standardize the implementations of municipal indicators. Amongst others they will cover the following:

- ✓ A descriptive title
- ✓ Scope including functions performed, types of products to be used.
- ✓ Chart of the procedure followed.
- ✓ Reporting frequency

## **Municipal Key Performance Areas (Strategic Goals),**

### **Planning for Performance - Service Delivery and Budget Implementation plans (SDBIP)**

*MFMA of 2003 Section 53 (c) iii require municipalities to compile and submit SDBIPs to the Executive Mayor within 28 days after the adoption of the budget by Council.*

The SDBIPs are directly translated from the adopted IDP and Budget. They are regarded as the management and implementation tools of the IDP.

The Mayor approves the SDBIPs and they will form the basis for Performance Management of individuals within Moses Kotane.

The SDBIPs will determine the development and signing of performance agreements for section 57 employees

### **Performance Monitoring, Measuring and Reviewing**

Performance Monitoring is a continuous process that runs parallel with the implementation of the IDP. The IDP is regarded as forward planning. The process entails collection, storage, verification and analysis of performance data in order to compare current performance with previous financial years and baseline indicators.

The IDP is not meant for a specific department, but all departments within the municipality, sector departments (National/Provincial and District), and all other stakeholders and individuals within the Municipality. Every community member needs to take responsibility to collect relevant data/statistics to support the monitoring process. Site visits to projects or evidence of performance is gathered and presented to substantiate claims of meeting/not meeting performance standards as adopted by Council and promised to our communities.

### **Performance Reporting**

MFMA No. 56 of 2003 Section 52 requires the Mayor to submit a report on the implementation of the budget and the financial state of affairs of the municipality to council within 30 days after the end of each quarter. All quarterly performance reports

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are due for submission to the PMS office seven days after the end of each quarter. This will enable the office to compile a consolidated report on time to meet the requirements of the Act.

The same quarterly performance reports will further be consolidated into an annual performance report to be considered by council within 9 months after the end of each financial year in order to meet the requirements of Section 121 of the MFMA.

## **1.8. AUDITOR GENERAL REPORT**

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

The Auditor-General's responsibility is to express an opinion on the financial statements based on conducting the audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the General Notice issued in terms thereof and International Standards on Auditing.

Moses Kotane Local Municipality received an unqualified audit opinion for 2021/2022 financial year.

## 1.9. STATUTORY ANNUAL REPORT PROCESS

N o.	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 2021/2022 Annual Report to Internal Audit and Auditor-General	
5	Audit/Performance committee considers draft Annual Report of municipality	August
6	Mayor tables the unaudited Annual Report	
7	Municipality submits draft Annual Report including annual financial statements and performance report to Auditor General	
8	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	September - December
9	Auditor General audits Annual Report including Annual Financial Statements and Performance Information	
10	Municipalities receive and start to address the Auditor General's comments	January- March
11	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
12	Audited Annual Report is made public and representation is invited	
13	Oversight Committee assesses Annual Report	
14	Council adopts Oversight report	March
15	Oversight report is made public	
16	Oversight report is submitted to relevant provincial councils	
17	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	April

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## COMMENT ON THE ANNUAL REPORT PROCESS:

### The IDP/PMS/ Budget Process Plan Adoption

It is required by legislation that a municipal council must adopt a process to guide the planning, drafting and adoption of its Integrated Development Plan (IDP).

#### **a) MSA 28 stipulate that:**

- (1) *“Each municipal council...must adopt a process set out in writing to guide the planning, Drafting, adoption and review of its integrated development plan.”*
- (2) *The Municipality must through appropriate mechanism, processes and procedures established in terms of chapter 4, consult the local community before adopting the process;*
- (3) *A Municipality must give notice to the local community of particulars of the process in intends to follow.*

#### **b) MSA 29 further requires the IDP Process Plan to provide for:**

- a) *Be in accordance with a predetermined programme specifying time frames for different steps;*
- b) *Through appropriate mechanisms, processes and procedures establish in terms of Chapter 4 allow for-*
  - i *The local community to be consulted on its development needs and priorities*
  - ii *The local community to participate in the drafting of the integrated development plan, and*
  - iii *Organs of state, including traditional authorities, and other role players to be identified and consulted on the drafting of the integrated development plan*
- c) *Provide for the identification of all plans and planning requirements binding on the municipality in terms of national and provincial legislation, and*
- d) *Be consistent with any other matters that may be prescribed by regulation*

### **Integrated Development Plan (IDP)**

The Municipal Systems Act No.32 of 2000 (MSA) requires that local municipality need to develop and prepare Integrated Development Plans (IDP). The IDP serves as a tool for transforming local government towards facilitation and management of development within the municipal jurisdiction. The MSA identifies the IDP as a key component in entrenching developmental local government principles. The most important aspect of the IDP compilation process is to ensure that the communities

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and or stakeholders are always consulted and have ownership of all the developmental plans, programmes and projects. The development and production of the IDP is managed internally through a structured and coordinated participation process adopted by Council annually during August month.

The municipality ensured that they embark on extensive public participation process of the IDP, Budget, and the Performance reporting to its communities taking into consideration necessarily COVID 19 regulation. Traditional Leaders are engaged through a virtual briefing session and letters will be send to Ward Councillors for visit of the Municipality to the villages as adopted by Council.

**MSA continues; -**

The Local Government: Municipal Systems Act, 32 of 2000 (MSA) and as amended, places the IDP at the top of municipal planning instruments by suggesting that an IDP, adopted by the Council of a Municipality 2017/22 is the key strategic planning tool for the municipality. According to the mentioned Act it states that, the IDP is:

35(1)

- (a) *“The principal strategic planning instrument which guides and informs all planning and development, and all decisions with regard to planning, management and development in the municipality”;*
- (b) *“Binds the municipality in the exercise of its executive authority...”*

**a) Section 25 of the MSA further prescribes that:**

*“(1) Each municipal council must, within a prescribed period after the start of its elected term, adopt a single, inclusive and strategic plan for the development of the municipality which –*

- (a) Links, integrates and co-ordinates plans and takes into account proposals for the development of the municipality;*
- (b) Aligns the resources and capacity of the municipality with the implementation of the plan;*
- (c) Forms the policy framework and general basis on which annual budgets must be based;*
- (d) Complies with the provisions of this Chapter; and*
- (e) Is compatible with national and provincial development plans and planning requirements binding on the municipality in terms of legislation.”*

In accordance with this legislation, Moses Kotane Local Municipality adhered to the above legislative requirement when it adopted its IDP 2017/2022.

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Section 34 of the Municipal Systems Act further requires that the adopted IDP of a Council must be reviewed annually. The prescripts are as follows:

“A Municipal Council –

1. *Must review its integrated development plan-*

1. *Annually in accordance with the assessment of its performance measurements...*
2. *To the extent that changing circumstances so demand,”*

### **Community participation**

Community Participation ensures stakeholder engagement in all decision making processes and is in line with the Constitution of the Republic of South Africa, section 152 (1). Moses Kotane public participation is facilitated by the IDP unit, Council and administration through various programmes, (i.e. Mayoral Imbizo etc.) to enable the Municipality to effectively engage communities in municipal plans and compilation.

The process will allow communities to effectively have ownership in all developmental programmes in their wards and municipal boundaries. The process is informed by the White Paper on Local Government, Section B paragraph 33. The National Development Plan (NDP) also aims to eliminate poverty and reduce inequality by 2030.

#### **a) Legal prescripts that encourages Public Participation are:**

- ✚ To encourage the involvement of the community in terms of section 4 (2) of the Municipal Systems Act,
- ✚ White Paper on Local Government and
- ✚ The Constitution of the Republic of South Africa, Section 152 (1);
- ✚ To enable the community to contribute in the decision making processes in terms of section 5 of the Municipal Systems Act;
- ✚ To respond to the needs of the Public or Community in terms of section 6 (2) of the Municipal Systems Act;
- ✚ To develop a culture of public participation that complements formal representative government with a system of participatory governance in terms of section 16 of the Municipal Systems Act;
- ✚ To develop mechanisms, processes and procedures to enable local community to participate in the affairs of the Municipality, in terms of section 17(2) of the Municipal Systems Act and White Paper on Local Government; and
- ✚ To communicate information concerning Community Participation in terms of section 18 of the Municipal Systems Act.

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## b) Why Community Engagements

- ✚ To inform and educate communities about government matters;
- ✚ To allow public inputs on proposed policies and share decision-making with the communities; and
- ✚ To plan and cooperation with communities to shape their developmental goals and ward priorities and needs analysis
- ✚ To avoid silo operation and duplication of services in the same ward and villages
- ✚ To get buy-in from organized stakeholders and general members of the public;
- ✚ To provide opportunities for stakeholders to voice-out their opinions and play an active role in constructive decision making programmes and projects;
- ✚ Providing democratic and accountable government for local citizens; and
- ✚ Changing community behaviour patterns to strengthen local development.

## c) Municipal Vision

*“A caring and responsive municipality that is best to live in, work for, and do business with”*

- ✚ The IDP also details and need to ensure the following as listed below:
- ✚ Development priorities and objectives, which contribute towards achieving this vision, over the Municipal Councils as their elected term of office
- ✚ Strategies, to ensure the means by which these objectives will be realized and achieved;
- ✚ IDP programmes and projects which link to the strategies and contribute to the achievement of the objectives.
- ✚
- ✚ The IDP and Budget need to be developed, reviewed and amended in accordance with the requirements set out in the:
- ✚
- ✚ Municipal Systems Act 32 of 2000, the Local Government: Municipal Planning and Performance Management Regulations 2001 and the
- ✚ Municipal Finance Management Act 56 of 2003.
- ✚
- ✚ In terms of the Municipal Systems Act, a municipality is required to review its IDP annually. Annual reviews allow the municipality to re look into progress made and outstanding challenges that need to be done as planning for the next financial year. The refined plans and strategies will have to include additional issues and to ensure that these plans and strategies inform institutional - capacity issues as in human and resources and also financial planning.
- ✚ The review and amendment of the IDP thus, further develops the IDP and ensures that it remains the principal management tool and strategic instrument for the Municipality.

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**d) MSA 34 a Municipal Council –**

*“(a) must review its integrated development plan*

- i) Annually in accordance with an assessment of its performance measurements and*
- ii) To the extent that changing circumstances so demand and
  - (c) May amend its integrated development plan in accordance with a prescribed process”**

# Chapter 2

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## CHAPTER 2 – GOVERNANCE

### COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

The Moses Kotane Local Municipality is a B-type municipality graded on level 4. It is operating on a collective executive system.

The municipality has a Council that has been elected by its community. The Council has the constitutional authority to ensure that there is development in its area of jurisdiction by providing sustainable services; promote social and economic development; promote safe and healthy environment and encourage the involvement of communities and community organisation in local government matters.

Politicians exercise oversight over service delivery implementation by interacting with administrative management and the relevant reports through the Portfolio Committees and the Executive Committee meeting.

#### 2.1 POLITICAL GOVERNANCE

##### INTRODUCTION TO POLITICAL GOVERNANCE

The municipality is a collective executive type municipality where the Mayor is the Chairperson of the Executive Committee comprising of 10 executive councillors assigned responsibilities of overseeing administrative portfolios. Furthermore, there are committees established in terms of section 79 of the Municipal Structure's Act to provide oversight and report to the Council. The two committees established are Municipal Public Accounts Committee (MPAC) and Audit Committee. The MPAC serves as Council Oversight committee on the administration activities of the Municipality. The Audit Committee advises Council on matters relating to internal controls; risk management and governance process. The Municipality utilises the services of the Bojanala Platinum District Municipality Share Audit Committee Services and have played a pivotal role in performing an oversight role over financial and performance management during the financial year, including the annual report.

# Chapter 2

## POLITICAL STRUCTURE

<b>MAYOR</b>	<b>Cllr Nketu Nkotswe</b>
<b>SPEAKER</b>	<b>Cllr Gugulethu Mtshali</b>
<b>SINGLE WHIP</b>	<b>Cllr Caroline Motshabi</b>

## MAYORAL COMMITTEE/EXECUTIVE COMMITTEE

<b>Committee</b>	<b>Chairing Councillor</b>
	<b>Nketu Nkotswe</b>
<b>Finance/BTO</b>	<b>Stephina Mashishi</b>
<b>Planning &amp; development</b>	<b>Thapelo Thoboke</b>
<b>Local Economic Development</b>	<b>Mogapi Motsisi</b>
<b>Infrastructure &amp; Technical services</b>	<b>Hazel Ramokopelwa</b>
<b>Community services</b>	<b>Mosweu Manganye</b>
<b>Corporate services</b>	<b>Dithothi Tshetlhane</b>
	<b>Zippora Motsoenyane</b>
	<b>Tshepang Madisa</b>
	<b>Nthabiseng Mollo</b>

## COUNCILLORS

There are 35 Ward and 69 ward Councillors and Proportional Representative Councillors and they also serve in various municipal portfolios.

## Chapter 2

<b>Council Members</b>	<b>FULL/PART TIME</b>	<b>Committees Allocated</b>	<b>Ward and/ or Party Represented</b>
1. Nkotswe Magdeline Nketu ( <b>ANC Mayor</b> )	Full Time	Mayor	<b>ANC</b>
2. Mtshali Gugulethu Maureen ( <b>ANC Speaker</b> )	Full Time	Council Chairperson	<b>ANC</b>
3. Motshabi Caroline Nkeifeng ( <b>ANC Whip</b> )	Full Time	Chairperson (Caucus)	<b>ANC</b>
4. Manganye Solomon Mosweu ( <b>ANC Community Service</b> )	Full Time	Chairperson (Community Services & Public Safety Portfolio)	<b>ANC</b>
5. Tshetlhane Dithothi Rebeccah ( <b>ANC Corporate Services</b> )	Full Time	Chairperson (Corporate Services Portfolio)	<b>ANC</b>
6. Mashishi Stephina ( <b>ANC Finance/BTO and</b> )	Full Time	Chairperson (Finance /BTO Portfolio)	<b>ANC</b>
7. Ramokopelwa Hazel ( <b>ANC ITS/INFRASTRUCTURE</b> )	Full Time	Chairperson (Infrastructure)	<b>ANC</b>
8. Motsisi Mogapi ( <b>ANC LED</b> )	Full Time	Chairperson (Local Economic Development)	<b>ANC</b>
9. Thoboke Thapelo Petrus ( <b>ANC Planning &amp; Development</b> )	Full Time	Chairperson (Planning and Development)	<b>ANC</b>
10. Zippora Motsoenyane ( <b>DA</b> )	Full Time	Infrastructure & Technical Services	<b>DA</b>
11. Nthabiseng Mollo ( <b>EFF</b> )	Full Time	EXCO Member	<b>EFF</b>
12. Madisa Tshepang Godfrey ( <b>EFF</b> )	Full Time	EXCO Member	<b>EFF</b>
13. Matshereng Efesia ( <b>MPAC</b> )	Full Time	Chairperson (MPAC)	<b>ANC</b>
14. Aphiri Itumeleng Gerald ( <b>EFF</b> )	Part Time	Finance & BTO	<b>EFF</b>
15. Sephothi Rhyme Tebogo ( <b>ANC</b> )	Part Time	Local Economic Development	<b>ANC</b>

## Chapter 2

<b>Council Members</b>	<b>FULL/PART TIME</b>	<b>Committees Allocated</b>	<b>Ward and/ or Party Represented</b>
16. Kalipa Harris Sipho (ANC)	Part Time		ANC
17. Masokwane Samuel Komaakgosi (ANC)	Part Time	Infrastructure & Technical Services	ANC
18. Ditsele Enock Noah (ANC)	Part Time	Corporate Services	ANC
19. Mabaso Justice Tlhamo (ANC)	Part Time	Section 31 committee	ANC
20. Serole Itumeleng Patrick (ANC)	Part Time	Community Services & Public Safety	ANC
21. Sefora Mopyane Nelson (ANC)	Part Time	Community Services & Public Safety	ANC
22. Magoleng Motlhanke Herman (ANC)	Part Time	Infrastructure & Technical Services	ANC
23. Sekoboane Itumeleng Abner (ANC)	Part Time	Corporate Services	ANC
24. Bosielo Bontle Salamina (ANC)	Part Time	Planning & Development	ANC
25. Luvuno Fortune (ANC)	Part Time	Section 31 Committee	ANC
26. Raboroko Mpho Jacob (ANC)	Part Time	MPAC	ANC
27. Kgotlhang Tshidi Dorothy (ANC)	Part Time	Local Economic Development	ANC
28. Mogale Mogomotsi John (ANC)	Part Time	Infrastructure & Technical Services	ANC
29. Khunou Kopano (ANC)	Part Time	Planning & Development	ANC
30. Radiokana Joyce Mamiki (ANC)	Part Time	MPAC	ANC
31. Hlojane Sello Simon (ANC)	Part Time	Infrastructure & Technical Services	ANC
32. Khumalo Tshepo Confidence (ANC)	Part Time	Local Economic Development	ANC
33. Letsatsi Kabelo Petrus (ANC)	Part Time	MPAC	ANC

## Chapter 2

<b>Council Members</b>	<b>FULL/PART TIME</b>	<b>Committees Allocated</b>	<b>Ward and/ or Party Represented</b>
34. Mogaki Thobego Jeremia ( <b>ANC</b> )	Part Time	Community Services & Public Safety	<b>ANC</b>
35. Sekao Nomvula Seanokeng Grace	Part Time	Infrastructure & Technical Services	<b>ANC</b>
36. Kanaomang Peter Gobakwang ( <b>ANC</b> )	Part time	Finance & BTO	<b>ANC</b>
37. Letlape Nkeko Anastatia ( <b>ANC</b> )	Part Time	Planning & Development	<b>ANC</b>
38. Sibanda Joseph Shimane ( <b>ANC</b> )	Part Time	MPAC	<b>ANC</b>
39. Radikeledi Peter Katlego ( <b>ANC</b> )	Part Time	Local Economic Development	<b>ANC</b>
40. Mabula Matsapa Philista (Independent)	Part Time	Infrastructure & Technical Services	<b>INDEPENDENT</b>
41. Sebalo Shadrack Aobakwe ( <b>ANC</b> )	Part Time	Planning & Development	<b>ANC</b>
42. Thale Mookamedi Bodibe ( <b>ANC</b> )	Part Time	Finance & BTO	<b>ANC</b>
43. Pilane Obakeng Obed ( <b>ANC</b> )	Part Time	MPAC	<b>ANC</b>
44. Mosako Thato Gagoine ( <b>ANC</b> )	Part Time	Infrastructure & Technical Services	<b>ANC</b>
45. Muleya Precious Kelebogile ( <b>ANC</b> )	Part Time	Planning & Development	<b>ANC</b>
46. Pitso Lucky Mxoleni ( <b>ANC</b> )	Part Time	Finance & BTO	<b>ANC</b>
47. Matshaba Maria Ziphora ( <b>ANC</b> )	Part Time	-	<b>ANC</b>
48. Deleki Nomawesile ( <b>ANC</b> )	Part Time	Community Services & Public Safety	<b>ANC</b>
49. Mashimo Ratselane Ezekiel ( <b>ANC</b> )	Part Time	Local Economic Development	<b>ANC</b>
50. Lukhele Rose Mmapula ( <b>ANC</b> )	Part Time	Community Services & Public Safety	<b>ANC</b>
51. Rampe Rebaone Ronald ( <b>DA</b> )	Part Time	Finance & BTO	<b>DA</b>

## Chapter 2

<b>Council Members</b>	<b>FULL/PART TIME</b>	<b>Committees Allocated</b>	<b>Ward and/ or Party Represented</b>
52. Maretele Joy Boitumelo (UCDP)	Part Time	Infrastructure & Technical Services	UCDP
53. Tshailane Sophie Mmapitse (EFF)	Part Time	Infrastructure & Technical Services	EFF
54. Mathe Andries Monosi (EFF)	Part Time	Community Services & Public Safety	EFF
55. Moroka Lebogang Moses (EFF)	Part Time	–	EFF
56. Mabalane Kedibone Charlotte (EFF)	Part Time	Community Services & Public Safety	EFF
57. Letlape Abednicco Tshwenyego (EFF)	Part Time	Local Economic Development	EFF
58. Mokotedi Tumisang (EFF)	Part Time	Corporate Services	EFF
59. Molebalwa Madito Thor (EFF)	Part Time	MPAC	EFF
60. Mataboge David Kgosietsile (EFF)	Part Time	Planning & Development	EFF
61. Marakalala Senkgane Brunny (EFF)	Part Time	Planning & Development	EFF
62. Mirriam Ramokoka (EFF)	Part Time		EFF
63. Tau Phiri (TSOGANG)	Part Time		TSOGANG
64. Beauty Chebelui (TSOGANG)	Part Time		TSOGANG
65. Modisakeng Enoch (ACDP)	Part Time		ACDP
66. Makinita Asaph Sammu (F4SD)	Part Time	Planning & Development	F4SD
67. Machete Patricia (AIC)	Part Time		AIC
68. Moeng Toto Johannes (INC)	Part Time	Finance & BTO	INC
69. Motswasele Mildred (BBT)	Part Time	Corporate Services	Bana Ba Thari

# Chapter 2

## POLITICAL DECISION-TAKING

The above resolutions are taken by Council through recommendations of EXCO. EXCO considers submissions made by the various Portfolio committees. Management sees to the implementation of the resolutions and the above resolutions have been implemented.

### FINANCIAL YEAR 2020/2021

MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
22 July 2021	01/07/2021	ADDITION OF COUNCILLORS TO PORTFOLIO COMMITTEES	<p><b>RESOLVED</b></p> <p>a) That the report on the addition of Councilors to serve in portfolio committees be noted.</p> <p>b) That the Council approves the appointment of the following Councilors:</p> <p>1.Cllr.Thapelo Thobokoe to serve in the Community Safety and public Safety Portfolio Committee</p> <p>2.Cllr. Tryphosa Botlhokwane to serve in the Local Economic Development Portfolio Committee</p> <p>3.Cllr Nketu Nkotswe to serve in the Corporate Support Services Portfolio Committee</p> <p>4. Cllr Sarah Yende to serve in the Corporate Support Services Portfolio Committee</p>
	02/07/2021	PROPOSED SCHEDULES FOR MEETING OF COUNCIL, EXCO, PORTFOLIO COMMITTEES AND WARD COMMITTEES FOR FINANCIAL YEAR 2021/2022 (3/2/2/1)	<p><b>RESOLVED</b></p> <p>a) That the attached proposed schedules for meetings of Council, Executive Committee, Portfolio committees and Ward committees for the financial year 2021/2022 be approved.</p>

## Chapter 2

MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
	<b>03/07/2021</b>	<b>LEGAL ACTION ISTUTUTED BY CLLR THAPELO THOBOKE AGAINST THE MOSES KOTANE LOCAL MUNICIPALITY</b>	<b>RESOLVED</b>  a) That Council notes the report. b) That Council support the opposing of the said application set down for Friday 23 <sup>rd</sup> July 2021. c) That Council authorize the Speaker, Mayor, Municipal Manager and any other respondent/person deemed necessary to depose affidavits.
<b>05 October 2021</b>	<b>25/09/2021</b>	<b>LAND LEASE AGREEMENT BETWEEN MOSES KOTANE LOCAL MUNICIPALITY AND NORTH WEST DEVELOPMENT CORPORATION FOR THE BOJANALA SPECIAL ECONOMIC ZONE PROJECT</b>	<b>RESOLVED</b>  a. That the Municipality enter into a Land Lease Agreement (attached hereto) with NWDC to enable the SEZ development to commence. b. That the signed lease agreement be notarial registered at the Deeds Office to afford the NWDC legal right to occupy, use and enjoy the land for a period of 50 years, as stipulated in the agreement. c. That the Municipality waives the first 5 years of lease income from NWDC in regard to the lease of land for the SEZ project to assist the NWDC with financial viability. This waiver excludes municipal services like water provision, sanitation, and refuse removal and property rates. d. That the lease amount be re-negotiated with the NWDC after 5 years.

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MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
22 November 2021	35/11/2021	<b>OATH OR SOLEMN AFFIRMATION BY MEMBERS OF THE COUNCIL</b>	<p><b>RESOLVED</b></p> <p>The Chief Magistrate Mr D. Makgala, grouped councillors in numbers of 15, gave them an opportunity to swear or affirm their faithfulness to the Republic of South Africa and obedience to the Constitution as per the provision of the Municipal Structures Act, 117, 1998. Councillors filled in their full names and signatures on the separate copy of the Oath for record purposes.</p> <p>The Municipal Manager thanked the Magistrate for his assistant in an Inaugural of the Moses Kotane Local Municipality Council and congratulated the Magistrate for serving 35 years in various magistrate Court and 9 years serving in National Prosecuting Agency as he will be retiring this year December 2021.</p> <p>The Municipal Manager congratulated all councillors who were sworn in as Councillors of the Moses Kotane Local Municipality.</p>
	36/11/2021	<b>SIGNING OF THE ATTENDANCE REGISTER AND LEAVE OF ABSENCE</b>	<p><b>RESOLVED</b></p> <p>It was confirmed that a register be circulated for recording and all the sixty-eight Councillors were present in the meeting in accordance as constituted in the Code of Conduct for Councillors contained in Schedule 1 of Local Government: Municipal Systems Act 32 of 2000.</p>
	37/11/2021	<b>DISCLOSURE OF INTEREST</b>	<b>RESOLVED</b>

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MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
			<p>Item 5 of the Code of Conduct for Councillors;</p> <p>Councillors who have interests as described in the report should complete the designed form and submit to the office of the Speaker and disclose by Friday 26 November 2021 and will be cascaded to the office of the Municipal Manager and Human Resources Office.</p>
	30/11/2021	<b>ELECTION OF THE SPEAKER</b>	<p><b>RESOLVED</b></p> <p>In terms of S36 of the Local Government: Municipal Structures Act 117 of 1998, the Council must have a Chairperson who will be called the Speaker. The Council must elect its Speaker at the first sitting after local government elections, from among the Councillors.</p> <p>The Municipal Manager presided over the election of the Speaker. He called for the nomination of the Speaker and the forms will be circulated among Councillors.</p>
	31/11/2021	<b>ELECTION OF THE EXECUTIVE COMMITTEE</b>	<p><b>RESOLVED</b></p> <p>Cllr C. Motshabi requested 30 minutes' caucus. The Speaker Cllr G. Mtshali granted 15 minutes' caucus and the Council adjourned for 15 minutes.</p> <p>The Speaker, Cllr G. Mtshali convene the Council meeting after the caucus, Cllr C. Motshabi moved for consideration and Cllr N. Matshereng seconded.</p> <p>The Municipal Manager explained the formula used to determine the seat representations of Executive Committee members from political parties. The <b>African</b></p>

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MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
			<p>National Congress has 66,6% = 7, Economic Freedom Fighters 18,8%= 2 and Democratic Alliance 2,8% = 1.</p> <p>In terms of Section 42 of the Municipal Structures Act, No. 117 of 1998, the following councillors were elected members of the Executive Committee:</p> <p>Cllr Dithothi Tshetlhane - Finance/BTO  Cllr Motsisi Mogapi -Corporate Support Services  Cllr Thapelo Thoboke -Infrastructure and Technical Services  Cllr Bushy Manganye - Local Economic Development  Cllr Stephina Mashishi - Planning and Development  Cllr Hazel Ramokopeloa - Community Services  Cllr Nketu Nkotwe  Cllr Nthabiseng Mollo  Cllr Tshepang Madisa  Cllr Zippora Motsoenyane</p>
	32/11/2021	<b>ELECTION OF THE MAYOR</b>	<p><b>RESOLVED</b></p> <p>Cllr M. Matshaba nominated Cllr Nketu Nkotswe as the Mayor of Moses Kotane Local Municipality.</p> <p>Cllr Nketu Nkotswe accepted the nomination.</p> <p>In terms of the prescribed legally procedure, Cllr Nketu Nkotswe was elected Mayor in accordance with Section 48 (1) read with Schedule 3 of Local Government: Municipal Structures Act, No.117 of 1998.</p>

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MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
	33/11/2021	ELECTION OF A SINGLE WHIP	<p><b>RESOLVED</b></p> <p>Cllr Bushy Manganye nominated Cllr C. Motshabi, Cllr C. Motshabi accepted the nomination. Cllr Caroline Motshabi was elected Single Whip in accordance with Section 48 (1) read with Schedule 3 of Local Government: Municipal Structures Act, No.117 of 1998.</p>
	34/11/2021	ELECTION OF REPRESENTATIVES TO BOJANALA PLATINUM DISTRICT MUNICIPALITY	<p><b>RESOLVED</b></p> <p>That as required in items of 17 to 22 of the aforesaid Schedule 2 of Local Government: Municipal Structures Act, no. 117 of 1998.</p> <p>The IEC explained the formula used to determine the seat representations at the Bojanala Platinum District Municipality. Ten seats were allocated on a proportional representation basis and these seats were filled from the list provided by the political parties as required. The Democratic Alliance gave the seat to Tsogang Civic Movement.</p> <p>The following councillors were elected to occupy the ten seats as representatives of the Moses Kotane Local Municipality at the Bojanala Platinum District Municipality:</p> <ol style="list-style-type: none"> <li>1. Cllr Nomvula Sekao</li> <li>2. Cllr Nkeko Letlape</li> <li>3. Cllr Nomawesile Deleki</li> </ol>

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MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
			<ol style="list-style-type: none"> <li>4. Cllr Rose Lukhele</li> <li>5. Cllr Ezekiel Mashimo</li> <li>6. Cllr Justice Mabaso</li> <li>7. Cllr Mookamedi Thale</li> <li>8. Cllr Senkgane Marakalala</li> <li>9. Cllr Gerald Aphiri</li> <li>10. Cllr Desmond Ramokoka</li> </ol>
	38/11/2021	<b>ELECTION OF THE MPAC CHAIRPERSON</b>	<p><b>RESOLVED</b></p> <p>In terms of Municipal Public Accounts Committee section 79 of the Municipal Structures Act, 1998 read with provisions of the Municipal Finance Management Act, 2003;</p> <p>That Council nominates and appoints a Councillor who will serve as part/full time chairperson of MPAC.</p> <p>Cllr E. Matshereng was elected MPAC Chairperson in accordance with the section 79 of the Municipal Structures Act.</p>
	39/11/2021	<b>REPORT ON THE COMPOSITION OF THE MOSES KOTANE EXECUTIVE COMMITTEE (EXCO)</b>	<p><b>RESOLVED</b></p> <p>In terms of section 43 of the Local Government Municipal Structures Act No. 117 of 1998, states the council determine a number of councillors necessary for the effective and efficient government, provided that no more than 20% (<math>69 \times 20\% = 13.8</math>) or 10 councillors, whichever is the least, are determined.</p> <ol style="list-style-type: none"> <li>a) That Council note the report</li> <li>b) That the Council appoints an executive Committee in compliance with Section 43 of the</li> </ol>

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MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
			<p>Local Government: Municipal Structures Act, Act No.117 of 1998 as amended.</p> <p>c) That Council appoints an Executive Committee of 10 members as per the prescribed legislative framework.</p> <p>d) That the following members be appointed as Executive Committee:</p> <p>Cllr Dithothi Tshetlhane            Cllr Motsisi Mogapi            Cllr Thapelo Thoboke            Cllr Bushy Manganye            Cllr Stephina Mashishi            Cllr Hazel Ramokopeloa            Cllr Nketu Nkotswe            Cllr Nthabiseng Mollo            Cllr Tshepang Madisa            Cllr Zippora Motsoenyane</p>
	40/11/2021	<p><b>RESCINDMENT OF ITEM 34/11/2021: ELECTION OF REPRESENTATIVES TO THE BOJANALA PLATINUM DISTRICT MUNICIPALITY (3/1/3)</b></p>	<p><b>RESOLVED</b></p> <p>The IEC explained the formula used to determine the seats representations at the Bojanala Platinum District Municipality ten seats were allocated on a proportional representation basis and these seats were filled from the list provided by the political parties as required. The Councilors will vote by means of secret ballot.</p> <p>The following councilors were elected to occupy the ten seats as representatives of the Moses Kotane Local Municipality at the Bojanala Platinum District Municipality:</p>

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MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
			<ol style="list-style-type: none"> <li>1. Cllr Nomvula Sekao ANC</li> <li>2. Cllr Nkeko Letlape ANC</li> <li>3. Cllr Nomawesile Deleki ANC</li> <li>4. Cllr Rose Lukhele ANC</li> <li>5. Cllr Ezekiel Mashimo ANC</li> <li>6. Cllr Justice Mabaso ANC</li> <li>7. Cllr Senkgane Marakalala EFF</li> <li>8. Cllr Gerald Aphiri EFF</li> <li>9. Cllr Desmond Ramokoka TCM</li> <li>10. Cllr Rebaona Rampe DA</li> </ol>
<b>10 December 2021</b>	<b>46/12/2021</b>	<b>ELECTION OF COMMITTEES OF THE COUNCIL</b>	<b>RESOLVED:</b> <ol style="list-style-type: none"> <li>a) That the report on election of committees of the Council be noted.</li> </ol>
	<b>47/12/2021</b>	<b>NOMINATION OF COUNCILORS TO SERVE IN THE MOSES KOTANE LOCAL MUNICIPALITY'S LOCAL LABOUR FORUM</b>	<b>RESOLVED:</b> <ol style="list-style-type: none"> <li>a) That Council note the report.</li> <li>b) That Council nominates Cllr Peter Kanaomang and Cllr Magoleng Motlhanke to serve in the Local Labour Forum.</li> </ol>
	<b>55/12/2021</b>	<b>INVITATION NOTICE TO ATTEND THE 2022 SALGA NORTH WEST PROVINCIAL CONFERENCE ON THE 20 – 21 JANUARY 2022.</b>	<b>RESOLVED:</b> <ol style="list-style-type: none"> <li>a) That the Acting Municipal Manager and CFO must attend in- line with the invitation.</li> <li>b) That Council approves and appoints five Councillors in-line with the SALGA invitations</li> </ol>

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MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
			<p>Cllr Gugulethu Mtshali            Cllr Nketu Nkotswe            Cllr Motsisi Mogapi            Cllr Caroline Motshabi            Cllr Nono Matshereng</p>
	56/12/2021	<b>INTERGRATED PROGRAMME (ICIP) 2021 ON THE 3<sup>rd</sup> -7<sup>th</sup> JANUARY 2022</b>	<p><b>RESOLVED</b></p> <p>a) That the Councillors attend the SALGA North West Integrated Programme (ICIP) 2022 on the 3<sup>rd</sup> – 7<sup>th</sup> January 2022.</p> <p>b) That the Moses Kotane Local Municipality to request financial assistance from Bojanala District Municipality.</p> <p>c) That The Municipality to look in other Council votes to augment the budget</p>
	57/12/2021	<b>CORRECTION OF SEATS FOR LOCAL MUNICIPALITY COUNCILLORS REPRESENTATIVE TO THE DISTRICT COUNCIL OF BOJANALA PLATINUM DISTRICT MUNICIPALITY</b>	<p><b>RESOLVED</b></p> <p>(a) That Council note the report</p> <p>(b) That the correction of allocation of seats for Moses Kotane Local Municipality by IEC be approved.</p> <p>(c) That resolution of the Council held on the 23<sup>rd</sup> November 2021 be rescinded.</p> <p>(d) That the revised name-list of Council representatives to Bojanala Platinum District Council be approved.</p> <p>(e) That Municipal Manager to write a letter to the IEC Region, Province and National about the incompetency of IEC staff</p>

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MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
	48/11/2021	REQUEST FOR CLOSURE OF MUNICIPAL OFFICE.	<p><b>RESOLVED</b></p> <p>a. That Council grants approval for closure of offices from the 22 December 2021 until 05 January 2022 (last working day being 22<sup>nd</sup> December 2021 until and opening on 05 January 2022).</p> <p>b. That Essential Services of Council proceed to operate during the break.</p> <p>c. That a list of staff members required to be on duty during the break be submitted.</p> <p>d. That the staff required to work during the break be compensated with one day's leave for everyday worked or alternatively as per rate paid during lockdown level 1.</p> <p>e. That the staff required to be on stand-by be compensated with payment of stand-by allowance.</p> <p>f. That the relevant message be published in the local newspaper and be properly communicated to the community, clients and stakeholders.</p> <p>g. That officials take 2 days annual leave (23&amp;24) December 2021 and Council give officials a further 5 days leave (28,29.30 &amp; 31 December 2021 and 04 January 2022).</p>
	49/11/2021	CONDONATION OF ACTING APPOINTMENT: HOD: PLANNING AND DEVELOPMENT AND TO REQUEST FOR FURTHER ACTING APPOINTMENT	<p><b>RESOLVED:</b></p> <p>(a) That Council notes the report.</p> <p>(b) That Council condones Mr. B. Maseloane acting for the month of November 2021.</p> <p>(c) That Mr. V. Mmope be appointed on Acting position as from the period 1<sup>st</sup> January 2022 to 31 March 2022</p>

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MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
			(d) That permission be granted to advertise for the vacant position of the HOD: Planning and Development.
	50/12/2021	<b>CONDONATION OF ACTING APPOINTMENT: HOD CORPORATE SERVICES AND REQUEST FOR FURTHER ACTING APPOINTMENT</b>	<p><b>RESOLVED:</b></p> <p>(a) That Council notes the report.</p> <p>(b) That Council condones Ms. G. R. Madikela's acting for the month of November 2021.</p> <p>(c) That Ms. B. Moselane be appointed on Acting position: Director Corporate Support Services as from 1<sup>st</sup> January 2022 to 31<sup>st</sup> March 2022.</p> <p>(d) That permission be granted to advertise for the vacant position of the HOD: Corporate Support Services.</p>
	51/12/2021	<b>DIRECTORATE BUDGET AND TREASURY OFFICE: REMUNERATION OF COUNCIL MEMBERS</b>	<p><b>RESOLVED:</b></p> <p>a) The Council takes notes of the report.</p> <p>b) That the two positions of Protectors for the Office of the Speaker be advertised as prescribed by SALGA.</p> <p>c) That the vacant positions in the Office of the Speaker be advertised.</p> <p>d) That the vacant positions of the Drivers in the Office of the Speaker be advertised as per the prescriptions of SALGA.</p>
	53/12/2021	<b>ADOPTED IDP 2021/2022 AND IDP/PMS AND BUDGET PROCESS PLAN FOR THE FIFTH GENERATION - 5 YEAR TERM</b>	<b>RESOLVED:</b>

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MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
		<p><b>2022/2027 FOR FINANCIAL YEAR 2022/2023</b></p>	<p>(a) That the Council to note the legislated was adopted by the Fourth Generation Council on the 31 August 2021, Council Resolution No: 15/05/202,</p> <p>(b) That Fifth Generation Council was sworn in on the 18<sup>th</sup> November 2021, and require them to Council to note IDP/Budget/PMS Process Plan for the financial year 2022/2023,</p> <p>(c) That the IDP/PMS/Budget Process Plan was shared with the Forum on the 28 September 2021.</p> <p>(d) That all stakeholders were requested to align their processes to this plan, and MKLM IDP Unit to ensure that always all stakeholders are engaged during the development of the document.</p> <p>(e) That Council to note that the Approved Process Plan per legislation was advertised as legislated, (published within 10 days on the Municipal website after the approval by Council and submitted to the MEC's Office - as well as National and North West provincial government as legislated)</p> <p>(f) That on the 21 June 2021, Bojanala Platinum District Municipality and the North West CoGTA workshopped IDP offices on legislative amendments to be shared with Fifth Council. Attached to the item please note:</p> <p><input type="checkbox"/> Municipal Finance Management Act, Circular No 88 requirements: Piloting of Key Performance Indicators</p>

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MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
			<p>for Local Government in 2021/2022 Implications on the IDP's (Attached please see circular as annexure)</p> <ul style="list-style-type: none"> <li>□ Review of the 2001 Municipal Planning and Performance Management Regulations</li> <li>□ The National Strategic Plan on Gender Based Violence and Femicide (GBVF – NSP)</li> <li>□ Draft Section 47 (1)(B) of the Intergovernmental Relations Framework Act (IGRFA) and</li> <li>□ Alignment of One Plans of Metros and Districts with the 5 –year Integrated Development Plans</li> </ul> <p>(g)That Council to note Circular no. 12 of 2020 by Minister of Cooperative Governance and Traditional Affairs: The Development of the Revised IDP Guidelines for Municipalities.</p> <p>(h)That Risk Management Unit will develop the risk register to ensure that each role players perform their roles in the timeline set out above in IDP Phases.</p> <p>(i)That it was resolved that any amendments/review of the plan after Local Government Elections will be accommodated.</p> <p>(j)That the intention of stakeholder engagements is to ensure community ownership of project and plans and to participate in planning and decision making of Local Government</p> <p>(k)That the Plan was shared with Audit Committee on the 20th August 2021 for comments and inputs</p>

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MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
			(l) That the IDP Representative Forum with all stakeholders was held on the 28 November 2021. (m) That the last pack attached is the Proposed IDP Public Participation planned for 11 – 15 January 2022
	52/11/2021	<b>CONDONATION OF ACTING APPOINTMENT: MUNICIPAL MANAGER POSITION</b>	<b>RESOLVED:</b>  (a) That Council notes the report. (b) That Council condones the acting of Mr. S Kotsedi as a Municipal Manager for the period 24th November to 10th December 2021. (c) That Council be furnished with relevant documentations such as timetable from the relevant Institution and be verified there at as well as approved leave application by the Mayor. (d) That Council assign the Municipal Troika to investigate the matter and report back to Council within seven working days.
31/01/2022	63/01/2022	<b>REVIEW MPAC TERMS OF REFERENCE FOR THE FINANCIAL YEAR 2021/2022 AND THE DRAFT PROCESS PLAN FOR THE PUBLIC HEARING ON THE ANNUAL REPORT 2020/2021</b>	<b>RESOLVED</b>  a) That the terms of reference adopted in the financial year 2016/2017 be rescinded b) That the terms of reference attached as Annexure A, be referred to council for approval. c) That the revised ToR are meant to enhance and improve MPAC. d) That the item be taken to the strategic planning session where among other things and Tor be shared for implementation of new amendments in the System Act and a creation

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MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
			<p>of vacancies for investigations and research be done</p> <p>e) That the Council adopt the draft MPAC process plan for the MPAC public hearing process on the Annual report 2020/2021 and Terms of reference 2021/2022</p>
	60/12/2021:	<p><b>REPORT BACK BY THE SPEAKER ON THE CONDONEMENT OF LEAVE OF ABSENCE OF MUNICIPAL MANAGER (52/12/2021)</b></p>	<p><b>RESOLVED</b></p> <p>a) Cllr H Ramokopelwa asked to be recused on any recommendation's taken on the above Item</p> <p>b) That the Item be referred to the Speaker and the Mayor so that further investigation be done. After the Speaker and the Mayor call urgent/ special Council meeting within 7 days to report back to Council</p>
	61/12/2021	<p><b>REPORT OF THE SECTION 79 (PORTFOLIO COMMITTEE ON INFRASTRUCTURE AND TECHNICAL SERVICES (URGENT MATTER))</b></p>	<p><b>RESOLVED</b></p> <p>a) Cllr H Ramokopelwa asked to be recused on the recommendation's taken on the above Item</p> <p>b) That the item be referred back to the Executive Committee and be brought back to Council.</p>

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MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
			<p>c) That resolution taken on the Executives Portfolios of the 22<sup>nd</sup> November 2021 stands.</p>
	42/11/2021	<p><b>THE MPLEMENTATION OF CIRCULAR 88 AS FROM JULY 2022</b></p>	<p><b>RESOLVED:</b></p> <p>It is recommended:</p> <p>(a) That the item be referred back since it will be implemented in July 2022</p>
	62/01/2022	<p><b>TABLING 2020/2021 ANNUAL REPORT</b></p>	<p><b>RESOLVED</b></p> <p>a) That the Council note the 2020/2021 Annual Report</p> <p>b) That the council give directive to Municipal Public Accounts Committee to facilitate oversight processes of the Annual report, as required by section 127 (5) of the Municipal Finance Management Act.</p> <p>c) The 2020/2021 Annual Report be subject to public comments through a process to be led by MPAC</p> <p>d) That both EXCO and Management participate throughout the public hearings as required by the MFMA</p>

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MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
			e) That a notice be issued in the newspapers regarding the availability of the 2020/2021 Annual Report
	65/01/2022	HAND-OVER REPORT	<b>RESOLVED:</b> a) That the item be referred back to the next council sitting
	66/01/2022	FINANCIAL REPORT FOR OCTOBER 2021 (7/15/1/2/1)	<b>RESOLVED:</b> a) That the financial report for 31 October 2021 be accepted and noted.
	67/01/2022	FINANCIAL REPORT FOR NOVEMBER 2021 (7/15/1/2/1)	<b>RESOLVED:</b> a) That the financial report for 30 November 2021 be accepted and noted.
	68/01/2022	FINANCIAL REPORT FOR DECEMBER 2021 (7/15/1/2/1)	<b>RESOLVED:</b> a) That the financial report for 31 December 2021 be accepted and noted.
	69/01/2022	FINANCIAL QUARTERLY REPORT FOR THE QUARTER ENDING 31 <sup>ST</sup> DECEMBER 2021 /15/1/	<b>RESOLVED:</b> a) That the financial quarterly report for the First quarter ending 31 December 2021 be accepted and noted.
	70/01/2022	MID-YEAR BUDGET PERFORMANCE ASSESSMENT	<b>RESOLVED:</b>

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		<b>REPORT FOR THE PERIOD ENDING 31 DECEMBER 2021</b>	<ul style="list-style-type: none"> <li>a) Council notes the Mid-Year Budget and Performance Assessment Report for the 2021/2022 Financial Year in terms of S72 of the MFMA and the Supporting Documentation attached.</li> <li>b) Council considers the financial state of affairs of the Municipality as reflected in this report and take note of the low collection rate for the first six months of the year that leads to cash flow challenges.</li> <li>c) Council considers the tabling of an adjustment budget not later than 28 February 2022.</li> </ul>
	<b>72/01/2022</b>	<b>REPORT OF THE PUBLIC PROTECTOR ON CLAIM FOR COMPENSATION BY MPHELA FAMILY – BAPHALANE BULK WATER PROJECT PIPELINE ON FARM PYLKOP 26JQ</b>	<p><b>RESOLVED:</b></p> <ul style="list-style-type: none"> <li>a) That the item be referred back</li> </ul>
	<b>73/01/2022</b>	<b>REPORT ON CYBER ATTACK ON THE MOSES KOTANE LOCAL MUNICIPALITY’S ICT NETWORK</b>	<p><b>RESOLVED:</b></p> <ul style="list-style-type: none"> <li>(a) That the item be referred back</li> </ul>
	<b>74/01/2022</b>	<b>RESCINDMENT OF RECOMMENDATION (D) OF ITEM 48/11/2021</b>	<p><b>RESOLVED:</b></p> <ul style="list-style-type: none"> <li>a) That the item be referred back</li> </ul>
	<b>75/01/2022</b>	<b>SUPPLY CHAIN MANAGEMENT FIRST QUARTER REPORT FOR 2021/2022</b>	<p><b>RESOLVED:</b></p> <ul style="list-style-type: none"> <li>a) That the contents of the report be noted.</li> </ul>

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MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
	76/01/2022	SUPPLY CHAIN MANAGEMENT SECOND QUARTER REPORT FOR 2021/2022	<b>RESOLVED</b> a) That the contents of the report be noted.
	77/01/2022	APPROVAL TO FILL VACANT SENIOR MANAGER POST-HOD-CORPORATE SERVICES	<b>RESOLVED</b> a) That the item be referred back
	78/01/2022	APPROVAL TO FILL VACANT SENIOR MANAGER POST-HOD-PLANNING AND DEVELOPMENT	<b>RESOLVED</b> a) That the item be referred back
28 FEBRUAR Y 2022	71/02/2022	ESTABLISHMENT OF WARD COMMITTEES FOR FIFTH GENERATION COUNCIL 2022/2027	<b>RESOLVED</b> a) That Council notes the report on the election and establishment of ward committees. b) That Council notify the communities of the expiration period of the old ward committees. c) That Council embark on the process of election and establishment of new ward committees and avail the necessary resources needed to implement the program.
	79/02/2022	DELEGATION OF MEMBERS TO ATTEND SALGA NATIONAL CONFERENCE	<b>RESOLVED</b>  a) That Council resolve on three names of Cllr M. Motsisi, Cllr C. Motshabi and Cllr G. Mtshali to be delegated per the invite. b) That registration be done by the municipality via SALGA Portal registration. c) That the Speaker Cllr Gugulethu Mtshali be delegated with voting powers,

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MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
	80/02/2022	<b>COUNCILLOR NOMINATION TO SERVE AS SALGA WORKING GROUP</b>	<p><b>RESOLVED</b></p> <p>a)That MKLM Working groups be established per item 2 above identified under background.</p> <p>b)That the functions of the working group are in page 31 of the SALGA Constitution no.27,2,2 attached as Annexure A.</p> <p>c)That nominated names of councilors and contacts be send per attached request.</p> <p>d)That the Speaker be mandated to nominate names and provide to SALGA Working Group together with contact numbers and report back to council on the names provided at the next ordinary council meeting</p>
	82/02/2022	<b>MOSES KOTANE LOCAL MUNICIPALITY ADJUSTMENT BUDGET 2021/2022 (15/1/1/2021/2022)</b>	<p><b>RESOLVED</b></p> <p>a)That in terms of Section 28 (2) of the Municipal Finance Management Act, 2003 (Act 56of 2003) the proposed 2021 /2022 Adjustment Budget be approved.</p> <p>b)The affected projects for the financial year 2021/2022 during the budget adjustment to run concurrently with MPAC.</p>
	42/11/2021	<b>THE IMPLEMENTATION OF CIRCULAR 88 AS FROM JULY 2022</b>	<p><b>RESOLVED</b></p> <p>a)That council approve the item to be implemented on 2022/2023 financial year.</p>
	74/01/2022	<b>RESCINDMENT OF RECOMMENDATION (D) OF ITEM 48/11/2021</b>	<p><b>RESOLVED:</b></p> <p>a)That the report be referred back for the administration to action as per the resolution of the 10 December 2021,</p>

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MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
			<p>council resolved on the matter that workers of the municipality be remunerated according to recommendation as submitted by the Municipal manager. Therefore, officials must go back and pay the workers after having exhausted every possible avenue within the ambits of the law.</p>
04/04/2022	102/03/2022	<p><b>DRAFT MUNICIPAL PUBLIC ACCOUNTS COMMITTEE OVERSIGHT REPORT ON THE ANNUAL REPORT 2020/2021 FINANCIAL YEAR.</b></p>	<p><b>RESOLVED</b></p> <ul style="list-style-type: none"> <li>a) That Council take note of the Oversight Report for the year under review 2020/2021.</li> <li>b) That Council implement all recommendations set hereunder by the Municipal Public Accounts Committee.</li> <li>c) That the Oversight Report be made public in accordance with section 123 (3) of the MFMA.</li> <li>d) That the Oversight Report be submitted to the Provincial Legislature in accordance with section 132 (2) of the MFMA.</li> <li>e) That Council note that the municipality once more has received a qualified audit opinion with few matters of emphasis noted by the Auditor General.</li> <li>f) That Council take steps to minimise the ever growing irregular expenditure.</li> <li>g) That the Head of Supply Chain Management position be filled as it has been vacant for more than 2 months.</li> </ul>

# Chapter 2

MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
			<ul style="list-style-type: none"> <li data-bbox="1224 245 2053 370">h) That both HOD Corporate Services and HOD Planning and Development positions be advertised.</li> <li data-bbox="1224 370 2053 532">i) That consequence management be implemented against officials who fail to comply with relevant SCM regulations and non-performing officials where repeat audit findings occur.</li> <li data-bbox="1224 532 2053 613">j) That Council note that ICT still forms the biggest item in terms of the irregular expenditure.</li> <li data-bbox="1224 613 2053 738">k) That a Researcher and an Investigating officer who will be dealing with all the confidential matters and investigations in the MPAC office be hired.</li> <li data-bbox="1224 738 2053 863">l) That the LED department capacitate the majority of SMME'S to ensure that they are skilled and effective to contribute to LED.</li> <li data-bbox="1224 863 2053 1026">m) That the infrastructure Department provide a list of all completed projects for 2018-2019, 2019-2020, 2020-2021 to allow MPAC to play oversight accordingly.</li> <li data-bbox="1224 1026 2053 1151">n) That an Engineer be hired within the Infrastructure &amp; Technical Department to avoid the overuse of consultants.</li> <li data-bbox="1224 1151 2053 1276">o) That all Portfolio Heads play oversight on their portfolios to ensure the smooth running of projects and to also ensure monitoring.</li> <li data-bbox="1224 1276 2053 1367">p) That Council approve the Oversight report with reservations.</li> </ul>

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MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
	77/01/2022	<b>APPROVAL TO FILL VACANT SENIOR MANAGER POST - HOD: CORPORATE SUPPORT SERVICES</b>	<p><b>RESOLVED</b></p> <p>a) That Council notes the report.</p> <p>b) That council grants approval for the advertisement and filling of the HOD: Corporate Support Services</p> <p>c) That Council approve the establishment of Panel members for shortlisting, interview for the position of HOD: Corporate Support Services:</p> <p><u>The Selection Panel:</u></p> <ul style="list-style-type: none"> <li>• The Accounting Officer (Chairperson)</li> <li>• The Portfolio Head Corporate Support Services</li> <li>• An accounting officer (Municipal Manager) from another local municipality</li> </ul> <p><u>The observers:</u></p> <ul style="list-style-type: none"> <li>• Representative from South African Local Government Association (SALGA)</li> <li>• A Representative from Local Government and Human Settlement to advice and monitor compliance with Regulations.</li> </ul> <p>d) The shortlisting be finalised within 30 days of the closing date of the vacant post.</p>

# Chapter 2

MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
			<p>e) That the circular 2 from COGTA be included and implemented, that speaks to the process plan from COGTA on the adverts.</p>
	78/01/2022	<p><b>APPROVAL TO FILL VACANT SENIOR MANAGER POST - HOD: PLANNING AND DEVELOPMENT</b></p>	<p><b>RESOLVED:</b></p> <p>a) That Council notes the report.</p> <p>b) That council grants approval for the advertisement and filling of the HOD: Planning and development</p> <p>c) That Council approve the establishment of Panel members for shortlisting, interview for the position of HOD: Planning and Development:</p> <p><u>The Selection Panel:</u></p> <ul style="list-style-type: none"> <li>• The Accounting Officer (Chairperson)</li> <li>• The Portfolio Head Planning &amp; Development.</li> <li>• An accounting officer (Municipal Manager) from another local municipality;</li> </ul> <p><u>The observers:</u></p> <ul style="list-style-type: none"> <li>• A Representative from South African Local Government Association (SALGA)</li> <li>• A Representative from Local Government and Human Settlement</li> </ul>

## Chapter 2

MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
			<p>d) The shortlisting be finalised within 30 days of the closing date of the vacant post.</p> <p>e) That the circular 2 from COGTA be included and implemented, that speaks to the process plan from COGTA on the adverts</p>
	<b>95/03/2022</b>	<b>DRAFT BUDGET AND MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2022/2023 TO 2023/2024(5/1/1-2022/2023)</b>	<p><b>RESOLVED</b></p> <p>a) That the draft annual budget of the municipality for the financial year 2022/2023 and the multi-year and single-year capital appropriations as set out in the attached tables be approved.</p> <p>b) That the Mayor Cllr N Nkotswe and the Speaker Cllr G Mtshali arrange a working session to consider other outstanding issues of the budget within 14 days.</p>
	<b>96/03/2022</b>	<b>DRAFT FIVE-YEAR IDP FOR 2022/2027 FINANCIAL YEAR 2022/2023</b>	<p><b>RESOLVED</b></p> <p>a) That the Council to approve the Draft IDP/Budget for financial year 2022/2023.</p> <p>b) That the tabled draft IDP will be distributed to all stakeholders mentioned in Communication 7 above.</p> <p>c) That Council note the ongoing engagements with Departments with the intention to submit the final Draft aligned to IDP by end May 2022.</p> <p>d) That Council to note and approve the proposed schedule for 2<sup>nd</sup> Round of IDP Public Participation</p>

## Chapter 2

MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
			<p>e) That Council to note villages depicted from Municipal Capacity Development Programme, done by Anglo Platinum Amandelbult (AA) Mine, and Council for Scientific and Industrial Research (CSIR) picked some villages which will require assistance by Councilors for ward verification.</p> <p>f) That Council to note the adjustments on the capital projects as reflected in the IDP/Budget for financial year 2021/2022 and still awaits final project list.</p> <p>g) That other Departmental Reports were received and only ITS Status outstanding</p> <p>h) That the Outstanding strategic report and ITS Status Quo be submitted when council approve final five year IDP for 2022/2027.</p>
31 MAY 2022	107/04/2022:	<b>CONDONATION OF ACTING CAPACITY: HOD: CORPORATE SUPPORT SERVICES (F.D. RADIOKANA)</b>	<p><b>RESOLVED</b></p> <p>(a) That Council notes the report</p> <p>(b) That Council condones Mr. F. D. Radiokana's Acting for the month of April till the end of May 2022</p> <p>(c) That Mr. F. D. Radiokana be further appointed until June 2022.</p>
	108/05/2022:	<b>CONDONATION FOR THE EXTENSION IN ACTING CAPACITY: HOD: PLANNING AND DEVELOPMENT (MR M.V.MMOPE)</b>	<p><b>RESOLVED</b></p> <p>(a) That Council notes the report</p> <p>(b) That Council condones Mr. M. V. Mmope acting for the month of April 2022 and May 2022</p> <p>(c) That Mr. M.V. Mmope be further appointed until June 2022</p> <p>(d) That the Mayor seeks approval from the MEC for this extension.</p>
	112/05/2022:	<b>CONDONATION FOR THE EXTENSION IN ACTING CAPACITY: HOD: LOCAL</b>	<p><b>RESOLVED</b></p> <p>a) That Council notes the report</p>

## Chapter 2

MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
		<b>ECONOMIC DEVELOPMENT (MR. A. MOGASHOA)</b>	(b)That Council condones Mr. A. Mogoashoa acting for the month of 22 March 2022 until 31 May 2022
	<b>122/05/ 2022:</b>	<b>PROPOSED SCHEDULES FOR MEETING OF PORTFOLIO COMMITTEE EXCO AND COUNCIL FOR FINANCIAL YEAR 2022/2023</b>	<b>RESOLVED</b>  (a)That the proposed schedules for the meetings of Portfolio Committees, Executive and Council for the financial year 2022/2023 be approved. (b)That Committees may hold Special meeting under special and urgent circumstances.
	<b>123/05/2022:</b>	<b>DEPLOYMENT OF MKLM PR COUNCILLORS TO WARDS</b>	<b>RESOLVED</b>  (a) That Council notes the deployment of al Proportional Councillors to allocated wards. (b)That the deployed Councillors to note that they are bound by Code of Conduct.
	<b>97/03/2022:</b>	<b>APPROVAL OF THE LONG TERM CREDIT FACILITY FOR LEASING OF MUNICIPAL VEHICLES</b>	<b>RESOLVED:</b>  a)That the item be referred back for proper engagement and full submission of relevant supporting documents.
	<b>106/05/2022</b>	<b>APPROVAL TO FILL VACANT SENIOR MANAGER: MUNICIPAL MANAGER</b>	<b>RESOLVED</b>  (a)That Council takes notes of the report (b)That Council grants approval for the Municipal Manager post (c)That the position of Municipal Manager be advertised once granted approval is granted by Council. (d)That Council nominates the following panel members Mayor- Chairperson Municipal Manager from any municipality within the district.

## Chapter 2

MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
			Salga- Obsever(1) Cogta-Senior Manager responsible for Local Government Cllr F. Luvuno
	<b>114/05/2022:</b>	<b>BUDGET AND MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2022/2023 TO 2024/2025(5/1/1-2022/2023)</b>	<b>RESOLVED:</b>  a)That the annual budget of the municipality for the financial year 2022/2023 and the multi-year and single-year capital appropriations as set out in the attached tables be approved.
	<b>119/05/2022:</b>	<b>ADOPTION AND TABLING OF THE FIVE-YEAR INTEGRATED DEVELOPMENT PLAN (IDP) 2022/2027 FOR THE FINANCIAL YEAR 2022/2023</b>	<b>RESOLVED</b>  a)That the Council to note the IDP/Budget for the financial year 2022/2023;  b)That the Council to note the assessment report from COGTA and that internal affected departments to review and send by the 25 May 2022 (no strict time frame set);  c)That the Council to note further comments from CSIR through collaboration project by Anglo Platinum Municipal Capability and Partnership Programme (MCCP)  d)That the 2nd round of community consultation started on the 20 April to 11 May 22 delayed consolidation of IDP inputs received during the 21-day advert,

## Chapter 2

MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
			<p>e)That the Council to note IDP Assessment Report to be incorporated received on the 23 May 2022 during IDP Representative Forum</p> <p>f)That the intention of stakeholder engagements is to ensure community ownership and integration of all comments and inputs in the Final IDP adoption.</p> <p>g)That the IDP Representative Forum was successfully held on the 23 May 2022 in the Municipal Chamber</p> <p>h)That the Performance Management Unit will develop their Top Layer SDBIP 28 days after Final Adoption</p> <p>i)That 14 days after adoption an public advert to be made for stakeholder inspection</p> <p>j)That the Council Organisational Structure be made available, reviewed in line with COGTA Guideline and report be submitted to Council in the next Council Meeting of June 2022.</p>
<p><b>30 July 2022</b></p>	<p><b>149/06/2022:</b></p>	<p><b>JANUARY – THE GLOBAL SCHOLARSHIP LEADERS PROGRAMME 2022</b></p>	<p><b>RESOLVED:</b></p> <p>a) That Council to note that all travel costs, plane tickets, meals accommodation are covered by Anglo Platinum Mine through Common Purpose</p> <p>b) That the Municipality to only provide travelling and subsistence allowance</p>

# Chapter 2

MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
			<ul style="list-style-type: none"> <li>c) That Ms. S. B. Moselane will be flying on the 04 – 08 July 2022</li> <li>d) That due to time constraint, Ms. Moselane managed to get a company that assisted her on the VISA application and registering their personal details and travel arrangements with the Department of International Relations and Co-operation.</li> <li>e) That the above is in compliance with the Registration of South Africans Abroad (ROSA) to assist with any emergency that may occur abroad.</li> </ul>
	<p><b>146/06/2022:</b></p>	<p><b>MOSES KOTANE LOCAL MUNICIPALITY SPECIAL ADJUSTMENT BUDGET 2021/2022 (15/1/1/2021/2022)</b></p>	<p><b>RESOLVED:</b></p> <ul style="list-style-type: none"> <li>a) That in terms of Section 28(2) of the Municipal Finance Management Act, 2003 (Act 56 of 2003) the proposed 2021/2022 special Adjustment Budget be approved.</li> <li>b) That Council notes the attached affected Projects Lists in conjunction with the IDP Projects and that there be Public participation through the office of the Speaker accompanied by the relevant Officials and the Portfolio Committee.</li> </ul>

## Chapter 2

MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
			c) That the affected Wards be consulted on the specific affected projects.
	126/05/2022:	<b>REVISED TOP LAYER SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) FOR 2020/2021 FINANCIAL YEAR</b>	<b>RESOLVED:</b> a) That Council approves the Revised Top Layer Service Delivery and Budget Implementation plan for 2021/2022 Financial Year.
	125/05/2022:	<b>PERFORMANCE MANAGEMENT SYSTEM POLICY FRAMEWORK (PMS) – 2022/2023</b>	<b>RESOLVED:</b> a) That Council adopts the Performance Management System Policy Framework for 2022/2023 in order to ensure effective performance management in the Municipality.

# Chapter 2

## 2.2 ADMINISTRATIVE GOVERNANCE

### INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

Section 82 of the Municipal Structure Act 117 of 1998 amended that the Municipality must appoint the Municipal Manager, who is the head of Administration and therefore Accounting Officer.

Section 51(i) of the Systems Act states that the municipality must organise its administration in a manner that enables it to hold the Municipal Manager accountable for the overall performance of the municipality.

Municipal Manager must manage the communication between the political structure and office-bearers and the administration (S 55(1) (j) of the Systems Act). The Municipal Manager has to exercise responsibilities subject to the policy directions of the Council. As the Accounting Office, the Municipal Manager is also responsible for all income and expenditure, all assets and discharge of liabilities of the municipality and the compliance with the municipal finance management legislation.

In terms of section 55 of the Local Government: Municipal Systems Act 32 of 2000, as amended the Municipal Manager as head of administration is subject to policy directives of the Municipal Council responsible for the formation and development of an efficient, economical, effective and accountable administration and must manage the municipality in accordance with all legislation and policies pertaining to Local Government. In terms of Section 54 of Local Government: Municipal Systems Act 32 of 2000, as amended, the Council in consultation with the Municipal Manager must appoint managers who are directly responsible to the Municipal Manager and who must have the relevant and requisite skills and expertise to perform the duties associated with the posts they each occupy.

The Municipal Manager and Head of Departments form the Senior Management core and all Head of Departments are accountable to the Municipal Manager in terms of strategic management and oversight of their departments. All budget expenditure in each department is managed by the relevant Head of Departments in order to ensure that service delivery matters are handled quickly.

# Chapter 2

TOP STRUCTURE	
<b>Mr M.V Letsoalo</b> <b>Municipal Manager</b>	As head of administration and Accounting Officer of the municipality the Municipal Manager is subject to the policy directions of the municipal Council and is responsible and accountable for duties and responsibilities outlined under Section 55 of the Local Government: MSA, Act 32 of 2000, as amended and any other relevant duties as may be delegated by the Mayor and Council
<b>Mr F. Radiokana</b> <b>Acting Head of Department: Corporate Services</b>	The Acting Head of Department is responsible for establishing and maintaining structures, with the parameters of legality and good governance, that will provide Administration that is appropriately relevant, Legal Support, Human Resource Management; and IT
<b>Mr M Mkhize</b> <b>Chief Financial Officer</b>	This Department is responsible for ensuring effective and efficient strategic management of the finance portfolio, which includes budgetary management, financial accounting management, SCM, Credit Control Management, investment and banking, treasury management, and risk management.
<b>Mr B. Maseloane</b> <b>Head of Department : Infrastructure &amp; Technical services</b>	This Department is responsible for all Water, Sanitation, Electricity and Roads Services of the Municipality as well as well-established and well maintained infrastructure that will stimulate growth, resulting in a broader income base, and that will encourage taxpayers to sustain payments because of well-established and well-maintained infrastructure
<b>Mr S. Kotsedi</b> <b>Head of Department: Community Services</b>	This Department is responsible for Environmental and Waste Management, Traffic, Security and Library Services
<b>Mr V. Mmope</b> <b>Acting Head of Department: Planning &amp; Development</b>	This Department is responsible for Housing, Town Planning LED Services
<b>Ms R. Madikela</b> <b>Head of Department Local Economic Development</b>	This department is responsible for Local Economic Development

# Chapter 2

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## COMPONENT B: INTERGOVERNMENTAL RELATIONS

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

The municipality shares platform with and at the following forums:

- ✚ Provincial sector departments and private sector stakeholders through (but not limited to) the IDP representative forums. Other engagements are held as and when necessary.
- ✚ SALGA working committee groups where respective councillors attend;
- ✚ Provincial Municipal Managers' forum;
- ✚ District IGR forum
- ✚ Provincial Communicators' forum
- ✚ Mining Community Development forum
- ✚ Mining Leadership forum
- ✚ Provincial IDP Rep forum
- ✚ District Representative forum

The municipality was identified as one of 7 pilot municipalities by the Department of Local Government and Traditional Affairs for the LG Management Improvement Model assessment, which is a self-assessment process on the management practices and work place capabilities, moderated by the Provincial Department.

# Chapter 2

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

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

MPAC is established in terms of section 79 of the Municipal Structures Act and performs an oversight function on behalf of Council.

MPAC undertakes and manages similar functions and responsibilities for the municipalities, as undertaken by the Standing Committee of Public Account in the national and provincial legislatures, except for certain powers regarding subpoena of individuals. In the case of any irregular expenditure or any fruitless and wasteful expenditure incurred by the municipality or municipal entities, the MPAC has the right to call upon the Accounting Officer of the Municipality or the Chairperson of the municipal entity's board of Directors to appear before it to provide information or clarity.

The MPAC may engage directly with the public and consider public comments when received and are entitled to access documents or evidence from the Acting Municipal Manager.

Section 129(4) of the MFMA further provides for the issuance of guidance on the manner in which municipal councils should consider annual reports and conduct public hearing, and the functioning and composition of any public accounts or oversight committees established by the council to assist it to consider an annual report.

# Chapter 2

## 2.3 PUBLIC MEETINGS

### COMMUNICATION, PARTICIPATION AND FORUMS

Public communication and participatory initiatives

The adopted communication strategy has an action plan that makes provision for communication with all internal and external stakeholders. Current communication forums initiatives are as below:

Internally the following mechanisms are used:

- ✚ Internal memo for notices, announcements
- ✚ Short message service
- ✚ Emails
- ✚ Notice boards
- ✚ Policy workshops, information sharing sessions and training

For external communication we use the following channels

- ✚ Public notices
- ✚ Municipal Newsletter which reflects on council decisions, programmes public participation and events
- ✚ Loud hailing
- ✚ Media liaison - MKLM uses both the electronic/ print media, both mainstream and community for effective communication with communities and stakeholders. However there is only one community radio station within the municipal jurisdiction. As a result, the municipality has to use national and community media which can hamper communication efforts.

The municipality's website has been revamped and populated with information though there are still challenges relating to timeous updating thereof especially with regard to legislative prescriptions.

No opinion surveys have been conducted.

LGMSA 2000, Chapter 5 and Section 28(1) and 29 indicate the following:

Preparation of a Process Plan for annual review is reflected below:

*2.1.1 Section 28 (1) each municipal council within a prescribed period after the start of its elected term, must adopt a process set out in writing to guide the planning, drafting, adoption and review of its Integrated Development Plan.*

- Chapter 4 indicates that the municipality must through appropriate mechanisms, processes and procedures consult its local community before adopting the process.
- The Municipality must also give notice to the local community of particulars of the process it intends to follow.

# Chapter 2

2.1.2 *Section 29 (1)* indicates the process to be followed by a municipality to draft its integrated development plan, including its consideration and adoption of the draft plan must:

- (a) Be in accordance with a predetermined programme specifying timeframes for different steps
  - (b) Through appropriate mechanisms process and procedures establish in terms of chapter 4, as follows:
    - I. The local community to participate in the drafting of the integrated development plan, and
    - II. Organs of state, including traditional authorities and other role players to be identified and consulted on the drafting of the IDP
    - III. The local community to be consulted on its developmental needs analysis and priorities
  - (c) To provide for the identification of all plans and planning requirements binding on municipality in terms of national and provincial legislation, and
  - (d) Be consistent with any other matter that may be prescribed by regulation
- Sessions for public consultation are held twice in a year in all 109 villages. The 34 wards are grouped in 8 clusters where wards are grouped in one venue for needs analysis and priority projects discussions around the first consultations.

## 2.4 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
* <b>Section 26 Municipal Systems Act 2000</b>	

# Chapter 2

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## CHALLENGES FACED BY NON IMPLEMENTATION OF NEEDS ANALYSIS

There are various challenges that causes IDP unit frustration during public participation processes.

- ✚ Under allocation of budget / Municipal Financial constraint
- ✚ Increase on ad hoc requests by growth in rural areas
- ✚ Not meeting the targets for establishment of Vulnerable Groups
- ✚ Lack of policy and strategy development and lack of capacity
- ✚ Lack of skills audit and Staff shortages;
- ✚ Misalignment of strategic plans and implementation
- ✚ The new demarcation after local government elections resulted in an increase in the number of wards hence there is also a need for an increase in the number of community mobilisers serving the wards
- ✚ Overtime within the IDP unit due to long sessions held with the community and sector department not participating during consultations (spheres of government)
- ✚ IDP unit coordinates, facilitates all sectors and units and it sometimes becomes difficult to achieve our set target as we rely on information from departments
- ✚ Limited and lack of budget provision by council departments for community mobilisation activities
- ✚ Lack of vehicles and support from or vehicle shortages serve as a hindrance with service delivery and mobilisation of communities to participate on IDP consultations
- ✚ Poor attendance and minimal attendance by communities

# Chapter 2

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## **COMPONENT D: CORPORATE GOVERNANCE**

### **OVERVIEW OF CORPORATE GOVERNANCE**

There is an established Municipal Public Accounts Committee and a shared Audit Committee in place and functional. There is compliance with legislation and regulations that govern the municipality. The municipality ensures that there is accountability and transparency in the running of its affairs. The municipality also engages its stakeholders in identification of their needs during public participation.

## **2.5 RISK MANAGEMENT**

### **RISK MANAGEMENT**

The municipality conducted a risk identification and assessment in the 2021/2022 financial year, risk management strategy and risk management policy were approved by council respectively.

## **2.6 ANTI-CORRUPTION AND FRAUD**

### **FRAUD AND ANTI-CORRUPTION STRATEGY**

The Municipality has been reporting to COGTA, regarding the implementation of fraud prevention and anti-corruption and ethics. The matters of governance are paramount and with the support from COGTA we will improve towards governance issues.

## **2.7 SUPPLY CHAIN MANAGEMENT**

### **OVERVIEW SUPPLY CHAIN MANAGEMENT**

Four out of five employees are fully compliant with minimum competency levels for Supply Chain Management, however one employee is currently undergoing training to ensure compliance.

## **2.8 BY-LAWS**

### **COMMENT ON BY-LAWS:**

MSA 2000 s11 (3) (m) provides municipal councils with the legislative authority to pass and implement by-laws for the betterment of the community within the terms of the legislation.

# Chapter 2

## 2.9 WEBSITES

<b>Municipal Website: Content and Currency of Material</b>		
<b>Documents published on the Municipality's / Entity's Website</b>	<b>Yes / No</b>	<b>Publishing Date</b>
Current annual and adjustments budgets and all budget-related documents	Yes	
All current budget-related policies	Yes	
The previous annual report (2021/22)	No	
The annual report (2021/22) published/to be published	No	
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (2021/22) and resulting scorecards	Yes	
All service delivery agreements (2021/22)	No	
All long-term borrowing contracts (2021/22)	No	
All supply chain management contracts above a prescribed value (give value) for 2021/22	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 2021/22	No assets Disposed	
Contracts agreed in 2021/22 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 2021/22	No	
All quarterly reports tabled in the council in terms of section 52 (d) during 2021/22	No	

## 2.10 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

### **PUBLIC SATISFACTION LEVELS**

No public satisfaction surveys were conducted on municipal service delivery for the year under review.

# Chapter 3

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

### COMPONENT A: BASIC SERVICES

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

#### INTRODUCTION TO BASIC SERVICES

The Municipality, through the Infrastructure and Technical Services is responsible for development, operational and maintenance of basic Municipal Infrastructure assets which includes the following:

- ✚ Water
- ✚ Sanitation
- ✚ Roads and Storm water
- ✚ Community Facilities (Halls etc.)
- ✚ Community Lighting (Street Lights and High Mast Lights)

Over and above the Basic Services, the Municipality also is responsible for the provision of Free Basic Services such as Water, electricity, sewer for consumers who are registered as Indigents.

#### CHALLENGES ENCOUNTERED IN RENDERING THE BASIC SERVICES

As much as the municipality is striving very hard to render basic services, however, there are still challenges that are facing the Municipality.

- ✚ Ageing of Infrastructure
- ✚ Insufficient funding to carry out maintenance
- ✚ Shortage of skilled personnel
- ✚ Theft and Vandalism(borehole equipment)
- ✚ Boreholes Drying out in other areas
- ✚ Water Loss (Through Illegal connections and
- ✚ Continuous development of stands in Tribal owned land without engaging with municipal sharing of drinking water with livestock in other villages.

# Chapter 3

## 3.1. WATER PROVISION

### INTRODUCTION TO WATER PROVISION

Moses Kotane Local Municipality is both a Water Service Authority and a Water Service Provider. The Municipality's water supply consists of 75% surface water from Magalies Water and Municipal Plants (Pella & Madikwe) and 25% of underground water. The bulk of the water is from the Vaalkop Water Treatment Plant which is operated by the Magalies Water Board and supplies the areas on the eastern side (Mankwe) of the Municipality. The western side (Madikwe) of the municipality is mostly reliant on underground water, as well as both Madikwe and Pella dams.

The Municipality has developed water master plan. The master plan has covered the entire municipal area in terms of bulk water needs and proposed water plans.

The municipality also caters for indigent population by providing subsidised water and sanitation services.

<b>Total Use of Water by Sector (cubic meters)</b>					
	<b>Agriculture</b>	<b>Forestry</b>	<b>Industrial</b>	<b>Domestic</b>	<b>Unaccountable water losses</b>
2016/2017	586 354	0	1 026 120	10 847 559	2 198 829
2017/2018	771 652	0	1 543 309	10 031 485	3 086 611
2018/2019	810 627	0	1 621 255	9 727 547	4 053 137
2019/2020	785 840	0	1 571 679	9 430 078	3 174 297
2020/2021	737 277	0	2 211 833	7 372 779	4 423 667
2021/2022	758961	0	2276883	6072386	4553767

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## COMMENT ON WATER USE BY SECTOR:

The municipality has a high volume of unaccountable water loss due to unmetered stand pipes, hydrants and illegal connections.

Households - Water Service Delivery Levels below the minimum			
Description	2021/2022		
	Original Budget No.	Adjusted Budget No.	Actual No.
<b>Formal Settlements</b>			
Total households	80654		80654
Households below minimum service level	0	0	0
Proportion of households below minimum service level	0%	0	0
<b>Informal Settlements</b>			
Total households	24 572	14 572	24 572
Households below minimum service level	5 750	2 750	5 750
Proportion of households below minimum service level	23.4%	19%	23.4%

Project	Annual Budget 2021/2022	Adjusted budget 2021/2022	Special Budget Adjustment 2021/2022
<b>Water</b>			
Sandfontein water Supply	R14 000 000,00	R11 501 444,96	R12 301 444,96
Maologane water supply	R9 000 000,00	R7 418 517,87	R7 418 517,87
Ledig water supply (various sections)	R18 197 227,00	R4 582 619,00	R4 582 619,00
Upgrading of Madikwe water treatment plant (Phase 2) (Vrede, Seshibitswe)	R12 000 000,00	R12 000 000,00	R354 962,00
Lethakane/Kortkloof water supply	R6 880 000,00	R6 880 000,00	R6 880 000,00
Losmytjerie -Goedehoop water supply	R7 740 000,00	R4 800 000,00	R1 784 080, 28
Magong water augmentation	R0,00	R3 597 044,00	R3 597 044,00
Lerome bulk water scheme	R0,00	R 3 445 448,00	R 3 445 448,00
Lerome water supply internal reticulation (Thabeng)	R7 877 925,00	R0,00	R2 800 000,00
Pella water supply (Phase 1 )	R0,00	R0,00	R1 211 078,63

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Pella water supply (Phase 2 )	R0,00	R728 433,00	R728 433,00
Manamakgotheng reservoir and bulk water supply	R13 208 308	R13 208 308,00	R13 208 308,00
Seolong water supply	R4 968 084,00	R4 968 084,00	R4 968 084,00
Design of Mahobieskraal bulk water supply	R13 208 308,00	R9 000 722,41	R1 053 935,95
Tweelagte water supply phase II	R9 424 310,00	R10 756 045,00	R10 756 045,00
Lerome water supply	R8 000 000,00	R8 000 000,00	R7 034 119,46
Designs of Mabeskraal to Uitkyk bulk water pipeline (various villages)	R0,00	R 2 125 353,00	R2 125 353,00
Vrede storm water (Phase III)	R10 000 000,00	R9 563 027,00	R5 863 568,32

## COMMENT ON WATER SERVICES PERFORMANCE OVERALL:

The Municipality has managed to reach various villages that had challenges with regard to water shortages through the implementation of the underground water optimization project, this programme has seen about 8 villages being assisted with additional boreholes and reticulation. As part of ensuring proper planning in future the Municipality has managed to develop a water master plan.

## 3.2 WASTE WATER (SANITATION) PROVISION

### INTRODUCTION TO SANITATION PROVISION

The municipality provides sanitation services of high level of service to two townships of Madikwe and Mogwase. About 5 802 households and industrial are catered by the Mogwase and Madikwe Waste Water Treatment Plants.

Project	Annual Budget 2021/2022	Adjusted budget 2021/2022	Special Budget Adjustment 2021/2022
<b>Sanitation</b>			
VIDP toilets Constructed in Sandfontein	R0,00	R3 593 866,58	R5 449 400,73
VIDP toilets constructed in Disake	R0,00	R5 268 207,04	R5 268 207,04
VIDP toilets constructed In Mabele a Podi	R0,00	R3 470 384,69	R3 470 384,69
VIDP toilets constructed in Ramokokastad	R3 022 342,29	R3 022 342 ,29	R3 022 342,29
VIDP toilets constructed in Makgope	R1 839 312,22	R1 839 312,22	R1 839 312,22

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## 3.3 ELECTRICITY

### INTRODUCTION TO ELECTRICITY

The Electricity Unit is not providing electricity at household level. The Municipality is not licensed to distribute electricity, however, we do facilitates for household electrification through engagement with Eskom and DOE. The Municipality also provides community lighting infrastructure (high mast lights) and streetlights.

Project	Annual Budget 2021/2022	Adjusted budget 2021/2022	Special Budget Adjustment 2021/2022
<b>Electricity</b>			
high-mast lights installed in Bapong	R1 674 316,00	R1 866 094,78	R1 866 094,78
high-mast lights installed in Pella	R1 674 316,00	R1 874 820,98	R1 874 820,98
high-mast lights installed in Mabele a Podi	R837,16	R960 000,00	R960 000,00
high-mast lights installed in Masekoloane	R1 225 737,00	R920 391,44	R920 391,44
high-mast lights installed in Greater Ledig	R6 278 685,00	R7 832 168,40	R7 832 168,40
high-mast lights installed in Molatedi	R1 255 737,00	R1 410 871,04	R1 410 871,04
high-mast lights energised in Mmatau	R0,00		
high-mast lights energised in Mabeskraal	R0,00		
high-mast lights energised in Tlokweg	R0,00	R5 806 000,00	R5 806 000,00
high-mast lights energised in Mogwase	R0,00		
high-mast lights energised in Mmorogong	R0,00		
high-mast lights energised in Dikweipi	R0,00		
high-mast lights energised in Legkraal	R0,00		
high-mast lights energised in Mononono	R0,00		
high-mast lights energised in Koffiekraal	R0,00		
high-mast lights energised in Motlollo	R0,00		

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

### **INTRODUCTION TO WASTE MANAGEMENT**

Waste Management remains one of the fundamental Municipal Legislative functions as made provision in the National Environmental Management Waste Act 59 of 2008. In order to give effect to the requirements of the National Environmental Management Waste Act 59 of 2008 in line with the National Waste Management Strategy 2011, in 2017 the Environment and Waste Management Unit initiated the process of the development of the Municipal Integrated Waste Management Plan (IWMP) as well as Air Quality Management Plan (AQMP).

Poor or irregular household waste collection is one of the significant contributors of solid-waste mismanagement, within the Municipality. It has also been noted that illegal dumping could also be a result of inadequate environmental awareness as well as limited access to waste management infrastructure in remote areas within the Municipality.

In an effort to address the depicted waste management setbacks, it is within the foremost plans of the Unit to improve contractual obligations with contracted service providers for waste management (Collection and Disposal) and subsequently intensify monitoring across all Municipal clusters.

Appropriate Access to Municipal Waste Management Infrastructure promotes a clean, healthy and well secured environment for the local community members in line with Section 24 Act 108 Constitution of Republic of South Africa 1998. As a result, the Municipality has two licensed operational Landfill sites situated in Madikwe and Mogwase. The latter is classified as GMB while Madikwe as GSB making provision for General Waste only in terms of the National Environmental Management: Waste Act 59 : National Norms and Standards for Disposal of Waste to Landfill (R636).

Mogwase Landfill site is managed accordingly, in conformity with the Norms and Standards for Waste Storage. However, the seepage of leachate and migration of contaminated runoff water especially during rainy seasons at Mogwase Landfill site may in due course result in significant underground water pollution given the site's sensitivity in relation to geotechnical and geo-hydrological properties. However, at this point, there has not been any evidence of underground contamination from the water quality monitoring results.

Most of the irregularities depicted on site with respect to the requirements of the operational license arise as result of inadequate infrastructural components from the construction phase of the site.

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Madikwe Landfill is informally operating through an Operational License issued under the Transitional Council of Madikwe 1996/09/10. The Municipality, through the usage of an Environmental Consultant has undertaken Environmental Impact Assessments in effort to attain a revised Waste Management Licence with the Provincial Department of Rural Environment and Agricultural Development. It is within the foremost plan of the Municipality to have the landfill site upgraded and equipped with necessary infrastructural components upon receipt of the revised Waste Management Licence (WML).

In villages with far less volume of waste produced, there has been a need for the Municipality to erect Transfer Stations/ Drop off Centres which must be strategically placed across the Municipality. The Municipality currently has no recycling initiatives in place, as result, the erection of such Recycling Facilities will allow the Municipality to accelerate waste recycling, separation at source and in turn create green job opportunities.

## **Key performance objectives**

- ✚ To pursue progressive waste reduction, reuse, recycling and recovering initiatives
- ✚ Ensure and encourage the provision of effective waste management services to all the communities;
- ✚ Encourage the prevention and minimization of environmental pollution to air, water and land by conducting environmental awareness campaigns, workshops and seminars.
- ✚ To maintain and improve the health and safety of the public;
- ✚ Support the rehabilitation of polluted water and land areas (Borrow Pits)
- ✚ To preserve cultural heritage; balance the need to enhance the built environment with measures which reduce the environmental impact of development
- ✚ Provide environmental education and training to communities and all staff members

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Solid Waste Service Delivery Levels				
Description	2018/2019	2019/2020	2020/2021	Households 2021/2022
	Actual No.	Actual No.	Actual No.	Actual No.
<b><u>Solid Waste Removal: (Minimum level)</u></b> Removed at least once a week	75 193	75 193	75 193	80 654
<b><u>Solid Waste Removal: (Below minimum level)</u></b> Removed less frequently than once a week Using own refuse dump No rubbish disposal				
<b>Total number of households</b>	<b>75 193</b>	<b>75 193</b>	<b>75 193</b>	<b>80 654</b>

Households - Solid Waste Service Delivery Levels below the minimum						
Description	2018/2019	2019/2020	2020/2021	Households 2021/2022		
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
<b>Formal Settlements</b>						
Total households	0	0	0	0	0	0
Households below minimum service level						
Proportion of households below minimum service level						
<b>Informal Settlements (included above)</b>	0	0	0	0	0	0

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## COMMENT ON WASTE MANGEMENT SERVICE PERFORMANCE OVERALL:

Waste disposal services are outsourced

### 3.5 HOUSING

#### INTRODUCTION TO HOUSING

Everyone has the right to have access to adequate housing. Key to the roles and responsibilities of Local Government is to ensure the provision of services to communities in a sustainable manner. Priority of Moses Kotane is to eradicate informal settlements and mud houses in our villages. Housing has been a cornerstone of Moses Kotane since 2003. The objectives of human settlements are:

1. Quality control and assurance of housing development
2. Accelerate access to housing through availing land for housing development and development of Community Rental Units for those who do not qualify for housing subsidies.
3. Have the municipality accredited as a housing developer?

The municipality's challenge arises from the fact that implementation of housing is mandated to the provincial human settlement, and not the municipality. Ever rising backlog, illegal occupation of land and RDP houses.

Percentage of households with access to basic housing			
Year end	Total households (including in formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements
2019/2020	75 193	14 427	19.2%
2020/2021	75 193	14 427	19.2%
2021/2022	75 193	14 427	19.2%

The role of the Municipality is to facilitate access to housing while top structure construction is the priority of the Provincial Department of Local Government and Human Settlement.

#### INTRODUCTION TO ROAD TRANSPORT

The municipality does not implement road transport programmes. Road development and maintenance is carried out as part of the infrastructure grant and operational (internal funding) respectively.

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<b>Project</b>	<b>Annual Budget 2021/2022</b>	<b>Adjusted budget 2021/2022</b>	<b>Special Budget Adjustment 2021/2022</b>
<b>Roads</b>			
Tlokweng internal road paved	R0,00	R1 900 000,00	R1 900 000,00
Lerome (Thabeng section) internal road paved	R16 666 667,00	R15 460 173,64	R15 460 173,64
Phalane internal road paved.	R16 666 667,00	R16 537 515,25	R16 537 515,25
Mononono internal road paved.	R16 666 667,00	R17 434 217,40	R17 434 217,90
Madikwe (china section) internal road constructed.	R0,00	R3 761 929,00	R3 761 929,00
Ramoga internal road constructed.	R0,00	R 1 064 991,00	R1 235 496,83

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## INTRODUCTION TO TRANSPORT

The municipality is responsible for planning and contracting for public transport services and implementation. The operational licensing is function of the province but can be assigned to municipalities by the Provincial MEC.

According to the National Land Transport Act 5 of 2009, the Municipalities are responsible for:

- ✚ Integrated Transport Plan to be prepared by the municipality
- ✚ Developing land transport policy and strategy for their areas
- ✚ In their capacity as planning authorities, preparing, implementing and monitoring transport in their areas (ITPs)
- ✚ Financial planning for land transport in their areas
- ✚ Managing the movement of persons and goods in their areas
- ✚ Planning, implementing and managing of modally integrated transport networks and travel corridors within the municipal area and liaising with neighbouring municipalities
- ✚ Service level planning for passenger rail in consultation with PRASA

Public Transport Projects that were conducted within the municipality are as follows:

- ✚ Survey on Public Transport Facilities – by the Province
- ✚ Integrated Public Transport network (IPTN) – by the District Municipality
- ✚ Rural Roads Assets Management System (RRAMS) – by the District Municipality
- ✚ District Integrated Transport Plan (in the process) – by the District

Employees: Public Transport

- ✚ The Municipality has one employees for the purpose of coordination with stakeholders.

Challenges:

- ✚ Devolution of Public Transport functions to the Municipality
- ✚ Lack of personnel
- ✚ Budget

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## COMMENT ON THE PERFORMANCE OF PUBLIC TRANSPORT

The National Land Transport Act 5 of 2009 requires that local Municipality to prepare for their local Integrated Transport Plan, therefore in this case Public Transport is a core function of the Provincial Department of Community Safety and Transport Management, Bojanala Platinum District Municipality and Local Municipality as a planning authority is doing the coordination in the implementation of the plans for Public Transport services.

## INTRODUCTION TO PLANNING AND DEVELOPMENT

The Municipality's planning and development consist of municipal planning which deal with the following:

- ✚ Spatial Development Framework
- ✚ Provides information and guidance in regards to planning dealing with issues/queries related to planning and future developments which are linked to the IDP.

A challenge facing the municipality is where land is under tribal control and as such the Municipality cannot generate revenue to assist in the development of bulk infrastructure. Due to lack of funding the municipality cannot develop their own properties.

## INTRODUCTION TO PLANNING

Following the enactment of Spatial Planning and Land Use Management Act 16 of 2013 (SPLUMA), Municipalities are required to redress the past spatial and regulatory imbalances. To explicate this notion, Municipality are obligated to regulate its areas of jurisdiction in entirety. Town Planning as the custodian of SPLUMA in Municipalities, is responsible for:

- Development of the Municipal Spatial Development Framework to conform to the principles of spatial justice, spatial sustainability, efficiency, spatial resilience and finally the principle of good administration.
- Development of the Municipal Land Use Management Scheme to promote economic growth, social inclusion, efficient land development and minimal impact on public health, the environment and national resources.

The Town Planning as a unit also deals with Land Use Management, application procedures and matters related to the following:

- ✚ Rezoning of land,
- ✚ Special Consent,

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- ✚ Relaxation of building lines,
- ✚ Subdivision and consolidation of land,
- ✚ Township Establishment or the extension of the boundaries of a township
- ✚ Division or phasing of a township,
- ✚ Removal, amendment or suspension of a restrictive or obsolete condition, servitude or reservation registered against the title of the land,
- ✚ Approval of the constitution of an owner's association or an amendment of the constitution of the owner's association,
- ✚ Permanent closure of any public place,
- ✚ Spatial planning and land use management by-laws and policies
- ✚ Regulation of outdoor advertisement.
- ✚ Geographical Information System function

To improve the Unit's performance, the Municipality is currently reviewing its Spatial Development Framework and also the Land Use Management Scheme to conform to the requirements of the Spatial Planning and Land Use Management Act. Furthermore, the Municipality is required to develop policies such as the; Guesthouse Policy, Tarven Policy, Street Trading Policy etc to fully regulate development with its jurisdictional area.

## **COMMENT ON THE PERFORMANCE OF PHYSICAL PLANNING OVERALL:**

The unit is unable to perform as expected due to shortage of permanent staff.

## **INTRODUCTION TO ECONOMIC DEVELOPMENT**

The Municipality has a number of economic opportunities that range from agriculture, mining, tourism and rural development. Job creation has been facilitated through the establishment and supporting of cooperatives and marketing its municipality through its information centre. Skills transfer through tourism buddies. Monitoring the implementation of SLPs in the mining sector.

## **COMMENT ON LOCAL JOB OPPORTUNITIES:**

The mining sector is a very important sector that contributes significantly towards both the employment and economic growth of the local municipality. This sector was identified as having a comparative advantage and it was classified as being the current strength of the local economy.

The mining sector is the main contributor towards the total GGP for the local municipality. The finance sector (19.5%), the transport sector (10.9%) and the general government sector (10.0%) are also significant contributors to the local economy.

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In order to improve upon the local procurement of the mines, a review of the main products purchased by the mines should be conducted. Whilst it is acknowledged that the local municipality would not be able to provide all the required goods and services to the mines, there are number of consumable goods as well as services that can be provided from the local municipal area.

The tourism sector is unfortunately not classified as a sector on its own, and thus the contribution that tourism makes towards the local municipality cannot be easily quantified. It is one of the key economic sectors which gives the Municipality a comparative advantage over the other municipalities within the NW Province. 3 international icons (Sun City, Madikwe and Pilanesberg Game Reserves) are housed within the municipalities and as such have an impact in terms of job creation of local people. The sector contributes highly to the country's GDP and plays a crucial role in municipal economic growth. It is in this sector where you find street traders / crafters who produce artefacts which are sold to tourists and locals. Most of these traders are located within the game reserves and around the CBD. The traders' activities are done on a full time basis and used to sustain their livelihoods. It is therefore imperative to formalise these traders so as to implement proper regulatory framework/mechanisms for them. Some of the crafters are generating enough income and fall within taxable bracket.

The agricultural sector within the Moses Kotane Local Municipality experienced erratic economic growth during the 1995 – 2010 period. Employment within the agricultural sector has experienced a downturn over the years as employment between the 1995 – 2009 period shrank at an estimated average rate of -9.1%.

Farming activities within the local municipality are subsistence farming activities and the main agricultural produce within the local municipality is: maize, sorghum, and sunflower, game farming and livestock farming (cattle & goats)

The reason for the limited contribution and relatively poor performance of the agricultural sector is the limited water supply within the local municipality. Furthermore, the constraints facing the agricultural sector include: market & marketing information, transport, storage facilities, and grading and product standards. The lack of agricultural infrastructure prohibits/restricts the type of agricultural activities that can occur within the local municipality.

The following opportunities have been identified for the agricultural sector within the local municipality that could lead to economic growth:

- Support commercialization of small-scale/subsistence farming activities, and
- Support the development of a vibrant agro-processing sector.

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These could be achieved through the establishment and support of cooperatives.

The manufacturing sector within the Moses Kotane LM has been growing at an average annual growth rate of 1.0% during the 1995 – 2009 period, whilst the level of employment has been decreasing at an average annual rate of 3.4%.

The main area in which manufacturing activities occur within the Moses Kotane LM is the Bodirelo Industrial Park. There is no real clustering of activities within the Bodirelo Industrial area. It is encouraging that some businesses linked to the mining sectors are located within this industrial area. It should be noted that a number of stands within the local municipality are vacant and the attraction of investment to these areas could be further investigated.

The trade sector in the Moses Kotane LM appears to be underdeveloped. This is illustrated by limited growth in this sector whilst the decline in employment also highlights the challenges experienced within this sector.

Key elements that could be implemented to further develop MKLM economy:

- Agriculture, mining, manufacturing, tourism and utilities are the key sectors that could assist in the development of the local economy,
- The key to ensuring greater economic development is increasing linkages between the various sectors, businesses and communities,
- Government has a key role to play through skills development, information sharing and partnership building

The key to ensuring greater economic growth and development is increasing linkages between the various sectors of the economy.

Job creation through EPWP* projects	
Jobs created through EPWP projects	
Details	No.
2018/19	57
2019/20	1299
2020/2021	686
2021/2022	729

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## INTRODUCTION TO LIBRARIES

The library function has devolved to the Moses Kotane Local Municipality through the annual memorandum of agreement with the Department of Arts, Culture Sports & Recreation and the municipality is hosting four libraries (Mabieskraal, Mogwase, Tlokweng, Manamela libraries) and the department is still responsible for the function.

The library strives to provide, in cooperation with the relevant governing bodies on local and provincial level, dynamic library and information services that meet the educational, informational, cultural, economical, technological and recreational needs of the community at large. Each person must have free access to resources and facilities for information, lifelong learning, culture and recreation.

The service aims to promote the library service and instill a reading culture, improving literacy levels and provide free and open access to information as well as survival information. Present programs include story hours, book talks, life skill training course, literacy training and free public internet access.

Reading of literature is promoted to contribute to the upliftment of the community e.g. (Toy programmes and reading awareness programmes etc.)

Library staff receives relevant training and attends workshops and libraries hosts workshops relevant to the community needs.

## SERVICE STATISTICS FOR LIBRARIES;

Number of books 30500

Number of users- 93500

Toy programmes - 12 per year

Library awareness & marketing programs- 8 per year

## COMMENT ON THE PERFORMANCE OF LIBRARIES

The municipality through MIG provides community facilities and through its operational budget undertakes maintenance, renovations and repairs to Municipal Facilities Most community halls and municipal buildings and facilities required structural analysis and assessment to comply with the national building regulations and building standards and other pieces of legislations.

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## **INTRODUCTION TO COMMUNITY FACILITIES**

The municipality through MIG provides community facilities and through its operational budget undertakes maintenance, renovations and repairs to Municipal facilities.

## **SERVICE STATISTICS FOR COMMUNITY FACILITIES**

During the period under review the municipality carried out routine maintenance in Community Halls, Parks, and Sports Facilities. The Municipality has 106 facilities (inclusive of municipal offices, community halls, sports facilities and libraries). The Municipal Buildings & Facilities undertakes or provide routine maintenance. The Municipal Buildings maintenance plan has been developed for Municipal offices, excluding community and sports facilities, however the structural Assessment for Community halls and facilities has been done.

## **INTRODUCTION TO CEMETERIES**

The municipality provides for and maintains gravesites in Mogwase and Madikwe. The municipality gives service in the rural villages as may be requested from time to time with particular reference to fencing of graveyards.

## **INTRODUCTION TO CHILD CARE; AGED CARE; SOCIAL PROGRAMMES**

The municipality through the Mayoral special programmes provides support to the aged, the disabled, people living with HIV/Aids, orphans and other vulnerable groups.

## **SERVICE STATISTICS FOR CHILD CARE**

The child care function is the responsibility of the Department of Social Development. However, the Municipality assists annually with school uniforms and food parcels for vulnerable children.

## **COMMENT ON THE PERFORMANCE OF AGED CARE; SOCIAL PROGRAMMES OVERALL:**

Mayoral support is provided to all vulnerable groups through the special projects programme.

## **INTRODUCTION TO POLLUTION CONTROL**

The Municipality has a constitutional mandate to ensure that it guarantees everyone the right to an environment that is not harmful to their health or wellbeing and to have the environment protected for the benefit of present and future generation through reasonable legislative and other measures that prevent pollution, ecological

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degradation, promote conservation and secure ecologically sustainable development and use of natural resources while promoting justifiable economic and social development.

The Municipality achieves this through

- ✚ Waste Management
- ✚ Biodiversity Management
- ✚ Environmental Education and Awareness
- ✚ Enforcement and compliance

## **COMPONENT F: PUBLIC SAFETY AND SECURITY**

This component includes: disaster management coordination and relief materials public nuisances, etc.

### **INTRODUCTION TO PUBLIC SAFETY AND SECURITY**

Promotion of road safety through effective law enforcement and road safety education.  
Provision of Security services in all Municipal facilities and buildings  
Coordination of disaster management programs

### **INTRODUCTION TO DISASTER MANAGEMENT**

The Disaster Management Services part of responsibilities are as follows:

- ✚ Provide and undertake a consultation, training, research, project management, client services for the disaster management of the municipality (institutional Capacity)
- ✚ Ensure effective and quick response to incident / disaster affecting vulnerable communities
- ✚ Ensure minimization of risk measures in the municipality through risk reduction programme
- ✚ Compile contingency plan for events as required Disaster Management Act 57 of 2002 and National Disaster Management Framework.

### **POSSIBLE INCIDENTS IN THE MUNICIPALITY**

The following are hazards prevails in the municipality though can be classified into different categories: natural disaster, man-made situations and technological:

- ✚ Natural Disasters i.e. House Fires, Drought and Flash Floods
- ✚ Severe weather- Heavy storm
- ✚ Explosions and Bomb threats
- ✚ Vehicle accidents

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- ✚ Stampeding at stadium during events
- ✚ Health Hazards i.e. Food and water contamination, Poisoning
- ✚ Political stability: Terrorist, Hostage situation, political attacks
- ✚ Crime: looting Robbery, Hijacking
- ✚ Power and communication Failures
- ✚ Interruption of water supply and electrical outages
- ✚ Chemical spillages - hazardous incidents

## COMMENT ON THE PERFORMANCE OF DISASTER MANAGEMENT

Disaster Management is a core function of the District Municipality though Moses Kotane Local Municipality facilitates the implementation of the Disaster Management KPI's in line with the District Disaster Management Plan.

The Disaster Management relief that we assist the vulnerable communities are as follows:

- ✚ Tents
- ✚ Salvage sheets
- ✚ Mattresses
- ✚ Liaise with other line department (SASSA) for social relief of distress.
- ✚ Blankets

## COMPONENT H: SPORT AND RECREATION

This component includes: community parks; sports field; stadiums and swimming pools

### INTRODUCTION TO SPORT AND RECREATION

This component supports and promotes sport within the municipality. It has formed a sports council and been involved in the development of netball teams where leagues compete on weekends and a team represents Moses Kotane at provincial and national levels. The athletics club is affiliated to Athletics North west North

### COMMENT ON THE PERFORMANCE OF SPORT AND RECREATION OVERALL:

No capital expenditure was incurred during the financial year. Apart from salaries expenditure incurred was mainly for maintenance of the Mogwase and Madikwe stadiums.

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## **3.15 FINANCIAL SERVICES**

### **INTRODUCTION FINANCIAL SERVICES**

Moses Kotane Local Municipality remains committed to prudent financial management by strengthening the balance sheet, tightening the credit control and continued improved revenue collection or enhancement strategy.

## **3.16. HUMAN RESOURCE SERVICES**

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

The human resources unit is responsible for the provision of effective HR to the entire municipality. The priorities were recruitment of staff, occupational health and safety, labour relations and training and development. Appointment of temporary workers and other HR staff was done to improve performance.

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

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

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

The unit is responsible for the support function of ICT to the entire municipality. Provision of ICT equipment and computer networks. An ICT assessment was conducted and the strategy was developed and approved by council.

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

The legal service is responsible for provision of legal services for the municipality. This would include development of by- laws, service level agreements, legal opinions and compilation and maintenance of a valuation roll. Supplementary valuation roll was reviewed and implemented during the year under review. There were no measures taken as no underperformance was experienced.

<b>Employees: Solid Waste Management Services</b>					
<b>Job Level</b>	<b>(2020/2021)</b>	<b>(2021/2022)</b>			
	<b>Employees</b>	<b>Posts</b>	<b>Employees</b>	<b>Vacancies (fulltime equivalents)</b>	<b>Vacancies (as a % of total posts)</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>%</b>
1-5	0	16	0	16	100%
6-8	0	4	0	4	0%
10-12	0	9	0	9	0%
12-14	0	10	1	9	100%
15 - 16	4	5	5	0	100%
17 – 18	0	3	0	3	0%
18 - 25	0	1	0	1	0%
<b>Total</b>	<b>4</b>	<b>48</b>	<b>6</b>	<b>42</b>	<b>90%</b>

# Chapter 4

## COMPONENT I: ORGANISATIONAL PERFORMANCE SCORECARD/ ANNUAL PERFORMANCE REPORT 2021/2022

### 1. LEGISLATIVE REQUIREMENTS

As outlined in Section 40 of the Municipal Systems Act of 2000 (MSA), Municipalities must establish mechanisms to monitor and review its Performance Management System (PMS) so as to measure, evaluate and improve performance at organisational, departmental and employee levels. Section 34 of the MSA furthermore point out that the Integrated Development Plan (IDP) has to be reviewed on an annual basis, and that during the IDP review process the Key Performance Areas, Key Performance Indicators and Performance Targets be reviewed and this review will form the basis for the review of the Organisational Performance Management and Performance Contracts of Senior Managers.

The Municipal Planning and Performance Management Regulations (2001) stipulates that a “municipality’s performance management system entails a framework that describes and represents how the municipality’s cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role-players” (Chapter 3, Section 7, Municipal Planning and Performance Management Regulations, 2001).

Section 46 of the Municipal Systems Act (Act 32 of 2000), inter alia stipulates the following: -

46. (1) A municipality must prepare for each financial year an annual report consisting of - (a) a performance report reflecting;

(i) The municipality’s, and any service providers, performance during that financial year, also in comparison with targets of and with performance in the previous financial year;

(ii) The development and service delivery priorities and the performance targets set by the municipality for the following financial year;

(iii) Measures that were or are to be taken to improve performance

### 2. PURPOSE OF THE INSTITUTIONAL ANNUAL PERFORMANCE REPORT

This Annual Performance Report Seeks to attain the following purposes;

- a. The provision of a report on performance in service delivery and budget implementation plan for the 2021/2022 financial year.
- b. To promote transparency and accountability for the activities and programmes of the municipality implemented within all six key performance areas.
- c. To provide a record of activities of the municipality for the 2021/2022 financial year to which this report relates.

# Chapter 4

## 3. MUNICIPAL PERFORMANCE ANALYSIS

The Municipality has 7 departments, including the office of the Municipal Manager, during the period under review. Those Directorates were (1) Budget and Treasury Office; (2) Corporate Services; (3) Community Services, (4) Local Economic Development; (5) Technical and Infrastructure Services; (6) Planning and Development and (7) Office of the Municipal Manager. All the seven directorates cumulatively contributed to the annual performance report of the Municipality for the period under review. The SDBIP and Annual Performance Report 2021/2022 is arranged in terms of the six Key Performance Areas of Local Government namely;

1. Basic Service Delivery and Infrastructure Development
2. Municipal Transformation and Institutional Development
3. Local Economic Development;
4. Spatial Rationale
5. Good Governance and Public participation
6. Municipal Financial Viability

## 6. OVERALL PERFORMANCE PER KPA

2021-2022 FINANCIAL YEAR					
Key Performance Areas	Number of KPIs	Achieved	Not Achieved	Achieved %	Not achieved %
Basic Service Delivery and Infrastructure Development	57	29	28	51%	49%
Municipal Transformation and Institutional Development	12	7	5	58%	42%
Local Economic Development	5	2	3	40%	60%
Spatial Rationale	2	2	0	100%	0%
Good governance and Public Participation	20	16	4	80%	20%
Municipal Financial Viability	9	4	5	44%	56%
Draft overall Institutional Performance	105	60	45	57%	43%

## 5. OVERALL PERFORMANCE PER DEPARTMENT

2021-2022 FINANCIAL YEAR					
Departments	Number of KPIs	Achieved	Not Achieved	Achieved %	Not achieved %
Infrastructure and Technical Serviced	49	25	24	51%	49%
Community Services	8	4	4	50%	50%
Local Economic Development	5	2	3	40%	60%
Planning and Development	2	2	0	100%	0%
Corporate Services	13	4	9	31%	69%

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2021-2022 FINANCIAL YEAR					
Departments	Number of KPIs	Achieved	Not Achieved	Achieved %	Not achieved %
Municipal Financial Viability	9	4	5	44%	56%
Office of the Municipal Manager	19	19	0	100%	0%
Draft overall Institutional Performance	105	60	45	57%	43%

## 7. CHALLENGES AND CORRECTIVE MEASURES

### Challenges

1. Late submission of performance reports to PMS and internal audits units.
2. Insufficient supporting portfolio of evidence (reported achievement in the performance report not supported by appropriate evidence)

### Recommendations

1. PMS and internal Audit to engage management to address the findings raised by internal audit prior final submission.
2. Management to ensure that sufficient evidence is available to support actual achievement.
3. Management to ensure that the information submitted to Auditor General is accurate.

# Chapter 4

## 4.1.6. PERFORMANCE ASSESSMENT OF EXTERNAL SERVICE PROVIDER

In line with Section 46 1 (a) (i) of the Municipal Systems Act, performance of the external service provider will for 2021/2022 financial year will be assessed using the below rating scale;

LEVEL	TERMINOLOGY	DESCRIPTION
5	Excellent/Outstanding Performance	Performance far exceeds the standard expected of the service provider at this level. The appraisal indicates that the service provider has achieved above fully effective results against all performance criteria and indicators as specified in the awarded contract.
4	Very Good/Performance significantly above expectation	Performance is significantly higher than the standard expected in the job awarded. The appraisal indicates that the service provider has achieved above the fully effective results against more than half of the performance criteria and indicators and fully achieved all others throughout the period of the contract awarded.
3	Good/fully effective	Performance fully meets the standard expected in all areas of the job awarded. The appraisal indicates that the service provider has fully achieved effective results against all significant performance criteria and indicators as specified in the awarded contract.

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LEVEL	TERMINOLOGY	DESCRIPTION
2	Fair /not effective	Performance is below the standard required for the specified job. Performance meets some of the standards expected for the job and the assessment indicates that the service provider has achieved below fully effective results against more than half of the key performance criteria and indicators as specified in the awarded contract
1	Poor /unacceptable	Performance does not meet the standard expected for the job awarded. The assessment indicates that the service provider has achieved below fully effective results against all of the performance criteria and indicators as specified in the awarded contract. Further that the service provider failed to demonstrate the commitment or ability to bring performance up to the level expected in the job despite management efforts to encourage improvement.

# Chapter 4

## 8. INSTITUTIONAL ANNUAL PERFORMANCE REPORT 2021/2022

 <b>MOSES KOTANE LOCAL MUNICIPALITY</b> <b>ANNUAL PERFORMANCE REPORT</b> <b>2021/2022 FINANCIAL YEAR</b> 										
Project No.	Key Performance Indicator	2020/2021 Baseline	Annual Targets 2021/2022	2021/2022 Actual Annual Performance	Achieved /Not Achieved	2021/2022 Special Adjusted Budget	2021/2022 Year to date Expenditure	Challenges	Corrective Measures	Portfolio of Evidence
<b>KPA 1: Basic Service Delivery and Infrastructure Development - Infrastructure and Technical Services</b>										
<b>Strategic objective: To develop and maintain infrastructure to provide basic services.</b>										
MKW-114	<b>KPI 1</b> % of Sandfontein water supply constructed	Designs at 70% Complete	100% of Sandfontein water supply constructed by June 2022	39% of Sandfontein water supply constructed	Not Achieved	R12 301 444,96	R12 296 843,14	Delay due to late approval of technical report by DWS which further delayed the procurement process.	Project has been appointed and planned as a multiyear project. The Contractor will increase his resources on site to recover time lost.	Progress Report
MKW - 115	<b>KPI 2</b> % of Maologane water supply constructed	Designs at 100% complete	100% of Maologane water supply constructed by June 2022	98% of Maologane water supply constructed	Not Achieved	R7 418 517,87	R7 268 464,02	Awaiting Eskom electricity connection.	Application has been submitted to Eskom for the borehole's connection.	Practical Completion Certificate
MKW-116	<b>KPI 3</b> % of Ledig water supply various sections constructed	0% of Ledig water supply constructed (Project at	100% of Ledig water supply various sections constructed	0% of Ledig water supply various sections constructed	Not Achieved	R4 582 619,00	R4 582 618,62	Delay in the approval of Technical report by DWS	Technical report was approved in the Q4, Project will be implemented in the 2022-2023	DWS Approval Letter

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 <b>MOSES KOTANE LOCAL MUNICIPALITY</b> <b>ANNUAL PERFORMANCE REPORT</b> <b>2021/2022 FINANCIAL YEAR</b> 										
Project No.	Key Performance Indicator	2020/2021 Baseline	Annual Targets 2021/2022	2021/2022 Actual Annual Performance	Achieved /Not Achieved	2021/2022 Special Adjusted Budget	2021/2022 Year to date Expenditure	Challenges	Corrective Measures	Portfolio of Evidence
		Tender Stage)	by June 2022						financial year. Designs were completed May 2022	
MMK W-117	<b>KPI 4</b> Upgrading of Madikwe water treatment plant (Phase 2) (Vrede, Seshibitswe) completed	Phase 1 Completed and Phase2 still under planning stage	Upgrading of Madikwe water treatment plant (Phase 2) (Vrede, Seshibitswe) completed by June 2022	Upgrading of Madikwe water treatment plant (Phase 2) (Vrede, Seshibitswe) not completed	Not Achieved	R354 962,00 R3 591 095,00 (PIG)	R0,00	Delay due to late approval of technical report by DWS. Project procurement process were withheld due to the National Treasury circular, advising that all projects not advertised by the 16 February 2022 be put in hold until further notice from National Treasury	Technical report has been approved. Project has been planned as multiyear.	Draft Tender Document

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 <b>MOSES KOTANE LOCAL MUNICIPALITY</b> <b>ANNUAL PERFORMANCE REPORT</b> <b>2021/2022 FINANCIAL YEAR</b> 										
Project No.	Key Performance Indicator	2020/2021 Baseline	Annual Targets 2021/2022	2021/2022 Actual Annual Performance	Achieved /Not Achieved	2021/2022 Special Adjusted Budget	2021/2022 Year to date Expenditure	Challenges	Corrective Measures	Portfolio of Evidence
MKW - 118	<b>KPI 5</b> % of Letlhakane/Kortkloof water supply constructed	Designs report completed	100% of Letlhakane/Kortkloof water supply constructed by June 2022	88% of Letlhakane/Kortkloof water supply constructed	Not Achieved	R6 880 000,00	R6 867 572,32	Slow progress on site due to installation of steel works.	Service provider will increase his resources on site to recover time lost, project to be completed in the 2022-2023 financial year.	Progress Report
MKW - 120	<b>KPI 6</b> % of Losmytjerie - Goedehoop water supply constructed	Designs report completed	100 % of Losmytjerie - Goedehoop water supply constructed by June 2022	5 % of Losmytjerie - Goedehoop water supply constructed	Not Achieved	R1 784 080,28	R1 774 167,54	The project experienced social challenges due to the naming of the project which did not include Losmytjerie. This was a resolution from DWS due to insufficient ground water to service both Goedehoop and Losmytjerie.	Project has been terminated due to community unrest.	Close-out Report

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 <b>MOSES KOTANE LOCAL MUNICIPALITY</b> <b>ANNUAL PERFORMANCE REPORT</b> <b>2021/2022 FINANCIAL YEAR</b> 										
Project No.	Key Performance Indicator	2020/2021 Baseline	Annual Targets 2021/2022	2021/2022 Actual Annual Performance	Achieved /Not Achieved	2021/2022 Special Adjusted Budget	2021/2022 Year to date Expenditure	Challenges	Corrective Measures	Portfolio of Evidence
MKW	<b>KPI 7</b> % of Magong water augmentation completed	New	100% of Magong water augmentation completed by June 2022	80% of Magong water augmentation completed	Not Achieved	R3 597 044,00	R2 771 428,37	The project was delayed by supply and installation of steel storage tank from the supplier.	The steel tank material was delivered on site for assembling, the service provider will increase his resources on site to recover time lost. Project will be completed in the 2022-2023 financial year.	Progress Report
MKW	<b>KPI 8</b> % of Lerome bulk water scheme completed	New	100% of Lerome bulk water scheme completed by June 2022	96% of Lerome bulk water scheme completed	Not Achieved	R3 445 448,00	R3 445 448,00	Major delays attributed from the disputes between the local SMME's and main contractor, which prolonged longer than anticipated	All the challenges were successfully addressed. The service provider will increase his resources on site to recover time lost.	Progress Report

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 <b>MOSES KOTANE LOCAL MUNICIPALITY</b> <b>ANNUAL PERFORMANCE REPORT</b> <b>2021/2022 FINANCIAL YEAR</b> 										
Project No.	Key Performance Indicator	2020/2021 Baseline	Annual Targets 2021/2022	2021/2022 Actual Annual Performance	Achieved /Not Achieved	2021/2022 Special Adjusted Budget	2021/2022 Year to date Expenditure	Challenges	Corrective Measures	Portfolio of Evidence
	<b>KPI 9</b> Lerome water supply internal reticulation (Thabeng) completed	New	Lerome water supply internal reticulation (Thabeng) completed by June 2022	Lerome water supply internal reticulation (Thabeng) not completed	Not Achieved	R2 800 000,00	R2 798 879,66	Delay due to late approval of Technical report by DWS.	Technical report has been approved. Project will be implemented in the 2022-2023 financial year.	DWS Approval Letter
	<b>KPI 10</b> % of Pella water supply (Phase 1 ) completed	New	100 % of Pella water supply (Phase 1) completed by June 2022	100 % of Pella water supply (Phase 1) completed	Achieved	R1 211 078,63	R626 617,22	None	None	Completion Certificate
MKW	<b>KPI 11</b> % of Pella water supply (Phase 2 ) completed	New	100% of Pella water supply (Phase 2) completed by June 2022	100% of Pella water supply (Phase 2) completed	Achieved	R728 433,00	R728 433,08	None	None	Completion Certificate

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 <b>MOSES KOTANE LOCAL MUNICIPALITY</b> <b>ANNUAL PERFORMANCE REPORT</b> <b>2021/2022 FINANCIAL YEAR</b> 										
Project No.	Key Performance Indicator	2020/2021 Baseline	Annual Targets 2021/2022	2021/2022 Actual Annual Performance	Achieved /Not Achieved	2021/2022 Special Adjusted Budget	2021/2022 Year to date Expenditure	Challenges	Corrective Measures	Portfolio of Evidence
MKW-79	<b>KPI 12</b> % of Manamakgoheng Reservoir and bulk water supply constructed	New	100% of Manamakgoheng Reservoir and bulk water supply constructed by June 2022	92% of Manamakgoheng Reservoir and bulk water supply constructed	Not Achieved	R13 208 308,00	R12 462 083,11	The project was delayed due to supply and delivery of water connection yard meters.	Yard connection meters has been delivered on site. Service provider will increase his manpower on site to recover time lost. Project will be completed in the 2022-2023 financial year.	Progress Report
MKW-140	<b>KPI 13</b> % of Seolong water supply constructed	90% completion of rural bulk water supply project	100% of Seolong water supply constructed by September 2021	100% of Seolong water supply constructed	Achieved	R4 968 084,00	R3 896 897,09	None	None	Completion certificate
MKW - 94	<b>KPI 14</b> Design of Mahobieskraal bulk water supply finalised	New	Design of Mahobieskraal bulk water supply finalised by June 2022	Design of Mahobieskraal bulk water supply finalised	Achieved	R1 053 935,95	R1 053 935,95	None	None	Designs report

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 <b>MOSES KOTANE LOCAL MUNICIPALITY</b> <b>ANNUAL PERFORMANCE REPORT</b> <b>2021/2022 FINANCIAL YEAR</b> 										
Project No.	Key Performance Indicator	2020/2021 Baseline	Annual Targets 2021/2022	2021/2022 Actual Annual Performance	Achieved /Not Achieved	2021/2022 Special Adjusted Budget	2021/2022 Year to date Expenditure	Challenges	Corrective Measures	Portfolio of Evidence
MKW - 123	<b>KPI 15</b> % of Tweelagte water supply phase II constructed	New	100% of Tweelagte water supply phase II constructed by June 2022	63% of Tweelagte water supply phase II constructed	Not Achieved	R8 113 669,63	R7 772 703,38	Stands boundaries not well defined, consultation with stands owners is on-going and also slow progress on site by the contractor.	Service provider will increase his resources on site to recover time lost. Project will be completed in the 2022-2023 financial year.	Progress Report
MKW - 126	<b>KPI 16</b> % of Lerome water supply constructed	New	100% of Lerome water supply constructed by June 2022	51% of Lerome water supply constructed	Not Achieved	R7 034 119,46	R6 571 619,47	Project is behind schedule due to slow progress on site by the service provider	Service provider has been put in teams and committed to remedy the situation on site. Project will be completed in the 2022-2023 financial year.	Progress Report
MKW	<b>KPI 17</b> Designs of Mabeskraal to Uitkyk bulk water pipeline completed	New	Designs of Mabeskraal to Uitkyk bulk water pipeline completed (various	Designs of Mabeskraal to Uitkyk bulk water pipeline completed (various villages)	Achieved	R2 125 353,00	R2 125 353,00	None	None	Designs report

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 <b>MOSES KOTANE LOCAL MUNICIPALITY</b> <b>ANNUAL PERFORMANCE REPORT</b> <b>2021/2022 FINANCIAL YEAR</b> 										
Project No.	Key Performance Indicator	2020/2021 Baseline	Annual Targets 2021/2022	2021/2022 Actual Annual Performance	Achieved /Not Achieved	2021/2022 Special Adjusted Budget	2021/2022 Year to date Expenditure	Challenges	Corrective Measures	Portfolio of Evidence
	(various villages)		villages) by June 2022							
	<b>KPI 18.</b> Number of households with access to basic level of water	75 186 households with access to basic level of water	75 186 households with access to basic level of water 30 June 2022	Water was provided to Villages through boreholes and water tankers	Not Achieved	R17 000 000,00	R20 009 464.59	Report shows water that is consumed per village on supply system. Some villages are not on the registered system and supplied by boreholes.	Other supply system are boreholes and street taps which are not metered. All boreholes and stand pipes need to be metered	Report on water consumed per household
MKS-51	<b>KPI 19</b> Number of VIDP toilets Constructed in Sandfontein	New	325 VIDP toilets Constructed in Sandfontein by June 2022	325 VIDP toilets Constructed in Sandfontein by June 2022	Achieved	R5 449 400,73	R4 714 242,72	None	None	Completion Certificate
MKS-52	<b>KPI 20</b> Number of VIDP toilets constructed in Disake	New	215 VIDP toilets constructed in Disake by June 2022	0 VIDP toilets constructed in Disake by June 2022	Not Achieved	R5 268 207,04	R5 267 877,94	None	Project to be completed in July 2022.	Progress Report

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 <b>MOSES KOTANE LOCAL MUNICIPALITY</b> <b>ANNUAL PERFORMANCE REPORT</b> <b>2021/2022 FINANCIAL YEAR</b> 										
Project No.	Key Performance Indicator	2020/2021 Baseline	Annual Targets 2021/2022	2021/2022 Actual Annual Performance	Achieved /Not Achieved	2021/2022 Special Adjusted Budget	2021/2022 Year to date Expenditure	Challenges	Corrective Measures	Portfolio of Evidence
MKS-54	<b>KPI 21</b> Number of VIDP toilets constructed in Mabele a Podi	New	130 VIDP toilets constructed in Mabele a Podi by June 2022	130 VIDP toilets constructed in Mabele a Podi by June 2022	Achieved	R3 470 384,69	R3 660 883,25	None	None	Completion Certificate
MKS-55	<b>KPI 22</b> Number of VIDP toilets constructed in Ramokokastad	New	193 VIDP toilets constructed in Ramokokastad by June 2022	193 VIDP toilets constructed in Ramokokastad by June 2022	Achieved	R3 022 342,29	R2 137 768,25	None	None	Completion Certificate
MKRS-83	<b>KPI 23</b> Number of VIDP toilets constructed in Makgope	New	103 VIDP toilets constructed in Makgope by June 2022	103 VIDP toilets constructed in Makgope	Achieved	R1 839 312,22	R2 137 768,25	None	None	Completion Certificate
MKRS-89	<b>KPI 24</b> % of Vrede storm water constructed (Phase III)	Design approved by DWS and DEDECT	100% of Vrede storm water constructed (Phase III) by June 2022	40% of Vrede storm water constructed (Phase III)	Not Achieved	R5 863 568,32	R4 522 413,43	Delay due to abnormal rainfall and slow progress of the service provider on site.	Non-performance letters were issued to the service provider and committed to increase his resources on	Progress Report

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 <b>MOSES KOTANE LOCAL MUNICIPALITY</b> <b>ANNUAL PERFORMANCE REPORT</b> <b>2021/2022 FINANCIAL YEAR</b> 										
Project No.	Key Performance Indicator	2020/2021 Baseline	Annual Targets 2021/2022	2021/2022 Actual Annual Performance	Achieved /Not Achieved	2021/2022 Special Adjusted Budget	2021/2022 Year to date Expenditure	Challenges	Corrective Measures	Portfolio of Evidence
									site. Project will be completed in the 2022-2023 financial year.	
MKRS -94	<b>KPI 25</b> Number of Kilometres of Tlokweg internal road paved	0 Km	3Km of Tlokweg internal road paved by June 2022	3Km of Tlokweg internal road paved	Achieved	R1 900 000,00	R1 899 603,32	None	None	Completion Certificate
MKRS -90	<b>KPI 26</b> Number of kilometres of Lerome (Thabeng section) internal road paved	New	2.2 kilometres of Lerome (Thabeng Section) internal road paved by June 2022	0 kilometres of Lerome (Thabeng Section) internal road paved	Not Achieved	R15 460 173,64	R15 386 854,75	Delay due to abnormal rainfall. Unable to work most of the time.	Service provider committed to increase his resources on site. Project will be completed in the 2022-2023 financial year. The project is currently at 97% completion.	Progress Report
MKRS -91	<b>KPI 27</b> Number of Kilometres of Phalane internal road paved.	New	2.6 kilometres of Phalane internal road paved by June 2022	0 kilometres of Phalane internal road paved	Not Achieved	R16 537 515,25	R15 192 474,81	Delay due to abnormal rainfall.	Service provider committed to increase his resources on site. Project will be completed in the 2022-2023	Progress Report

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 <b>MOSES KOTANE LOCAL MUNICIPALITY</b> <b>ANNUAL PERFORMANCE REPORT</b> <b>2021/2022 FINANCIAL YEAR</b> 										
Project No.	Key Performance Indicator	2020/2021 Baseline	Annual Targets 2021/2022	2021/2022 Actual Annual Performance	Achieved /Not Achieved	2021/2022 Special Adjusted Budget	2021/2022 Year to date Expenditure	Challenges	Corrective Measures	Portfolio of Evidence
									financial year. This project is currently at 87% completion.	
MKRS - 92	<b>KPI 28</b> Number of Kilometres of Mononono internal road paved.	New	2.1 kilometres of Mononono internal road paved by June 2022	0 kilometres of Mononono internal road paved	Not Achieved	R17 434 217,90	R15 335 441,05	Delay due to abnormal rainfall.	Service provider committed to increase his resources on site. Project will be completed in the 2022-2023 financial year. The project is currently at 91% completion.	Progress Report
MKRS	<b>KPI 29</b> Number of Kilometres of Madikwe (china section) internal road constructed.	0 km	3 kilometres of Madikwe (china section) internal road constructed by June 2022	3 kilometres of Madikwe (china section) internal road constructed	Achieved	R3 761 929,00	R3 547 810,54	None	None	Completion Certificate
MKRS	<b>KPI 30</b> Number of Kilometres of	0 km	1,5 kilometres of Ramoga	1,5 kilometres of Ramoga	Achieved	R1 235 496,83	R756 928,83	None	None	Completion Certificate

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 <b>MOSES KOTANE LOCAL MUNICIPALITY</b> <b>ANNUAL PERFORMANCE REPORT</b> <b>2021/2022 FINANCIAL YEAR</b> 										
Project No.	Key Performance Indicator	2020/2021 Baseline	Annual Targets 2021/2022	2021/2022 Actual Annual Performance	Achieved /Not Achieved	2021/2022 Special Adjusted Budget	2021/2022 Year to date Expenditure	Challenges	Corrective Measures	Portfolio of Evidence
	Ramoga internal road constructed.		internal road constructed by June 2022	internal road constructed						
MKEL C- 95	<b>KPI 31</b> Number of high-mast lights installed in Bapong	New	4 high-mast lights installed in Bapong by June 2022	0 high-mast lights installed in Bapong	Not Achieved	R1 866 094,78	R1 189 885,81	Slow progress on site by the service provider.	Service provider has been put in teams and committed to remedy the situation on site. Project will be completed in the 2022-2023 financial year.	Progress Report
MKEL C- 96	<b>KPI 32</b> Number of high-mast lights installed in Pella	New	4 high-mast lights installed in Pella by June 2022	0 high-mast lights installed in Pella	Not Achieved	R1 874 820,98	R1 234 795,26	Slow progress on site by the service provider.	Service provider has been put in teams and committed to remedy the situation on site. Project will be completed in the 2022-2023 financial year.	Progress Report
MKEL C- 97	<b>KPI 33</b> Number of high-mast	New	2 high-mast lights installed in	2 high-mast lights installed in	Achieved	R960 000,00	R959 984,22	None	None	Practical Completion Certificate

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 <b>MOSES KOTANE LOCAL MUNICIPALITY</b> <b>ANNUAL PERFORMANCE REPORT</b> <b>2021/2022 FINANCIAL YEAR</b> 										
Project No.	Key Performance Indicator	2020/2021 Baseline	Annual Targets 2021/2022	2021/2022 Actual Annual Performance	Achieved /Not Achieved	2021/2022 Special Adjusted Budget	2021/2022 Year to date Expenditure	Challenges	Corrective Measures	Portfolio of Evidence
	lights installed in Mabele a Podi		Mabele a Podi by June 2022	Mabele a Podi						
MKEL C- 98	<b>KPI 34</b> Number of high-mast lights installed in Masekoloane	New	2 high-mast lights installed in Masekoloane by June 2022	0 high-mast lights installed in Masekoloane	Not Achieved	R920 391,44	R617 840,34	Slow progress on site by the service provider.	Service provider has been put in teams and committed to remedy the situation on site. Project will be completed in the 2022-2023 financial year.	Progress Report
MKEL C- 99	<b>KPI 35</b> Number of high-mast lights installed in Greater Ledig	New	17 high-mast lights installed in greater Ledig in June 2022	17 high-mast lights installed in Greater Ledig	Achieved	R7 832 168,40	R7 463 325,33	None	None	Practical Completion Certificate
MKEL C-100	<b>KPI 36</b> Number of high-mast lights installed in Molatedi	New	3 high-mast lights installed in Molatedi by March 2022	0 high-mast lights installed in Molatedi	Not Achieved	R1 410 871,04	R694 205,63	Slow progress on site by the service provider.	Service provider has been put in teams and committed to remedy the situation on site. Project will be	Progress Report

# Chapter 4

 <b>MOSES KOTANE LOCAL MUNICIPALITY</b> <b>ANNUAL PERFORMANCE REPORT</b> <b>2021/2022 FINANCIAL YEAR</b> 										
Project No.	Key Performance Indicator	2020/2021 Baseline	Annual Targets 2021/2022	2021/2022 Actual Annual Performance	Achieved /Not Achieved	2021/2022 Special Adjusted Budget	2021/2022 Year to date Expenditure	Challenges	Corrective Measures	Portfolio of Evidence
									completed in the 2022-2023 financial year.	
MKEL C	<b>KPI 37</b> Number of high-mast lights energised in Mmatau	New	2 high-mast lights energised in Mmatau by June 2022	2 high-mast lights energised in Mmatau	Achieved	R5 806 000,00	R5 806 000,00	None	None	Completion Certificate
MKEL C	<b>KPI 38</b> Number of high-mast lights energised in Mabeskraal	New	5 high-mast lights energised in Mabeskraal by June 2022	5 high-mast lights energised in Mabeskraal	Achieved			None	None	Completion Certificate
MKEL C	<b>KPI 39</b> Number of high-mast lights energised in Tlokweng	New	3 high-mast lights energised in Tlokweng by June 2022	3 high-mast lights energised in Tlokweng	Achieved			None	None	Completion Certificate
MKEL C	<b>KPI 40</b> Number of high-mast lights	New	1 high-mast light energised in	1 high-mast light energised in Mogwase	Achieved					

# Chapter 4

 <b>MOSES KOTANE LOCAL MUNICIPALITY</b> <b>ANNUAL PERFORMANCE REPORT</b> <b>2021/2022 FINANCIAL YEAR</b> 										
Project No.	Key Performance Indicator	2020/2021 Baseline	Annual Targets 2021/2022	2021/2022 Actual Annual Performance	Achieved /Not Achieved	2021/2022 Special Adjusted Budget	2021/2022 Year to date Expenditure	Challenges	Corrective Measures	Portfolio of Evidence
	energised in Mogwase		Mogwase by June 2022			R5 806 000,00	R5 806 000,00			
MKEL C	<b>KPI 41</b> Number of high-mast lights energised in Mmorogong	New	2 high-mast lights energised in Mmorogong by June 2022	2 high-mast lights energised in Mmorogong	Achieved			None	None	Completion certificate
MKEL C	<b>KPI 42</b> Number of high-mast lights energised in Dikweipi	New	1 high-mast light energised in Dikweipi by June 2022	1 high-mast light energised in Dikweipi	Achieved			None	None	Completion certificate
MKEL C	<b>KPI 43</b> Number of high-mast lights energised in Legkraal	New	4 high-mast lights energised in Legkraal by June 2022	4 high-mast lights energised in Legkraal	Achieved			None	None	Completion Certificate
MKEL C	<b>KPI 44</b> Number of high-mast lights	New	3 High-mast lights energised in Mononono	3 high-mast lights energised in Mononono	Achieved			None	None	Completion Certificate

# Chapter 4

 <b>MOSES KOTANE LOCAL MUNICIPALITY</b> <b>ANNUAL PERFORMANCE REPORT</b> <b>2021/2022 FINANCIAL YEAR</b> 										
Project No.	Key Performance Indicator	2020/2021 Baseline	Annual Targets 2021/2022	2021/2022 Actual Annual Performance	Achieved /Not Achieved	2021/2022 Special Adjusted Budget	2021/2022 Year to date Expenditure	Challenges	Corrective Measures	Portfolio of Evidence
	energised in Mononono		by June 2022							
MKEL C	<b>KPI 45</b> Number of high-mast lights energised in Koffiekraal	New	14 high-mast lights energised in Koffiekraal by June 2022	14 high-mast lights energised in Koffiekraal	Achieved			None	None	Completion Certificate
MKID	<b>KPI 46</b> Number of high-mast lights energised in Motlollo	New	1 high-mast light energised in Motlollo by June 2022	1 high-mast light energised in Motlollo	Achieved			None	None	Completion Certificate
MKID 85	<b>KPI 47</b> Construction of Phola park community hall	New	Phola park community hall constructed by June 2022	Phola Park Community Hall constructed	Achieved	R9 040 419,60	R8 726 195,60	None	None	Completion Certificate
MKSA C -30	<b>KPI 48</b> Upgrading of Mogwase Sports Park	New	Upgrading of Mogwase Sports Park phase II	Upgrading of Mogwase Sports Park phase II not completed	Not achieved	R10 205 128,26	R10 194 618,26	Delay due to the sourcing of the athletic track material.	Service provider committed to increase his resources on site. Project will	Progress Report

# Chapter 4

 <b>MOSES KOTANE LOCAL MUNICIPALITY</b> <b>ANNUAL PERFORMANCE REPORT</b> <b>2021/2022 FINANCIAL YEAR</b> 										
Project No.	Key Performance Indicator	2020/2021 Baseline	Annual Targets 2021/2022	2021/2022 Actual Annual Performance	Achieved /Not Achieved	2021/2022 Special Adjusted Budget	2021/2022 Year to date Expenditure	Challenges	Corrective Measures	Portfolio of Evidence
	phase II completed		completed by June 2022						be completed in the 2022-2023 financial year.	
	<b>KPI 49</b> Upgrading of Madikwe sports park completed	New	Upgrading of Madikwe sports park completed by June 2022	Upgrading of Madikwe sports park not completed	Not achieved	R8 875 390,27	R5 763 429,70	Delay due to slow procurement process	Project has been appointed, to be implemented over two financial years	Progress Report
<b>KPA 1: Basic Service Delivery and Infrastructure Development - Infrastructure and Technical Services</b>										
<b>Strategic objective: To develop and maintain infrastructure to provide basic services.</b>										
	<b>KPI 50</b> Number of road safety awareness campaigns conducted	12 road safety awareness campaigns	12 road safety awareness campaigns conducted by 30 June 2022	12 road safety awareness campaigns conducted	Achieved	Operational	Operational	None	None	Attendance Register and Report
	<b>KPI 51</b> % of households which have access to solid waste removal	75% of households refuse collected	100% of households which have access to solid waste removal by 30 June 2022	96% households which have access to solid waste removal	Not Achieved	R20 000 000,00	R23 814 045, 48	Rapid population growth, poor spatial planning and poor roads infrastructure and Poor roads infrastructure, heavy rains,	Management to use New Statistics SA data to rectify total number of households for the 2022/23 financial year	Solid Waste Removal Report

# Chapter 4

 <b>MOSES KOTANE LOCAL MUNICIPALITY</b> <b>ANNUAL PERFORMANCE REPORT</b> <b>2021/2022 FINANCIAL YEAR</b> 										
Project No.	Key Performance Indicator	2020/2021 Baseline	Annual Targets 2021/2022	2021/2022 Actual Annual Performance	Achieved /Not Achieved	2021/2022 Special Adjusted Budget	2021/2022 Year to date Expenditure	Challenges	Corrective Measures	Portfolio of Evidence
								poor spatial planning		
	<b>KPI 52</b> Number of safe and clean-up campaigns conducted	12 safe and clean-up campaigns conducted	12 safe and clean-up campaigns conducted by 30 June 2022	12 safe and clean-up campaigns conducted	Achieved	Operational	Operational	None	None	Attendance Register, Report
	<b>KPI 53</b> Number of Landfill site external environmental audits conducted in Mogwase and Madikwe	8 Landfill site external environmental audits conducted	2 Landfill site external environmental audits conducted in Mogwase and Madikwe by 30 June 2022	2 Landfill site external environmental audit conducted in Mogwase and Madikwe	Achieved	Operational	Operational	None	None	-
	<b>KPI 54</b> Number of Municipal Buildings repaired	6 municipal buildings and facilities	4 Municipal Buildings repaired by 30 June 2022	5 Municipal buildings repaired	Achieved	R2 000 000,00	R624 686,13	None	None	Completion Certificate

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 <b>MOSES KOTANE LOCAL MUNICIPALITY</b> <b>ANNUAL PERFORMANCE REPORT</b> <b>2021/2022 FINANCIAL YEAR</b> 										
Project No.	Key Performance Indicator	2020/2021 Baseline	Annual Targets 2021/2022	2021/2022 Actual Annual Performance	Achieved /Not Achieved	2021/2022 Special Adjusted Budget	2021/2022 Year to date Expenditure	Challenges	Corrective Measures	Portfolio of Evidence
	<b>KPI 55</b> Design for Rehabilitation of Madikwe landfill site developed	Madikwe landfill site	Design for Rehabilitation of Madikwe landfill site developed by June 2022	Design for Rehabilitation of Madikwe landfill site not developed	Not Achieved	R3 076 847,00	R0,00	The Municipality had to terminate the previous Consultant (KIPP CONSULATING ) due to inability to submit the required drawings to the Department of Economic Development, Environment and Tourism. Hence the delay of appointment of the Engineering Consultant. Engineering Consultant was appointed in Quarter 4.	advert to be placed in the 1st quarter of the next financial year 2022/2023	None
	<b>KPI 56</b> Establishment of goods and vehicles	New	Establishment of goods and vehicles	Establishment of goods and vehicles compound	Not Achieved	R1 000 000,00	R0,00	Project could not be implemented	To be established in 2022/2023 Financial year	Advert

# Chapter 4

 <b>MOSES KOTANE LOCAL MUNICIPALITY</b> <b>ANNUAL PERFORMANCE REPORT</b> <b>2021/2022 FINANCIAL YEAR</b> 										
Project No.	Key Performance Indicator	2020/2021 Baseline	Annual Targets 2021/2022	2021/2022 Actual Annual Performance	Achieved /Not Achieved	2021/2022 Special Adjusted Budget	2021/2022 Year to date Expenditure	Challenges	Corrective Measures	Portfolio of Evidence
	compound (Phase 1) completed		compound (Phase 1) completed by June 2022	(Phase 1 )not completed				due to Budget constraints		
	<b>KPI 57</b> Approved library business plan submitted to Department of Arts and Culture	Library Business Plan	Approved library business plan submitted to Department of Arts and Culture by 30 June 2022	Approved library business plan submitted to Department of Arts and Culture	Achieved	Conditional grant	R569 522,20	None	None	Acknowledgement letter from Department
<b>KPA NO 2: Municipal Transformation and Organizational Development</b>										
<b>Strategic Objective: To Promote Accountability, Efficiency and Professionalism Within the Organization</b>										
	<b>KPI 58</b> Communication strategy approved by council	2020/2021 Communication strategy approved	Communication strategy approved by council by 30 June 2022	Communication strategy presented to EXCO	Not achieved	Operational	Operational	Portfolio committee meetings were not held	Strategy will be submitted in the first quarter of 2022/23 financial year.	Council resolution

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 <b>MOSES KOTANE LOCAL MUNICIPALITY</b> <b>ANNUAL PERFORMANCE REPORT</b> <b>2021/2022 FINANCIAL YEAR</b> 										
Project No.	Key Performance Indicator	2020/2021 Baseline	Annual Targets 2021/2022	2021/2022 Actual Annual Performance	Achieved /Not Achieved	2021/2022 Special Adjusted Budget	2021/2022 Year to date Expenditure	Challenges	Corrective Measures	Portfolio of Evidence
	<b>KPI 59</b> Number of Newsletters Published	3 newsletters published	4 newsletters published by 30 June 2022	1 newsletter published	Not achieved	R200 000,00	Operational	Unavailability of funds	Newsletter to be published in the 1st quarter of 2022/23 financial year.	Copy of the Newsletter attached
	<b>KPI 60</b> Employment Equity Report submitted to Department of Labour	2020-2021 Employment Equity Report submitted	2021/2022 Employment Equity Report submitted to Department of Labour by 15 January 2022	EE Report not submitted to DoL	Not Achieved	Operational	Operational	ICT challenges	Report to be submitted in January 2023	Acknowledgement letter from Department of Labour.
	<b>KPI 61</b> Workplace Skills Plan submitted to LG_SETA	2020-2021 WSP submitted	2021/2022 Workplace Skills Plan submitted LG SETA by 21 April 2022	WSP submitted to LG-SETA	Achieved	Operational	Operational	None	None	Acknowledgement letter from LGSETA
	<b>KPI 62</b> Number of Local Labour Forum	2 LLF meetings held	4 LLF meetings held by 30 June 2022	2 LLF meetings held	Not achieved	Operational	Operational	Unavailability of members which resulted in	Management will enforce adherence to	Agenda, Attendance register and minutes

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 <b>MOSES KOTANE LOCAL MUNICIPALITY</b> <b>ANNUAL PERFORMANCE REPORT</b> <b>2021/2022 FINANCIAL YEAR</b> 										
Project No.	Key Performance Indicator	2020/2021 Baseline	Annual Targets 2021/2022	2021/2022 Actual Annual Performance	Achieved /Not Achieved	2021/2022 Special Adjusted Budget	2021/2022 Year to date Expenditure	Challenges	Corrective Measures	Portfolio of Evidence
	meetings held							meetings not forming quorum.	Code of Conduct.	
	<b>KPI 63</b> Percentage of grievances resolved within 30 days of receipt	New	100% of grievances resolved within 30 days of receipt by 30 June 2022	No new grievances received	N/A	Operational	Operational	None	None	Agenda, Attendance register and minute
	<b>KPI 64</b> Organizational Structure reviewed and approved by council	2020 Reviewed organizational structure approved	Organizational structure Reviewed and approved by March 2022	Reviewed organisational structure was reviewed and approved	Achieved	Operational	Operational	None	None	Council resolution
	<b>KPI 65</b> Number of OHS meetings held	2 OHS meetings held	4 OHS meetings held by 30 June 2022	No meetings held	Not Achieved	Operational	Operational	Non-renewal of OHS committee membership.	Committee membership will be renewed in the first quarter of 2022/23 financial year.	Minutes, agenda, reports
	<b>KPI 66</b> 2022/2023 institutional	2021/2022 Performance	2022/2023 institutional performance	2022/2023 institutional performance	Achieved	Operational	Operational	None	None	Council Resolution

# Chapter 4

 <b>MOSES KOTANE LOCAL MUNICIPALITY</b> <b>ANNUAL PERFORMANCE REPORT</b> <b>2021/2022 FINANCIAL YEAR</b> 										
Project No.	Key Performance Indicator	2020/2021 Baseline	Annual Targets 2021/2022	2021/2022 Actual Annual Performance	Achieved /Not Achieved	2021/2022 Special Adjusted Budget	2021/2022 Year to date Expenditure	Challenges	Corrective Measures	Portfolio of Evidence
	performance management framework approved by Council	Management framework approved	Management framework approved by Council by 30 June 2022	management framework approved by Council						
	<b>KPI 67</b> 2020/2021 annual performance report submitted to Auditor General	2019/2020 annual performance report	2020-2021 annual performance report submitted to Auditor General by August 2021	2020/2021 annual performance report submitted to Auditor General by August 2021	Achieved	Operational	Operational	None	None	Acknowledgement letter from AG
	<b>KPI 68</b> 2020/2021 Annual report approved by Council	2019/2020 Annual Report	2020/2021 annual report approved by council by January 2022	2020/2021 Annual report approved	Achieved	Operational	Operational	None	None	Council Resolution

# Chapter 4

 <b>MOSES KOTANE LOCAL MUNICIPALITY</b> <b>ANNUAL PERFORMANCE REPORT</b> <b>2021/2022 FINANCIAL YEAR</b> 										
Project No.	Key Performance Indicator	2020/2021 Baseline	Annual Targets 2021/2022	2021/2022 Actual Annual Performance	Achieved /Not Achieved	2021/2022 Special Adjusted Budget	2021/2022 Year to date Expenditure	Challenges	Corrective Measures	Portfolio of Evidence
	<b>KPI 69</b> Number of performance agreements for 2020/2021 signed by Municipal Manager and Section 56 managers	6 signed 2019/2020 Performance Agreements	7 performance agreements for 2021/2022 signed by Municipal Manager and Section 56 managers by July 2021	7 performance agreements signed	Achieved	Operational	Operational	None	None	Copies of signed Performance Agreements
<b>KPA 3: Local Economic Development</b>										
<b>Strategic Objective: To create an enabling environment for social development and economic growth</b>										
	<b>KPI 70</b> Number of SMME's, Tourism and Agricultural Programmes Facilitated	Approved LED Strategy	6 SMME's, Tourism and Agricultural Programmes facilitated by June 2022	6 SMME's, Tourism and Agricultural Programmes facilitated. (2, NW Tourism Monitors/Herd and Health	Achieved	Operational	Operational	None	None	Agenda and attendance registers

# Chapter 4

 <b>MOSES KOTANE LOCAL MUNICIPALITY</b> <b>ANNUAL PERFORMANCE REPORT</b> <b>2021/2022 FINANCIAL YEAR</b> 										
Project No.	Key Performance Indicator	2020/2021 Baseline	Annual Targets 2021/2022	2021/2022 Actual Annual Performance	Achieved /Not Achieved	2021/2022 Special Adjusted Budget	2021/2022 Year to date Expenditure	Challenges	Corrective Measures	Portfolio of Evidence
				Information Day 2, On farm Training and Farmers Day 2, Nampo Park Show and Tourism Indaba)						
	<b>KPI 71</b> Number of Arts and Culture programmes facilitated	Arts and Culture Masterplan	7 programmes facilitated by June 2022	5 programmes facilitated (1, Setworks Programme 2, Ke Motlokwa Heritage Celebration/ Setwork Programme. 2, North west International Market Access and International Museums Day Celebration)	Not Achieved	Operational	Operational	Lack of funds for the programme from Training providers (SEDA)	The programme is to be referred to the next financial year based on the availability of funds	Agenda and attendance registers

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 <b>MOSES KOTANE LOCAL MUNICIPALITY</b> <b>ANNUAL PERFORMANCE REPORT</b> <b>2021/2022 FINANCIAL YEAR</b> 										
Project No.	Key Performance Indicator	2020/2021 Baseline	Annual Targets 2021/2022	2021/2022 Actual Annual Performance	Achieved /Not Achieved	2021/2022 Special Adjusted Budget	2021/2022 Year to date Expenditure	Challenges	Corrective Measures	Portfolio of Evidence
	<b>KPI 72</b> Number of job opportunities created through, CWP, EPWP and capital projects	1553 Job opportunities created	1 500 Job opportunities created through, CWP, EPWP and capital projects by 30 June 2022	573 Jobs opportunities created through CWP, EPWP and capital projects	Achieved	R1 708 000	R1 703 817.97	None	None	EPWP Beneficiaries' list and contracts/ EPWP/ CWP comprehensive reports
	<b>KPI 73</b> Number jobs created through municipality's local economic development initiatives	242 jobs	200 jobs created through municipality's local economic development initiatives by 30 June 2022	156 jobs created through municipality's local economic development initiatives	Not achieved	Operational	Operational	Programme not well coordinated, some participants absconded from the programme	This was a once-off programme that ends by 30th June 2022, no remedial can be taken	Beneficiaries list and comprehensive report
	<b>KPI 74</b> Number of LED projects financially supported	6 projects	2 LED projects financially supported by 30 June 2022	1 LED project supported; Tloweng Fencing project	Not achieved	R500 000,00	R71 936.00	Group dynamics among cooperative members	Budget reallocation	

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 <b>MOSES KOTANE LOCAL MUNICIPALITY</b> <b>ANNUAL PERFORMANCE REPORT</b> <b>2021/2022 FINANCIAL YEAR</b> 										
Project No.	Key Performance Indicator	2020/2021 Baseline	Annual Targets 2021/2022	2021/2022 Actual Annual Performance	Achieved /Not Achieved	2021/2022 Special Adjusted Budget	2021/2022 Year to date Expenditure	Challenges	Corrective Measures	Portfolio of Evidence
<b>KPA4: Spatial Rational</b>										
<b>Strategic Objective: To establish economically, socially and environmentally integrated sustainable land use and human settlement.</b>										
<b>Department Planning and Development</b>										
	<b>KPI 75</b> % of Building inspections attended to within 24 hours of request	100% of building inspections attended to within 24 hours	% of building inspections attended to within 24 working hours of request by 30 June 2022	100% housing inspections attended to within 24 hours upon request	Achieved	Operational	Operational	Due to covid-19 regulations	Awaiting upliftment of regulations	Inspection register
	<b>KPI 76</b> % of Building plans approved within 4 weeks of request	100% Building Plans were approved	100% of Building plans approved within 4 weeks of request by 30 June 2022	100% of Building plans approved within 4 weeks	Achieved	Operational	Operational	No building plans submitted by the public	N/A	Building plan register
<b>KPA5 Good Governance and Public Participation</b>										
<b>Strategic Objectives: To ensure ethical and transparent government that is responsive to community needs and encourage public participation</b>										
	<b>KPI 77</b> Number of	New	2 youth programmes	0 programme held	Not achieved	R1 000 000,00	R0,00	Target could not be achieved due	To be implemented in	Attendance registers

# Chapter 4

 <b>MOSES KOTANE LOCAL MUNICIPALITY</b> <b>ANNUAL PERFORMANCE REPORT</b> <b>2021/2022 FINANCIAL YEAR</b> 										
Project No.	Key Performance Indicator	2020/2021 Baseline	Annual Targets 2021/2022	2021/2022 Actual Annual Performance	Achieved /Not Achieved	2021/2022 Special Adjusted Budget	2021/2022 Year to date Expenditure	Challenges	Corrective Measures	Portfolio of Evidence
	youth programmes facilitated		facilitated by 30 June 2022					to budgetary Constraints	the next financial year	
	<b>KPI 78</b> Number of letsema programmes conducted	0 programme was implemented	2 letsema programmes conducted by 30 June 2022	0 letsema programme held	Not achieved	Operational	Operational	Target could not be achieved due to budgetary Constraints	To be implemented in the next financial year	Attendance register, Programme and pictures
	<b>KPI 79</b> Number of Physically/Disabled challenged meetings held	0 meeting was held	2 Physically/Disabled challenged meetings held by 30 June 2022 (awareness campaigns held)	0 meeting held	Not achieved	Operational	Operational	Target could not be achieved due to budgetary Constraints	To be implemented in the 2022/23 financial year	Attendance register and minutes
	<b>KPI 80</b> Number of gender awareness campaigns held	New	2 gender awareness campaigns held by June 2022	No meeting held	Not achieved	Operational	Operational	Target could not be achieved due to budgetary Constraints	To be implemented in the next financial year	Attendance register and minutes
	<b>KPI 81</b> Number of Council	6 council committee	4 council committee meetings	6 Meetings held	Achieved	Operational	Operational	None	None	Agenda, Attendance

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 <b>MOSES KOTANE LOCAL MUNICIPALITY</b> <b>ANNUAL PERFORMANCE REPORT</b> <b>2021/2022 FINANCIAL YEAR</b> 										
Project No.	Key Performance Indicator	2020/2021 Baseline	Annual Targets 2021/2022	2021/2022 Actual Annual Performance	Achieved /Not Achieved	2021/2022 Special Adjusted Budget	2021/2022 Year to date Expenditure	Challenges	Corrective Measures	Portfolio of Evidence
	committee meetings held	meetings held	by 30 June 2022							register and minutes
	<b>KPI 82</b> Number of EXCO meeting held	2 meetings held	12 EXCO Meetings held by 30 June 2022.	12 Exco meeting held	Achieved	Operational	Operational	None	None	Agenda, attendance register and minutes
	<b>KPI 83</b> 2021/2022 Risk Based Audit Plan (RBAP) approved by audit committee	2020/2021 Approved Risk Based Audit Plan (RBAP)	2021/2022 Risk Based Audit Plan (RBAP) approved by audit committee by 30 September 2022	2021/2022 Risk Based Audit Plan (RBAP) approved	Achieve	Operational	Operational	None	None	Agenda, Minutes and Attendance Register
	<b>KPI 84</b> Number of audit committee meetings held	4 audit committee meetings held	4 audit committee meetings held by 30 June 2022	2 audit committee meeting	Achieved	Operational	Operational	None	None	Agenda, minutes and attendance register.
	<b>KPI 85</b> Number of audit committee reports	2 audit committee reports	2 audit committee reports submitted	9 audit committee report	Achieved	Operational	Operational			Council Resolution

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 <b>MOSES KOTANE LOCAL MUNICIPALITY</b> <b>ANNUAL PERFORMANCE REPORT</b> <b>2021/2022 FINANCIAL YEAR</b> 										
Project No.	Key Performance Indicator	2020/2021 Baseline	Annual Targets 2021/2022	2021/2022 Actual Annual Performance	Achieved /Not Achieved	2021/2022 Special Adjusted Budget	2021/2022 Year to date Expenditure	Challenges	Corrective Measures	Portfolio of Evidence
	reports submitted to Council		to Council by 30 June 2022	submitted to Council						
	<b>KPI 86</b> 2021/2022 valuation roll approved by Council	Approved valuation roll for 2020/2021	2021/2022 valuation roll approved by Council by 30 June 2022	Valuation roll approved by Council	Achieved	Operational	Operational	None	None	Council Resolution
	<b>KPI 87</b> Turnaround time for providing legal opinion on by-laws upon request within 14 days	Legal opinion Register	Turnaround time for providing legal opinion on by-laws within 14 days upon request by 30 June 2022	No requests reviewed	Achieved	Operational	Operational	None	None	Legal opinion Register
	<b>KPI 88</b> Turnaround time for development of service level	Service level agreement developed within 14 days	Turnaround time for development of service level	30 Requests, 15 SLA's developed and 15 Employment	Achieved	Operational	Operational	None	None	Service level agreements register

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 <b>MOSES KOTANE LOCAL MUNICIPALITY</b> <b>ANNUAL PERFORMANCE REPORT</b> <b>2021/2022 FINANCIAL YEAR</b> 										
Project No.	Key Performance Indicator	2020/2021 Baseline	Annual Targets 2021/2022	2021/2022 Actual Annual Performance	Achieved /Not Achieved	2021/2022 Special Adjusted Budget	2021/2022 Year to date Expenditure	Challenges	Corrective Measures	Portfolio of Evidence
	agreements with in upon request		agreements within 14 days upon request by 30 June 2022	Contracts developed: 1)						
	<b>KPI 89</b> 2022/2023 IDP, PMS and Budget process plan approved by Council	2021/2022 Approved Process Plan	2022/2023 IDP, PMS and Budget process plan approved by Council by 31 August 2021	2020/2023 IDP, PMS , Budget Process Plan approved by council	Achieved	Operational	Operational	None	None	Council Resolution
	<b>KPI 90</b> 2022/2023 Draft IDP and approved by Council	2021/2022 Draft IDP	2022/2023 Draft IDP approved by Council by 31 March 2022	2022/2023 Draft IDP approved by Council	Achieved	Operational	Operational	None	None	Council Resolution
	<b>KPI 91</b> 2022/2023 Final IDP approved by Council	2021/2022 Amended IDP	2022/2023 Final IDP approved by Council by 31 May 2022	2022/2023 IDP approved by Council	Achieved	Operational	Operational	None	None	Council Resolution

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 <b>MOSES KOTANE LOCAL MUNICIPALITY</b> <b>ANNUAL PERFORMANCE REPORT</b> <b>2021/2022 FINANCIAL YEAR</b> 										
Project No.	Key Performance Indicator	2020/2021 Baseline	Annual Targets 2021/2022	2021/2022 Actual Annual Performance	Achieved /Not Achieved	2021/2022 Special Adjusted Budget	2021/2022 Year to date Expenditure	Challenges	Corrective Measures	Portfolio of Evidence
	<b>KPI 92</b> Number IDP public participation meetings held	Briefing sessions were conducted with councillors for councillors to engage with communities to analyse their need.	2 IDP public participation meetings held by 30 June 2022	2 IDP public participation meetings held	Achieved	Operational	Operational	None	None	Attendance register and report
	<b>KPI 93</b> Number of IDP representative forum held	1 IDP representative forum held	3 IDP representative forum held by June 2022	3 IDP representative forum held	Achieved	Operational	Operational	None	None	Attendance register and report
	<b>KPI 94</b> Risk Management Strategy approved by council	New	Risk Management Strategy approved by council by 30 June 2022	Risk Management Strategy approved	Achieved	Operational	Operational	None	None	Council Resolution

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 <b>MOSES KOTANE LOCAL MUNICIPALITY</b> <b>ANNUAL PERFORMANCE REPORT</b> <b>2021/2022 FINANCIAL YEAR</b> 										
Project No.	Key Performance Indicator	2020/2021 Baseline	Annual Targets 2021/2022	2021/2022 Actual Annual Performance	Achieved /Not Achieved	2021/2022 Special Adjusted Budget	2021/2022 Year to date Expenditure	Challenges	Corrective Measures	Portfolio of Evidence
	<b>KPI 95</b> Risk Management Policy approved by council	New	Risk Management Policy approved by council 30 June 2022	Risk Management Policy approved	Achieved	Operational	Operational	None	None	Council Resolution
	<b>KPI 96</b> Risk Identification & Assessment conducted	New	Risk Identification & Assessment conducted by 30 June 2022	Risk Identification & Assessment conducted	Achieved	Operational	Operational	None	None	Strategic risk register, Fraud risk and ICT Register
<b>KPA 6: Municipal Financial Viability</b>										
<b>To provide an anti-corruption strategy</b>										
<b>To provide an effective and efficient financial systems and procedure</b>										
	<b>KPI 97</b> 2022/2023 Draft budget approved by Council	2022/2023 Draft Budget approved	2022/2023 Draft budget approved by Council by 31 March 2022	Draft budget approved	Achieved	Operational	Operational	None	None	Council Resolution

# Chapter 4

 <b>MOSES KOTANE LOCAL MUNICIPALITY</b> <b>ANNUAL PERFORMANCE REPORT</b> <b>2021/2022 FINANCIAL YEAR</b> 										
Project No.	Key Performance Indicator	2020/2021 Baseline	Annual Targets 2021/2022	2021/2022 Actual Annual Performance	Achieved /Not Achieved	2021/2022 Special Adjusted Budget	2021/2022 Year to date Expenditure	Challenges	Corrective Measures	Portfolio of Evidence
	<b>KPI 98</b> 2022/2023 Final budget approved by Council	2022/2023 Final Budget approved	2022/2023 Final budget approved by Council by 31 May 2022	2022/2023 Final Budget approved	Achieved	Operational	Operational	None	None	Council Resolution
	<b>KPI 99</b> 2020/2021 Annual Financial statements submitted to Auditor General	2019/2020 Financial statements submitted	2020/2021 Annual Financial statements submitted to Auditor General by 31 August 2021	2020/2021 financial statements submitted to AG	Achieved	Operational	Operational	None	None	Acknowledge Letter
	<b>KPI 100</b> Number of MFMA Section 52 Reports approved Council	2020/2021 MFMA Section 52 reports	4 MFMA Section 52 Reports approved by Council by 30 June 2022	4 MFMA Section 52 Reports approved by Council b	Achieved	Operational	Operational	None	None	Council Resolution
	<b>KPI 101</b> Percentage of competitive	100% of competitive bids awarded	100% of competitive bids awarded	47,50 % of competitive bids awarded.	Not achieved	Operational	Operational	Non-availability of bid committee members due to other work-	A schedule of bid committee sittings was drafted and	Adverts and appointment letters

# Chapter 4

 <b>MOSES KOTANE LOCAL MUNICIPALITY</b> <b>ANNUAL PERFORMANCE REPORT</b> <b>2021/2022 FINANCIAL YEAR</b> 										
Project No.	Key Performance Indicator	2020/2021 Baseline	Annual Targets 2021/2022	2021/2022 Actual Annual Performance	Achieved /Not Achieved	2021/2022 Special Adjusted Budget	2021/2022 Year to date Expenditure	Challenges	Corrective Measures	Portfolio of Evidence
	bids awarded within 90 days of advert	within 90 days of advert by June 2021	within 90 days of advert by 30 June 2022					related commitments. The overall annual percentage was also affected by national treasury's instruction note wherein government instructed municipality's to suspend all advertising due to a pending court case.	shared with all members to prioritize their commitments accordingly. The municipality also applied for an exemption for service delivery orientated projects. Approval was granted by national treasury effective from 06 May 2022.	
	<b>KPI 102</b> Percentage of request for quotations (RFQ) awarded within 30 days of advert	100% of RFQ awarded within 30 days of advert by June 2021	100% of request for quotations awarded within 30 days of advert by 30 June 2022	46,75% of request for quotations awarded within 30 days	Not achieved	Operational	Operational	Non-availability of end user representative for evaluation process. That ultimately leads to bids been awarded after 30 days	SCM issued a memo to all departments informing them of evaluation without a delegate if notices are not been timeously attended to.	Adverts and purchase orders

# Chapter 4

 <b>MOSES KOTANE LOCAL MUNICIPALITY</b> <b>ANNUAL PERFORMANCE REPORT</b> <b>2021/2022 FINANCIAL YEAR</b> 										
Project No.	Key Performance Indicator	2020/2021 Baseline	Annual Targets 2021/2022	2021/2022 Actual Annual Performance	Achieved /Not Achieved	2021/2022 Special Adjusted Budget	2021/2022 Year to date Expenditure	Challenges	Corrective Measures	Portfolio of Evidence
	<b>KPI 103</b> % of indigent register updated	New	100 % of indigent register updated by 30 June 2022	100% of indigent register updated	Achieved	Operational	R2 176 663	None	None	Updated indigent register
	<b>KPI 104</b> % of revenue growth	2020/2021 Revenue collected	10% of revenue growth by 30 June 2022	10% of revenue growth	Not Achieved	Operational	R26 868 264	Challenges with inconsistency of SAPO Mogwase in delivering of consumer statement of account to consumers Non-payment of services rendered by the Municipality, Credit control not implemented fully due to water inconsistency.	Delivering of account be done in house to remind our consumers to pay of services, Planning on how to educate our communities for the need/importance of paying for their services. Recruitment drive, road shows, Utilising of our Local radio station to promote awareness	90-day age analysis report

# Chapter 4

 <b>MOSES KOTANE LOCAL MUNICIPALITY</b> <b>ANNUAL PERFORMANCE REPORT</b> <b>2021/2022 FINANCIAL YEAR</b> 										
Project No.	Key Performance Indicator	2020/2021 Baseline	Annual Targets 2021/2022	2021/2022 Actual Annual Performance	Achieved /Not Achieved	2021/2022 Special Adjusted Budget	2021/2022 Year to date Expenditure	Challenges	Corrective Measures	Portfolio of Evidence
									introducing of incentive scheme i.e rand to rand to encourage payment of services by staff and ward councillors.	
	<b>KPI 105</b> % of asset register updated	1 report on Immovable and movable Asset Verification by June 2021	% 100 of asset register updated by 30 June 2022	95% of asset register updated	Not Achieved	Operational	Operational	The Ledger only closed on the 15th of July 2022 second round of the verifications for the assets bought in June and projects completed still in progress to finalise the derecognitions for council approval.	The council approval target to be revised for the 1st quarter due to timing of activities to be performed annually.	Stock count Report Asset verification report Council resolution

# Chapter 4

## 9. ASSESSMENT OF EXTERNAL SERVICE PROVIDERS 2021/2022

		ASSESSMENT OF EXTERNAL SERVICE PROVIDERS 2021-2022 FINANCIAL YEAR							
NO	PROJECT NAME	APPOINTED SERVICE PROVIDERS	VALUE FOR THE CONTRACT AWARDED	EXPENDITURE TO DATE	SERVICES PROVIDERS PERFORMANCE (i.e. Poor, fair, good etc.)	SERVICES PROVIDERS PERFORMANCE (i.e. Poor, fair, good etc.)	REASONS FOR COMPLETION	NON-	
MKW- 114	KPI 1 % of Sandfontein water supply constructed	Lethabo Projects Solutions	R19 693 486,77	R12 296 843,14	39% constructed	Service provided was below expectations	Delay due to late approval of technical report by DWS which further delayed the procurement process.		
MKW - 115	KPI 2 % of Maologane water supply constructed	Baithusi Trading 119cc	R5 694 379,07	R7 268 464,02	Practical Certificate issued	Service provided was below expectations	Awaiting Eskom electricity connection.		
MKW-116	KPI 3 % of Ledig water supply various sections constructed	Phamela Engineering services	R4 930 117,00	R4 582 618,62	Design phase completed	Service provided was below expectations	Delay in the approval of Technical report by DWS		
MMKW-117	KPI 4 Upgrading of Madikwe water treatment plant (Phase 2) (Vrede, Seshibitswe) completed	MWB Consulting Engineers	R10 637 692,00	R0,00	project to be implemented in the 2022-2023 financial year				
MKW - 118	KPI 5 % of Letlhakane/Kortkloof water supply constructed	Phillip Petlele Trading CC	R5 668 611,74	R6 867 572,32	88% constructed	Service provided was below expectations	Slow progress on site due to installation of steel works.		
MKW - 136	KPI 7 % of Magong water augmentation completed	Boffin and Fundi Pty Ltd	R3 597 043,95	R1 774 167,54	80% constructed	Service provided was below expectations	The project was delayed by supply and installation of steel storage tank from the supplier.		
MKW - 136	KPI 6 % of Losmytjerie - Goedehoop water supply constructed		R1 784 080,28	R1 774 167,54	The project experienced social challenges due to the naming of the project which did not include Losmytjerie. This was a resolution from DWS due to insufficient ground water to service both Goedehoop and Losmytjerie. Project has been terminated due to community unrest.				
MKW- 139	KPI 8 % of Lerome bulk water scheme completed	Marumo Consulting engineers	R14 760 000,00	R2 771 428,37	96% constructed	Service provided was below expectations	Major delays attributed from the disputes between the local SMME's and main contractor, which prolonged longer than anticipated		
MKW- 74	KPI 9 Lerome water supply internal reticulation (Thabeng) completed	NFM Multi Consulting	R47 227 527,10	R47 227 527,10	Design phase	Service provided was below expectations	Delay due to late approval of Technical report by DWS		
MKW - 138	KPI 10 % of Pella water supply (Phase 1 ) completed	Tlou Intergrated	R6 703 424,84	R2 798 879,66	100% completed	Service provided meets expectations	Not applicable		

# Chapter 4

ASSESSMENT OF EXTERNAL SERVICE PROVIDERS 2021-2022 FINANCIAL YEAR							
NO	PROJECT NAME	APPOINTED SERVICE PROVIDERS	VALUE FOR THE CONTRACT AWARDED	EXPENDITURE TO DATE	SERVICES PROVIDERS PERFORMANCE (i.e. Poor, fair, good etc.)	SERVICES PROVIDERS PERFORMANCE (i.e. Poor, fair, good etc.)	REASONS FOR COMPLETION NON-
MKW 1 137	<b>KPI 11</b> % of Pella water supply (Phase 2 ) completed	Lethabo Projects Solutions	R16 493 412,82	R626 617,22	100% completed	Service provided meets expectations	Not applicable
MKW-79	<b>KPI 12</b> % of Manamakgotheng Reservoir and bulk water supply constructed	Entle Projects and Construction Pty Ltd	R10 106 819,66	R728 433,08	92% constructed	Service provided was below expectations	The project was delayed due to supply and delivery of water connection yard meters.
MKW-140	<b>KPI 13</b> Construction of Seolong water supply	Phatwe Consulting Engineers Turnkey	R13 208 308,00	R4 968 084,00	100% completed	Service provided meets expectations	Not applicable
MKW-94	<b>KPI 14</b> Designs of Mahabieskraal bulk water supply finalised	Korone Engineers cc	R13 208 308,00	R12 462 083,11	100% completed	Service provided meets expectations	Not applicable
MKW - 123	<b>KPI 15</b> % of Tweelagte water supply phase II constructed	Zozimus 501 Trading cc	R8 393 312,95	R8 393 312,95	63% constructed	Service provided was below expectations	Stands boundaries not well defined, consultation with stands owners is ongoing and also slow progress on site by the contractor.
MKW - 126	<b>KPI 16</b> % of Lerome water supply constructed	Two Boys Two Girls JV TP Noko	R6 299 949,52	R7 772 703,38	51 % constructed	Service provided was below expectations	Project is behind schedule due to slow progress on site by the service provider
MKW - 135	<b>KPI 17</b> Designs of Mabeskraal to Uitkyk bulk water pipeline completed (various villages)	Baitseanape Consulting Engineering	R25 000 000,00	R6 571 619,47	100% completed	Service provided meets expectations	Not applicable
MKS- 51	<b>KPI 18.</b> Number of households with access to basic level of water	Not contracted services					
MKS- 51	<b>KPI 19</b> Number of VIDP toilets Constructed in Sandfontein	Two Boys Two Girls JV Salani Group	R2 498 353,73	R4 714 242,72	100% completed	Service provided meets expectations	Not applicable
MKS- 52	<b>KPI 20</b> Number of VIDP toilets constructed in Disake	True Motive 1262	R4 266 964,49	R5 694 541,57	79% constructed	Service provided was below expectations	Project to be completed in July 2022.

# Chapter 4

 <b>ASSESSMENT OF EXTERNAL SERVICE PROVIDERS</b> <b>2021-2022 FINANCIAL YEAR</b> 							
NO	PROJECT NAME	APPOINTED SERVICE PROVIDERS	VALUE FOR THE CONTRACT AWARDED	EXPENDITURE TO DATE	SERVICES PROVIDERS PERFORMANCE (i.e. Poor, fair, good etc.)	SERVICES PROVIDERS PERFORMANCE (i.e. Poor, fair, good etc.)	REASONS FOR COMPLETION NON-
MKS- 54	<b>KPI 21</b> Number of VIDP toilets constructed in Mabele a Podi	Matloung Goldstone JV	R2 776 707,53	R3 660 883,25	100% completed	Service provided meets expectations	Not applicable
MKS- 55	<b>KPI 22</b> Number of VIDP toilets constructed in Ramokokastad	Baithusi Trading 119cc	R3 493 654,58	R2 137 768,25	100% completed	Service provided meets expectations	Not applicable
MKS- 83	<b>KPI 23</b> Number of VIDP toilets constructed in Makgope	Thuto Khetse JV	R2 428 752,94	R2 137 768,25	100% completed	Service provided meets expectations	Not applicable
MKRS- 89	<b>KPI 24</b> % of Vrede storm water constructed (Phase III)	Botlhabatsatsi Trading JV Retshepaone Trading and Projects	R24 696 417,69	R4 522 413,43	40% constructed	Service provided was below expectations	Delay due to abnormal rainfall and slow progress of the service provider on site
MKRS-94	<b>KPI 25</b> Number of Kilometres of Tlokweng internal road paved	Morero Consulting Engineers Turnkey	R1 500 000,00	R1 899 603,32	100% completed	Service provided meets expectations	Not applicable
MKRS-90	<b>KPI 26</b> Number of kilometres of Lerome (Thabeng section) internal road paved	Mmolowa Investment Pty Ltd	R12 089 541,75	R15 386 854,75	97% constructed	Service provided was below expectations	Delay due to abnormal rainfall. Unable to work most of the time.
MKRS-91	<b>KPI 27</b> Number of Kilometres of Phalane internal road paved.	Toro Ya Bakwena Engineering cc	R13 621 732,04	R15 192 474,81	87% constructed	Service provided was below expectations	Delay due to abnormal rainfall.
MKRS-92	<b>KPI 28</b> Number of Kilometres of Mononono internal road paved.	Lacamorra Pty Ltd	R14 135 749,78	R15 335 441,05	91% constructed	Service provided was below expectations	Delay due to abnormal rainfall.

# Chapter 4

 <b>ASSESSMENT OF EXTERNAL SERVICE PROVIDERS</b> <b>2021-2022 FINANCIAL YEAR</b> 								
NO	PROJECT NAME	APPOINTED SERVICE PROVIDERS	VALUE FOR THE CONTRACT AWARDED	EXPENDITURE TO DATE	SERVICES PROVIDERS PERFORMANCE (i.e. Poor, fair, good etc.)	SERVICES PROVIDERS PERFORMANCE (i.e. Poor, fair, good etc.)	REASONS FOR COMPLETION	NON-
MKRS - 87	<b>KPI 29</b> Number of Kilometres of Madikwe (china section) internal road constructed.	Toro Ya Bakwena Engineering cc	R12 273 449,39	R3 547 810,54	100% completed	Service provided meets expectations	Not applicable	
MKRS - 85	<b>KPI 30</b> Number of Kilometres of Ramoga internal road constructed.	Salani Group cc	R10 155 331,45	R756 928,83	100% completed	Service provided meets expectations	Not applicable	
MKELC- 95	<b>KPI 31</b> Number of high-mast lights installed in Bapong	018 Bokamoso Engineers Pty Ltd	R5 114 632,69	R1 189 885,81	80% completed	Service provided was below expectations	Slow progress on site by the service provider.	
MKELC- 96	<b>KPI 32</b> Number of high-mast lights installed in Pella	018 Bokamoso Engineers Pty Ltd	R5 114 632,69	R1 234 795,26	80% Completed	Service provided was below expectations	Slow progress on site by the service provider.	
MKELC- 97	<b>KPI 33</b> Number of high-mast lights installed in Mabele a Podi	Tshwatshwa construction	R7 266 254,88	R959 984,22	Practical Certificate issued	Service provided meets expectations	Not applicable	
?	<b>KPI 34</b> Number of high-mast lights installed in Masekoloane	018 Bokamoso Engineers Pty Ltd	R5 114 632,69	R617 840,34	95% completed	Service provided was below expectations	Slow progress on site by the service provider.	
MKELC- 99	<b>KPI 35</b> Number of high-mast lights installed in Greater Ledig	Tshwatshwa construction	R7 266 254,88	R7 463 325,33	Practical Certificate issued	Service provided meets expectations	Not applicable	
MKELC- 100	<b>KPI 36</b> Number of high-mast lights installed in Molatedi	018 Bokamoso Engineers Pty Ltd	R5 114 632,69	R694 205,63	95% completed	Service provided was below expectations	Slow progress on site by the service provider.	
MKELC	<b>KPI 37</b> Number of high-mast lights energised in Mmatau	Booda Consulting Engineers	R4 930 117,00	R4 930 117,00	100% completed	Service provided meets expectations	Not applicable	
MKELC	<b>KPI 38</b> Number of high-mast lights energised in Mabeskraal	Booda Consulting Engineers	R4 930 117,00		100% completed	Service provided meets expectations	Not applicable	

# Chapter 4

 <b>ASSESSMENT OF EXTERNAL SERVICE PROVIDERS</b> <b>2021-2022 FINANCIAL YEAR</b> 								
NO	PROJECT NAME	APPOINTED SERVICE PROVIDERS	VALUE FOR THE CONTRACT AWARDED	EXPENDITURE TO DATE	SERVICES PROVIDERS PERFORMANCE (i.e. Poor, fair, good etc.)	SERVICES PROVIDERS PERFORMANCE (i.e. Poor, fair, good etc.)	REASONS FOR COMPLETION	NON-
MKELC	<b>KPI 39</b> Number of high-mast lights energised in Tlokweg	Booda Consulting Engineers	R4 930 117,00		100% completed	Service provided meets expectations	Not applicable	
MKELC	<b>KPI 40</b> Number of high-mast lights energised in Mogwase	Booda Consulting Engineers	R4 930 117,00		100% completed	Service provided meets expectations	Not applicable	
MKELC	<b>KPI 41</b> Number of high-mast lights energised in Mmorogong	Booda Consulting Engineers	R4 930 117,00		100% completed	Service provided meets expectations	Not applicable	
MKELC	<b>KPI 42</b> Number of high-mast lights energised in Dikweipi	Booda Consulting Engineers	R4 930 117,00		100% completed	Service provided meets expectations	Not applicable	
MKELC	<b>KPI 43</b> Number of high-mast lights energised in Legkraal	Booda Consulting Engineers	R4 930 117,00		100% completed	Service provided meets expectations	Not applicable	
MKELC	<b>KPI 44</b> Number of high-mast lights energised in Mononono	Booda Consulting Engineers	R4 930 117,00		100% completed	Service provided meets expectations	Not applicable	
MKELC	<b>KPI 45</b> Number of high-mast lights energised in Koffiekraal	Booda Consulting Engineers	R4 930 117,00		100% completed	Service provided meets expectations	Not applicable	
MKELC	<b>KPI 46</b> Number of high-mast lights energised in Motlollo	Booda Consulting Engineers	R4 930 117,00		100% completed	Service provided meets expectations	Not applicable	
MKID -85	<b>KPI 47</b> Construction of Phola park community hall	Molotlegi Construction and Projects	R6 893 322,29	R8 726 195,60	100% completed	Service provided meets expectations	Not applicable	
MKSAC-30	<b>KPI 48</b> Upgrading of Mogwase Sports Park phase II completed	Bennie and Sinah Trading	R7 313 775,75	R10 194 618,26	86% Constructed	Service provided was below expectations	Delay due to the sourcing of the athletic track material.	

# Chapter 4

 <b>ASSESSMENT OF EXTERNAL SERVICE PROVIDERS</b> <b>2021-2022 FINANCIAL YEAR</b> 							
NO	PROJECT NAME	APPOINTED SERVICE PROVIDERS	VALUE FOR THE CONTRACT AWARDED	EXPENDITURE TO DATE	SERVICES PROVIDERS PERFORMANCE (i.e. Poor, fair, good etc.)	SERVICES PROVIDERS PERFORMANCE (i.e. Poor, fair, good etc.)	REASONS FOR COMPLETION NON-
MKS+A9AC-31	<b>KPI 49</b> Upgrading of Madikwe sports park completed	OTM Industrial Solutions	R7 472 060,93	R5 763 429,70	53% constructed	Service provided was below expectations	SCM did not advertise nor make any award due to an advisory note issued by National Treasury pertaining to a judgement outcome between Minister of Finance against Agribusiness NPC concerning the validity of the Preferential Procurement Regulations 2017the contract end date is 10/25/2022

# Chapter 4

## INTRODUCTION

Turnover experienced in scarce skills areas such as town planning due to the municipality's inability to compete with alternative opportunities in terms of benefits. The matter will be addressed through the benchmarking exercise.

## COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

### 1.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees				
Description	2020/2021	Approved Posts	2021/2022	
	Employees No.		Employees No.	Vacancies No.
Water	26	38	31	7
Waste Water (Sanitation)	92	286	149	137
Electricity	3	35	9	26
Waste Management	43	35	6	29
Housing	5	8	5	3
Roads (Storm water Drainage)	30	54	25	29
Transport	23	39	13	36
Planning	5	23	8	15
Local Economic Development	5	8	5	3
Planning (Strategic & Regulatory)	0	22	14	8
Local Economic Development	10	22	6	16
Community & Social Services	86	22	13	9
Budget and Safety	89	145	83	62
Security and Safety	3	47	3	44
Sport and Recreation	17	10	6	4
Corporate Policy Offices and Other	137	165	86	79
<b>Totals</b>	<b>574</b>	<b>959</b>	<b>462</b>	<b>507</b>

# Chapter 4

Vacancy Rate: 2021/2022			
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		0.00
Other S57 Managers (excluding Finance Posts)	4	5	125.00
Senior management:HOU Levels 19-25 (excluding Finance Posts)	20	11	55.00
Highly skilled supervision: MANAGERS levels 17-18 (excluding Finance posts)	28	25	89.29
Highly skilled supervision: SUPERVISORS levels 15-16 (Finance posts)	60	64	106.67
<b>Total</b>	<b>114</b>	<b>105</b>	<b>92.11</b>

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year No.	Terminations during the Financial Year No.	Turn-over Rate*
2018/2019	14	15	107%
2019/2020	15	13	87%
2021/2022	17	28	167%

# Chapter 4

## INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

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.

The municipality had00 an Employment Equity Plan, which seeks to address the above.

The only underachievement relates to the employment of persons with disabilities.

### POLICIES

HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
1.	Leave encashment	100	100	Policy adopted by Council
2.	Occupational Health and Safety	100	100	Policy adopted by Council
3.	Recruitment, Selection and Appointments	100	100	Policy adopted by Council
4.	Policy on imprisoned employees	100	100	Policy adopted by Council
5.	Travelling & Subsistence policy	100	100	Policy reviewed are still in a draft and not yet approved by Council
6.	Bursary policy	100	100	Policy adopted by Council
7.	Policy on attendance of employees	100	100	Policy reviewed are still in a draft and not yet approved by Council
8.	Legal aid policy	100	100	Policy Adopted by Council

### COMMENT ON INJURY AND SICK LEAVE:

The municipality did not experience any permanent disability or death as a result of injury on duty. The municipality does not have an appointed Medical doctor however when a need arises the approval of the municipal manager for any referrals is done.

### COMMENT ON PERFORMANCE REWARDS:

No performance bonuses have been awarded by the municipality

# Chapter 4

## COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

### INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

The municipality budgets 1% of its workforce as required and employees are taken through skills development programmes. The municipality budgets for Bursaries over and above this budget. Opportunities presented by SALGA are also utilized for workforce capacity development.

### SKILLS DEVELOPMENT AND TRAINING

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))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
<b>Financial Officials</b>						
<i>Accounting officer</i>	1	0	1	0	1	0
<i>Chief financial officer</i>	1	0	1	0	1	0
<i>Senior managers</i>	02	0	3	0	3	3
<i>Any other financial officials</i>	41	0	41	0	0	29
<b>Supply Chain Management Officials</b>						<b>0</b>
<i>Heads of supply chain management units</i>	0	0	0	0	0	0
<i>Supply chain management senior managers</i>	2	0	2	2	0	2
<b>TOTAL</b>	<b>48</b>	<b>0</b>	<b>48</b>	<b>2</b>	<b>5</b>	<b>34</b>

# Chapter 4

## **COMMENT ON SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND ON THE FINANCIAL COMPETENCY REGULATIONS:**

The municipality does plan for training in that it submits a WSP every year. The only challenge is that accommodation for training is also funded in the same budget. This affects the achievement of training planned for the year. Expenditure normally exceeds the budget. We did not manage to spend all what we budgeted due to non-availability of funds.

## **COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE**

### **INTRODUCTION TO WORKFORCE EXPENDITURE**

It is important to manage the workforce so that the municipality does not waste financial resources at the expense of service delivery. The procedure for filling of vacancies ensures that only budgeted positions are filled. This is done by filling a request which should be confirmed on the budget for the expected position by the budget and treasury department and approval by the municipal manager.

## **4EMPLOYEE EXPENDITURE**

### **COMMENT ON WORKFORCE EXPENDITURE:**

The municipality has no positions budgeted for resulting in savings. A high number of positions resulted from the review of the structure in 2017. Positions will be filled as per priority list.

# Chapter 5

## CHAPTER 5 – FINANCIAL PERFORMANCE

### 5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Description	Year 2021/2022										
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
R thousands	1	2	3	4	5	6	7	8	9	10	11
<b>Financial Performance</b>											
Property rates	149 168	(30 711)	118 457			118 457	130 570		12 113	110,2	8,1
Service charges	189 431	42 236	231 666			231 666	215 994		(15 673)	93,2	-8,3
Investment revenue	51 511	8 521	60 032			60 032	60 540		508	100,8	1,0
Transfers recognised - operational	719 200	(33 532)	685 668			685 668	685 483		(185)	100,0	0,0
Other own revenue	26 939	4 677	31 615			31 615	36 627		5 011	115,9	18,6
<b>Total Revenue (excluding capital transfers and contributions)</b>	1 136 249	(8 810)	1 127 439			1 127 439	1 129 213		1 775	100,2	0,2
Employee costs	(260 971)	1 287	(259 684)			(259 684)	227		3 456	98,7	-1,3
Remuneration of councillors	(25 340)	(3 173)	(28 513)			(28 513)	(28 104)		409	98,6	-1,6
Debt impairment	(218 877)		(218 877)			(218 877)	695		14 181	93,5	-6,5
Depreciation & asset impairment	(167 684)		(167 684)			(167 684)	517		28 167	83,2	-16,8
Finance charges	(3 518)		(3 518)			(3 518)	(4 242)		(723)	120,6	20,6
Materials and bulk purchases	-	(70 000)	(70 000)			(70 000)	945		(34 945)		
Transfers and grants	-	-	-			-			-		
Other expenditure	(180 264)	1 020	(179 244)			(179 244)	242		(77 998)	143,5	43,3
<b>Total Expenditure</b>	(856 653)	(70 866)	(927 519)			(927 519)	994		(67 453)	107,3	7,9

# Chapter 5

Description  R thousands	Year 2021/2022										
	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
	1	2	3	4	5	6	7	8	9	10	11
<b>Surplus/(Deficit)</b>	279 596	(79 676)	199 920			199 920	134 241		(65 678)	67,1	-23,5
Transfers recognised - capital	233 760	(21 640)	212 120			212 120	213 603		100320	100,7	0,0
Contributions recognised - capital & contributed assets						-					
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	45 836	(58 036)	(12 200)			(12 200)	347 844		(65 578)		
Share of surplus/ (deficit) of associate			-			-					
<b>Surplus/(Deficit) for the year</b>	45 836	(58 036)	(12 200)			(12 200)	347 844		(65 578)		
<b>Capital expenditure &amp; funds sources</b>											
<b>Capital expenditure</b>											
Transfers recognised - capital	(233 760)	32 325	(201 435)			(201 435)	213 603		415 038	-106	-177,55
Public contributions & donations/Provincial		(10 685)	(10 685)			(10 685)					
Borrowing	-	-	-			-					
Internally generated funds	(1 000)					-					0,00
<b>Total sources of capital funds</b>	(234 760)	21 640	(212 120)			(212 120)	213 603		425 722	-101	-181,34
<b>Cash flows</b>											
Net cash from (used) operating	95 608	(12 729)	82 879			82 879	220 907		138 028	267	144,37
Net cash from (used) investing	(234 160)	1 000	(233 160)			(233 160)	(194 801)		38 359	84	-16,38
Net cash from (used) financing	24	24	48			48	(13 289)		(13 337)	-27764	5527,54
<b>Cash/cash equivalents at the year end</b>	260 201	(11 705)	248 496			248 496	61 597		(186 899)	25	-71,83

# Chapter 5

## 5.2 GRANTS

Grant Performance							R' 000
Description	2020/2021	2021/2022			Year 0 Variance		
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)	
<b>Operating Transfers and Grants</b>							
<b>National Government:</b>	<b>544 334</b>	<b>478 705</b>	<b>465 947</b>	<b>478 650</b>	-0,01%	2,65%	
Equitable share	542 634	476 855	464 097	476 801	-0,01%	2,66%	
Municipal Systems Improvement	–	–	–	–	0,00%	0,00%	
Department of Water Affairs							
Levy replacement							
Finance Management Grant	1 700	1 850	1 850	1 849	-0,05%	-0,05%	
<b>Provincial Government:</b>	<b>2 473</b>	<b>2 574</b>	<b>2 574</b>	<b>2 139</b>	-20,32%	-20,32%	
Health subsidy							
Housing							
Ambulance subsidy							
Sports and Recreation	568	866	866	440	-96,80%	-96,80%	
Expanded Public Works Programme	1 905	1 708	1 708	1 699	0,00%	0,00%	
<b>District Municipality:</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	0,00%	0,00%	
<i>[insert description]</i>					0,00%	0,00%	
					0,00%	0,00%	
<b>Other grant providers:</b>	<b>3 094</b>	<b>5 027</b>	<b>5 027</b>	<b>4 504</b>	-11,61%	-11,61%	
<i>Project Management Unit</i>	3 094	5 027	5 027	4 504	-11,61%	-11,61%	
					0,00%	0,00%	
<b>Total Operating Transfers and Grants</b>	<b>549 901</b>	<b>486 306</b>	<b>473 548</b>	<b>485 293</b>	-0,21%	2,42%	

# Chapter 5

Financial Performance of Operational Services						
						R '000
Description	Year 2020/2021	2021/2022			Year 0 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
<b>Operating Cost</b>						
Water	363 864	272 826	263 882	474 769	42,54%	44,42%
Waste Water (Sanitation)	50 891	21 073	21 573	38 045	44,61%	43,30%
Electricity	8 597	7 851	7 851	10 338	24,06%	24,06%
Waste Management	52 604	48 364	48 864	54 249	10,85%	9,93%
Housing	5 574	5 884	5 884	5 941	0,97%	0,97%
Component A: sub-total	481 529	355 997	348 053	583 343	38,97%	40,33%
Waste Water (Stormwater Drainage)	-	-	-	-	0,00%	0,00%
Roads	57 548	71 802	71 602	49 281	-45,70%	-45,29%
Transport	15 935	17 846	16 946	17 969	0,69%	5,70%
Component B: sub-total	73 483	89 648	88 548	67 250	-33,31%	-31,67%
Planning					0,00%	0,00%
Local Economic Development	10 643	2 430	2 435	1 650	-47,32%	-47,62%
Component B: sub-total	10 643	2 430	2 435	1 650	-47,32%	-47,62%
Planning	4 266	4 515	4 515	3 334	-35,43%	-35,43%
Local Economic Development						
Component C: sub-total	4 266	4 515	4 515	3 334	-35,43%	-35,43%
Community & Social Services	126 396	16 753	17 619	14 075	-19,02%	-25,17%
Environmental Protection	-	-	-	-	0,00%	0,00%
Health	-	-	-	-	0,00%	0,00%
Security and Safety	21 746	20 611	20 611	21 746	5,22%	5,22%
Sport and Recreation	42 247	37 754	37 754	47 993	21,33%	21,33%
Corporate Policy Offices and Other	234 179	328 945	407 984	369 778		
Component D: sub-total	424 568	404 063	483 968	453 592	10,92%	-6,70%
<b>Total Expenditure</b>	<b>994 489</b>	<b>856 653</b>	<b>927 519</b>	<b>1 109 168</b>	<b>22,77%</b>	<b>16,38%</b>

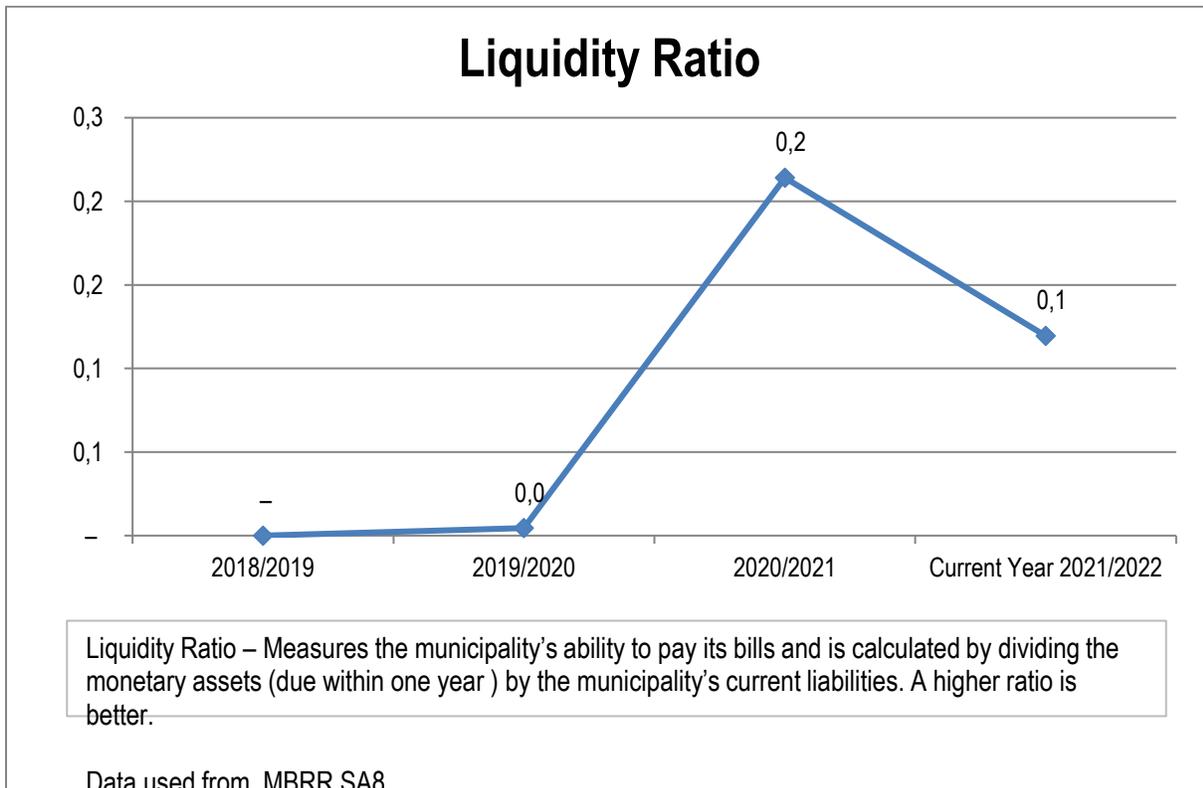
# Chapter 5

## 5.3 ASSET MANAGEMENT

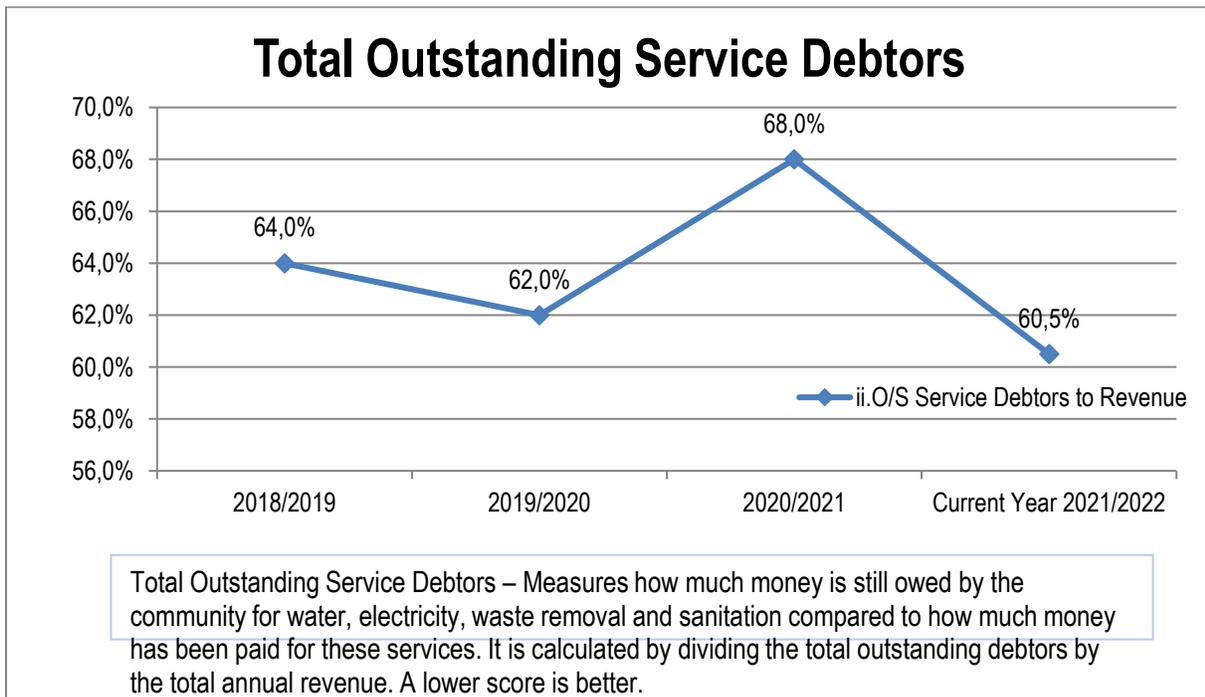
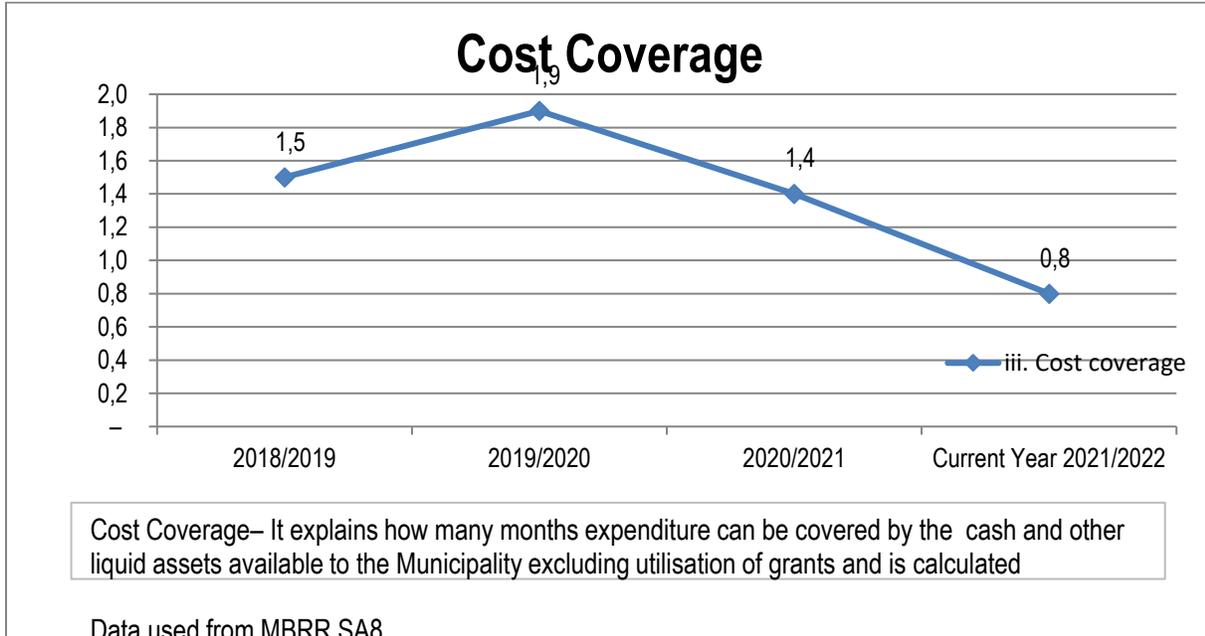
### INTRODUCTION TO ASSET MANAGEMENT

Over the years Moses Kotane Local Municipality has been dependent in the service providers for the performance of this function. In the year under review with an environment that is vast in nature containing ±30 000 assets in the registers the municipality only allocated two officials to manage the assets. That did not yield good result in the municipality compelling management to review the structure and creative dedicated unit that will be entrusted with the assets management function. The appointment could not be made due to the moratorium issued by the office of the premier. Once the moratorium is lifted the Municipality fill vacant positions, capacitate this unit by ensuring hands on training and other relevant training that are necessary for the assets management such as GRAP trainings.

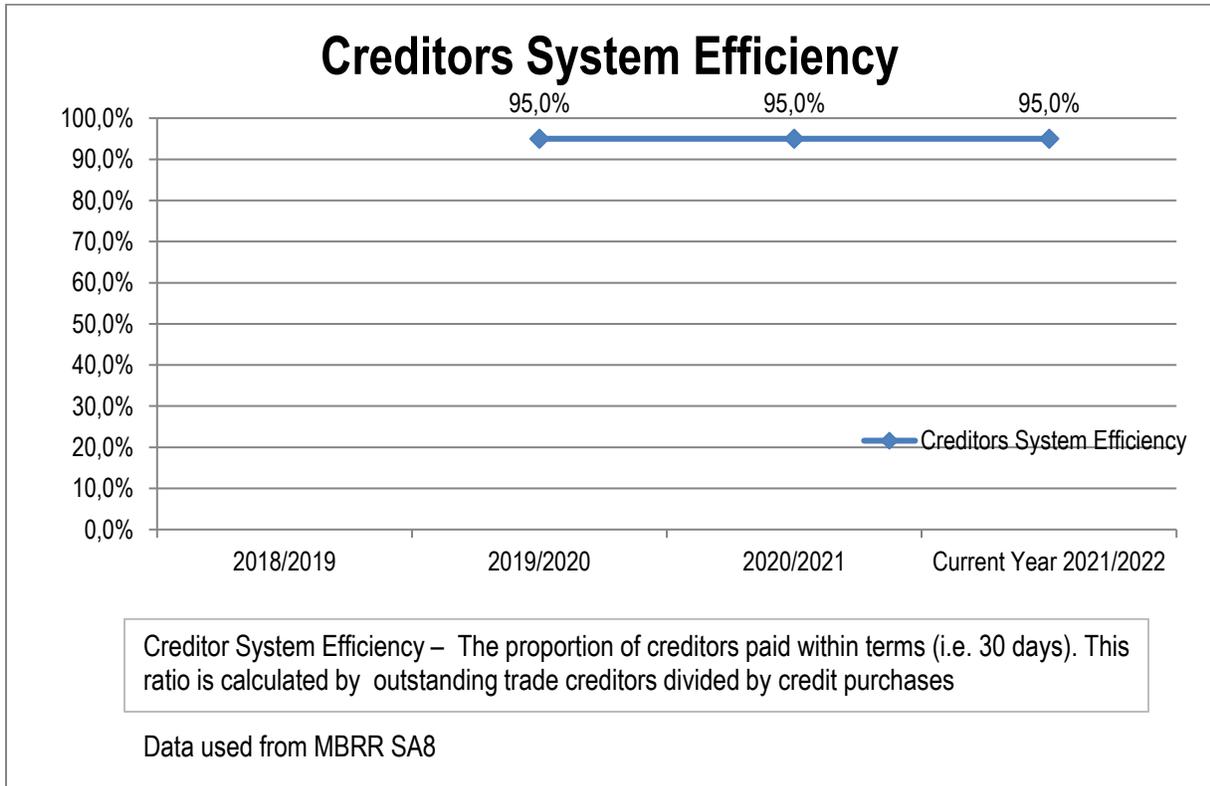
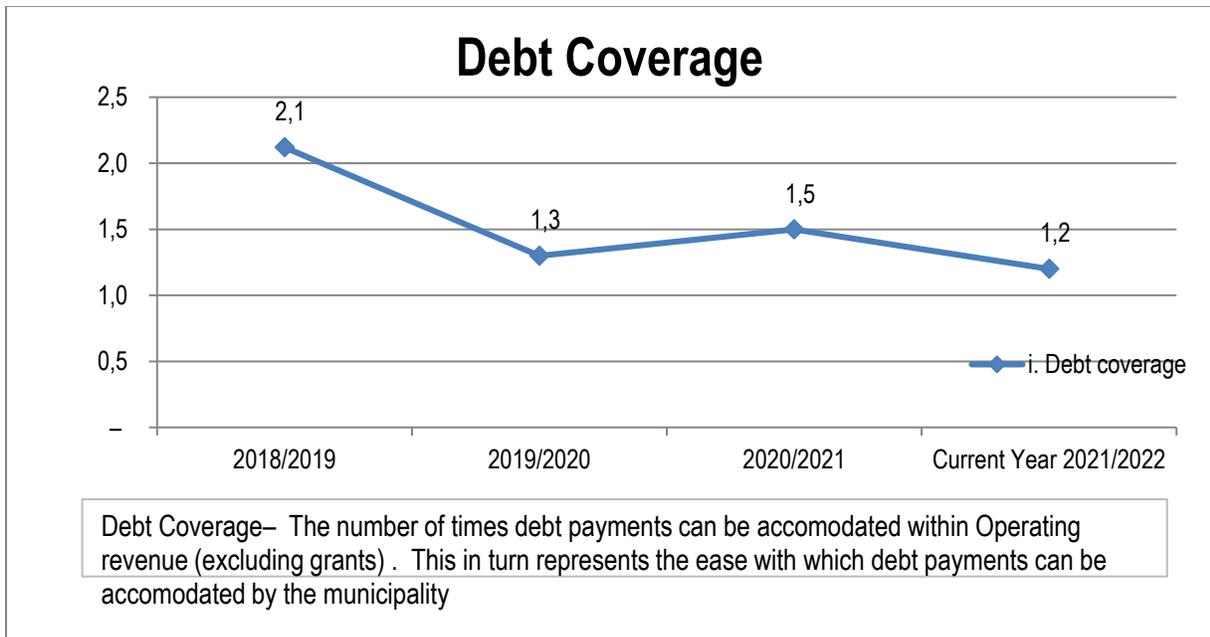
Repair and Maintenance Expenditure: Year 0				
				R' 000
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	31180	286,00	058,00	-22%



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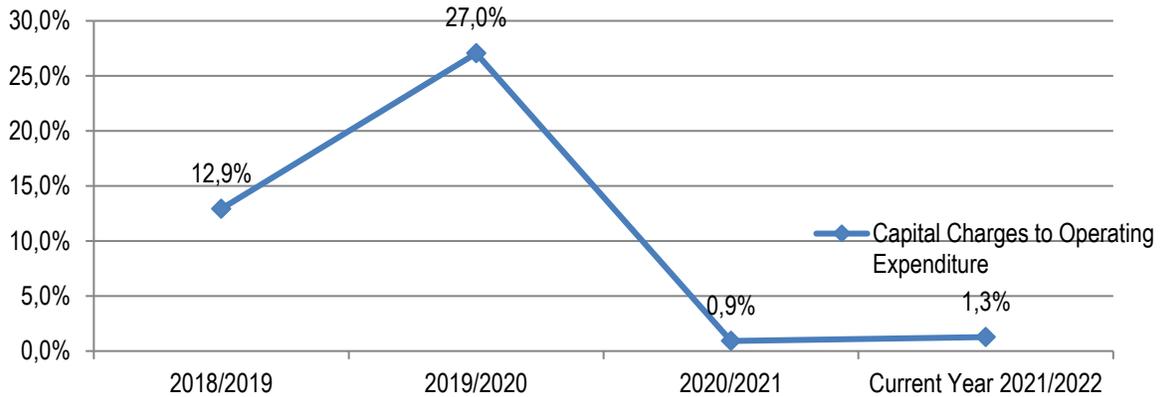


# Chapter 5



# Chapter 5

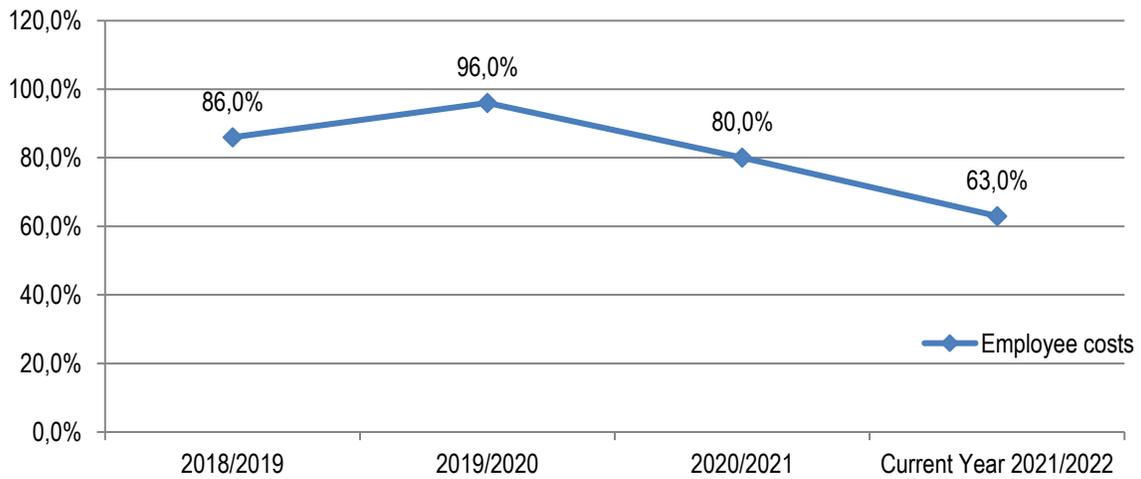
## Capital Charges to Operating Expenditure



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 SAR

## Employee Costs

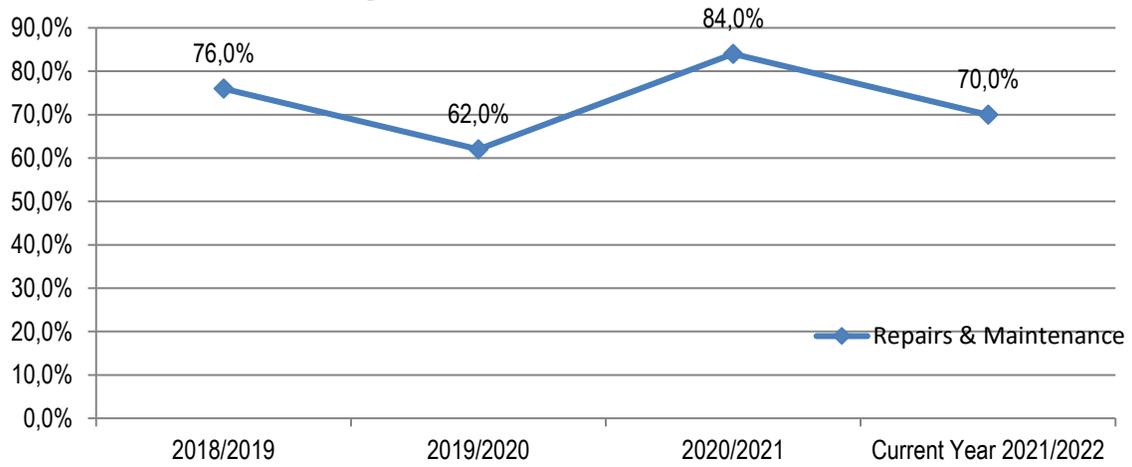


Employee cost – Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.

Data used from MBRR SAR

# Chapter 5

## Repairs & Maintenance

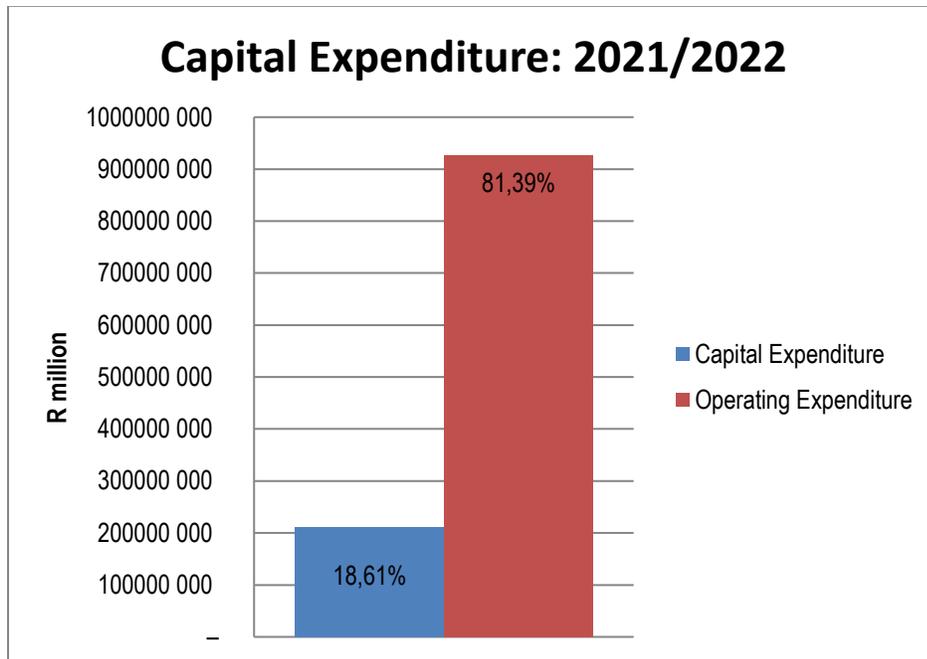


Repairs and Maintenance – This represents the proportion of operating expenditure spent and is calculated by dividing the total repairs and maintenance.

Data used from MBRR SA8

# Chapter 5

## COMPONENT B: SPENDING AGAINST CAPITAL BUDGET



Capital Expenditure of 5 largest projects*					
Name of Project	Current: 2021/2022			Variance: Current 2021/2022	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
	R' 000				
Internal Roads Mononono	16 667	17 434	14 102	18%	24%
Internal Roads Phalane	16 667	16 538	13 965	19%	18%
Internal Roads Lerome	16 667	15 460	13 066	28%	18%
Ledig Water Supply (Various Section)	18 197	0	4 583	297%	-100%
Manamakgotheng Water Supply	0	13 208	11 451	-100%	15%
Sandfontein Water Supply	0	12 301	11 601	-100%	6%
Upgrade of Mogwase Sports Park	17 977	0	9 451	90%	-100%

# Chapter 5

## 5.4 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

The Municipality experiences service backlogs in water, electrification of households by Eskom, internal and external roads by provincial departments. This is a moving target due to the increase in the number of households in different areas.

### COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

## 5.5 CASH FLOW

Cash Flow Outcomes				
R'000				
Description	2021/2022	2020/2021		
	Audited Outcome	Original Budget	Audited Outcome	Actual
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Sale of goods and services	93 183		100 664	
Grants	670 651		748 821	
Interest income	5 935		4 171	
Other income	4 275		1 386	
<b>Payments</b>				
Cash paid to Suppliers and employees	(607 081)		(631 102)	
Finance charges	(2 095)		(3 033)	
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>164 869</b>		<b>220 907</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Receipts</b>				
Purchase of property plant and equipment	(179 281)		(194 448)	
Proceeds from sale of Property Plant and Equipment	0		586	
Purchase of other Intangible assets				
Net cash flows of discontinued operations	(2 234)		(1 948)	
	0		1 010	
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(181 515)</b>		<b>(194 800)</b>	

# Chapter 5

Cash Flow Outcomes				
				R'000
Description	2021/2022	2020/2021		
	Audited Outcome	Original Budget	Audited Outcome	Actual
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Payments</b>				
Repayment of other financial liabilities	(8 070)		(13 289)	(13 289)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(8 070)</b>		<b>(13 289)</b>	
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(24 717)</b>		<b>12 817</b>	
Cash/cash equivalents at the year begin:	<b>61 597</b>		<b>48 780</b>	
Cash/cash equivalents at the year end:	<b>36 880</b>		<b>61 597</b>	

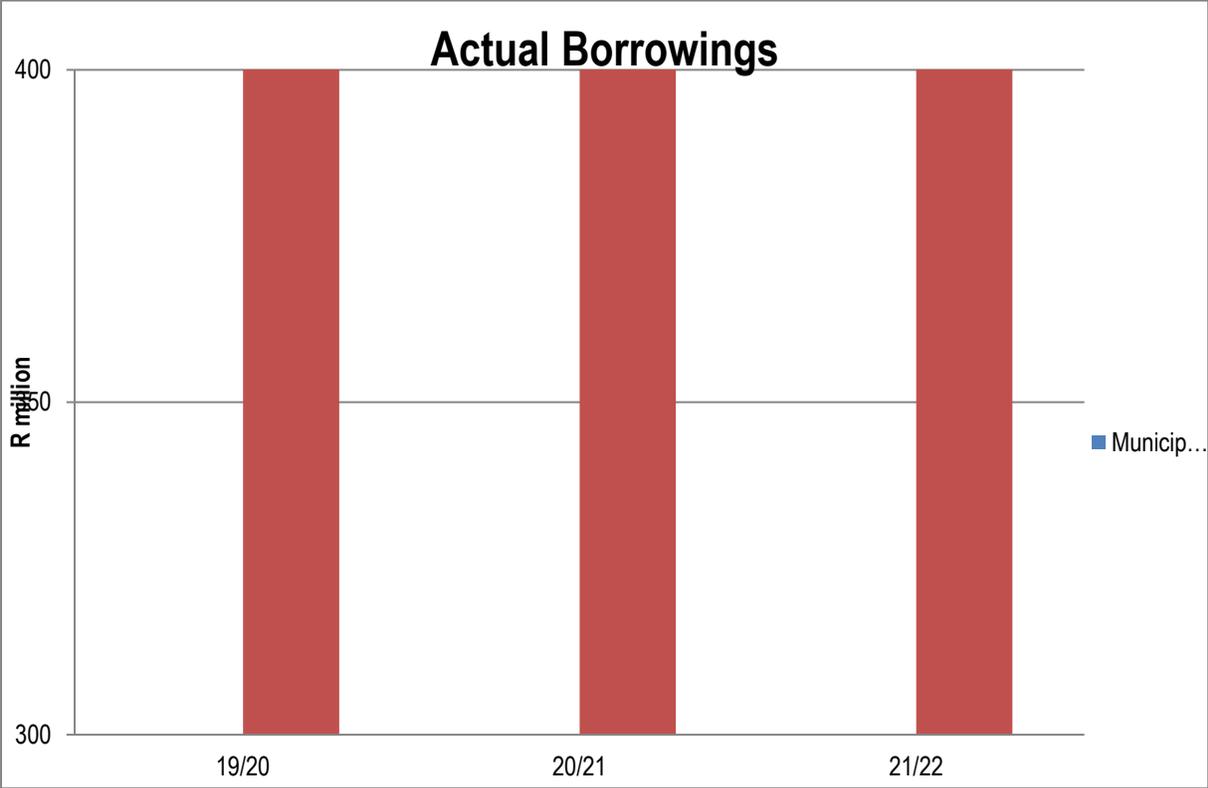
# Chapter 5

## 5.6 BORROWING AND INVESTMENTS

The municipality is currently financing its capital projects through loans, grants, own revenue and leases. No new borrowings have been incurred in the current year except the reclassification of the previously recorded loans to the finance leases.

Actual Borrowings: Year -2 to Year 0			
	R' 000		
Instrument	19/20	20/21	21/22
<b>Municipality</b>			
Long-Term Loans (annuity/reducing balance)	14377	22699	14629
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			
<b>Municipality Total</b>	14 377	22 699	14 629
<b>Municipal Entities</b>			
Long-Term Loans (annuity/reducing balance)			
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			
<b>Entities Total</b>	0	0	0

# Chapter 5



# Chapter 5

<b>Municipal and Entity Investments</b>			
			R' 000
Investment* type	19/20	20/21	21/22
	Actual	Actual	Actual
<b><u>Municipality</u></b>			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank			19145
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			
<b>Municipality sub-total</b>	0	0	19145
<b><u>Municipal Entities</u></b>			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank			
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Other			
<b>Entities sub-total</b>	0	0	0
<b>Consolidated total:</b>	0	0	19145

**COMMENT ON BORROWING AND INVESTMENTS:**

## Chapter 5

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The municipality's investments were done in accordance to Cash and Management Policy of the Municipality however the investment portfolio has not been diversified, the Municipality believes that ABSA is a safe and secure institution for municipal investment.

# Chapter 5

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## COMPONENT D: OTHER FINANCIAL MATTERS

### 5.7 SUPPLY CHAIN MANAGEMENT

#### SUPPLY CHAIN MANAGEMENT

All bid committees were functional during the financial year under review, for the first time all tender documents were submitted for audit purposes. There were no councillors that are part of any SCM committees in the year under review. The SCM officials are all competent in terms of the regulations.

### 5.8 GRAP COMPLIANCE

#### GRAP COMPLIANCE

GRAP is the acronym for **G**enerally **R**ecognized **A**ccounting **P**ractice and it provides the rules by which municipalities are required to maintain their financial accounts. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality. It will also ensure that the municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is needed to enable National Treasury to assess the pace of progress and consider the implications.

The financial statements were prepared in terms of GRAP standards and practices

# Chapter 6

## AUDITOR GENERAL AUDIT FINDING

### Report of the auditor-general to the North West Provincial Legislature and the council on Moses Kotane Local Municipality

#### Report on the audit of the financial statements

##### Opinion

1. I have audited the financial statements of the Moses Kotane Local Municipality set out on pages 177 to 284, which comprise the statement of financial position as at 30 June 2022, and the statement of financial performance, statement of changes in net assets, and cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Moses Kotane Local Municipality as at 30 June 2022 and financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 9 of 2021 (Dora)

##### Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

##### Emphasis of matters

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

##### Unauthorised expenditure

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7. As disclosed in note 45 to the financial statements, unauthorised expenditure of R197 642 625 was incurred in the current year and the unauthorised expenditure of R133 238 930 in respect of prior years have not yet been dealt with in accordance with section 32 of the MFMA.

## Irregular expenditure

8. As disclosed in note 47 to the financial statements, irregular expenditure of R82 667 761 was incurred in the current year and the irregular expenditure of R1 390 368 210 in respect of prior years have not yet been dealt with in accordance with section 32 of the MFMA.

## Fruitless and wasteful expenditure

9. As disclosed in note 46 to the financial statements, fruitless and wasteful expenditure of R1 524 508 was incurred in the current year and the fruitless and wasteful expenditure of R129 592 073 in respect of prior years have not yet been dealt with in accordance with section 32 of the MFMA.

## An uncertainty relating to the future outcome of exceptional litigation

10. As disclosed in note 39 to the financial statements, the municipality is a defendant in a number of lawsuits. The municipality is opposing the claims, as it believes they are not valid. The ultimate outcome of these matters cannot be determined and no provision for any liability that may result was made in the financial statements.

## Restatement of corresponding figures

As disclosed in note 42 to the financial statements, the corresponding figures for 30 June 2021 were restated as a result of an error in the financial statements of the municipality for the year ended 30 June 2022.

## Other matters

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

## Unaudited disclosure notes

12. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

## Unaudited supplementary schedules

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13. The supplementary information set out on pages 178 to 181 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

## Responsibilities of the accounting officer for the financial statements

14. The accounting officer is responsible for the preparation and fair presentation of the statements in accordance with the Standards of GRAP and the requirements of the MFMA and Dora and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
15. In preparing the 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 there is no realistic alternative but to do so.

## Auditor-general's responsibilities for the audit of the financial statements

16. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
17. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

## Report on the audit of the annual performance report

### Introduction and scope

18. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on usefulness and reliability of the reported performance information against predetermined objectives for selected key performance area presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
19. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipality's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not

# Chapter 6

examine whether the actions taken by the municipality enabled service delivery. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

20. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected key performance area presented in the municipality's annual performance report for the year ended 30 June 2022:

Key performance area	Pages in the annual performance report
KPA 1: basic service delivery and infrastructure development	102-118

21. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete
22. The material findings in respect of the usefulness and reliability of the selected key performance area are as follows:

## **KPA 1: basic service delivery and infrastructure development**

### **Various indicators**

23. I was unable to obtain sufficient appropriate audit evidence that clearly defined the predetermined source information and method of collection or that related systems and processes were established to enable consistent measurement and reliable reporting of the actual achievement of the indicators listed below. This was due to a lack of measurement definitions and processes. I was unable to confirm that the indicators are well defined and verifiable by alternative means. As a result, I was unable to audit the reliability of the achievements reported in the annual performance report of the listed indicators.

Indicator Number	Indicator description	Target	Reported achievement

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KPI 18	Number of households with access to basic level of water	75 186 households with access to basic level of water 30 June 2022	Water was provided to villages through boreholes and water tankers
KPI 51	% of households that have access to solid waste removal	100% of households that have access to solid waste removal by 30 June 2022	96% households that have access to solid waste removal

## Various indicators

24. I was unable to obtain sufficient appropriate audit evidence for the achievement of the indicators listed below reported in the annual performance report, due to the lack of accurate and complete records. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement.

Indicator number	Indicator description	Target	Reported achievement
KPI 24	% of Vrede stormwater constructed (Phase III)	100% of Vrede stormwater constructed (Phase III) by June 2022	40% of Vrede stormwater constructed (Phase III)
KPI 45	Number of high-mast lights energised in Koffiekraal	14 high-mast lights energised in Koffiekraal by June 2022	14 high-mast lights energised in Koffiekraal

## Other matters

25. I draw attention to the matters below.

### Achievement of planned targets

26. Refer to the annual performance report on pages 102 to 138 for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 20 to 27 of this report.

# Chapter 6

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## Adjustment of material misstatements

27. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of basic service delivery and infrastructure development. As management subsequently corrected only some of the misstatements, I reported material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

## Report on audit of compliance with legislation

### Introduction and scope

28. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the municipality's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

29. The material findings on compliance with specific matters in key legislation are as follows:

#### Annual financial statements, performance and annual reports

30. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements in receivables, unauthorised expenditure and contingencies were identified by the auditors in the submitted financial statement and were subsequently corrected resulting in the financial statements receiving an unqualified audit opinion.

#### Expenditure management

31. Reasonable steps were not taken to prevent irregular expenditure amounting to R82 667 761 as disclosed in note 47 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by management non-compliance with the competitive bidding process. This non-compliance was also reported in the prior year.

32. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R1 524 508, as disclosed in note 46 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the fruitless and wasteful expenditure was caused by penalties being charged on Sars late payments. This non-compliance was also reported in the prior year.

33. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R180 557 347, as disclosed in note 45 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised

## Chapter 6

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expenditure was caused by overspending on technical and infrastructure. This non-compliance was also reported in the prior year.

### Consequence management

34. Unauthorised, irregular, fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(a) and (b) of the MFMA.

### Procurement and contract management

35. Some of the goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of SCM regulation 17(1) (a) and (c).
36. Some of the quotations were accepted from bidders who did not submit a declaration on whether they were employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c). Similar non-compliance was also reported in the prior year.
37. Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1). Similar non-compliance was also reported in the prior year.

### Other information

38. 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 thereon and those selected key performance area presented in the annual performance report that have been specifically reported on in this auditor's report.
39. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
40. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected key performance area presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

# Chapter 6

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41. I did not receive the other information prior to the date of this auditor's report. After I receive and read this information, and if I conclude that there is a material misstatement, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

## Internal control deficiencies

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

- Management did not monitor compliance with laws and regulations during the year in line with the prior year audit action plan resulting in repeat findings being reported in the current year.
- The availability of information to support the reported performance information continues to be a challenge due to quarterly/regular reconciliations on reported targets not being performed by management.

*Auditor-general*

Rustenburg

30 November 2022



# Chapter 6

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## **Annexure – Auditor-general’s responsibility for the audit**

43. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected key performance area and on the municipality’s compliance with respect to the selected subject matters.

### Financial statements

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

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

45. 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.
46. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and where applicable, related safeguards.

# Chapter 6

## ANNUAL FINANCIAL STATEMENT



Moses Kotane Local Municipality  
Annual Financial Statements  
for the year ended 30 June 2022

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### General Information

<b>Nature of business and principal activities</b>	The municipality is, within its financial and administrative capacity to: -Provide democratic and accountable government for the community; -To ensure the provision of services to the community in a sustainable manner; -To promote social and economic development; -To promote a safe and healthy environment; and - To encourage the involvement of the community and community organisations in the matters of the municipality.
<b>Mayoral committee</b>	
Executive Mayor	Cllr. R. Diale (01 July 2021 -8 November 2021) Cllr MN Nkotswe (22 November 2021 to date)
Councillors	Cllr Hazel Molefe (Speaker) (01 July 2021 -31 October 2021) Cllr. M. Matshaba (Single Whip) (01 July 2021 -31 October 2021) Cllr. T. Manganye (Chair of MPAC) (01 July 2021 -31 October 2021) Cllr. T. Bothokwane (Portfolio Head of Planning and Development) (01 July 2021 -31 October 2021) Cllr. MN Nkotswe (Portfolio Head of Local Economic Development) (01 July 2021 -31 October 2021) Cllr. T. Thobokwe (Portfolio Head of Corporate services) (01 July 2021 -31 October 2021) Cllr. L. Kapari (Portfolio Head of Finance) (01 July 2021 -31 October 2021) Cllr. X. Kheswa (Portfolio Head of Community Services and Public Safety) (01 July 2021 -31 October 2021) Cllr. MS. Manganye (Portfolio Infrastructure Technical Services) (01 July 2021 -31 October 2021) Cllr. Stephina Mashishi (Planning and Development) (22 November 2021 to date) Cllr. Mosweu Manganye (Portfolio Head Community Services & Public Safety) (22 November 2021 to date) Cllr. Motsisi Mogape (Portfolio Head Local Economic Development) (22 November 2021 to date) Cllr. Dithoti Tshetlane (Portfolio Head Corporate Services) (22 November 2021 to date) Cllr. Thapelo Thobokwe (Portfolio Head: Finance and BTO) (22 November 2021 to date) Cllr. Tshepang Madisa (22 November 2021 to date) Cllr. Nthabiseng Mollo (22 November 2021 to date) Cllr. Zipporah Motswenyane (22 November 2021 to date) Cllr H. Molefe (Portfolio Head: Infrastructure and Technical services)
<b>Acting Accounting Officer</b>	Mr B Maseloane
<b>Chief Finance Officer (CFO)</b>	Mr M Mkhize
<b>Registered office</b>	Stand No.933 Station Road Unit 3 Mogwase Shopping Complex Mogwase 0314
<b>Business address</b>	Stand No.933 Station Road

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## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### General Information

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	Unit 3 Mogwase Shopping Complex Mogwase 0314
Postal address	Private Bag X1011 Mogwase 0314
Bankers	Standard bank ABSA
Auditors	The Auditor General of South Africa

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## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

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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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## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

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COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of Southern 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)

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## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Accounting Officer's Responsibilities and Approval

The accounting officers are required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and are 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 accounting officers 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 period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was 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.

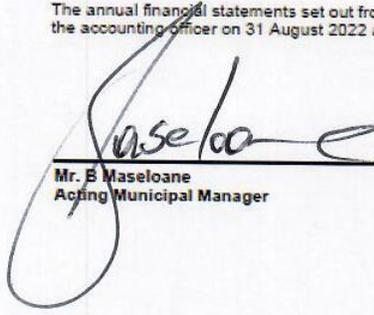
The accounting officers acknowledge that they are ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officers to meet these responsibilities, the accounting 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 officers are 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 officers have reviewed the municipality's cash flow forecast for the year to 30 June 2023 and, in the light of this review and the current financial position, they are satisfied that the municipality has or has access to 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, he is supported by the municipality's external auditors.

The annual financial statements set out from page 7, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2022 and were signed by:



Mr. B. Maseloane  
Acting Municipal Manager

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Audit Committee Report

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We are pleased to present our report for the financial year ended 30 June 2022.

#### Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet at least 8 times per annum as per its approved terms of reference. During the current year 9 meetings were held.

Name of member	Number of meetings attended
Mr B Seabela (Chairperson)	9
Mr T Zororo	9
Ms L Moyo	9
Mr I Mogotsi	9

#### Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from section 38(10)(1) of the MFMA and Treasury Regulation 3.1.

The audit committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee charter, which codifies specific responsibilities entrusted and delegated to it by the municipal Council, and details the manner in which the Audit committee operates.

We confirm that the Audit committee has reviewed the unaudited Annual Financial Statements and Annual Performance report for the 2021/2022 financial year.

The Audit committee is satisfied that the Internal audit is operating efficiently and effectively, and that they were involved in addressing the risks pertinent to the municipality. The Internal audit activity was also afforded the opportunity to review the unaudited Annual Financial Statements and Annual Performance report.

  
Chairperson of the Audit Committee

Date: 27/01/2023

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Accounting Officer's Report

---

The accounting officers submit their report for the year ended 30 June 2022.

#### 1. Review of activities

##### Main business and operations

The municipality is engaged in local service delivery to the surrounding community of Moses Kotane and operates under the Bejanala Platinum District Municipality.

Net surplus of the municipality is 6 207 997 (2021: surplus 151 321 846).

#### 2. Going concern

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

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officers continue to procure funding for the ongoing operations for the municipality.

#### 3. Subsequent events

The accounting officers are not aware of any matter or circumstances arising since the end of the financial year.

#### 4. Accounting policies

The annual financial statements prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

#### 5. Accounting Officer

The accounting officers of the municipality during the year and to the date of this report are as follows:

Name	Changes
Mr. B Maseloane	Appointed on 01 August 2022
Mr V Letsalo	Contract ended on 31 July 2022

#### 6. Corporate governance

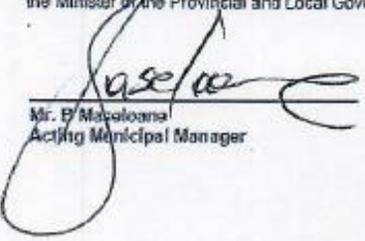
##### General

The accounting officer is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the accounting officer supports the highest standards of corporate governance and the ongoing development of best practice.

The municipality confirms and acknowledges its responsibility to exercise the Municipality's executive and legislative authority within the constitutional system of cooperative governance envisaged in Section 41 of the Constitution, as stated in the Local Government Municipal Systems Act. The accounting officer discuss the responsibilities of management in this respect, at Council meetings and monitor the municipality's compliance with the MSA on a three monthly basis.

##### Remuneration

The upper limits of the remuneration, allowances and benefits of the Accounting Officer, the Head of Departments and the Councillors of the municipality, as disclosed in note 26 and in note 27 of the financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution, read with the Remuneration of the Public Office Bearers Act and the Minister of the Provincial and Local Governments determination in accordance with the Act.

  
Mr. B Maseloane  
Acting Municipal Manager

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Statement of Financial Position as at 30 June 2022

Figures in Rand	Note(s)	2022	2021
<b>Assets</b>			
<b>Non-Current Assets</b>			
Investment property	3	150 684 493	149 338 217
Property, plant and equipment	4	2 952 875 661	2 937 283 131
Intangible assets	5	13 394 091	13 463 274
Heritage assets	6	14 000	14 000
Receivables from non-exchange transactions	10	2 675 057	2 166 687
		<u>3 119 643 302</u>	<u>3 102 265 309</u>
<b>Current Assets</b>			
Inventories	8	13 940 065	11 505 002
Receivables from exchange transactions	9	178 369	8 107
Receivables from non-exchange transactions	10	1 698 376	2 365 075
VAT receivable	11	11 753 460	23 543 191
Consumer debtors	12	126 644 718	129 471 547
Non current assets held for sale		691 040	691 040
Cash and cash equivalents	13	36 880 131	61 596 731
		<u>191 786 159</u>	<u>229 180 693</u>
<b>Total Assets</b>		<u><b>3 311 429 461</b></u>	<u><b>3 331 446 002</b></u>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Other financial liabilities	15	8 844 377	14 635 612
Employee benefit obligation	7	17 014 000	15 705 000
Provisions	16	20 279 786	21 989 821
		<u>46 138 163</u>	<u>52 330 433</u>
<b>Current Liabilities</b>			
Other financial liabilities	15	5 784 650	8 063 281
Payables from exchange transactions	17	233 333 387	234 325 099
Employee benefit obligation	7	2 020 000	2 109 000
Unspent conditional grants and receipts	14	12 900 031	27 731 961
Provisions	16	-	1 840 995
		<u>254 038 068</u>	<u>274 070 336</u>
<b>Total Liabilities</b>		<u><b>300 176 231</b></u>	<u><b>326 400 769</b></u>
<b>Net Assets</b>		<u><b>3 011 253 230</b></u>	<u><b>3 005 045 233</b></u>
Accumulated surplus		3 011 253 230	3 005 045 233
<b>Total Net Assets</b>		<u><b>3 011 253 230</b></u>	<u><b>3 005 045 233</b></u>

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## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Statement of Financial Performance

Figures in Rand	Note(s)	2022	2021 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service charges	19	215 993 501	174 236 298
Commissions received		-	90 997
Rental income		234 046	73 926
Other income	22	4 041 139	1 221 009
Interest received	23	60 539 708	47 893 075
<b>Total revenue from exchange transactions</b>		<b>280 808 394</b>	<b>223 515 305</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	24	130 570 391	144 972 077
Interest - Taxation revenue	21	26 873 644	21 686 192
<b>Transfer revenue</b>			
Government grants & subsidies	25	685 483 247	763 503 942
Public contributions and donations		983 124	-
Fines, Penalties and Forfeits		1 308 200	1 209 250
Interest - Investments	21	3 186 551	2 167 171
<b>Total revenue from non-exchange transactions</b>		<b>848 405 157</b>	<b>933 538 632</b>
<b>Total revenue</b>	18	<b>1 129 213 551</b>	<b>1 157 053 937</b>
<b>Expenditure</b>			
Employee related costs	26	(269 043 049)	(256 227 462)
Remuneration of councillors	27	(28 555 113)	(28 103 988)
Depreciation and amortisation	28	(131 765 495)	(139 064 291)
Finance costs	30	(4 035 520)	(4 241 520)
Lease rentals on operating lease	20	(1 826 087)	(760 870)
Debt Impairment	31	(321 004 723)	(204 695 480)
Bulk purchases	32	(113 426 383)	(104 944 858)
Contracted services	33	(92 666 427)	(102 798 356)
General Expenses	34	(146 844 770)	(153 651 722)
<b>Total expenditure</b>		<b>(1 109 167 567)</b>	<b>(994 488 547)</b>
<b>Operating surplus</b>		<b>20 045 984</b>	<b>162 565 390</b>
Loss on disposal of assets and liabilities		(14 916 203)	(11 490 161)
Loss on foreign exchange		(280 041)	-
Fair value adjustments		1 346 276	945 500
Impairment loss	29	-	(243 726)
Inventories losses/write-downs		11 981	(455 157)
		<b>(13 837 987)</b>	<b>(11 243 544)</b>
<b>Surplus for the year</b>		<b>6 207 997</b>	<b>151 321 846</b>

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Statement of Changes in Net Assets for the period ended 30 June 2022

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	2 860 394 456	2 860 394 456
Adjustments		
Correction of errors	(6 671 070)	(6 671 070)
<b>Balance at 01 July 2020 as restated*</b>	<b>2 853 723 387</b>	<b>2 853 723 387</b>
Changes in net assets		
Surplus/(Deficit) for the year	151 321 846	151 321 846
Restated* Surplus for the year	151 321 846	151 321 846
<b>Restated* Balance at 01 July 2021</b>	<b>3 005 045 233</b>	<b>3 005 045 233</b>
Changes in net assets		
Surplus for the year	6 207 997	6 207 997
Total changes	6 207 997	6 207 997
<b>Balance at 30 June 2022</b>	<b>3 011 253 230</b>	<b>3 011 253 230</b>
Note(s)		

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Cash Flow Statement

Figures in Rand	Note(s)	2022	2021 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Sale of goods and services		93 183 309	100 663 877
Grants		670 651 317	748 820 815
Interest income		5 935 449	4 171 425
Other income		4 275 185	1 385 932
		<u>774 045 260</u>	<u>855 042 049</u>
<b>Payments</b>			
Cash paid to suppliers and employees		(607 081 072)	(631 101 752)
Finance costs		(2 095 248)	(3 033 417)
		<u>(609 176 320)</u>	<u>(634 135 169)</u>
<b>Net cash flows from operating activities</b>	35	<u>164 868 940</u>	<u>220 906 880</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	4	(179 281 350)	(194 448 474)
Proceeds from sale of property, plant and equipment	4	-	585 819
Purchase of other intangible assets	5	(2 234 324)	(1 948 033)
Net cash flows of discontinued operations		-	1 010 000
		<u>-</u>	<u>-</u>
<b>Net cash flows from investing activities</b>		<u>(181 515 674)</u>	<u>(194 800 688)</u>
<b>Cash flows from financing activities</b>			
<b>Cash flows from financing activities</b>			
Repayment of other financial liabilities		(8 069 866)	(13 288 996)
<b>Net cash flows from financing activities</b>		<u>(8 069 866)</u>	<u>(13 288 996)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>(24 716 600)</u>	<u>12 817 196</u>
Cash and cash equivalents at the beginning of the year		61 596 731	48 779 535
<b>Cash and cash equivalents at the end of the year</b>	13	<u>36 880 131</u>	<u>61 596 731</u>

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### 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
Figures in Rand						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Service charges	189 430 627	42 235 759	231 666 386	215 993 501	(15 672 885)	51.1
Rental income	76 252	423 748	500 000	234 046	(265 954)	Difference below R 1000 000
Other income - (rollup)	2 990 260	57 386	3 047 646	4 041 138	993 492	Difference below R1 000 000
Interest received - investment	51 510 944	8 520 901	60 031 845	60 539 708	507 863	Difference below R 100 0000
<b>Total revenue from exchange transactions</b>	<b>244 008 083</b>	<b>51 237 794</b>	<b>295 245 877</b>	<b>280 808 393</b>	<b>(14 437 484)</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Taxation revenue</b>						
Property rates	149 168 373	(30 710 991)	118 457 382	130 570 391	12 113 009	51.2
Interest, Dividends and Rent on Land	21 872 216	4 194 930	26 067 146	26 873 644	806 498	Difference below R 1000 000
<b>Transfer revenue</b>						
Government grants & subsidies-operational	719 200 002	(33 532 179)	685 667 823	685 483 247	(184 576)	Difference below R1 000 000
Interest - Investments	-	-	-	3 186 551	3 186 551	
Government grants- Capital	-	-	-	983 124	983 124	Difference below R1 000 000
Fines, Penalties and Forfeits	2 000 000	-	2 000 000	1 308 200	(691 800)	Difference below R1 000 000
<b>Total revenue from non-exchange transactions</b>	<b>892 240 591</b>	<b>(60 048 240)</b>	<b>832 192 351</b>	<b>848 405 157</b>	<b>16 212 806</b>	
<b>Total revenue</b>	<b>1 136 248 674</b>	<b>(8 810 446)</b>	<b>1 127 438 228</b>	<b>1 129 213 550</b>	<b>1 775 322</b>	
<b>Expenditure</b>						
Personnel	(260 970 750)	1 286 965	(259 683 785)	(269 043 049)	(9 359 264)	51.3
Remuneration of councillors	(25 340 033)	(3 172 958)	(28 512 991)	(28 555 113)	(42 122)	Difference below R1 000 000
Depreciation and amortisation	(167 683 656)	-	(167 683 656)	(131 765 495)	35 918 161	51.4
Finance costs	(3 518 305)	-	(3 518 305)	(4 035 520)	(517 215)	Difference below R1 000 000
Lease rentals on operating lease	(1 000 000)	(400 000)	(1 400 000)	(1 826 087)	(426 087)	Difference below R1 000 000

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### 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
Figures in Rand						
Debt Impairment	(218 876 530)	-	(218 876 530)	(321 004 723)	(102 128 193)	51.5
Bulk purchases	-	(70 000 000)	(70 000 000)	(113 426 383)	(43 426 383)	51.6
Contracted services	(101 987 330)	33 194 322	(68 793 008)	(92 666 427)	(23 873 419)	51.8
General Expenses	(77 276 227)	(31 774 330)	(109 050 557)	(146 844 770)	(37 794 213)	51.9
<b>Total expenditure</b>	<b>(856 652 831)</b>	<b>(70 866 001)</b>	<b>(927 518 832)</b>	<b>(1 109 167 567)</b>	<b>(181 648 735)</b>	
Operating surplus	279 595 843	(79 676 447)	199 919 396	20 045 983	(179 873 413)	
Loss on disposal of assets and liabilities	-	-	-	(14 916 203)	(14 916 203)	51.7
Impairment loss	-	-	-	(280 041)	(280 041)	Difference below R1 000 000
Fair value adjustments	-	-	-	1 346 276	1 346 276	
Inventories losses/write-downs	-	-	-	11 981	11 981	
	-	-	-	(13 837 987)	(13 837 987)	
<b>Surplus before taxation</b>	<b>279 595 843</b>	<b>(79 676 447)</b>	<b>199 919 396</b>	<b>6 207 996</b>	<b>(193 711 400)</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>279 595 843</b>	<b>(79 676 447)</b>	<b>199 919 396</b>	<b>6 207 996</b>	<b>(193 711 400)</b>	

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
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### Appropriation Statement

Figures in Rand

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
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### Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
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2022

#### Financial Performance

Property rates	149 188 373	(30 710 991)	118 457 382	-	-	118 457 382	130 570 391	-	12 113 009	110 %	88 %
Service charges	189 430 627	42 235 759	231 666 386	-	-	231 666 386	215 993 501	-	(15 672 885)	93 %	114 %
Transfers recognised - operational	485 440 130	(11 891 833)	473 548 297	-	-	473 548 297	485 263 862	-	11 715 565	102 %	100 %
Other own revenue	78 449 672	13 196 965	91 646 637	-	-	91 646 637	96 212 787	-	4 566 150	105 %	123 %
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>902 488 802</b>	<b>12 829 900</b>	<b>915 318 702</b>	<b>-</b>	<b>-</b>	<b>915 318 702</b>	<b>928 040 541</b>	<b>-</b>	<b>12 721 839</b>	<b>101 %</b>	<b>103 %</b>
Employee costs	(260 970 750)	1 284 079	(259 686 671)	-	-	(259 686 671)	(269 043 049)	-	(9 356 378)	104 %	103 %

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Remuneration of councillors	(25 340 033)	(3 172 958)	(28 512 991)	-	-	(28 512 991)	(28 555 113)	-	(42 122)	100 %	113 %
Debt impairment	(218 876 530)	-	(218 876 530)	-	-	(218 876 530)	(321 004 723)	-	(102 128 193)	147 %	147 %
Depreciation and asset impairment	(167 683 656)	-	(167 683 656)	-	-	(167 683 656)	(131 765 495)	-	35 918 161	79 %	79 %
Finance charges	(3 518 305)	-	(3 518 305)	-	-	(3 518 305)	(4 035 520)	-	(517 215)	115 %	115 %
Materials and bulk purchases	-	(70 000 000)	(70 000 000)	-	-	(70 000 000)	(113 428 383)	-	(43 428 383)	162 %	DIV/0 %
Contracted services	(101 987 330)	33 194 322	(68 793 008)	-	-	(68 793 008)	(92 666 428)	-	(23 873 420)	135 %	91 %
Other expenditure	(78 276 227)	(32 171 444)	(110 447 671)	-	-	(110 447 671)	(162 508 845)	-	(52 061 174)	147 %	208 %
<b>Total expenditure</b>	<b>(856 652 831)</b>	<b>(70 866 001)</b>	<b>(927 518 832)</b>	<b>-</b>	<b>-</b>	<b>(927 518 832)</b>	<b>(1 123 005 556)</b>	<b>-</b>	<b>(195 486 724)</b>	<b>121 %</b>	<b>131 %</b>
<b>Surplus/(Deficit)</b>	<b>45 835 971</b>	<b>(58 036 101)</b>	<b>(12 200 130)</b>	<b>-</b>	<b>-</b>	<b>(12 200 130)</b>	<b>(194 965 015)</b>	<b>-</b>	<b>(182 764 885)</b>	<b>1 598 %</b>	<b>(425)%</b>
Transfers recognised - capital	233 759 872	(21 640 347)	212 119 525	-	-	212 119 525	201 173 010	-	(10 946 515)	95 %	86 %
<b>Surplus (Deficit) after capital transfers and contributions</b>	<b>279 595 843</b>	<b>(79 676 448)</b>	<b>199 919 395</b>	<b>-</b>	<b>-</b>	<b>199 919 395</b>	<b>6 207 995</b>	<b>-</b>	<b>(193 711 400)</b>	<b>3 %</b>	<b>2 %</b>
<b>Surplus/(Deficit) for the year</b>	<b>279 595 843</b>	<b>(79 676 448)</b>	<b>199 919 395</b>	<b>-</b>	<b>-</b>	<b>199 919 395</b>	<b>6 207 995</b>	<b>-</b>	<b>(193 711 400)</b>	<b>3 %</b>	<b>2 %</b>

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Accounting Policies

Figures in Rand	Note(s)	2022	2021
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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. They are presented in South African Rand.

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

##### 1.1 Presentation currency

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

##### 1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality 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 judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Other significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes.

##### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 16 - Provisions.

##### Employee Benefit Obligation

The present value of the Employee benefit 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 employee benefit 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 long service award 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 employee benefit obligations are based on current market conditions. Additional information is disclosed in Note 7.

# Chapter 6

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## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Accounting Policies

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

##### Impairment of statutory receivables

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the municipality measures and impairment loss. The impairment loss is measured 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, are reduced, either directly or through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

In estimating the future cash flows, the 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 municipality 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 are 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.

##### 1.4 Investment property

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

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

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.

##### Derecognition

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

##### Fair value

Subsequent to initial measurement investment property is measured at fair value.

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.

If the entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the entity becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Accounting Policies

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#### 1.4 Investment property (continued)

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 municipality; 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 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.

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.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

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Item	Depreciation method	Average useful life
Land		Infinite
Buildings	Straight-line	5 - 100 years
Infrastructure - Electricity	Straight-line	10 - 100 years
Infrastructure - Roads	Straight-line	5 - 100 years
Infrastructure - Water	Straight-line	5 - 100 years
Infrastructure - Stormwater	Straight-line	5 - 50 years

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# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Accounting Policies

#### 1.5 Property, plant and equipment (continued)

Infrastructure - Sewerage	Straight-line	15 - 100 years
Infrastructure - ICT	Straight-line	10 - 50 years
Infrastructure - Airports	Straight-line	20 years
Access control security measures	Straight-line	3 - 5 years
Recreation facilities	Straight-line	10 - 100 years
Furniture and Fittings	Straight-line	7 years
Motor Vehicles	Straight-line	5 - 15 years
Office equipment	Straight-line	5 - 7 years
Plant and Equipment	Straight-line	4 - 15 years

For the detailed useful lives of assets, refer to the municipality's asset management policy.

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

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

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

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

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

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements.

#### 1.6 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.

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Accounting Policies

#### 1.6 Intangible assets (continued)

An intangible asset is recognised when:

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

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

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

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

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

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

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

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

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

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software	Straight-line	1 - 15 years

Intangible assets are derecognised:

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

#### 1.7 Heritage assets

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.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an municipality's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

##### 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.

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Accounting Policies

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#### 1.7 Heritage assets (continued)

##### Initial measurement

Heritage assets are measured at cost.

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

##### Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

After recognition as an asset, a class of heritage assets, whose fair value can be measured reliably, is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses.

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

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

##### Impairment

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

##### Derecognition

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

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised.

#### 1.8 Financial instruments

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.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Accounting Policies

#### 1.8 Financial instruments (continued)

- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

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

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

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

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unissued capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or

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#### 1.8 Financial instruments (continued)

- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

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

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

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#### 1.8 Financial instruments (continued)

##### Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non exchange transactions	Financial asset measured at amortised cost
Consumer debtors	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Other financial liabilities	Financial liability measured at amortised cost
Trade and other payables from exchange transactions	Financial liability measured at amortised cost

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#### 1.8 Financial instruments (continued)

##### Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

##### Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

##### Impairment and uncollectibility of financial assets

The entity assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

##### Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

##### Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

#### Derecognition

##### Financial assets

The Municipality derecognises financial assets using trade date accounting.

The Municipality derecognises a financial asset only when:

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

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

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## Moses Kotane Local Municipality

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#### 1.8 Financial instruments (continued)

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

##### Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.  
The obligation for retentions is considered to have expired when the retention is unclaimed for more than 3 years from the date the defect liability period expired.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

##### Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

#### 1.9 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.

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 a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount 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

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#### 1.9 Statutory receivables (continued)

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

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.

#### 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 is 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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#### 1.9 Statutory receivables (continued)

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.

#### 1.10 Leases

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

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

##### Finance leases - lessee

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

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

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

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

##### Operating leases - lessee

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

#### 1.11 Inventories

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.

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 distribution.

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

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

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

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

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#### 1.11 Inventories (continued)

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.

#### 1.12 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.

#### 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 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.

#### 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 municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

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#### 1.12 Impairment of cash-generating assets (continued)

##### Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

##### Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued 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 cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

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

##### Reversal of impairment loss

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

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

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

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

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

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

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#### 1.13 Impairment of non-cash-generating assets (continued)

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.

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:

- 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.

#### Designation

At initial recognition, the municipality designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of a municipality's objective of using the asset.

The municipality designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

The municipality designates an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the municipality expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate a commercial return, the municipality designates the asset as a non-cash-generating asset and applies this accounting policy, rather than the accounting policy on Impairment of Non-cash-generating assets.

#### 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.

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#### 1.13 Impairment of non-cash-generating assets (continued)

##### 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:

##### 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.

##### Reversal of an impairment loss

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

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

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

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

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

##### Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

#### 1.14 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

Vested employee benefits are employee benefits that are not conditional on future employment.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

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#### 1.14 Employee benefits (continued)

##### 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.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity 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 benefits in the cost of an asset.

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 entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognises the expected cost of bonus, incentive and performance related payments when the entity 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 entity has no realistic alternative but to make the payments.

#### 1.15 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

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

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

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## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Accounting Policies

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#### 1.15 Provisions and contingencies (continued)

Provisions are not recognised for future operating surplus.

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

A constructive obligation to restructure arises only when an entity:

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

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

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

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 39.

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## Moses Kotane Local Municipality

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#### 1.15 Provisions and contingencies (continued)

##### Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity tests the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.12 and 1.13.

If the related asset is measured using the revaluation model:

- changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
  - a decrease in the liability is credited directly 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; and
  - an increase in the liability is recognised in surplus or deficit, except that it is debited directly to revaluation surplus in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset;
- 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;
- 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 reporting date. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit and net assets. If a revaluation is necessary, all assets of that class is revalued; and
- the Standard of GRAP on Presentation of Financial Statements requires disclosure on the face of the statement of changes in net assets of each item of revenue or expense that is recognised directly in net assets. In complying with this requirement, the change in the revaluation surplus arising from a change in the liability is separately identified and disclosed as such.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

#### 1.16 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.

Capital commitments are disclosed in the financial statements and they represent the balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

Commitments for which disclosure is necessary to achieve a fair presentation are 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; and
- Contracts should relate to something other than the routine, steady, state business of the municipality – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

#### 1.17 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

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## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Accounting Policies

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#### 1.17 Revenue from exchange transactions (continued)

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

#### Measurement

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

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non-contractual) arrangement (see the accounting policy on Statutory Receivables).

#### Sale of goods

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

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by .

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#### 1.18 Revenue from non-exchange transactions (continued)

##### 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.

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

##### Taxes

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.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for income tax is the earning of assessable income during the taxation period by the taxpayer.

The taxable event for value added tax is the undertaking of taxable activity during the taxation period by the taxpayer.

The taxable event for customs duty is the movement of dutiable goods or services across the customs boundary.

The taxable event for estate duty is the death of a person owning taxable property.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

##### Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

##### Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

##### 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.

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## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Accounting Policies

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#### 1.19 Investment income

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

#### 1.20 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.

#### 1.21 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.

Unauthorised expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

#### 1.22 Fruitless and wasteful expenditure

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

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

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## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Accounting Policies

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#### 1.23 Irregular expenditure

Irregular expenditure is defined in section 1 of the MFMA as follows:

"irregular expenditure", in relation to a municipality or municipal entity, means—

- (a) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of this Act, and which has not been condoned in terms of section 170;
- (b) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;
- (c) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998); or
- (d) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law, but excludes expenditure by a municipality which falls within the definition of "unauthorised expenditure".

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the MFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

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

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

#### 1.24 Segment information

A segment is an activity of an entity:

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

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

#### 1.25 Budget information

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

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## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

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#### 1.25 Budget information (continued)

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

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

The approved budget covers the fiscal period from 2021/07/01 to 2022/06/30.

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

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

#### 1.26 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

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

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

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

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

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

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

#### 1.27 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 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); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

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## **Moses Kotane Local Municipality**

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#### **1.27 Events after reporting date (continued)**

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

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## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand 2022 2021

#### 2. New standards and interpretations

##### 2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

##### 2.2 Standards and Interpretations early adopted

The municipality has chosen to early adopt the following standards and interpretations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
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##### 2.3 Standards and interpretations issued, but not yet effective

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Guideline: Guideline on Accounting for Landfill Sites	01 April 2009	Unlikely there will be a material impact
• GRAP 25 (as revised 2021): Employee Benefits	01 April 2009	Unlikely there will be a material impact
• iGRAP 7 (as revised 2021): Limit on defined benefit asset, minimum funding requirements and their interaction	01 April 2009	Unlikely there will be a material impact
• Guideline: Guideline on the Application of Materiality to Financial Statements	01 April 2009	Unlikely there will be a material impact
• GRAP 104 (amended): Financial Instruments	01 April 2025	Unlikely there will be a material impact
• GRAP 2020: Improvements to the standards of GRAP 2020	01 April 2023	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	Unlikely there will be a material impact

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

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

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## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand

#### 3. Investment property

	2022			2021		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	150 684 493	-	150 684 493	149 338 217	-	149 338 217

#### Reconciliation of investment property - 2022

	Opening balance	Fair value adjustments	Total
Investment property	149 338 217	1 346 276	150 684 493

#### Reconciliation of investment property - 2021

	Opening balance	Additions	Transfers	Fair value adjustments	Total
Investment property	142 213 774	13 346 856	(542 300)	(5 680 113)	149 338 217

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## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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#### 3. Investment property (continued)

##### Pledged as security

Investment property was not pledged as security for financial liabilities.

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.

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

The value indicated is established by comparing the subject property with similar properties, called comparable sales. Comparable sales are recent property transactions of property that were sold in accordance with the definition of market value.

These comparable sales are judged as being the most comparable to the subject property to indicate a range of value in which the subject property's value could be determined. The subject property is then measured against the comparable sales, in various elements of comparison that might influence and ultimately determine the value of the subject property.

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## Moses Kotane Local Municipality

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### Notes to the Annual Financial Statements

Figures in Rand

#### 4. Property, plant and equipment

	2022			2021		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	17 290 211	-	17 290 211	17 291 253	-	17 291 253
Buildings	216 056 099	(108 566 116)	107 490 583	216 433 248	(102 747 274)	113 685 974
Plant and machinery	4 756 829	(3 791 933)	964 896	4 819 819	(3 494 415)	1 325 204
Furniture and Fixtures	50 947 590	(42 161 140)	8 786 450	50 323 550	(39 757 830)	10 565 720
Motor vehicles	33 671 444	(23 747 620)	9 923 824	33 219 457	(22 005 577)	11 213 880
Infrastructure	4 837 551 329	(2 503 937 962)	2 333 613 367	4 766 936 421	(2 414 144 008)	2 352 792 413
Community Building WIP	533 539 582	(281 135 478)	252 404 104	520 509 174	(270 005 523)	250 503 651
Infrastructure WIP	753 272	-	753 272	753 272	-	753 272
Community assets WIP	207 709 347	-	207 709 347	170 578 753	-	170 578 753
Community assets WIP	13 939 607	-	13 939 607	8 573 011	-	8 573 011
<b>Total</b>	<b>5 916 215 910</b>	<b>(2 963 340 249)</b>	<b>2 952 875 661</b>	<b>5 789 437 758</b>	<b>(2 852 154 627)</b>	<b>2 937 283 131</b>

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## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand

#### 4. Property, plant and equipment (continued)

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

	Opening balance	Additions	Change in provision for landfill site	Disposals	Transfers	Depreciation	Total
Land	17 291 253	-	-	(1 042)	-	-	17 290 211
Buildings	113 685 974	-	-	(154 323)	-	(6 041 088)	107 490 583
Plant and machinery	1 325 204	-	-	(30 545)	-	(329 763)	984 896
Furniture and fixtures	10 565 720	2 783 266	-	(470 536)	-	(4 092 000)	8 786 450
Motor vehicles	11 213 880	983 123	-	(95 063)	-	(2 178 116)	9 923 824
Infrastructure	2 352 792 413	102 248 088	(3 650 307)	(14 047 168)	-	(102 827 661)	2 333 613 367
Community	250 503 651	16 366 787	-	(472 965)	-	(13 993 369)	252 404 104
Building WIP	-	753 272	-	-	-	-	753 272
Infrastructure WIP	170 578 763	154 800 341	-	(15 388 019)	(102 281 728)	-	207 709 347
Community WIP	8 573 011	21 697 743	-	-	(16 331 147)	-	13 939 607
	<b>2 937 283 131</b>	<b>298 877 348</b>	<b>(3 650 307)</b>	<b>(31 559 659)</b>	<b>(118 612 875)</b>	<b>(129 461 977)</b>	<b>2 952 875 661</b>

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

	Opening balance	Additions	Change in provision for landfill site	Disposals	Transfers	Depreciation	Impairment loss	Impairment reversal	Total
Land	17 291 253	-	-	-	-	-	-	-	17 291 253
Buildings	120 261 477	-	-	-	-	(6 553 777)	(21 726)	-	113 685 974
Plant and machinery	1 703 893	54 200	-	(72 182)	-	(361 965)	-	1 258	1 325 204
Furniture and fittings	14 383 987	438 590	-	(208 562)	-	(4 082 498)	-	32 203	10 565 720
Motor vehicles	15 136 519	-	-	(1 599 226)	-	(2 338 993)	-	15 560	11 213 880
Infrastructure	2 294 410 974	168 302 645	4 479 567	(6 623 139)	-	(107 777 634)	-	-	2 352 792 413
Community	265 983 750	-	-	-	-	(15 480 099)	-	-	250 503 651
Building WIP	753 272	-	-	-	-	-	-	-	753 272
Infrastructure WIP	184 902 636	184 841 395	-	(30 862 633)	(168 302 645)	-	-	-	170 578 753
Community Assets WIP	12 854 622	9 085 245	-	-	(13 346 856)	-	-	-	8 573 011
	<b>2 927 682 383</b>	<b>362 702 075</b>	<b>4 479 567</b>	<b>(39 363 742)</b>	<b>(181 649 501)</b>	<b>(136 594 966)</b>	<b>(21 726)</b>	<b>49 041</b>	<b>2 937 283 131</b>

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## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>4. Property, plant and equipment (continued)</b>		
<b>Pledged as security</b>		
The mayoral house is pledged as security for the mortgage bond for R 1 520 000 with ABSA bank.		
<b>Property, plant and equipment in the process of being constructed or developed</b>		
Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected		
Koffiekraal Highmast Lights	1 273 213	1 273 213
Brakuil Highmast lights	-	2 189 709
Manamela Highmast Lights	1 389 365	1 389 365
Ratau Highmast Lights	476 245	476 245
Voordonker Highmast Lights	-	461 829
Moubana Highmast Lights	-	1 304 381
Legkraal Highmast Lights	1 126 266	1 126 266
Koffiekraal Highmast Lights Phase 2	1 001 507	1 001 507
Mononono Highmast Lights PH2	583 084	583 084
Mononono Highmast Lights PH2	320 915	320 915
Welverdien High Mast Lights	1 247 575	1 247 575
Moubana Highmast Lights PH 2	-	800 997
Nkogolwe Highmast Lights-PH2	735 640	735 640
	-	-
	<b>8 133 810</b>	<b>12 890 726</b>

Included in property, plant and equipment are high mast lights that have been identified as taking significantly longer period of time to complete than expected, due to the delay in connection of the high mast lights to the eskom power grid.

#### Reconciliation of Work-in-Progress 2022

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	170 578 753	8 573 011	753 272	179 905 036
Additions/capital expenditure	154 849 226	21 897 743	-	176 546 969
Disposals	(15 388 019)	-	-	(15 388 019)
Transferred to completed items	(102 445 009)	(16 331 147)	-	(118 776 156)
	<b>207 594 951</b>	<b>13 939 607</b>	<b>753 272</b>	<b>222 287 830</b>

#### Reconciliation of Work-in-Progress 2021

	Included within Infrastructure	Included within Community	Included within Buildings	Total
Opening balance	184 902 636	12 854 622	753 272	198 510 530
Additions/capital expenditure	184 841 395	9 065 245	-	193 906 640
Disposals	(30 862 633)	-	-	(30 862 633)
Transferred to completed items	(188 302 645)	(13 346 856)	-	(181 649 501)
	<b>170 578 753</b>	<b>8 573 011</b>	<b>753 272</b>	<b>179 905 036</b>

#### Expenditure incurred to repair and maintain property, plant and equipment

The municipality's amount is R39 952 271 ((2020-21) R53 468 293) for the financial reporting year. In determining the repairs and maintenance amount the municipality has exclusively disclosed amounts charged by service providers.

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.

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand

#### 5. Intangible assets

	2022			2021		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	31 575 097	(18 181 008)	13 394 091	31 288 808	(17 825 532)	13 463 274

#### Reconciliation of intangible assets - 2022

	Opening balance	Additions	Amortisation	Total
Computer software, other	13 463 274	2 234 324	(2 303 507)	13 394 091

#### Reconciliation of intangible assets - 2021

	Opening balance	Additions	Amortisation	Total
Computer software, other	13 984 567	1 948 033	(2 469 326)	13 463 274

#### Pledged as security

Intangible assets were not pledged as security for financial liabilities

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>7. Employee benefit obligations</b>		
The amounts recognised in the statement of financial position are as follows:		
<b>Carrying value</b>		
Present value of the defined benefit obligation-wholly unfunded	(19 034 000)	(17 814 000)
Non-current liabilities	(17 014 000)	(15 705 000)
Current liabilities	(2 020 000)	(2 109 000)
	<u>(19 034 000)</u>	<u>(17 814 000)</u>

The municipality's obligation for Long Service Awards is a defined benefit plan. This plan is wholly unfunded as no contributions are made by the municipality into funds that are legally separate from the municipality and from which the employee benefits are paid (each subsequent financial year's expected payments of long service bonuses are budgeted for).

The municipality, in substance, underwrites the actuarial and investment risks associated with the plan.

Consequently, the expense recognised for the defined benefit plan is the full additional liability accrued due to additional benefit entitlement. The municipality's net obligation in respect of the defined benefit long service allowances is the present value of the defined benefit obligation less the fair value of any plan assets, together with adjustments for unrecognised actuarial gains or losses and past service cost.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows of the benefits that will be paid to employees and using suitable interest rates.

The calculation is performed by registered actuaries using the projected unit credit method. The most recent actuarial valuations of the present value of the defined benefit obligation were carried out at 30 June 2022.

There are 563 employees that are currently entitled to Long Service Awards.]

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	17 814 000	16 651 000
Benefits paid	(2 121 275)	(2 025 000)
Net expense recognised in the statement of financial performance	3 341 275	3 188 000
	<u>19 034 000</u>	<u>17 814 000</u>
<b>Net expense recognised in the statement of financial performance</b>		
Current service cost	1 711 000	1 539 000
Interest cost	1 544 000	1 138 000
Actuarial (gains) losses	86 275	511 000
	<u>3 341 275</u>	<u>3 188 000</u>

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand 2022 2021

#### 7. Employee benefit obligations (continued)

##### Key assumptions used

Assumptions used at the reporting date:

Discount rates used	11,03 %	9,20 %
General earnings inflation rate (long term)	7,33 %	5,78 %
Net discount rate	3,45 %	3,23 %

The earnings are inclusive of the corresponding 1 July general increase. The next general earnings increase was assumed to take place on 1 July 2023.

In estimating the unfunded liability for LSA of Moses Kotane Local Municipality a number of assumptions are required. GRAP 25 requires the actuarial assumptions to be unbiased (i.e. neither imprudent nor excessively conservative) and mutually compatible (i.e. reflective of the economic relationships between factors such as return on assets and inflation rates).

##### Discount Rate

GRAP 25 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the employee benefit liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve.

Consequently, a discount rate of 11.03% per annum has been used. The corresponding liability-weighted index-linked yield is 3.95%. 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 2022. These yields were obtained by calculating the duration of the total liability and then taking the fixed-interest and index-linked yields from the respective yield curves at that duration using an iterative process (because the yields depend on the duration, which in turn depends on the liability). The duration of the total liability was estimated to be 9 years.

##### Earnings Inflation Rate

This assumption is required to reflect the estimated growth in earnings of the eligible employees until retirement. It is important in that the LSA are based on an employee's earnings at the date of the award.

The assumption is traditionally split into two components, namely General Earnings Inflation and Promotional Earnings Escalation.

##### General Earnings Inflation

This assumption is more stable relative to the growth in Consumer Price Index (CPI) than in absolute terms. In most industries, experience has shown, that over the long-term, earnings inflation is between 1.0% and 1.5% above CPI inflation.

The expected CPI inflation assumption of 6.33% was obtained from the differential between market yields on index-linked bonds (3.95%) consistent with the estimated terms of the liabilities and those of nominal bonds (11.03%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%). Therefore, expected inflation is determined as  $((1+11.03\%-0.50\%)/(1+3.95\%))-1$ .

Thus, a general earnings inflation rate of 7.33% per annum over the expected term of the liability has been assumed, which is 1.00% higher than the estimate of CPI inflation over the same term. This assumption reflects a net discount rate of 3.45%. It was assumed that the next general earnings increase will take place on 1 July 2023.

##### Demographic Assumptions

Demographic assumptions are required about the future characteristics of current employees who are eligible for LSA.

##### Promotional Earnings Scale

The annual inflation rates below are in addition to the General Earnings Inflation assumption of 7.33% per annum for all employees.

Age band	Additional promotional scale
20 – 24	5.0%
25 – 29	4.0%
30 – 34	3.0%
35 – 39	2.0%
40 – 44	1.0%
> 44	0.0%

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand

	2022	2021
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#### 7. Employee benefit obligations (continued)

##### Average Retirement Age

The normal retirement age of employees is 65. It has been assumed that employees will retire at age 62 on average, which then implicitly allows for expected rates of ill-health and early retirement. Employees who have passed the assumed average retirement age, have been assumed to retire at their next birthday.

##### Withdrawal from Service

If an employee leaves, the employer's liability in respect of that employee ceases. It is therefore important not to overstate withdrawal rates. A sample of the assumed rates is set out below.

Age	Females	Males
20	9%	9%
25	8%	8%
30	6%	6%
35	5%	5%
40	5%	5%
45	4%	4%
50	3%	3%
55+	0%	0%

##### Other assumptions

Assumed discount rate have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed discount rate would have the following effects:

	One percentage point increase	One percentage point decrease
Effect on the aggregate of the service cost and interest cost	(48 000)	51 000
Effect on defined benefit obligation	(1 028 000)	1 143 000

Amounts for the current and previous four years are as follows:

	2022	2021	2020	2019	2018
Defined benefit obligation	19 034 000	17 814 000	16 651 000	15 390 122	15 607 093

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>8. Inventories</b>		
Maintenance materials	13 879 271	11 442 863
Water for distribution	60 794	62 139
	<u>13 940 065</u>	<u>11 505 002</u>
Carrying value of inventories carried at fair value less costs to sell	-	-
Inventories recognised as an expense during the year	4 903 897	2 831 787
<b>9. Receivables from exchange transactions</b>		
Gross Balances	3 071 513	3 053 803
Less: Impairment allowance	(2 893 144)	(3 045 696)
	<u>178 369</u>	<u>8 107</u>
Sundry debtors included in receivables from exchange transactions above are as follows:		
Gross Balances	645 044	605 394
Less: Allowance for Impairment	(484 074)	(602 274)
	<u>160 970</u>	<u>3 120</u>
Other receivables included in receivables from exchange transactions above are as follows:		
Gross balances	2 443 422	2 443 422
Less: Allowance for impairment	(2 443 422)	(2 443 422)
	<u>-</u>	<u>-</u>
Financial asset receivables included in receivables from exchange transactions above	178 369	8 107
Trade and other receivables pledged as security		
There are no trade and other receivables pledged as security at the end of the year		
Fair value of trade and other receivables		
Trade and other receivables	160 970	8 107
Sundry debtors ageing		
The ageing of sundry debtors is as follows:		
Between 0 - 30 days	8 670	11 612
Between 31 - 60 days	3 335	4 710
Between 61 - 90 days	3 613	2 937
Above 91 days	629 426	582 119
Other receivables ageing		
The ageing of other receivables is as follows:		
91 days and above	2 443 422	2 443 422

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>10. Receivables from non-exchange transactions</b>		
Fines	535 526	1 531 195
Service charges	328 970	-
Other receivables from non-exchange revenue	3 508 937	3 000 567
	<u>4 373 433</u>	<u>4 531 762</u>
Non-current assets	2 675 057	2 166 687
Current assets	1 698 378	2 365 075
	<u>4 373 433</u>	<u>4 531 762</u>
<b>Statutory receivables included in receivables from non-exchange transactions above are as follows:</b>		
Fines	535 526	1 531 195
<b>Other non-financial asset receivables included in receivables from non-exchange transactions above are as follows:</b>		
Eskom Deposits	2 675 057	2 166 687
Other receivables	833 880	833 880
	<u>3 508 937</u>	<u>3 000 567</u>
Financial asset receivables included in receivables from non-exchange transactions above	328 970	-
<b>Total receivables from non-exchange transactions</b>	<u>4 373 433</u>	<u>4 531 762</u>

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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#### 10. Receivables from non-exchange transactions (continued)

##### Statutory receivables general information

##### Transaction(s) arising from statute

Fines are issued in terms of the National Road Traffic Regulations of 2000 and the National Road Traffic Act 93 of 1996.

##### Determination of transaction amount

All fines are governed by the specific regulation which is applicable to the offence.

##### Interest or other charges levied/charged

Fines - No interest or other charges are charged on outstanding fines.

No discount rate is applied on the above mentioned statutory receivables to estimate future cash flows.

##### Basis used to assess and test whether a statutory receivable is impaired

Fines - Payment percentage of fines is used to assess whether fines are impaired.

There are no trade and other receivables from non exchange pledged as security during the year.

The ageing-2022	Fines	Eskom deposits	Other receivables	Total
Current (0-30 days)	62 050	-	-	62 050
31 - 60 days	19 700	-	-	19 700
61 - 90 days	88 310	-	-	88 310
91 - 120 days	77 550	-	-	77 550
121 days and above	13 258 525	2 675 057	833 880	16 767 462
Less: Allowance for impairment	(12 970 616)	-	-	(12 970 616)
	<b>535 519</b>	<b>2 675 057</b>	<b>833 880</b>	<b>4 044 456</b>
The ageing- 2021	Fines	Eskom deposits	Other receivables	Total
Current (0-30 days)	68 900	-	-	68 900
31 - 60 days	60 150	-	-	60 150
61 - 90 days	104 300	108 010	-	212 310
91 - 120 days	41 900	-	-	41 900
121 days and above	12 484 714	2 058 677	-	14 543 391
Less: Allowance for impairment	(11 228 769)	-	833 880	(10 394 889)
	<b>1 531 195</b>	<b>2 166 687</b>	<b>833 880</b>	<b>4 531 762</b>

##### Receivables from non-exchange transactions pledged as security

There are no receivables from non exchange transactions pledged as security as at 30 June 2022

#### 11. VAT receivable/payable

VAT	11 753 460	23 543 191
VAT Receivable reconciliation		
VAT Receivable from SARS	8 594 419	17 970 099
VAT input provision	12 567 726	12 639 260
VAT output provision	(9 408 685)	(7 066 168)
	<b>11 753 460</b>	<b>23 543 191</b>

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## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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#### 11. VAT receivable/payable (continued)

The Municipality claims VAT in terms of the VAT Act 89 of 1991

VAT output is charged on taxable services and VAT input is claimed for goods and services received from suppliers who are registered as VAT vendors. The VAT receivable or payable at the end of the financial year is based on the difference between input VAT charged on operational goods and services supplied to the Municipality, input VAT charged on capital goods and services and the output VAT charged for services rendered by the Municipality.

The current VAT rate used, as determined by National Government is, 15% The municipality is registered for VAT on the Payment Basis

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>12. Consumer debtors</b>		
<b>Gross balances</b>		
Rates	547 121 758	453 908 638
Water	1 138 263 578	917 453 109
Sewerage	24 223 473	20 565 601
Refuse	124 906 357	108 579 152
Water consumption from the last readings	1 855 508	1 133 496
	<b>1 836 370 674</b>	<b>1 501 639 996</b>
<b>Less: Allowance for impairment</b>		
Rates	(487 028 356)	(382 732 418)
Water	(1 076 791 889)	(862 405 413)
Sewerage	(21 127 722)	(18 705 027)
Refuse	(124 777 989)	(108 325 591)
	<b>(1 709 725 956)</b>	<b>(1 372 168 449)</b>
<b>Net balance</b>		
Rates	60 093 402	71 176 220
Water	61 471 689	55 047 696
Sewerage	3 095 751	1 860 574
Refuse	128 368	253 561
Water consumption from the last readings	1 855 508	1 133 496
	<b>126 644 718</b>	<b>129 471 547</b>
<b>Statutory receivables included in consumer debtors above are as follows:</b>		
Rates	22 660 239	71 176 220
<b>Financial asset receivables included in consumer debtors above</b>	<b>103 984 479</b>	<b>58 295 327</b>
<b>Total consumer debtors</b>	<b>126 644 718</b>	<b>129 471 547</b>
<b>Included in above is receivables from exchange transactions</b>		
Water	55 791 693	55 047 696
Sewerage	469 811	1 860 574
Refuse	339 838	253 561
Water consumption from the last readings	1 855 508	1 133 496
	<b>58 456 850</b>	<b>58 295 327</b>
<b>Included in above is receivables from non-exchange transactions (taxes and transfers)</b>		
Rates	22 660 239	71 176 220
<b>Net balance</b>	<b>81 117 089</b>	<b>129 471 547</b>
<b>Rates</b>		
Current (0 -30 days)	13 944 088	20 564 272
31 - 60 days	11 340 941	12 901 208
61 - 90 days	11 097 658	10 309 789
91 - 120 days	10 657 712	10 481 201
121+ days	491 054 250	399 652 169
Debt impairment	(478 001 247)	(382 732 419)
	<b>60 093 402</b>	<b>71 176 220</b>

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>12. Consumer debtors (continued)</b>		
<b>Water</b>		
Current (0 -30 days)	21 231 500	28 784 692
31 - 60 days	23 830 877	21 960 186
61 - 90 days	27 419 392	22 362 375
91 - 120 days	23 376 908	22 887 817
121 - 365 days	1 046 033 992	821 458 040
Debt impairment	(1 080 420 980)	(862 405 414)
	<b>61 471 689</b>	<b>55 047 696</b>
<b>Sewerage</b>		
Current (0 -30 days)	1 052 445	410 626
31 - 60 days	408 046	279 423
61 - 90 days	403 045	291 120
91 - 120 days	338 073	296 718
121 - 365 days	22 021 864	19 287 714
Debt impairment	(21 127 722)	(18 705 027)
	<b>3 095 751</b>	<b>1 860 574</b>
<b>Refuse</b>		
Current (0 -30 days)	1 595 434	1 448 738
31 - 60 days	1 786 094	1 440 571
61 - 90 days	1 522 516	1 431 713
91 - 120 days	1 508 029	1 643 079
121+ days	118 494 284	102 615 052
Debt impairment	(124 777 989)	(108 325 592)
	<b>128 368</b>	<b>253 561</b>
<b>Water consumption from last readings</b>		
Current (0 -30 days)	1 855 508	1 133 496
<b>Reconciliation of allowance for impairment</b>		
Balance at beginning of the year	(1 372 168 449)	(1 146 857 740)
Allowance for impairment utilised during the year	5 723 871	651 061
Debt impairment increase during the year	(343 281 378)	(225 961 770)
	<b>(1 709 725 956)</b>	<b>(1 372 168 449)</b>

# Chapter 6

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## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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#### 12. Consumer debtors (continued)

##### Statutory receivables general information

###### Transaction(s) arising from statute

Municipal Property Rates Act (MRP Act) section 2 states that a metropolitan or local municipality may levy a rate on property in its area.

###### Determination of transaction amount

Rates amounts are determined in terms of section 11 of the MRP Act and the approved rates policy of the municipality

###### Interest or other charges levied/charged

Interest is charged on past due balances

###### Basis used to assess and test whether a statutory receivable is impaired

Payment history of receivables is used to assess whether the receivable is impaired

###### Discount rate applied to the estimated future cash flows

No discount rate is applied on above mentioned statutory receivables to estimate future cash flow

###### Credit quality of consumer debtors

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>13. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Cash on hand	-	20 000
Bank balances	17 734 851	7 850 788
Short-term deposits	19 145 280	53 725 943
	<b>36 880 131</b>	<b>61 596 731</b>

Cash and cash equivalents held by the municipality that are not available for use by the municipality	107 700	107 700
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The municipality has a facility for R 1 000 000 with Standard Bank

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2022	30 June 2021	30 June 2020	30 June 2022	30 June 2021	30 June 2020
Standard Bank- Current Account- 41980182	11 140 035	5 059 333	2 352 823	11 130 390	5 123 737	2 352 823
Call MIG Standard Bank- Account Number 228810957004	12 250 721	23 884 598	26 590 239	12 250 721	23 884 598	26 590 239
Call MKLM Standard Bank- 22881095	982 553	8 928 988	157 604	982 553	8 928 988	157 604
WSIG Account MKLM MUNIC INFRA- Account number - 228810957	5 317 732	18 504 336	17 635 167	5 317 732	18 504 336	17 635 167
ABSA Rustenburg Branch - AccountNumber - 4050414471	1 047 601	104 270	651 498	1 047 609	104 281	651 498
ABSA Fixed Deposit- 12 months Eskom-Account Number - 2062250801	406 398	384 187	357 015	424 010	404 461	380 844
Standard BANK Barongwa- Account Number - 41980255	629 038	641 081	648 200	629 038	641 081	648 199
Traffic- Account Number - 41980247	4 927 813	1 981 689	363 048	4 927 813	1 981 689	363 048
Standard Bank - Fleet- Account Number-228810957001	170 265	2 003 562	-	170 265	2 003 562	-
<b>Total</b>	<b>36 872 156</b>	<b>61 492 042</b>	<b>48 755 594</b>	<b>36 880 131</b>	<b>61 576 731</b>	<b>48 779 422</b>

### 14. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts	2022	2021
Municipal Infrastructure Grant	8 438 909	25 369 253
Library Grant	1 440 274	1 014 325
Water and Sanitation Grant	2 403 400	1 205 753
EPWP Grant	8 826	57 833
Financial Management Grant	898	-
PMU Grant	607 724	84 797
	<b>12 900 031</b>	<b>27 731 961</b>

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>14. Unspent conditional grants and receipts (continued)</b>		
<b>Movement during the year</b>		
Balance at the beginning of the year	27 731 961	42 631 424
Additions during the year	206 608 318	206 426 815
Savings	-	(216 336)
Income recognition during the year	(208 882 415)	(220 869 840)
Rollover denied	(12 757 833)	(240 102)
	<b>12 900 031</b>	<b>27 731 961</b>
<b>15. Other financial liabilities</b>		
<b>At amortised cost</b>		
INCA annuity loan	5 937 790	7 844 424
ABSA annuity loan	696 687	2 695 280
DBSA	7 994 550	12 159 189
	<b>14 629 027</b>	<b>22 698 893</b>
<b>Total other financial liabilities</b>	<b>14 629 027</b>	<b>22 698 893</b>
<b>DBSA Streetlighting and roads and stormwater</b>		
Type of loan	Annuity loan	
Original amount	R15 767 612	
Period of loan	20 years	
Date loan received	June 2004	
Redemption date	June 2024	
Interest rate	Fixed 11.44%	
Purpose of loan	Roads and Streetlights	
Terms and conditions	Payable half yearly December and June	
<b>DBSA Water</b>		
Type of loan	Annuity loan	
Original amount	R27 123 463	
Period of loan	15 years	
Date loan received	December 2008	
Redemption date	December 2023	
Interest rate	Fixed 8.80%	
Purpose of loan	Water Projects	
Terms and conditions	Payable half yearly December and June	
<b>INCA Civic Ext 2</b>		
Type of loan	Annuity loan	
Original amount	R10 000 000	
Period of loan	20 years	
Loan raised	January 2008	
Redemption date	December 2027	
Interest rate	9.48%	
Purpose of loan	Extention Civic Centre	
Terms and conditions	Payable half yearly December and June	

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>15. Other financial liabilities (continued)</b>		
<b><u>INCA Paypoint</u></b>		
Type of loan	Annuity loan	
Original amount	R3 000 000	
Period of loan	15 years	
Loan raised	March 2009	
Redemption date	March 2024	
Interest rate	8.36%	
Purpose of loan	Community Halls	
Terms and conditions	Payable half yearly March and September	
<b><u>Mayoral House bond</u></b>		
Type of loan	Mortgage Bond	
Original amount	R1 520 000	
Period of loan	20 years	
Date loan received	June 2007	
Redemption date	June 2027	
Interest rate	variable	
Purpose of loan	Mayoral house	
Terms and conditions	Debit order monthly	
<b>Non-current liabilities</b>		
At amortised cost	<u>8 844 377</u>	<u>14 635 612</u>
<b>Current liabilities</b>		
At amortised cost	<u>5 784 650</u>	<u>8 063 281</u>

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand			2022	2021	
<b>16. Provisions</b>					
<b>Reconciliation of provisions - 2022</b>					
	Opening Balance	Payments during the year	Interest Charged	Change in landfill closure provision	Total
Environmental rehabilitation	21 989 821	-	1 940 272	(3 650 307)	20 279 786
Workmen's compensation	1 840 995	(1 840 995)	-	-	-
	<b>23 830 816</b>	<b>(1 840 995)</b>	<b>1 940 272</b>	<b>(3 650 307)</b>	<b>20 279 786</b>
<b>Reconciliation of provisions - 2021</b>					
	Opening Balance	Utilised during the year	Change in discount factor	Reduction due to re-measurement or settlement without cost to entity	Total
Environmental rehabilitation	16 302 154	-	4 479 563	1 208 104	21 989 821
Workmen's compensation	1 590 515	(1 590 515)	1 840 995	-	1 840 995
	<b>17 892 669</b>	<b>(1 590 515)</b>	<b>6 320 558</b>	<b>1 208 104</b>	<b>23 830 816</b>
Non-current liabilities				20 279 786	21 989 821
Current liabilities				-	1 840 995
				<b>20 279 786</b>	<b>23 830 816</b>

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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#### 16. Provisions (continued)

##### Environmental rehabilitation provision

In terms of the licensing of the landfill refuse sites, the municipality will incur rehabilitation costs to restore the site at the end of its useful life. Provision has been made for the net present value of the restoration costs.

##### Financial assumptions used

###### Unit Costs

Unit costs for each of the cost elements are obtained annually by means of a commercial quotation. Details of this are provided separately.

###### CPI

The CPI is used for determining the future value of current costs in the year when the cost is projected to be incurred. The CPI figure used in the GLCCM is based on the three-month average CPI for the quarter that includes the financial year-end date. The average of the CPI for the last quarter amounted to 6.6085%.

###### Discount Rate

GRAP 19 states that where the effect of the time value of money is material, the amount of the provision shall be the present value of the expenditures expected to be required to settle the obligation. In view of the long operational life of landfills, the time value of money is considered material. GRAP 19 prescribes that the discount rate shall be the pre-tax rate that reflects current market assessments of the time value of money, and the risks specific to the liability. Normally corporate bond rates are used to determine the discount rate. In line with GRAP 25 Defined benefit plans, government bond rates may also be used to determine the discount rate. The liability for this purpose is in most cases determined for a government entity (municipality). Therefore, government bond rates are considered a more appropriate indicator of the risk associated with the entity than corporate bond rates to determine the discount rate. The government bond rate most consistent with the estimated term of the liability should be used. As inflation-linked RSA retail bond rates have longer terms than fixed RSA retail bond rates, inflation-linked rates are used.

The rate most consistent with the remaining life of the landfills published at the end of the quarter that includes the financial year-end date was used.

- For landfills with an expected remaining life of three years or less, the rate associated with a maximum period of 3 years is used.
- For landfills with an expected remaining life of four or five years, the rate associated with a maximum period of 5 years is used.
- For landfills with an expected remaining life of more than five years, the rate associated with a maximum period of 10 years is used.

###### Assumption

CPI	6.6085%
Discount rate	10.6085%
Net effective discount rate	4.0000%

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>17. Payables from exchange transactions</b>		
Trade payables	69 603 631	75 156 287
Payments received in advance	71 305 572	69 957 728
Other payables	2 554 547	8 256 714
Accrued leave pay	42 168 361	40 021 752
Retentions	32 468 874	29 064 941
Unallocated receipts	8 046 160	6 794 905
Accrued bonus	7 188 242	5 072 772
	<b>233 333 387</b>	<b>234 325 099</b>
<b>18. Revenue</b>		
Service charges	215 993 501	174 236 298
Commissions received	-	90 897
Rental income	234 048	73 828
Other income	4 041 139	1 221 009
Interest from exchange transactions	60 539 708	47 893 075
Property rates	130 570 391	144 972 077
Interest from non exchange transactions	30 080 195	23 853 363
Government grants & subsidies	685 483 247	763 503 942
Public contributions and donations	983 124	-
Fines, Penalties and Forfeits	1 308 200	1 209 250
	<b>1 129 213 551</b>	<b>1 157 053 937</b>
<b>The amount included in revenue arising from exchanges of goods or services are as follows:</b>		
Service charges	215 993 501	174 236 298
Commissions received	-	90 897
Rental income	234 048	73 828
Other income - (rollup)	4 041 139	1 221 009
Interest received - investment	60 539 708	47 893 075
	<b>280 808 394</b>	<b>223 515 305</b>
<b>The amount included in revenue arising from non-exchange transactions is as follows:</b>		
<b>Taxation revenue</b>		
Property rates	130 570 391	144 972 077
<b>Transfer revenue</b>		
Government grants & subsidies	685 483 247	763 503 942
Interest - non exchange transactions	30 080 195	23 853 363
Public contributions and donations	983 124	-
Fines, Penalties and Forfeits	1 308 200	1 209 250
	<b>848 405 157</b>	<b>933 538 632</b>
<b>19. Service charges</b>		
Sale of water	199 358 562	160 492 822
Sewerage and sanitation charges	5 259 293	2 920 634
Refuse removal	11 375 646	10 822 842
	<b>215 993 501</b>	<b>174 236 298</b>

The amounts disclosed above for revenue from service charges are in respect of services rendered which are billed to the consumers on a monthly basis according to the approved tariffs.

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>20. Lease rentals on operating lease</b>		
<b>Equipment</b>		
Contractual amounts	1 826 087	760 870
<b>21. Interest from non-exchange receivables</b>		
Outstanding debtors	26 873 644	21 686 192
Interest - Investments	3 186 551	2 167 171
	<b>30 060 195</b>	<b>23 853 363</b>
<b>22. Other income</b>		
Clearance certificates	57 907	92 829
Drainage fees	366	78
Sale of tender documents	639 080	610 045
Valuation services	3 058	2 229
Cemetry	19 909	17 333
Town planning	71 912	117 684
Recoveries	27 607	30 551
Photocopies and faxes	28 808	12 861
Water connections	25 463	79 226
LG Seta refund	427 100	258 193
Insurance claims received	310 394	-
Licence fees	2 429 535	-
	<b>4 041 139</b>	<b>1 221 009</b>
The amounts disclosed above for Other Income are in respect of services rendered which are billed to or paid for by the users of the services as required according to approved tariffs.		
<b>23. Interest Income - Exchange items</b>		
<b>Interest revenue</b>		
Bank	2 478 898	2 009 241
Interest charged on trade and other receivables	58 060 810	45 883 834
	<b>60 539 708</b>	<b>47 893 075</b>

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>24. Property rates</b>		
<b>Rates received</b>		
Commercial	45 509 253	46 778 948
State	77 620 385	92 884 579
Residential	1 220 694	3 944 120
Mining	6 284 933	3 706 052
Industrial	4 474	6 225
Less: Income forgone	(69 348)	(2 347 847)
	<u>130 570 391</u>	<u>144 972 077</u>

Assessment rates are levied on the total value of property of which the valuation must be performed every four years in terms of the Municipal Property Rates Act. Interim valuations are processed on a monthly basis to take into account changes in individual property value due to alterations, completions, consolidations and subdivisions.

Rates are levied monthly on property owners and are payable at the end of each month. Owners are allowed to pay the 12 monthly instalments annually by 30 September each year. Interest is levied on outstanding rates amounts.

The new general valuation was implemented on 01 July 2021.

#### Valuations

Residential	1 670 405 073	1 832 131 436
Commercial	1 381 454 407	1 330 567 500
Industrial	146 984 720	157 639 000
State	1 708 904 034	1 512 309 448
Church and parks	17 490 000	16 255 000
Mining	72 885 000	25 031 000
Public Benefit Organizations	419 800	419 800
Agriculture	1 456 812 162	1 828 996 902
Municipal (non taxable valuations)	125 285 700	531 051 300
Public Service infrastructure	17 540 000	30 683 300
Vacant Land	66 856 000	53 128 000
	<u>6 665 036 896</u>	<u>7 318 212 686</u>

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand

#### 25. Government grants and subsidies

##### Operating grants

Equitable share	476 800 833	542 834 102
Expanded Public Works Grant	1 699 174	1 905 032
Project Management Unit Grant	4 504 202	3 093 970
Financial Management Grant	1 849 102	1 700 000
Library grant	440 051	568 172
	<u>485 293 362</u>	<u>549 901 276</u>

##### Capital grants

Municipal Infrastructure Grant	146 774 213	129 609 842
Water Services Infrastructure Grant	43 802 353	71 709 009
Provincial Infrastructure Grant	9 613 319	12 283 815
	<u>200 189 885</u>	<u>213 602 666</u>
	<u>685 483 247</u>	<u>763 503 942</u>

##### Municipal Infrastructure Grant

Balance unspent at beginning of year	25 369 253	26 332 861
Current-year receipts	142 543 870	128 646 233
Conditions met - transferred to revenue	(146 774 214)	(129 609 841)
Roll over denied	(12 700 000)	-
	<u>8 438 909</u>	<u>25 369 253</u>

The grant was utilised to construct roads, streetlighting, water and sewerage infrastructure. Conditions still to be met - remain liabilities (see note 14).

##### Library Grant

Balance unspent at beginning of year	1 014 325	816 497
Current-year receipts	866 000	766 000
Conditions met - transferred to revenue	(440 051)	(568 172)
	<u>1 440 274</u>	<u>1 014 325</u>

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

##### Expanded Public Works Grant

Balance unspent at beginning of year	57 833	135 866
Current-year receipts	1 708 000	1 827 000
Conditions met - transferred to revenue	(1 699 174)	(1 905 033)
Other	(57 833)	-
	<u>8 826</u>	<u>57 833</u>

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

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand

2022

2021

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

##### Financial Management Grant

Current-year receipts	1 850 000	1 700 000
Conditions met - transferred to revenue	(1 849 102)	(1 700 000)
	<u>898</u>	<u>-</u>

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

##### Provincial Infrastructure Grant (PIG)

Current-year receipts	9 613 319	12 283 815
Conditions met - transferred to revenue	(9 613 319)	(12 283 815)
	<u>-</u>	<u>-</u>

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

##### MIG (PMU) Grant

Balance unspent at beginning of year	84 797	240 102
Current-year receipts	5 027 130	3 178 767
Conditions met - transferred to revenue	(4 504 203)	(3 093 970)
Roll over denied	-	(240 102)
	<u>607 724</u>	<u>84 797</u>

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

##### Small business enterprise grant

Balance unspent at beginning of year	-	216 336
Other	-	(216 336)
	<u>-</u>	<u>-</u>

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

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>26. Employee related costs</b>		
Basic	180 784 148	164 274 191
Bonus	14 547 311	11 947 104
Medical aid - company contributions	13 948 078	12 765 761
UIF	1 214 680	990 281
SDL	2 188 670	2 058 284
Leave pay provision charge	2 385 138	9 220 122
Bargaining council	73 015	67 303
Travel, motor car, accommodation, subsistence and other allowances	1 398 593	1 578 593
Overtime payments	13 467 630	10 880 781
Long-service awards	3 341 276	3 025 701
Acting allowances	801 955	502 452
Housing benefits and allowances	552 820	537 101
Standby allowances	2 832 513	2 396 359
Pension fund company contributions	31 210 028	29 876 499
Shift allowance	297 194	269 017
Covid 19 allowance	-	5 837 913
	<b>269 043 049</b>	<b>256 227 462</b>
<b>Remuneration of Municipal Manager - Mr MV Letsoalo</b>		
Annual Remuneration	1 248 674	1 201 840
Car Allowance	222 593	222 593
Bonus	104 056	100 153
Contributions to UIF, Medical and Pension Funds	282 180	274 951
	<b>1 857 503</b>	<b>1 799 537</b>
<b>Remuneration of the Chief Finance Officer - Mr M Mkhize</b>		
Annual Remuneration	1 121 450	1 074 866
Car Allowance	216 000	216 000
Performance Bonuses	93 156	89 572
Contributions to UIF, Medical and Pension Funds	253 226	245 099
	<b>1 683 832</b>	<b>1 625 537</b>
<b>Remuneration of HOD Community Services - Mr SS Kotsedi</b>		
Annual Remuneration	1 189 734	1 140 408
Car Allowance	240 000	240 000
Performance Bonuses	60 000	60 000
Contributions to UIF, Medical and Pension Funds	2 249	1 932
	<b>1 491 983</b>	<b>1 442 340</b>
<b>Remuneration of HOD Technical Services - Mr BS Maseloane</b>		
Annual Remuneration	1 430 544	805 238
Car Allowance	60 000	35 000
Contributions to UIF, Medical and Pension Funds	2 249	1 139
	<b>1 492 793</b>	<b>841 377</b>
<b>Remuneration of HOD Planning and Development - Mr MS Makgoba</b>		
Annual Remuneration	353 261	1 017 294
Car Allowance	60 000	180 000
Performance Bonuses	60 000	60 000

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>26. Employee related costs (continued)</b>		
Contributions to UIF, Medical and Pension Funds	62 425	185 016
	<b>535 686</b>	<b>1 442 310</b>
<b>Remuneration of HOD: Economic development - Ms GR Madikela</b>		
Annual Remuneration	1 227 149	1 170 408
Car Allowance	240 000	240 000
Performance Bonuses	30 000	30 000
Contributions to UIF, Medical and Pension Funds	2 249	1 903
	<b>1 499 398</b>	<b>1 442 311</b>
<b>Remuneration of Acting HOD: Corporate Services - Ms SB Moselane</b>		
Acting Allowance	34 980	-
	<b>-</b>	<b>-</b>
<b>Remuneration of Acting HOD: Corporate Services - Mr FD Radiokana</b>		
Acting Allowance	100 278	-
	<b>-</b>	<b>-</b>
<b>Remuneration of Acting HOD: Corporate Services - Ms GR Madikela</b>		
Acting Allowance	23 381	-
	<b>-</b>	<b>-</b>
<b>Remuneration of Acting Municipal Manager: Mr SS Kotsedi</b>		
Acting Allowance	23 077	-
	<b>-</b>	<b>-</b>
<b>Remuneration of Acting Municipal Manager: Mr M Mkhize</b>		
Acting Allowance	7 846	-
	<b>-</b>	<b>-</b>
<b>Remuneration for the Acting Municipal Manager: Mr MS Makgoba</b>		
Acting Allowance	23 077	-
	<b>-</b>	<b>-</b>
<b>Remuneration for Acting HOD: Planning and Development - Mr AT Mogashoa</b>		
Acting Allowance	108 300	-
	<b>-</b>	<b>-</b>
<b>Remuneration for Acting HOD: Planning and Development: Mr BS Maseloane</b>		
Acting Allowance	28 381	-
	<b>-</b>	<b>-</b>
<b>Remuneration for Acting HOD: Planning and Development - Mr MV Mmope</b>		
Acting Allowance	52 757	-
	<b>-</b>	<b>-</b>

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>27. Remuneration of councillors</b>		
Mayor	785 604	811 640
Single Whip	484 921	431 018
Executive Committee	5 013 584	4 763 465
Speaker	565 072	303 379
Councillors	12 952 088	10 782 496
Councillors pension and medical aid contributions	3 211 585	3 078 974
Traveling allowance	2 513 661	4 995 216
Cell phone allowance	3 028 598	2 939 800
	<u>28 555 113</u>	<u>28 103 988</u>

#### In-kind benefits

The Mayor, Speaker, Single Whip and Mayoral Executive Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor is entitled to stay at the mayoral residence owned by the Municipality. The Executive Mayor has use of a Council owned vehicle for official duties.

The Council has complied with the provision of Section 7(3) of the Remuneration of Public Office Bearers Act, and in line with the government gazette number 45420, dated 2 November 2021. It should be noted that there was no increase of councillor allowances therefore gazette no 43246 dated 24 April 2020 is still applicable while still awaiting concurrence.

#### 28. Depreciation and amortisation

Property, plant and equipment	129 461 988	136 594 965
Intangible assets	2 303 507	2 469 328
	<u>131 765 495</u>	<u>139 064 291</u>

#### 29. Impairment of assets

##### Impairments

Property, plant and equipment	-	21 726
Non current assets held for sale	-	222 000
The impairment loss relates to cost to sell assets that were identified by the municipality in the current year as held for sale.		
	<u>-</u>	<u>243 726</u>

The main classes of assets affected by impairment losses are:

##### Transport assets held for sale

###### Value in use

The value in use for the high mast lights impaired is Nil as these assets are not in use..

###### Fair value less cost to sell

The fair value less cost to sell for the high mast lights is nil because there is no active market to sell the assets.

###### Value in use

The value in use for the high mast lights impaired is Nil as these assets are not in use.

###### Fair value less cost to sell

The fair value less cost to sell for the high mast lights is nil because there is no active market to sell the assets.

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>30. Finance costs</b>		
Non-current borrowings	2 095 248	3 033 419
Provision for landfill site	1 940 272	1 208 101
	<u>4 035 520</u>	<u>4 241 520</u>
<b>31. Debt impairment</b>		
Consumer Debtors	314 143 636	206 036 728
Traffic Fines	1 746 240	(1 629 711)
Bad Debts	5 288 164	616 668
Sundry Debtors	(153 316)	(328 205)
	<u>321 004 724</u>	<u>204 695 480</u>
<b>32. Bulk purchases</b>		
Water	113 426 383	104 944 858
<b>Water losses</b>		
Units purchased	15 483 347	15 509 412
Units sold	(14 543 701)	(12 909 207)
<b>Total loss</b>	<u>939 646</u>	<u>2 600 205</u>
Value of loss	1 495 505	19 265 861
Percentage Loss	6 %	17 %
<b>33. Contracted services</b>		
<b>Outsourced Services</b>		
Accounting fees	9 956 502	10 180 303
Vat consultants fees	7 368 543	6 606 538
Debt collection fees	8 557 808	8 720 357
Call Centre	4 911 652	7 367 478
Refuse Removal	23 814 045	22 885 593
<b>Contractors</b>		
Maintenance of Buildings and Facilities	624 686	3 124 400
Maintenance of motor vehicles	7 591 769	6 904 209
Maintenance of infrastructure	29 841 422	37 009 478
	<u>92 666 427</u>	<u>102 798 356</u>

Contracted services are expenditure relating to mandated services in terms of the Structures Act, a municipal by-law or the IDP where the municipality is expected to have the capacity and expertise to carry out these services, but is outsourcing these service.

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>34. General expenses</b>		
Audit fees	3 203 998	5 484 707
Assets management fees	-	3 208 874
Cleaning	1 538 826	1 008 053
Legal fees	1 590 503	2 066 550
Consumables	15 750	-
Fines and penalties	629 050	1 421 555
Insurance	3 562 667	2 778 279
IT expenses	9 857 233	3 971 449
Horticulture	52 456	55 575
Valuation fees	131 550	984 967
Fuel and oil	11 790 522	9 055 022
Local economic development	128 339	2 180 252
Financial system support	-	3 080 279
Security (Guarding of municipal property)	23 037 586	21 220 882
Workmen's compensation fund	1 659 235	2 091 475
Subscriptions and membership fees	3 054 075	2 935 234
Telephone and fax	10 083 228	11 292 347
Training	107 391	80 876
Travel - local	1 024 816	564 016
Water tankering	13 181 002	6 162 009
Rural sanitation	15 388 019	30 862 634
Electricity	20 890 164	23 523 702
Uniforms	1 363 180	2 276 455
Ward committee fees	9 131 644	5 049 228
Water quality and chemicals	2 077 520	1 938 188
Other expenses	9 423 336	5 279 708
	<b>146 844 770</b>	<b>153 651 722</b>
<b>35. Cash generated from operations</b>		
Surplus	6 207 997	151 321 846
<b>Adjustments for:</b>		
Depreciation and amortisation	131 765 495	139 064 291
Gain on sale of assets and liabilities	14 916 203	11 490 161
Donations	(983 124)	-
inventory write off	(11 981)	455 157
Loss on foreign exchange	280 041	-
Fair value adjustments	(1 346 276)	(945 500)
Finance costs	1 940 272	-
Impairment deficit	-	243 726
Debt impairment	321 004 723	204 695 480
Movements in employee benefits	3 341 275	3 025 701
Movements in provisions	-	1 208 104
Movement in accrued leave	2 385 138	9 220 122
Movement in accrued bonus	2 115 470	169 730
VIP toilets	15 388 019	30 862 633
<b>Changes in working capital:</b>		
Inventories	(2 423 082)	(2 213 667)
Receivables from exchange transactions	(17 710)	-
Consumer debtors	(340 454 549)	(288 045 139)
Other receivables from non-exchange transactions	(1 587 911)	721 365
Payables from exchange transactions	(4 516 927)	(35 659 502)
VAT	35 660 067	12 088 682
Unspent conditional grants and receipts	(14 831 930)	(14 683 127)
Provisions	(1 840 995)	(250 482)
Employee benefits	(2 121 275)	(1 862 701)
	<b>164 868 940</b>	<b>220 906 880</b>

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand

#### 36. Non current assets held for sale

Management took a decision to dispose vacant land and a fleet of transport assets.

##### Motor Vehicles and accessories

Carrying Value	913 040	913 040
Accumulated impairment loss	(222 000)	(222 000)
	<u>691 040</u>	<u>691 040</u>

##### Carrying Values

Carrying values of the assets	<u>691 040</u>	<u>691 040</u>
-------------------------------	----------------	----------------

##### Facts and circumstances of disposal

Management took a decision to dispose the transport assets as these assets had become expensive to maintain, the mileage of the assets was very high and the physical condition of the assets had deteriorated.

#### 37. Financial instruments disclosure

##### Categories of financial instruments

##### 2022

##### Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	4 044 456	4 044 456
Receivables from exchange transactions	160 970	160 970
Consumer debtors	124 789 211	124 789 211
Cash and cash equivalents	36 880 131	36 880 131
	<u>165 874 768</u>	<u>165 874 768</u>

##### Financial liabilities

	At amortised cost	Total
Other financial liabilities	(14 629 027)	(14 629 027)
Trade and other payables from exchange transactions	(104 488 778)	(104 488 778)
	<u>(119 117 805)</u>	<u>(119 117 805)</u>

##### 2021

##### Financial assets

	At amortised cost	Total
Other receivables from non-exchange transactions	4 534 882	4 534 882
Consumer debtors	129 471 547	129 471 547
Cash and cash equivalents	61 596 731	61 596 731
	<u>195 603 160</u>	<u>195 603 160</u>

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>37. Financial instruments disclosure (continued)</b>		
<b>Financial liabilities</b>		
	<b>At amortised cost</b>	<b>Total</b>
Other financial liabilities	(22 698 893)	(22 698 893)
Trade and other payables from exchange transactions	(112 477 943)	(112 477 943)
	<u>(135 176 836)</u>	<u>(135 176 836)</u>
<b>38. Commitments</b>		
<b>Authorised capital expenditure</b>		
<b>Already contracted for but not provided for</b>		
• Property, plant and equipment	155 058 958	110 283 047
	<u>155 058 958</u>	<u>110 283 047</u>
<b>Total capital commitments</b>		
Already contracted	155 058 958	110 283 047
	<u>155 058 958</u>	<u>110 283 047</u>
<b>Total commitments</b>		
<b>Total commitments</b>		
Authorised capital expenditure	155 058 958	110 283 047
	<u>155 058 958</u>	<u>110 283 047</u>
This committed expenditure relates to infrastructure projects and will be financed by grants from National and Provincial Treasury.		
<b>Operating leases - as lessee (expense)</b>		
<b>Minimum lease payments due</b>		
- within one year	2 100 000	2 100 000
- in second to fifth year inclusive	1 225 000	3 325 000
	<u>3 325 000</u>	<u>5 425 000</u>
Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of three years and rentals are fixed for an average of three years. No contingent rent is payable.		
<b>Rental expenses relating to operating leases</b>		
Minimum lease payments	1 826 087	760 870
	<u>1 826 087</u>	<u>760 870</u>

Operating leases relate to property, plant and equipment with lease terms not longer than 5 years with an option to extend for a further period. The operating lease contract contain market review clauses in the event that the municipality exercises its option to renew. The municipality does not have an option to purchase the leased asset at the expiry of the leased period.

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## Moses Kotane Local Municipality

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### Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>39. Contingencies</b>		
<b>Claims against the Municipality</b>		
Van Heerden Construction	1 078 782	1 078 782
Mogaki Civils	470 426	470 426
Mafoko Brothers	-	319 919
Enigma chartered Accountants	5 211 874	5 211 874
MTN	-	90 484
Department of Local Government and Human Settlements	-	32 591 311
Intelligence Trading	-	3 525 398
Mr. P.N. Makganya	34 764	-
Norman Montshiwa & 33 others V MKLM	12 000 000	12 000 000
Sandra Mafisa V MKLM	2 400 000	2 400 000
SAMWU obo TKL Matlapeng V MKLM	300 000	300 000
Tsholo Moloi V MKLM	754 481	754 481
Wageng Mokgosi and 17 others (HOU's) V MKLM	10 000 000	10 000 000
Employees affected by the review of 2020 structure	5 000 000	5 000 000
	<b>37 250 327</b>	<b>73 742 675</b>

#### **Norman Montshiwa & 33 others V MKLM**

Claim for payment in respect of leave encashment, the matter is pending before Labour Court. The claim against the municipality is estimated to be above R12 million however, there are no prospects of success.

#### **Sandra Mafisa V MKLM**

Claim of unfair dismissal, the employee seek reinstatement. The matter is pending before the Labour Court. There is no prospects of success. The employee concerned has reached retirement age. The financial exposure is estimated at R2,4 million

#### **SAMWU obo TKL Matlapeng V MKLM**

Claim for unfair Labour Practice. The matter is pending before the Labour Court. Employee does not have prospects of success, however the municipality is exposed to a financial claim in excess of R300 000.

#### **Tsholo Moloi V MKLM**

Claim for unfair dismissal. The matter is before the Labour Appeal Court. The claim could be estimated as per her salary from the period of dismissal. However there are no prospects of success

#### **Wageng Mokgosi and 17 others (HOU's) V MKLM**

Claim is of non payment of the 13th cheque and other benefits. The matter is at the final stage of the grievance resolution process. The financial exposure for the municipality if successful is extensive and may well be in excess of R10 million.

#### **Employees affected by the review of 2020 structure**

Claim emanating the review of organisational structure resulting in the split of positions. The claim is legitimate and may expose the municipality to financial claim in excess of R5 million.

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## Moses Kotane Local Municipality

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### Notes to the Annual Financial Statements

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#### 39. Contingencies (continued)

##### Van Heerden Construction

Van Heerden Construction is a sub-contractor of Lefika La Thaba, a contractor that was appointed by the Municipality. Van Heerden is claiming R 1 078 782. Van Heerden obtained a Court order and Writ of execution against Lefika La Thaba, Dr. Mokgothu, the owner of Lefika La Thaba as well as the Municipality.

It was established that the Municipality has an amount of R 833 000 left on the project. The amount was paid over to the trust account of Sakkie Smith Attorneys for safekeeping pending finalisation of the matter. The case is handled by Sakkie Smith Attorneys in Mogwase and is still in progress.

##### Mr. P.N. Makganya

Claim by Mr. Makganya for damages sustained due to alleged accident with municipal employee, Mr. Z. Mooketsi, to the amount of R 34 763.73. Sheriff with execution order at Moses Kotane municipal offices – attached assets but not removed.

Case defended on basis that last correspondence was received in 2018 and no notices were since delivered to the execution debtors, MKLM and Mooketsi. The case is handled by Sakkie Smith Attorneys in Rustenburg. In the current year the possibility of outflow of resources has been considered to be remote because there was no movement on the case for the last 3 years.

##### Mogaki Civils

Flowing from the Van Heerden case above, a further claim was received from Mogaki Civils for an amount of R 470 426.30. This is a legitimate claim since the Municipality entered into a cession agreement to this amount with Lefika La Thaba and Mogaki Civils. They were informed of the situation and have not taken any action. Municipality has filed all necessary papers but no correspondence in last two years. Van Heerden (Dominus Litis) needs to make the next move. The Municipality will incur costs after the exact amounts due to the following parties had been established. Still in progress. The case is handled by Sakkie Smith Attorneys in Mogwase.

##### Enigma Chartered Accountants

Claim by Enigma for R 5 211 872.84. The Municipality appointed Enigma to investigate and claim back VAT paid. Enigma would then be entitled to 20% commission on recovered amount. Notice of Motion received in October 2019. Proposal for settlement is under review. Case has some probability of succeeding. The case is being handled by Setshedi, Makgale and Matlapeng Attorneys in Rustenburg.

##### Department of Local Government and Human Settlements

In the past the municipality received funds from the Department of Local Government and Human Settlements to be utilised for the Housing Subsidy System. Of the funds received the department has concluded that there is an unspent portion of R 32 591 311 by the municipality. The municipality is challenging this claim.

##### MTN

MTN claims an amount of R 90 484.06 for unpaid services. They allege that there was a contract which the Municipality has breached. More information has been requested. No legal action taken yet.

##### Mafoko Brothers

Received letter of demand, related Tender 004/MKLM/2015/2016. The letter of demand states a claim amount, as at 12 November 2018, for R 319 919.34. Municipality defended on basis that claim is for unauthorised work done and that the consultant should be held responsible for payment. Consultant was however liquidated. Mafoko Brothers instituted legal action and obtained cost order against municipality. LM Pretorius Attorneys is defending the case.

##### Intelligence Trading

Claim by Intelligence Trading for R 3 525 398.31 for outstanding monies on Tender 020/MKLM/2015/2016. Letter of demand received from DupWest Inc on 19 August 2020. No legal action taken yet.

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## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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#### 40. Related parties

##### Relationships

The services rendered to related parties are charged at approved tariffs that were advertised to the public. The amounts outstanding are unsecured and will be settled in cash .

##### Remuneration of management

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand

#### 40. Related parties (continued)

##### Remuneration of Head of Departments

2022

Name	Basic salary	Acting allowance	Travel allowance	UIF	Medical Aid	Pension	Bargaining Council	Bonus	Total
Municipal Manager (Mr MV Letsoalo)	1 248 674	-	222 593	2 125	57 277	222 654	124	104 056	1 857 503
Acting Municipal Manager (Mr SS Kotsedi)	-	23 077	-	-	-	-	-	-	23 077
Acting Municipal Manager (Mr M Mkhize)	-	7 846	-	-	-	-	-	-	7 846
Acting Municipal Manager (Mr MS Makgoba)	-	23 077	-	-	-	-	-	-	23 077
CFO (MR Mkhize)	1 121 450	-	216 000	2 125	51 696	199 281	124	93 156	1 683 832
Community Services Director (Mr SS Kotsedi)	1 189 734	-	240 000	2 125	-	-	124	-	1 431 983
Technical Services Director (Mr BS Maseloane)	1 430 544	-	60 000	2 125	-	-	124	-	1 492 793
Planning and Development (Mr MS Makgoba)	353 281	-	60 000	708	-	61 675	41	60 000	535 685
Acting Planning and Development (Mr AT Mogashoa)	-	108 300	-	-	-	-	-	-	108 300
Acting Planning and Development (Mr BS Maseloane)	-	28 381	-	-	-	-	-	-	28 381
Acting Planning and Development (Mr MV Mmope)	-	52 757	-	-	-	-	-	-	52 757
Economic Development (Ms GR Madikela)	1 227 149	-	240 000	2 125	-	-	124	30 000	1 499 398
Acting Corporate Services (Ms GR Madikela)	-	28 381	-	-	-	-	-	-	28 381
Acting Corporate services ( Mr FD Radiokana)	-	100 278	-	-	-	-	-	-	100 278
Corporate Services (Mr MS Moselane)	-	34 980	-	-	-	-	-	-	34 980
	<b>6 570 812</b>	<b>407 077</b>	<b>1 038 593</b>	<b>11 333</b>	<b>108 973</b>	<b>483 610</b>	<b>661</b>	<b>287 212</b>	<b>8 908 271</b>

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## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand

#### 40. Related parties (continued)

2021

Name	Basic salary	Acting allowance	Travel allowance	UIF	Medical Aid	Pension	Bargaining Council	Total
Municipal Manager (Mr MV Letsoalo)	1 301 994	-	222 593	1 785	56 716	216 331	119	1 799 538
Acting Municipal Manager (Mr SS Kotsedi)	-	44 712	-	-	-	-	-	44 712
CFO (MR Mkhize)	1 164 438	-	216 000	1 785	193 476	49 720	119	1 625 538
Community Services Director (Mr SS Kotsedi)	1 200 408	-	240 000	1 813	-	-	119	1 442 340
Technical Services (Mr BS Maseloane)	805 238	110 473	35 000	1 069	-	-	69	951 849
Acting Director: Technical Services (Mr PPS Ntokwe)	-	14 977	-	-	-	-	-	14 977
Planning and Development (Mr MS Makgoba)	1 077 294	-	180 000	1 785	-	183 113	119	1 442 311
Economic Development (Ms GR Madikela)	1 200 408	-	240 000	1 785	-	-	119	1 442 312
Acting Director: Corporate Services (Mr MS Makgoba)	-	104 567	-	-	-	-	-	104 567
Acting Director: Corporate Services (Ms GR Madikela)	-	44 712	-	-	-	-	-	44 712
	<b>6 749 780</b>	<b>319 441</b>	<b>1 133 593</b>	<b>10 022</b>	<b>250 192</b>	<b>449 164</b>	<b>664</b>	<b>8 912 856</b>

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## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand

#### 40. Related parties (continued)

Management class: Councillors

2022

Name	Basic salary	Pension	Medical Aid	Travel Allowance	Phone Allowance	Other benefits received	Total
Mayor	785 604	114 007	1 081	-	3 682	287 212	913 374
Speaker	565 072	84 761	7 200	63 689	42 009	-	762 731
Whip	484 921	66 065	18 592	55 173	39 609	287 212	664 359
Executive Committee	5 013 584	745 364	89 280	899 488	443 782	-	7 191 499
Councillors	12 952 088	1 770 063	306 174	1 495 313	2 499 512	287 212	19 023 150
	<b>19 801 269</b>	<b>2 780 260</b>	<b>422 327</b>	<b>2 513 663</b>	<b>3 028 594</b>	<b>861 636</b>	<b>28 555 113</b>

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## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand

#### 40. Related parties (continued)

2021

Name	Basic salary	Pension	Medical Aid	Travel Allowance	Phone Allowance	Total
Mayor	811 640	116 589	-	-	3 000	931 229
Speaker	303 379	45 507	10 080	119 180	5 800	483 945
Whip	431 018	67 137	17 280	154 953	22 200	714 787
Executive Committee	4 763 465	676 802	108 334	1 390 029	222 000	7 382 430
Councillors	10 782 496	1 528 702	506 743	3 331 055	1 221 000	18 590 997
	<b>17 091 998</b>	<b>2 434 537</b>	<b>642 437</b>	<b>4 995 217</b>	<b>1 474 600</b>	<b>28 103 988</b>

#### 41. Change in accounting estimate

##### Property, plant and equipment

The remaining useful life (RUL) is an estimation of the amount of years that the asset will be able to safely perform its intended function. During the 2021/2022 financial year physical verification of assets occurred and part of the procedures regarding physical verification is the condition assessment of assets. The condition of an asset has a direct impact on the remaining useful life of an asset. The impact of the condition assessment performed resulted in decrease in depreciation by R1 112 507.

# Chapter 6

## Moses Kotane Local Municipality

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### Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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#### 42. Prior period errors and reclassifications

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

##### Expenditure Reclassification

In the current year we noted that repairs and maintenance was overstated due to classification error. Correction of the error resulted in decrease in repairs and maintenance by R 53 468 293, increase in contracted services by R 47 038 087 and an increase in general expenses by R 6 430 206. This error did not affect the Statement of Financial Position

##### Interest from bank Reclassification

A classification error interest received from the bank was identified during the year. Interest income from cash received from grants incorrectly included Interest from exchange transactions instead of being classified as interest from non exchange transactions. The error has the following effect in the Statement of Financial Performance: Understatement of Interest from non exchange by R 2 167 171 and overstatement of Interest from exchange transactions by the same amount. The error does not affect the Statement of Financial Position

##### Employee grievances

In the current year it was noted that the municipality lost a court case during the 2021 financial year. This was not accounted for in prior year financial statements and as a result payables were understated by R5 244 918 and the accumulated surplus was overstated by the same amount.

##### Sundry debtors reclassification

In the prior year, sundry debtors were incorrectly classified as receivables from non exchange instead of receivables from exchange transactions. The reclassification error was corrected in the current financial year

##### Interest income receivable

During the current financial year, it was discovered that interest receivable from standard bank was not raised and accounted for. The omission resulted in understatement of interest received from exchange transactions and accumulated surplus by R4 986. The receivables from exchange transactions was also understated by the same amount.

##### Property, Plant and Equipment

###### Error 1

During the current year it was discovered that Informal Trader Stalls were incorrectly classified as Property, Plant and Equipment instead of being classified as Investment Property because they were built with the intention of renting them out. As a result PPE was overstated with cost R 13 346 856.03 and accumulated depreciation of R 222 797

###### Error 2

During physical verification it was discovered that highmast lights were erroneously omitted in the asset register resulting in understatement of cost R 11 157 076 and accumulated depreciation R 5 370 736.96, understatement of community assets cost R 397 726 and accumulated depreciation of R41 750.

###### Error3

During physical verification it was identified that ICT Towers were incorrectly componentized resulting in understated accumulated depreciation of R 1 826 325.

###### Error4

During physical verification a reclassification was made from community assets to buildings, cost R 378 466 and accumulated depreciation of R 75 693.

##### VAT Receivable

During the year it was identified that VAT input of R30 940 relating to May 2021 was not claimed during 2021 financial year resulting in overstatement of general expenses, understatement of VAT input (understatement of VAT Receivables) and understatement of Accumulated surplus by that amount.

#### Statement of financial position

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## Moses Kotane Local Municipality

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### Notes to the Annual Financial Statements

Figures in Rand	2022	2021			
<b>42. Prior period errors and reclassifications (continued)</b>					
<b>2021</b>					
	<b>Note</b>	<b>As previously reported</b>	<b>Correction of error</b>	<b>Restated</b>	
Payables from exchange transactions		(259 609 057)	(5 244 917)	(264 853 974)	
Investment Property		151 028 113	(8 814 339)	142 213 774	
Property Plant and Equipment		2 920 294 197	7 388 186	2 927 682 383	
Accumulated Surplus		(2 860 394 456)	6 671 070	(2 853 723 386)	
		<u>(48 681 203)</u>	<u>-</u>	<u>(48 681 203)</u>	
<b>2022</b>					
	<b>Note</b>	<b>As previously reported</b>	<b>Correction of error</b>	<b>Re-classification</b>	<b>Restated</b>
Investment Property		151 431 312	(2 093 095)	-	149 338 217
Property, Plant and Equipment		2 942 789 268	(5 506 137)	-	2 937 283 131
Receivables from non exchange transactions		2 368 195	-	(3 120)	2 365 075
Receivables from exchange transactions		-	4 987	3 120	8 107
Vat Receivables		23 512 251	30 940	-	23 543 191
Payables from exchange transactions		(229 080 183)	(5 244 917)	-	(234 325 100)
Accumulated Surplus		(3 017 853 454)	12 808 222	-	(3 005 045 232)
		<u>(126 832 611)</u>	<u>-</u>	<u>-</u>	<u>(126 832 611)</u>

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## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand	2022	2021			
<b>42. Prior period errors and reclassifications (continued)</b>					
<b>Statement of financial performance</b>					
<b>2022</b>					
	<b>Note</b>	<b>As previously reported</b>	<b>Correction of error</b>	<b>Re-classification</b>	<b>Restated</b>
Interest received		50 055 259	-	(2 167 171)	47 888 088
Interest from non-exchange transactions		-	-	2 167 171	2 167 171
Depreciation and amortisation		(139 516 825)	452 534	-	(139 064 291)
Repairs and maintenance		(53 468 293)	-	53 468 293	-
Contracted services		(55 760 269)	-	(47 038 087)	(102 798 356)
General expenses		(147 252 456)	-	(6 430 206)	(153 682 662)
Loss on disposal of assets and liabilities		(4 864 548)	(6 625 613)	-	(11 490 161)
<b>Surplus for the year</b>		<b>(350 807 132)</b>	<b>(6 173 079)</b>	<b>-</b>	<b>(356 980 211)</b>

#### Prior period errors on disclosure notes

The following prior period errors adjustments occurred:

#### Contingencies liability - Employee grievances

During the current year it was noted that employee grievances were omitted from contingencies disclosures. Hence the contingent disclosures were incomplete. The employee grievances have been included in the current year contingencies disclosures and the comparatives have been restated

#### Irregular expenditure

Opening balance	1 360 046 938	-
Adjustments made	30 321 273	-
<b>Restated opening balance</b>	<b>1 390 368 211</b>	<b>-</b>

Adjustment made to opening balance of irregular expenditure is due to omissions made on the irregular expenditure register of R 30 321 273

#### Unauthorised Expenditure

Opening balance	232 530 644	-
Adjustments made	1 925 560	-
<b>Restated opening balance</b>	<b>234 456 204</b>	<b>-</b>

#### Fruitless and wasteful expenditure

Opening balance	114 765 868	-
Adjustments made	14 826 205	-
<b>Restated opening balance</b>	<b>129 592 073</b>	<b>-</b>

Adjustment made to opening balance of fruitless and wasteful expenditure is due to errors and omissions made on the fruitless and wasteful register in the prior year. Correction of these errors resulted in increase in fruitless and wasteful expenditure by R 14 826 205.

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## Moses Kotane Local Municipality

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### Notes to the Annual Financial Statements

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#### 43. Risk management

##### Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

##### Liquidity risk

Liquidity risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation.

Liabilities are managed by ensuring that all contractual payments met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities. The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 30 June 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Loans and borrowings	8 063 281	5 826 331	3 019 841	-	16 909 453
Trade and other payables	104 488 778	-	-	-	104 488 778
	<u>112 552 059</u>	<u>5 826 331</u>	<u>3 019 841</u>	<u>-</u>	<u>121 398 231</u>
At 30 June 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Loans and borrowings	8 063 281	10 564 146	4 031 761	-	22 659 188
Trade and other payables	112 477 943	-	-	-	112 477 943
	<u>120 541 224</u>	<u>10 564 146</u>	<u>4 031 761</u>	<u>-</u>	<u>135 137 131</u>

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## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

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	2022	2021
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#### 43. Risk management (continued)

##### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. 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 evaluated credit risk relating to 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 customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2022	2021
Receivable from non exchange	4 373 433	4 531 761
Cash and Cash equivalent	36 880 131	61 506 731
Consumer Debtors	126 644 718	129 471 541
Receivables from exchange	178 369	8 101

##### Market risk

###### Interest rate risk

Interest rate risk is defined as that fair value of future cashflows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

###### Price risk

The effect of any price risk in the foreseeable future is regarded as minimal given the fact that amounts receivable from the municipality's customers are levied in terms of the relevant statutes. It is not anticipated that given the nature of the municipality's business that changes in market prices will have a material impact on the trading results of the municipality.

There has been no change, since the previous financial year, to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

Post-tax surplus for the year would increase/decrease as a result of gains or losses on equity securities classified as at fair value through surplus or deficit. Other components of equity would increase/decrease as a result of gains or losses on equity securities classified as available-for-sale.

#### 44. Going concern

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

The municipality is experiencing cashflow challenges as a result of low debtors collection rate which has an impact on the municipality's ability to pay creditors timeously. This results in material uncertainty for the municipality to continue as going concern as it has to rely on grants from national government in order to meet the working capital, however ability of the municipality to continue as a going concern is dependent on a number of factors not just the financial factors. The municipality is a service delivery vehicle of government and there has not been any indication from National Government to discontinue the operation of the municipality and the medium term revenue and expenditure framework has made allocations to the municipality. The most significant of these is that the accounting officer will continue to procure funding for the ongoing operations of the municipality.

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand

	2022	2021
<b>45. Unauthorised expenditure</b>		
Opening balance as previously reported	232 530 644	511 956 738
Correction of prior period error	1 925 560	-
<b>Opening balance as restated</b>	<b>234 456 204</b>	<b>511 956 738</b>
Add: Expenditure identified - current	180 557 347	133 238 930
Less: Approved/condoned/authorised by council	-	(412 665 024)
<b>Closing balance</b>	<b>415 013 551</b>	<b>232 530 644</b>

The over expenditure incurred by municipal departments during the year is attributable to the following categories:

Non-cash	117 179 550	71 803 283
Cash	63 377 797	63 361 207
	<b>180 557 347</b>	<b>135 164 490</b>

Analysed as follows: non-cash

Depreciation and amortisation	1 419 097	13 664 489
Long term leave provision	3 341 276	-
Loss on disposal of property, plant and equipment	10 252 979	5 744 029
Provision of impairment	101 670 182	52 394 765
Interest on Provision	496 016	-
	<b>117 179 550</b>	<b>71 803 283</b>

Analysed as follows: cash

Bulk purchases	26 213 706	31 213 074
Sanitation VIP Toilets	15 383 019	27 921 296
Provision for medical aid	33 931	-
Transport	205 940	-
Business Management Fees	5 799 064	2 148 095
Legal fees	345 969	-
Insurance	2 062 667	-
Lease of office Equipment	426 087	-
IDP	1 465 849	-
Fuel and Oil	5 790 522	-
Security Services	1 633 003	-
Audit Fees	203 996	806 116
Refuse removal	3 814 045	1 272 626
	<b>63 377 798</b>	<b>63 361 207</b>

Unauthorised expenditure: Budget overspending – per municipal department:

Municipal council	3 040 663	-
Municipal manager	5 045 052	2 954 211
Budget and Treasury	29 393 107	-
Corporate services	496 016	1 648 069
Community services	16 317 810	5 987 598
Technical and Infrastructure	126 264 699	124 574 612
	<b>180 557 347</b>	<b>135 164 490</b>

# Chapter 6

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## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>46. Fruitless and wasteful expenditure</b>		
Opening balance as previously reported	114 765 868	13 155 131
Correction of prior period error	14 826 205	98 788 737
<b>Opening balance as restated</b>	<b>129 592 073</b>	<b>111 943 868</b>
Add: Expenditure identified - current	1 524 508	2 822 000
<b>Closing balance</b>	<b>131 116 581</b>	<b>114 765 868</b>

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## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand

	2022	2021
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#### 46. Fruitless and wasteful expenditure (continued)

Expenditure identified in the current year include those listed below:

IT Expenditure	114 938 123	98 788 737
Interest on overdue accounts	11 476 500	12 524 338
Community hall construction expenditure	385 825	385 825
Fines	20 000	20 000
Reversal of recoverable amount	1 218 685	1 218 685
Penalties	3 077 448	1 828 283
	<b>131 116 581</b>	<b>114 765 868</b>

IT expenditure relates to expenditure that is currently under investigation to determine if value derived match the expenditure incurred. At the conclusion of the investigation, if the contract is established as fruitless and wasteful expenditure, were the value derived does not match up with the payments made, a receivable will be created for the recovery of the loss from the person/s responsible.

The municipality incurred interest as a result of late payments on Magalies Water, Telkom and Eskom accounts. Construction expenditure relates to expenditure incurred on the construction of a Hall in an area reserved for mining expansion during 2014/15 financial year.

Fruitless and wasteful expenditure was reported to Council and referred to MPAC for further investigation.

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## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>47. Irregular expenditure</b>		
Opening balance as previously reported	1 360 046 937	1 128 611 143
Correction of prior period errors	30 321 273	107 284 028
<b>Opening balance as restated</b>	<b>1 390 368 210</b>	<b>1 235 895 171</b>
Add: Irregular Expenditure - current	82 667 761	124 151 768
<b>Closing balance *</b>	<b>1 473 035 971</b>	<b>1 360 046 937</b>

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## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

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2022

2021

#### 47. Irregular expenditure (continued)

Incidents/cases identified in the current year include those listed below:

Competitive bidding not invited	45 563 724	69 929 884
Three written quotations not invited	23 300	113 260
Tax clearances not obtained	-	12 038
Regulation 32 Appointments	-	9 192 104
SCM processes not followed	8 290 996	33
Deviations	19 948 933	27 858 101
Non-disclosure of interest	8 840 808	633 758
	<b>82 667 761</b>	<b>107 739 178</b>

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# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

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#### 48. Deviation from supply chain management regulations

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

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

Description	2022	2021
Deviation as per section 36(1)(i) of the SCM regulations (Emergencies in urgent procurements)	1 477 200	2 489 190
Deviation as per section 36(1)(ii) of the SCM regulations (Sole supplier)	5 548 278	432 735
Deviation as per section 36(1)(v) of the SCM regulations (Exceptional case where it is impractical to follow the official procurement process)	15 835 384	42 106 883
	<b>22 860 862</b>	<b>45 028 808</b>

Supplier	Reason	Amount
Mabasa Suppliers Pty Ltd	Emergencies and urgent procurements	1 477 200
Government Printing Works	Sole supplier	123 072
Microsoft Ireland Operations	Sole supplier	2 240 238
Sakkie Smith Attorney	Any exceptional case where it is impractical or impossible to follow the official procurement process	18 925
Exila Travel Centre	Emergencies and urgent procurements	716 616
Quick Acts	Any exceptional case where it is impractical or impossible to follow the official procurement process	105 000
Total Computer Services	Any exceptional case where it is impractical or impossible to follow the official procurement process	152 165
Math Engineering	Any exceptional case where it is impractical or impossible to follow the official procurement process	84 562
Tlou Intergrated Tech CC	Any exceptional case where it is impractical or impossible to follow the official procurement process	563 956
MWB Consulting Engineers	Any exceptional case where it is impractical or impossible to follow the official procurement process	3 305 287
Adapt IT Pty Ltd	Sole Supplier	86 855
Road Lodge Rustenburg	Any exceptional case where it is impractical or impossible to follow the official procurement process	46 060
SALGA	Sole Supplier	3 078 075
Katlego Baphiring Trading JV Lethabo projects	Any exceptional case where it is impractical or impossible to follow the official procurement process	4 564 359
Mokoka and Partners Attorneys	Any exceptional case where it is impractical or impossible to follow the official procurement process	509 025
The Institute of Internal Auditors	Sole Supplier	14 792
Early Worx T/A FPSA	Sole Supplier	5 246
Panelbeating Unlimited	Any exceptional case where it is impractical or impossible to follow the official procurement process	5 000
Booda Consulting Pty Ltd	Any exceptional case where it is impractical or impossible to follow the official procurement process	5 764 430
		<b>22 860 863</b>

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## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>48. Deviation from supply chain management regulations (continued)</b>		
<b>49. Additional disclosure in terms of Municipal Finance Management Act</b>		
<b>Contributions to organised local government-SALGA</b>		
Current year subscription / fee	3 054 075	2 921 924
Amount paid - current year	(3 054 075)	(2 921 924)
	<u>-</u>	<u>-</u>
<b>Audit fees</b>		
Opening balance	1 175 130	-
Current year subscription / fee	3 203 995	5 484 707
Amount paid - current year	(4 379 125)	(4 309 577)
	<u>-</u>	<u>1 175 130</u>
<b>PAYE and UIF</b>		
Current year subscription / fee	47 726 698	38 211 835
Amount paid - current year	(47 726 698)	(38 211 835)
	<u>-</u>	<u>-</u>
<b>Pension and Medical Aid Deductions</b>		
Current year subscription / fee	45 158 108	42 642 281
Amount paid - current year	(45 158 108)	(42 642 281)
	<u>-</u>	<u>-</u>

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## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

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#### 49. Additional disclosure in terms of Municipal Finance Management Act (continued)

##### Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2022:

30 June 2022	Outstanding more than 90 days	Total
Councillor Radiokana JM	18 441	18 441
Councillor Aphiri GI	4 726	4 726
Councillor Manganye SM	29 155	29 155
Councillor Motsoenyane MZ	14 432	14 432
Councillor Tshethane DR	6 454	6 454
Councillor Molebalwa MT	9 159	9 159
Councillor Marakalala SB	6 454	6 454
Councillor Sekoboane IA	6 454	6 454
Councillor Mataboge DK	6 454	6 454
Councillor Modisakeng ET	112 235	112 235
Councillor Magoleng MH	5 427	5 427
Councillor Mathe AM	6 454	6 454
Councillor Mosako TG	38 623	38 623
Councillor Pitso LM	34 338	34 338
Councillor Mabalane KC	69 822	69 822
Councillor Motsosaele M	42 691	42 691
Councillor Hlojane SS	61 589	61 589
	<b>472 908</b>	<b>472 908</b>

30 June 2021

Outstanding more than 90 days

Total

Councillor A Letswamotse	985	985
Councillor A Nguthula	11 590	11 590
Councillor C Motshabi	14 958	14 958
Councillor D Chaka	14 554	14 554
Councillor D Radiokana	14 967	14 967
Councillor G Kgarimetsa	31 719	31 719
Councillor G Madisa	2 743	2 743
Councillor J E G Ditshwene	98 195	98 195
Councillor JM Segale	14 996	14 996
Councillor K Kapari	3 771	3 771
Councillor L Kapari	52 967	52 967
Councillor N Nkotswe	17 689	17 689
Councillor MS Mabitsela	27 317	27 317
Councillor P Thobokwe	39 123	39 123
Councillor R Motlhaga	53 520	53 520
Councillor RJ Manganye	23 582	23 582
Councillor S Rasepae	3 689	3 689
	<b>426 365</b>	<b>426 365</b>

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## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand 2022 2021

#### 49. Additional disclosure in terms of Municipal Finance Management Act (continued)

##### Purchase from persons in service of the state

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 City Manager and noted by Council. The expenses incurred as listed hereunder have been condoned.

Supplier name	Related person	Organ of state	Capacity at Municipality	Relationship	2022	2021
Mo Kasi Creations and Media Pty Ltd	Mr MS Magoro	Moses Kotane Local Municipality	Supplier	State Employee	2 864 550	538 942
Salani Group	Ms SD Rasepae		Supplier	State Employee	576 258	-
Kamogelo Investments	Mr M Ramagaga		Supplier	State Employee	1 386 417	-
Mmolawa Investments	Mr D Mmolawa		Supplier	State Employee	9 775 688	-
Oarabile Projects Pty Ltd	M. I Ramasodi	National Trade and Industry	Supplier	State Employee	-	28 986
Genplay Broadcast Media	Kefilwe Motlaba	Transnet Group	Supplier	State Employee	-	79 925
Gijima Holdings	Ashwin Hirjee Trimjee	The KwaZulu Natal Royal Household Trust	Supplier	State Employee	-	20 850
					<b>14 602 913</b>	<b>666 703</b>

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand 2022 2021

#### 50. Segment information

##### General information

##### 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.

##### Reporting on segment assets and liabilities

The Municipality has assessed that assets and liabilities associated with each segment is not used by management for decision making purposes, and neither is it being reported on. Assets and liabilities are utilised by management to assess key financial indicators for the Municipality as a whole. Accordingly, the assets and liabilities per segment are not required to be disclosed.

##### 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
Unallocated	Provision of overall governance to other segments of the municipality.
Finance & Administration	Provision of financial and administrative services to other segments of the municipality.
Economic & Environmental Services	Provision of economic development activities in the municipality.
Roads	Construction and maintenance of roads owned by the municipality.
Community & Public Safety	Construction and maintenance of community facilities owned and ensuring safety and security to the communities by the municipality.
Energy Sources	Construction of street lights and highmast lights.

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand

#### 50. Segment information (continued)

##### Segment surplus or deficit, assets and liabilities

2022

	Unallocated	Finance & Administration	Economic & Environmental Services	Roads	Community & Public Safety	Energy Sources	Water management	Waste water management	Waste management	Total
<b>Revenue</b>										
Service charges	-	-	-	-	-	-	199 358 561	5 259 293	11 375 646	215 993 500
Interest earned on outstanding debtors-(trading)	-	60 539 708	-	-	-	-	-	-	-	60 539 708
Rental Income	-	234 046	-	-	-	-	-	-	-	234 046
Other Income	-	1 465 512	71 912	-	2 478 251	-	25 463	-	-	4 041 138
Property Rates	-	130 570 390	-	-	-	-	-	-	-	130 570 390
Interest earned on outstanding debtors-(taxation revenue)	-	30 060 195	-	-	-	-	-	-	-	30 060 195
Government grants and subsidies	5 699 174	257 968 086	4 504 202	56 641 527	16 494 544	18 676 140	223 628 441	29 432 143	73 422 116	686 466 373
Fines	-	-	-	-	1 308 200	-	-	-	-	1 308 200
<b>Total segment revenue</b>	<b>5 699 174</b>	<b>480 837 937</b>	<b>4 576 114</b>	<b>56 641 527</b>	<b>20 280 995</b>	<b>18 676 140</b>	<b>423 012 465</b>	<b>34 691 436</b>	<b>84 797 762</b>	<b>1 129 213 550</b>
<b>Entity's revenue</b>										<b>1 129 213 550</b>

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## Moses Kotane Local Municipality Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand

	Unallocated	Finance & Administrative	Economic & Environmental Services	Roads	Community & Public Safety	Energy Sources	Water management	Waste water management	Waste management	Total
<b>50. Segment information (continued)</b>										
<b>Expenditure</b>										
Employee costs	(34 514 398)	(93 692 111)	(22 747 411)	(9 510 565)	(35 395 918)	(4 815 589)	(49 538 872)	(15 787 817)	(3 040 370)	(269 043 051)
Remuneration of councillors	(28 555 114)	-	-	-	-	-	-	-	-	(28 555 114)
Depreciation and amortisation	(329 762)	(4 481 623)	-	(38 585 621)	(26 694 556)	(3 388 136)	(54 394 417)	(2 750 114)	(1 141 266)	(131 785 495)
Finance costs	-	-	-	(293 480)	(2 930 880)	(240 128)	(571 032)	-	-	(4 035 520)
Lease rentals	(1 826 087)	-	-	-	-	-	-	-	-	(1 826 087)
Debt impairment	-	(105 234 783)	-	-	(1 746 240)	-	(194 275 600)	(3 417 867)	(16 330 234)	(321 004 724)
Bulk purchases	-	-	-	-	-	-	(113 426 383)	-	-	(113 426 383)
Contracted services	-	(38 386 275)	-	-	(624 686)	-	(20 009 464)	-	(33 646 003)	(92 666 428)
General expenses	(20 080 911)	(28 943 842)	(163 919)	(891 366)	(36 136 352)	(1 894 595)	(42 553 685)	(16 088 971)	(91 130)	(146 844 771)
Loss on disposal of assets	-	(596 145)	-	(5 448 232)	1 973 380	-	(9 155 048)	(613 549)	(9 775)	(13 849 969)
Inventories losses/write-downs	-	11 891	-	-	-	-	-	-	-	11 891
<b>Total segment expenditure</b>	<b>(85 306 272)</b>	<b>(271 322 888)</b>	<b>(22 911 330)</b>	<b>(54 729 264)</b>	<b>(101 555 252)</b>	<b>(10 338 448)</b>	<b>(483 925 101)</b>	<b>(38 658 318)</b>	<b>(54 258 778)</b>	<b>1 123 005 651</b>
<b>Total segmental surplus/(deficit)</b>	<b>(79 607 098)</b>	<b>209 515 049</b>	<b>(18 335 216)</b>	<b>1 912 263</b>	<b>(81 274 25)</b>	<b>8 337 692</b>	<b>(60 912 636)</b>	<b>(3 966 882)</b>	<b>30 538 98</b>	<b>6 207 899</b>

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## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand

#### 50. Segment information (continued)

2021

	Unallocated	Finance and administration	Community and Public safety	Economic and Environmental services	Roads	Energy sources	Water Management	Waste Water Management	Waste Management	Total
<b>Revenue</b>										
Service charges	-	-	-	-	-	-	160 492 822	2 920 634	10 822 842	174 236 298
Interest received on outstanding debtors	-	47 893 075	-	-	-	-	-	-	-	47 893 075
Commissions received	-	90 997	-	-	-	-	-	-	-	90 997
Rental income	-	73 926	-	-	-	-	-	-	-	73 926
Other income	-	997 924	30 194	113 665	-	-	79 226	-	-	1 221 009
Property rates	-	144 972 077	-	-	-	-	-	-	-	144 972 077
Interest earned on outstanding debtors- (taxation revenue)	-	23 853 363	-	-	-	-	-	-	-	23 853 363
Government grants and subsidies	5 905 032	328 462 845	11 543 233	3 093 970	69 155 065	10 394 543	209 869 637	58 220 714	68 858 903	763 503 942
Fines, Penalties and Forfeits	-	-	1 209 250	-	-	-	-	-	-	1 209 250
<b>Total segment revenue</b>	<b>5 905 032</b>	<b>546 344 207</b>	<b>12 782 677</b>	<b>3 207 635</b>	<b>69 155 065</b>	<b>10 394 543</b>	<b>370 441 685</b>	<b>59 141 348</b>	<b>79 681 745</b>	<b>1 157 053 937</b>
<b>Entity's revenue</b>										<b>1 157 053 937</b>

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## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand

	Unallocated	Finance and administration	Community and Public safety	Economic and Environment al services	Roads	Energy sources	Water Management	Waste Water Management	Waste Management	Total
<b>50. Segment information (continued)</b>										
<b>Expenditure</b>										
Employee related cost	(27 461 298)	(101 393 217)	(32 492 213)	(23 087 670)	(8 465 038)	(4 158 037)	(43 085 668)	(13 451 966)	(2 632 355)	(256 227 462)
Remuneration of councillors	(28 103 988)	-	-	-	-	-	-	-	-	(28 103 988)
Depreciation and amortisation	(361 966)	(3 793 694)	(29 921 902)	-	(46 451 211)	(3 316 238)	(51 650 867)	(2 771 290)	(797 123)	(139 064 291)
Finance cost	-	(2 709 730)	-	-	(380 794)	(355 614)	(795 382)	-	-	(4 241 520)
Lease rentals on operating lease	-	(760 870)	-	-	-	-	-	-	-	(760 870)
Debt Impairment	-	(33 893 259)	1 629 711	-	-	-	(155 311 565)	(2 094 224)	(15 026 143)	(204 695 480)
Bulk purchases	-	-	-	-	-	-	(104 944 858)	-	-	(104 944 858)
Contracted services	-	(37 853 603)	(5 049 722)	-	(862 541)	-	(23 239 872)	(1 710 733)	(34 081 885)	(102 798 356)
General Expenses	(12 518 449)	(39 152 220)	(31 629 676)	(2 511 254)	(1 343 888)	(24 522 985)	(11 043 226)	(30 862 634)	(67 390)	(153 651 722)
Loss/Gains on disposal of assets and liabilities	-	1 758 592	(6 625 613)	-	(2 749 180)	-	(3 873 960)	-	-	(11 490 161)
Fair value adjustment	-	945 500	-	-	-	-	-	-	-	945 500
Inventory losses	-	(455 157)	-	-	-	-	-	-	-	(455 157)
Impairment of assets	-	(21 726)	(222 000)	-	-	-	-	-	-	(243 726)
<b>Total segment expenditure</b>	<b>(68 445 701)</b>	<b>(217 329 384)</b>	<b>(104 311 415)</b>	<b>(25 598 924)</b>	<b>(60 252 652)</b>	<b>(32 352 874)</b>	<b>(393 945 398)</b>	<b>(50 890 847)</b>	<b>(52 604 896)</b>	<b>(1 005 732 091)</b>
<b>Total segmental surplus/(deficit)</b>	<b>(62 540 669)</b>	<b>329 014 823</b>	<b>(91 528 738)</b>	<b>(22 391 289)</b>	<b>8 902 413</b>	<b>(21 958 331)</b>	<b>(23 503 713)</b>	<b>8 250 501</b>	<b>27 076 849</b>	<b>151 321 846</b>

#### Reporting on segment assets and liabilities

The Municipality has assessed that assets and liabilities associated with each segment is not used by management for decision making purposes, and neither is it being reported on. Assets and liabilities are utilised by management to assess key financial indicators for the Municipality as a whole. Accordingly, the assets and liabilities per segment are not required to be disclosed.

#### Information about geographical areas

# Chapter 6

## Moses Kotane Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand

2022

2021

#### 50. Segment information (continued)

The Municipality covers an area of approximately 5220km<sup>2</sup> and is mostly rural in nature, comprising of 107 villages and 2 formal towns of Mogwase and Madikwe. The necessary information per geographical area is not available and the cost to develop it will be to excessive. All geographical information are indicated under Mogwase.

#### 2022

	External revenues from exchange transactions	External revenues from non exchange transactions	Total expenditure	Non-current assets*
Mogwase	280 808 394	848 405 157	(1 123 005 554)	3 119 643 302

#### 2021

	External revenues from exchange transactions	External revenues from non exchange transactions	Total expenditure	Non-current assets*
Mogwase	223 515 305	933 538 632	(1 005 732 091)	3 102 265 309

#### 51. Budget differences

##### Material differences between budget and actual amounts

- 51.1 The variance is mainly due to the over provision for free basic services on the budget resulted in the reducing on the sale of water, Only registered indigents qualifies for the 6 kiloliters of water.
- 51.2 The variance is mainly due to the over provision for free basic services as well as the increase in the billing state owned properties. The implementation of a new valuation roll as from July 2021 aslso contributed to the provision for property rates on the budget
- 51.3 The variance is due to the provision for long service awards amounts to R 3 341 276 which is calculated by an Actuaris at year end no provision on the budget was provided for the provision. The calculation for accumulated for employees accrued leave contributes an amount of R2 385 138 to the difference. Provision on the budget was not made for this increase as employees should take leave. The payment of overtime also contributed to the difference between the budget and the actual expenditure. The payment of overtime should be controlled
- 51.4 The decrease in the provision for depreciation of municipal assets is due to the non completion of projects which will only be depreciated once completed.
- 51.5 The provision for debt impairment is due to the non payment of services rendered to the community. The implementation of the lockdown were employees were retrenched or lost there jobs and are now at home and cannot afford to the pay for services rendered. The increase in the unemployment rate also contributed to the non payment for services as more and more consumers are now qualifies as indigents
- 51.6 The variance in bulk purchase for water is due to the insufficient provision on the budget as well as the increase in water consumption as more consumers are now at home.
- 51.7 The reason for the variance of 100% is due to the loss on disposal of assets which was not budgeted for.
- 51.8 The reason for the variance is mainly due to the re classification of expenditure between contracted services and general expenditure. The overspending on the provision for consultants for the compilation of the financial statements , unbundling of assets, recovering of outstanding debt and VAT recovery also contributed to the variance.
- 51.9 The reason for the variance is mainly due to the re classification of expenditure between contracted services and general expenditure. The transfer of the construction of VIP toilets from capital expenditure to general expenditure contributes an amount of R15 3888 019 to the variance. Telephone, software and fuel expenses and insufficient budget also contributes to the variance between the budget and the actual expenditure.

# Chapter 6

## Moses Kotane Local Municipality Appendix A June 2022

### Schedule of external loans as at 30 June 2022

Loan Number	Redeemable	Balance at Wednesday, 30 June 2021	Accrued Interest	Redeemed written off during the period	Balance at Thursday, 30 June 2022	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
		Rand	Rand	Rand	Rand		
<b>Loans</b>							
Civic centre extension 3	10202511024 01	10,97%	1 891 833	-	1 891 833	-	-
			<b>1 891 833</b>	<b>-</b>	<b>1 891 833</b>	<b>-</b>	<b>-</b>
<b>Development bank of South Africa</b>							
Roads & Stormwater	100840/1	11,44%	2 781 599	-	820 878	1 960 723	-
Street lighting - Sun City	100840/1	11,44%	2 241 449	-	871 628	1 569 823	-
Water	10248/1	8,80%	7 136 150	-	2 672 146	4 464 004	-
			<b>12 159 198</b>	<b>-</b>	<b>4 164 648</b>	<b>7 994 550</b>	<b>-</b>
<b>INCA</b>							
Civic Centre Extension 1	6457	11,4%	927 393	-	927 393	-	-
Civic Centre Extension 2	9078	11,48%	5 727 295	-	834 511	5 092 784	-
INCA Paypoints (Community Halls)	18721	13,85%	1 189 738	28 204	372 935	845 007	-
			<b>7 844 426</b>	<b>28 204</b>	<b>1 934 839</b>	<b>5 937 791</b>	<b>-</b>
<b>Bonds</b>							
Mayoral house	8065717250	7%	803 447	-	106 760	696 687	-
			<b>803 447</b>	<b>-</b>	<b>106 760</b>	<b>696 687</b>	<b>-</b>
<b>Total external loans</b>			<b>22 698 904</b>	<b>28 204</b>	<b>8 098 080</b>	<b>14 629 028</b>	<b>-</b>





# Chapter 6

Moses Kotane Local Municipality  
Moses Kotane Local Municipality  
Appendix B  
June 2022

Analysis of property, plant and equipment as at 30 June 2022

	Cost					ACCUMULATED DEPRECIATION								Closing Balance Rand	Carrying value Rand
	Opening Balance Rand	Prior period error Rand	Transfer/Adjus- tments Rand	Additions Rand	Disposals/De-recog- nition Rand	Closing Balance Rand	Opening Balance Rand	Prior Year Error Rand	Transfers/ Adjustment Rand	Depreciation/ Amortisations Rand	Impairment Rand	Disposals/De-recog- nition Rand			
Total property plant and equipment	5 791 580 821	(2 143 143)	(3 890 307)	180 284 474	(48 836 023)	5 916 215 822	(2 648 791 984)	(3 362 992)	1 112 496	(130 574 487)	9 426	18 296 943	(2 963 340 198)	2 952 875 624	
<b>Heritage Assets</b>															
Memorial Statue	14 000	-	-	-	-	14 000	-	-	-	-	-	-	-	14 000	
	14 000	-	-	-	-	14 000	-	-	-	-	-	-	-	14 000	
<b>Intangible assets</b>															
Assets under construction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Computer Software	31 288 807	-	-	2 234 324	(1 948 033)	31 575 098	(17 825 532)	-	-	(2 303 507)	-	1 948 033	(18 181 006)	13 394 002	
	31 288 807	-	-	2 234 324	(1 948 033)	31 575 098	(17 825 532)	-	-	(2 303 507)	-	1 948 033	(18 181 006)	13 394 002	
<b>Investment properties</b>															
Land	151 431 313	(2 093 095)	1 346 278	-	-	150 684 494	-	-	-	-	-	-	-	150 684 494	
	151 431 313	(2 093 095)	1 346 278	-	-	150 684 494	-	-	-	-	-	-	-	150 684 494	

# Chapter 6

Moses Kotane Local Municipality  
Appendix F  
Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003  
June 2022

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies delayed / withheld	Reason for delay/withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for noncompliance			
		Jul	Oct	Jan	Apr	Jul	Oct	Jan	Apr					Jan	Feb	Yes/ No
FMS	MKLM	1 850	-	-	-	1 850	(336)	(311)	(324)	(678)	(1 849)	26 218	(26 218)	Slow spending	Yes	n/a
Water Infr Grant	MKLM	25 000	-	20 000	-	45 000	(3 783)	(8 925)	(9 014)	(22 081)	(43 803)	-	-		Yes	n/a
EPWP	MKLM	457	768	530	-	1 708	(341)	(703)	(348)	(307)	(1 699)	-	-		Yes	n/a
Library	MKLM	-	866	-	-	866	(72)	(98)	(102)	(169)	(441)	-	-			n/a
Equitable Share	MKLM	198 690	146 140	119 213	-	476 801	(198 680)	(146 140)	(119 213)	-	(476 801)	-	-			n/a
MIS	MKLM	51 634	64 634	31 303	-	147 571	(7 279)	(44 007)	(30 926)	(64 561)	(146 773)	-	-		Yes	n/a
Disaster Grant	MKLM	-	-	-	-	-	-	-	-	-	-	-	-			n/a
Provincial Infrastructure Grant	MKLM	3 059	838	5 716	-	9 613	(3 059)	(838)	(5 716)	-	(9 613)	-	-			n/a
		-	-	-	-	-	-	-	-	-	-	-	-			
		-	-	-	-	-	-	-	-	-	-	-	-			
		-	-	-	-	-	-	-	-	-	-	-	-			
		-	-	-	-	-	-	-	-	-	-	-	-			
		-	-	-	-	-	-	-	-	-	-	-	-			
		280 690	213 246	176 762	-	683 409	(213 560)	(201 022)	(165 643)	(87 996)	(680 979)	26 218	(26 218)			

The financial figures above have been rounded to the nearest one thousand Rand (R000).

# Chapter 6

## AUDIT ACTION PLAN

MOSES KOTANE LOCAL MUNICIPALITY AUDIT ACTION PLAN (AAP) 2022/2023										
PERIOD : 30 JUNE 2022										
No	Finding number	Heading of finding	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Managements proposed solution	Start Date	End Date
1	(COF 07) (ISS64)	Disagreement - Asset on the asset register not verified	PPE	During the physical asset verification, it was noted that one asset (Community asset - Perimeter wall) was not verified as it does not exist. Further, all the sampled assets were verified and confirmed that they exist. Through further engagement, it was confirmed that the perimeter wall did indeed exist when the annual asset verification was completed by 31/05/2022. A photo was also provided to confirm the existence of the wall at 31/05/2022. The misstatement is considered an anomalous misstatement. The impact of the above is R 356 603 and will be communicated in the management report.	Management failed to implement proper record keeping in a timely manner to ensure that complete, relevant, and accurate information is accessible and available to support financial and performance reporting.	Management should establish and implement effective controls over the movement and current conditions of the municipal assets.	Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.	Management will establish and implement effective controls over the movement and current conditions of the municipal assets close to the reporting date.	16/01/2023	30/06/2023
2	(COF 07) (ISS65)	Disagreement - difference between WIP register and commitments register	PPE	Through comparison of the WIP register and the commitments register, it was noted that a difference exists on the expenditure to-date between the two registers amounting to a projected misstatement of R 573 584. WIP register is overstated, and the commitments register is understated. The above will result in a projected misstatement of R 573 584 and will be communicated in the management report.	Management did not implement controls over daily and monthly processing and reconciling of transactions to ensure variances are identified and followed-up timeously.	Management should review the financial information to identify inconsistencies prior to submission and adjust the registers with the above amount.	Management did not implement controls over daily and monthly processing and reconciling of transactions	Management will ensure sufficient reviews of WIP(PPE) payments and prepare regular reconciliations of expenditure on its projects and also ensure they reconcile to commitments expenditure.	16/01/2023	30/06/2023

# Chapter 6

MOSES KOTANE LOCAL MUNICIPALITY AUDIT ACTION PLAN (AAP) 2022/2023										
PERIOD : 30 JUNE 2022										
No	Finding number	Heading of finding	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Managements proposed solution	Start Date	End Date
3	(COF01)(ISS.15)	Investigation for Irregular, fruitless and wasteful and unauthorised expenditure were not done	Compliance (SCM)	<p>Through inspection of the registers, it was noted that there were no investigations conducted for Irregular and Fruitless &amp; wasteful expenditure incurred in the current and prior years.</p> <p>Also through inspection of the council minutes, for the current year it was also confirmed that the current year irregular, fruitless, and wasteful and unauthorised expenditure was not reported to the council in terms of section 32.</p>	Exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls The accounting officer did not develop and implement controls to ensure compliance with the MFMA.	The accounting officer should ensure that all irregular, unauthorised and Fruitless & wasteful expenditure are investigated timeously and reported to the council.	Inadequate planning resulted in challenges and delays on performing investigations. Management did not comply with section 32 on UIF&W expenditure investigations.	Manage will prioritise investigations in the next financial year and timeously report to Council.	16/01/2023	30/06/2023
4	(COF01)(ISS.4)	SCM Policy not updated with latest circulars- Internal control deficiency	Compliance (SCM)	<p>During the performance of our audit procedures, it was noted that the following circulars were not included in the updated SCM policy:</p> <ul style="list-style-type: none"> <li>- Circular 105:Withdrawal of circular 102 Emergency procurement of in response to State Disaster -26 August 2020</li> <li>- Circular 106: LG Framework for infrastructure Delivery and procurement Management - 15 September 2020</li> <li>- Circular 110: Unfair Criteria used in bidding process relating to infrastructure procurement and the charging excess fee -31 May 2021Impact</li> </ul> <p>The impact of the finding not applying guidance from National Treasury</p>	Leadership did not establish and communicate policies and procedures to enable and support the understanding and execution of internal control objectives, processes and responsibilities.	Management must ensure that the policy is updated with the latest circulars. Management must ensure that an employee (SCM clerk) keeps track of all the latest circulars to ensure that they are update.	Inadequate review of SCM policy against current updates from NT Circulars.	SCM policy will be amended accordingly and will incorporate all circulars issued to date. Amendments thereof will be part and parcel of the adjustment budget processes which will be done on or before 28 February 2023.	16/01/2023	30/06/2023

# Chapter 6

MOSES KOTANE LOCAL MUNICIPALITY AUDIT ACTION PLAN (AAP) 2022/2023										
PERIOD : 30 JUNE 2022										
No	Finding number	Heading of finding	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Managements proposed solution	Start Date	End Date
				resulting in non-compliance with the MFMA.						
5	(COF01)(ISS.3)	No training for SCM officials on updated circulars (Internal control deficiency)	Compliance (SCM)	During the performance of our audit procedures it was noted there was no training done for SCM officials on the updated circulars from National Treasury The impact of this finding is an internal control deficiency as officials might not be applying the update guidance from National Treasury correctly resulting in non-compliance to the MFMA	The municipality did not establish and communicate policies and procedures to enable and support understanding and execution of internal control objectives, processes, and responsibilities.	Management must ensure that after each update in the SCM policy training is done for all SCM officials to ensure compliance with legislation.	Management oversight with regards to keeping minutes of meetings for all SCM trainings provided.	Management to provide training on all new circulars through team meetings and discussions. Minutes wherein meetings were held discussing new circulars will be kept and provided as evidence.	16/01/2023	30/06/2023

# Chapter 6

MOSES KOTANE LOCAL MUNICIPALITY AUDIT ACTION PLAN (AAP) 2022/2023										
PERIOD : 30 JUNE 2022										
No	Finding number	Heading of finding	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Managements proposed solution	Start Date	End Date
6	(COF 06)(ISS 50)	Unauthorised expenditure - Difference between AFS and auditor's recalculation	Unauthorised Expenditure	While performing normal audit procedures it was noted that the unauthorised expenditure disclosed in the AFS does not agree to the recalculated amount as per the auditor. The difference is due to a calculation error made by management. Unauthorised expenditure is understated by R17 085 976.70	The Chief financial officer did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information and is reviewed before submission of the AFS.	Management should ensure the supporting schedules to the AFS are correctly casted and calculated.	Inadequate review of schedules against AFS reported figures.	Management will ensure that the calculation formulae when calculating the total unauthorised expenditure amounts agree to disclosure notes.	16/01/2023	30/06/2023
7	(COF 06)(ISS59)	Irregular Expenditure - Prior year correction incorrect amount	Irregular Expenditure	During the audit of prior period adjustment for irregular expenditure it was identified that some transactions were adjusted incorrectly. The disagreement misstatement will result in a projected overstatement of R86 499.56 of irregular expenditure.	Management did not implement controls over daily and monthly processing and reconciling of transactions to ensure reported information is accurate and complete.	Management should ensure that adequate reviews are performed to identify variance and correct them timeously.	Inadequate review of Irregular transactions on registers and expenditure payment voucher amounts.	Management will review all transactions included in the irregular register for accuracy and completeness on a monthly basis.	16/01/2023	30/06/2023

# Chapter 6

MOSES KOTANE LOCAL MUNICIPALITY AUDIT ACTION PLAN (AAP) 2022/2023										
PERIOD : 30 JUNE 2022										
No	Finding number	Heading of finding	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Managements proposed solution	Start Date	End Date
8	(COF 06)(ISS 58)	Irregular expenditure: inconsistent accounting of VAT on irregular expenditure	Irregular Expenditure	Whilst performing our normal audit procedures on irregular expenditure (current year), we noted the following: The irregular expenditure register states that the current year irregular expenditure is inclusive of VAT. On further inspection we found that all prior year amounts are exclusive of VAT and no adjustment was made to the prior year figures regarding VAT. The annual financial statements do not disclose this change. This difference will have an influence on the users understanding of the financial statements. Management should either properly disclose the fact that the current year amounts are inclusive of VAT and the prior year amounts are exclusive as well as the reason for this, or change the prior year amounts to be inclusive of VAT.	Management did not implement controls over daily and monthly processing and reconciling of transactions. Management did not do proper reviews to ensure that financial statements are comparable to the prior year.	Management should do proper reviews to ensure that financial statements are comparable to the prior year.	Inadequate review of AFS disclosure notes against changes on registers and reporting transaction amounts.	Management ensured that Disclosure notes in the AFS is updated by explaining the prospective inclusion of vat on irregular expenditure figures as per Treasury Circular 68 (Update Oct 2021). Please refer to the proposed adjustment.	16/01/2023	30/11/2022
9	(COF 05) (ISS 46)	Deviation incorrectly added to deviation register	Irregular Expenditure	The following transaction was included in the deviations register although it does not meet deviation requirements. The transaction relates to annual membership fees and no real service was provided.	Management did not review and monitor compliance with applicable laws and regulations as per SCM requirements.	Management should ensure that there are proper controls in place to ensure that only valid deviations are included in the register.	Inadequate review of deviations register before submission of financial statements.	Management will ensure that only valid deviations are included in the register and improve on internal controls around deviations.	16/01/2023	30/11/2022

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MOSES KOTANE LOCAL MUNICIPALITY AUDIT ACTION PLAN (AAP) 2022/2023										
PERIOD : 30 JUNE 2022										
No	Finding number	Heading of finding	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Managements proposed solution	Start Date	End Date
10	(COF 05) (ISS 28)	Suppliers submitted false declaration	Irregular Expenditure	The following individual was identified as being in the employ of other state institutions and whom through their respective businesses have supplied services to the municipality. It was noted that these suppliers had completed the necessary MBD4 form but did not declare their interest on the MBD4 form.	Management did not review and monitor compliance with applicable laws and regulations	Management should ensure that the directors, shareholders or members of the supplier have fully declared their interest and whether they are working for the state. Management should ensure that the awards are not given to people who are working for state as it can possibly create corruption or any allegation of favouritism when the award is given to persons employed by the institution or to persons connected with or related to them. Management should ensure that all irregular expenditure is disclosed.	Management do not have a system (CAATS) to identify false declarations, only relies on CSD report and MBD4 forms from suppliers.	Management will ensure that all suppliers identified by CAATS system are all included in the irregular register.	16/01/2023	30/11/2022

# Chapter 6

MOSES KOTANE LOCAL MUNICIPALITY AUDIT ACTION PLAN (AAP) 2022/2023										
PERIOD : 30 JUNE 2022										
No	Finding number	Heading of finding	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Managements proposed solution	Start Date	End Date
11	(COF06) (ISS 61)	Irregular Expenditure - Correction made to the incorrect category	Irregular Expenditure	During the audit of prior period adjustment for irregular expenditure it was identified that some transactions were adjusted to the incorrect category of irregular expenditure. Even though the disagreement misstatement will have a net effect of R0 on irregular expenditure, Category 3 will be overstated with R4 011 483.20 and Category 5 will be understated with the same amount, influencing the user of the financial statements understanding.	Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.	Management should implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.	Inadequate review of prior year corrections register before submission of financial statements.	Management will ensure that registers to support prior year corrections are properly reviewed for categories.	16/01/2023	30/06/2023
12	(COF04)(ISS.37)	General Expenses : Payments not made within 30 days of receiving	General expenses	During the performance of our audit procedures, the following transactions we found not to have been paid within 30 days of invoice date. This is due to lack of supervision and monitoring on payment made prior for the payment to be affected.	The Chief Financial Officer did not adequately review and monitor compliance with applicable laws and regulations to ensure invoice are paid within 30 days of receipts.	The Chief Financial Officer should ensure that invoices are adequately tracked and paid within allowed timeframes	The municipality occasionally experiences cashflow challenges	Management to ensure that budgeting processes and techniques adequately address cashflow challenges.	16/01/2023	30/06/2023
13	(COF05)(ISS47)	MBD 4 declaration was not completed by the winning supplier	Compliance (SCM)	During the audit of the below listed quotations we inspected payment batch and no MBD 4 was attached on file:	Management did not review and monitor compliance with applicable laws and regulations	Management should review and monitor compliance with applicable laws and regulations. Furthermore, management should determine the full extent of amount paid to the	Non-compliance of applicable laws and regulations due to lack of consistent and proper review and monitoring	Management to ensure that internal control deficiencies are mitigated through implementation of SOPs	16/01/2023	30/06/2023

# Chapter 6

MOSES KOTANE LOCAL MUNICIPALITY AUDIT ACTION PLAN (AAP) 2022/2023										
PERIOD : 30 JUNE 2022										
No	Finding number	Heading of finding	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Managements proposed solution	Start Date	End Date
						indicated suppliers for determining the irregular expenditure.				
14	(COF05)(ISS48)	Reason to deviate from competitive bidding not valid	Compliance (SCM)	Municipal Supply Chain Regulations 36(1) (a) state that a) A supply chain management policy may allow the accounting officer to dispense with an official procurement process established by the policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only In an emergency - where immediate action is necessary ii) if goods or services are produced or available from a sole provider; iii) for acquisition of special works of art or historical objects iv) acquisition of animals for zoos; v) in any other exceptional case where it is impractical or impossible to follow the official procurement process. The following instances indicate deviations that are not valid	Management did not review and monitor compliance with applicable laws and regulations as per SCM requirements.	Management should ensure that there are proper controls in place to ensure that the deviation and reasons thereof are valid and justified and management should ensure that they review and monitor compliance with applicable laws and regulations as per SCM requirements.	Non proper controls were in place to ensure the that the deviations comply with applicable laws and regulations as per SCM requirements	Management will ensure that there are proper internal controls in place to ensure that the deviation and reasons are properly reviewed and monitored to ensure the compliance with applicable laws and regulations as per SCM requirements	16/01/2023	30/06/2023

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MOSES KOTANE LOCAL MUNICIPALITY AUDIT ACTION PLAN (AAP) 2022/2023										
PERIOD : 30 JUNE 2022										
No	Finding number	Heading of finding	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Managements proposed solution	Start Date	End Date
15	(COF05)(ISS.33)	Quotations were not obtained as required	Compliance (SCM)	The following instances were noted where three quotations were not obtained from at least three different prospective providers and no deviation was in place or approved by the delegated official where three quotations were not obtained for providers	Management failed to review and monitor compliance with applicable SCM laws and regulations	It is recommended that management review and monitor compliance with applicable laws and regulations. Management should investigate the matters to ensure compliance with applicable laws and regulation to prevent occurrence of irregular expenditure	Inadequate review, and monitoring of compliance with applicable SCM laws and regulations with regards to sourcing three quotations.	Management will ensure that there are proper internal controls in place to ensure that the deviation and reasons are properly reviewed and monitored to ensure the compliance with applicable laws and regulations as per SCM requirements	16/01/2023	30/06/2023
16	(COF 06)(ISS 52):	Employee related cost - Prior year acting allowances not disclosed in the AFS	Disclosures	The omission of the prior year amount of acting allowances of R274 729 on note 26 is a factual misstatement.	Management did not ensure that proper procedures are in place and followed while preparing financial statements.	Management should ensure that proper procedures are in place while preparing financial statements to ensure that all necessary information is adequately presented and disclosed.	Proper procedures and reviews were not in place and followed while preparing financial statements.	Proper procedures and reviews must be applied in preparation of financial statements to ensure that all necessary information is adequately presented and disclosed.	16/01/2023	30/06/2023

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MOSES KOTANE LOCAL MUNICIPALITY AUDIT ACTION PLAN (AAP) 2022/2023										
PERIOD : 30 JUNE 2022										
No	Finding number	Heading of finding	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Managements proposed solution	Start Date	End Date
17	(COF01)(ISS.07)	Key management positions in the municipality are not filled	Employee related cost	During the performance of our audit procedures, we identified that there are vacancies in the following key positions: 1. HOD Planning and Development 2. HOD: Cooperate Services 3. HOD of strategic and planning	Leadership did not implement effective HR management to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored	Management should make sure that the vacant positions are filled to ensure segregation of duties and employees being able to perform their responsibilities.	The organisational structure has been under review processes and will be forwarded to council for noting. Cogta needed time to make inputs on the organisational structure before approval by council.	The recruitment process for HOD: Planning and HOD: Corporate Service has already unfolded, completed and approved	16/01/2023	30/06/2023
18	ISS 62	Water Losses: The value of loss disclosed in the AFS is incorrectly calculated	Water Losses	While performing normal audit procedures on Water Losses, it was noted that the value of loss was incorrectly calculated. The R5 683 390.44 misstatement resulted in a factual understatement of the water losses disclosed in the AFS	Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.	Management should review the calculation of water losses and ensure the notes are reconciled prior to submission of the AFS.	Inadequate review of schedules that support the financial statements to ensure that the financial statements are free from misstatements	Management will ensure that financial statements (Both Interim and final FS) are adequately reviewed and agree to the supporting schedules before submission.	04/012/023	30/06/2023
19	ISS 57	Limitation of scope: Revenue from exchange transactions - RFI04	Revenue	The following information was received initially but is outstanding as further documentation was requested as the initial documentation was insufficient: The limitation misstatement of R70 670 resulted in a projected overstatement of R4 356 099 in revenue from exchange transactions: Other income.	The Chief financial officer did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is	Management should ensure that information as requested by the auditor is available timeously	Inadequate recording keeping of supporting documents to the Financial Statements	Management will ensure that all supporting documents are properly kept and should be readily available for auditors when requested.	12/07/2022	30/06/2023

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MOSES KOTANE LOCAL MUNICIPALITY AUDIT ACTION PLAN (AAP) 2022/2023										
PERIOD : 30 JUNE 2022										
No	Finding number	Heading of finding	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Managements proposed solution	Start Date	End Date
					accessible and available to support financial and performance reporting.					
20	ISS 32	Revenue from non-exchange-Property rates	Revenue	Whilst performing our audit procedures on revenue from non-exchange, the following differences in the amount charged was noted. Incorrect rates were charged on properties. The misstatement will result in a projected overstatement of R1 220 442 on revenue from non-exchange: Property rates.	Management did not implement controls over daily and monthly processing and reconciling of transactions to ensure that revenue from non-exchange is complete and accurate.	Management should adequately implement controls over daily and monthly processing of transactions to ensure that differences can be identified and corrected on a timely basis.	Inadequate review and reconciliation of the monthly billing reports	Management will recalculate and reconcile the property rates billing on a monthly basis	12/07/2022	30/06/2023

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MOSES KOTANE LOCAL MUNICIPALITY AUDIT ACTION PLAN (AAP) 2022/2023										
PERIOD : 30 JUNE 2022										
No	Finding number	Heading of finding	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Managements proposed solution	Start Date	End Date
21	ISS 20	AFS analysis - Ratios - Debt management : Collection Rate	Financial Ratios	During the performance of our audit procedures, we identified that the municipality's collection rate is only 2% which is significantly below the norm as per circular. This is an indication that revenue collection of the municipality requires urgent attention and corrective measures should be implemented. Furthermore, the municipality have disclosed a debtor's impairment provision of R321 004 723 on the revenue of R348 106 138 billed in the current year which translate to 92% of the debtors being impaired and could have to be written-off in future as irrecoverable. This is due to inadequate measures to ensure revenue due to the municipality is collected. The impact of which may result in cashflow problems, thus affecting the financial viability of the municipality resulting in the municipality unable to meet some of its short-term obligation and provide services to its communities.	Management did not review and monitor compliance with applicable laws and regulations to ensure that all revenue due to the municipality is collected.	Management should ensure that overdue debtors are followed up on a monthly basis and debtors are collected on a timely basis in line with legislated requirements.	Inadequate controls and procedures on debt collection	Management will draft incentive program to be implemented to stimulate consumers to paying off their debts.	12/07/2022	30/06/2023
22	ISS 27	Consumer debtors - Disagreement between balance disclosed in the notes to the AFS and auditor recalculation	Consumer debtors	During the performance of our audit procedures, we noted that the reconciliation of the statutory receivables did not agree with other information disclosed on note 12 of the annual financial statements.	The cause of the above finding is inadequate reviews on the annual financial statements to ensure that it is accurate.	The Chief Financial Officer should ensure that annual financial statements are adequately reviewed and casted to ensure accuracy of reported information.	Inadequate review of Financial statements before submission	Management will ensure that the financial statements are internally consistent and thoroughly reviewed prior to submission	30/10/2022	30/11/2022

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MOSES KOTANE LOCAL MUNICIPALITY AUDIT ACTION PLAN (AAP) 2022/2023										
PERIOD : 30 JUNE 2022										
No	Finding number	Heading of finding	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Managements proposed solution	Start Date	End Date
23	ISS 45	ISS: 45 Additional disclosure: Councillors arrear accounts	Disclosures	During performance of our audit procedures, we were unable to locate the following councillors with arrear accounts on the debtor's age analysis. The impact of the above finding is a factual misstatement of R472 908 on councillors' arrear account under additional disclosures.	Management did not implement controls over daily and monthly processing and reconciling of transactions.to ensure the additional disclosure note is accurate.	Management should ensure that adequate reviews are performed on information disclosed in the annual financial statements to confirm accuracy.	Inadequate review of the financial statements and the supporting schedules schedule by	Management will ensure that the financial statements are thoroughly reviewed prior to submission	30/10/2022	30/11/2022
24	ISS.16	Internal control deficiency - Consumer debtors deposits	Revenue	While performing our audit procedures on the consumer debtors, it was noted that the municipality does not account for consumer debtor's deposits as a short term liability, as stipulated in the credit control policy. This is non-compliance to internal control policies of the municipality and will results in misstatement of short-term liability.	The Chief Financial Officer did not implement controls over daily and monthly processing and reconciling of transactions to ensure that short-term liability from consumer deposits is properly accounted for in the annual financial statements.	The Chief Financial Officer should adjust the annual financial statements where appropriate to correctly account for the short-term liability as a result of the consumer deposits. The Chief Financial Officer should ensure compliance with the internal control policies and requirements of the accounting framework.	Improper analysis and classification of transactions to identify separable components and treat them accordingly to GRAP	Management will retrospectively review all deposits received and quantify them. A journal will be passed to correct the error	07/12/2022	30/06/2023

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No	Finding number	Heading of finding	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Managements proposed solution	Start Date	End Date
25	ISS 31	Financial Instruments disclosure Note 37 - Difference between TB and AFS amounts	Disclosures	During the performance of our audit procedure, we identified the following differences between the trial balance and amounts disclosed in note 37 of the annual financial statements The impact of the above finding is a factual understatement of R1 010 601.08 in note 37 of the annual financial statements.	The Chief Financial Officer did not implement controls over daily and monthly processing and reconciling of transactions to ensure that the annual financial statements is accurate.	The Chief Financial Officer should ensure that adequate reviews are performed between the supporting schedules and amounts disclosed in the annual financial statements before approval and submission for audit.	Inadequate review of the Annual Financial Statements to make sure that amounts disclosed in the notes are consistent to the amounts disclosed in other areas of the financial statements	Management shall review financial statements for internal consistency before they are submitted to AG, Provincial Treasury and internal auditors	16/01/2023	30/06/2023
26	ISS 63	Provision incorrectly classified as contingent liability	Contingent Liabilities	During the performance of the audit procedure, we noted that the municipality include Mogaki's in the contingencies while there is no court case or dispute. The transaction does not meet the definition of a contingent liability as the transaction has a present obligation and it's probable that there will be an outflow of economic benefits at an amount of R 470 426, 30 The misclassification results in an understatement of payables and overstatement of contingent liability of a factual amount of R 470 426, 30	Management did not implement controls over daily and monthly processing and reconciling of transactions to ensure correct classification.	Management should ensure that only account for contingent liability only when the liability meets the definition of contingent liabilities.	Inadequate analysis of contingent liabilities to confirm if all contingent liabilities meets the definition of contingent liabilities or not	All contingent liabilities identified shall be analysed and assessed if they meet the definition for contingent liability and not provisions or other liabilities	16/01/2023	30/06/2023
27	ISS.5	Contingencies Disclosure of Prior period error	Contingent Liabilities	While performing our audit procedures on contingencies we noted that the following Litigations was accounted for by an adjustment made to the financial statements relating to a prior period error, however there is no amounts included in the prior period error note:	The Chief Financial Officer did not implement controls over daily and monthly processing and reconciling of transactions to	Management should ensure that there is proper review of the annual financial statements.	Inadequate review of the financial statements to identify errors and omissions	Management will perform a thorough review of the Annual Financial Statements to identify omissions and errors in the financial	16/01/2023	30/06/2023

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No	Finding number	Heading of finding	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Managements proposed solution	Start Date	End Date
					ensure that the disclosure not is complete.			statements before submitted for audit		
28	ISS 56	Internal control deficiency: Interest charged	Internal Control	Whilst performing audit procedures on revenue from non-exchange transactions: interest, it was noted that the tariff policy indicated that interest will be charged at 7.75% on arrear accounts, however the policy did not specifically indicate the amount of days a debtor would need to be in arrears before interest will be charged. This results in non-compliance with MFMA section 62 and possibly an overstatement of revenue from non-exchange transactions.	The municipality did not establish and communicate policies and procedures to enable and support understanding and execution of internal control objectives, processes, and responsibilities.	Management should ensure that the approved policy for tariffs indicate all necessary information with regards to interest charged on arrear accounts.	Lack of review of the policies to make sure its detailed, complete, accurate and relevant	Management will review all policies to identify and correct incomplete and inaccurate policies	16/01/2023	30/06/2023

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No	Finding number	Heading of finding	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Managements proposed solution	Start Date	End Date
29	ISS 51	Prior Period Error - lack of error description disclosed under PPE - Error	PPE	After inspection of the prior period error note 42, description of PPE Error 1, it was noted that the description only addresses the prior period error regarding the Mogwase Stalls and not the size correction error as well. As per FAR disclosure and AFS note 42 disclosures, the Prior Period Error regarding Investment Property consist of two separate journals amounting to a net error of R2 093 095. Journal 1 was passed to account for the correction of GRAP 16 properties extent relating to a size correction and amounting to (R 8 817 135). However, this journal was not disclosed under the Prior Period Error description in note 42. Journal 2 was passed to account for the reclassification of Mogwase Stalls from GRAP 17 to GRAP 16 on completion of the stalls (based on the intention of the stalls) amounting to R 6 724 040, which was accurately, correctly, and completely disclosed under note 42. Therefore, a finding will be raised due to a lack of disclosing of the Prior Period Error descriptions. The impact results in the financial statements affecting the understatement of a user due to a lack of disclosing of information under note 42 Prior Period Errors.	Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.	It is recommended that management prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.	Inadequate review of the financial statements to identify errors and omissions	Management will perform a thorough review of the Annual Financial Statements to identify omissions and errors in the financial statements before submitted for audit	16/01/2023	30/06/2023

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PERIOD : 30 JUNE 2022										
No	Finding number	Heading of finding	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Managements proposed solution	Start Date	End Date
30	ISS.44	Revenue from non-exchange: Property rates and valuation roll	Revenue	Whilst performing completeness audit procedures on property rates the following was noted regarding the valuation roll: This property was included in the valuation roll, however it could not be confirmed if the property is situated in the boarders of the municipality as there is no detail regarding the address. Management did not ensure that the valuation roll contains reliable and sufficient information of the property location. This could result in an understatement of property rates.	Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.	Management should provide evidence to confirm that the property is within the boundaries of the municipality.	Inadequate review of the valuation roll to identify and correct errors	Management will perform a thorough review of the valuation roll to identify omissions and errors in the valuation roll	16/01/2023	30/06/2023
31	ISS 66	The municipality did not complete a water service development plan (WSDP) as part of the integrated development plan	Compliance-WATER AND SANITATION	As part of water and sanitation basic services assessment, it was noted that the municipality did not complete a water service development plan (WSDP) as part of the integrated development plan. Without the WSDP, the municipality will not be able to plan its activities accordingly to service the area it operates within. We further noted the following shortcoming in the water and sanitation environment: · There is an underspending on the maintenance of water and sanitation infrastructure from unutilised budget due to lack of planning on maintenance or monitoring of the budget The above will result in non-compliance with Water Services act.	Management did not adequately review and monitor compliance with applicable laws and regulations.	Management should develop a WSDP in line with the requirement of the water service act to ensure that the municipality is able to analyse the size and distribution of the population within the area it operates within. Management should further establish water infrastructure plan, track expenditure to avoid underspending and overspending and perform conditional assessment on infrastructure.	The unit for water and sanitation has been with engagement with DWS to train the personnel to update the 2012 WSDP to date on web base tool. The process to train the personnel is very slow due to the unavailability of the staff from DWS national office	Management will seek other means to speedily develop WSDP for the municipality. Unit for water and sanitation has been with engagement with DWS to train the personnel to update the 2012 WSDP to date on web base tool.	16/01/2023	30/06/2023

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No	Finding number	Heading of finding	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Managements proposed solution	Start Date	End Date
32	COF 08	Backlogs in the provision of water experienced	Compliance-WATER AND SANITATION	As part of water and sanitation basic services assessment, it was noted that the municipality experienced backlogs in provision of water and sanitation. The backlogs experience was between 10 000 to 15 000 household for water provision and estimated 25 000 household for sanitation. Furthermore the majority of the targets for the water services were not achieved in the current year resulting in the municipality unable to provide planned basic services to the communities. The impact of the above will be that significant percentage of households may not have access to piped water at their erf/yard or within 100m of where they live and residents reverting to open defecation practices	Management did not adequately review and monitor compliance with applicable laws and regulations.	Management should ensure that backlogs are reduced and eliminated to ensure provision of basic services delivery through proper planning, monitoring, evaluations and implementing corrective actions were necessary.	The backlogs are caused by the population increase at the villages due to the mine developments.	Management is working tirelessly to ensure that the target of water provision to households in their yard or within 100m of where they live is achieved.	16/01/2023	30/06/2023
33	COF 08	No water infrastructure maintenance plan was established for the year under review.	Compliance-WATER AND SANITATION	As part of water and sanitation basic services assessment, it was noted that the municipality did not establish the water and sanitation infrastructure plan. This has major contribution to provision of basic delivery as infrastructure is a significant tool to get basic services to the public and therefore if no plan to maintain infrastructure is in place, no budget will be allocated and there will be no stipulated time to maintain infrastructure The impact of the above will be lack of proper planning of maintenance of infrastructure and allocation of budget will take place. This will further affect analysis of spending vs budget and may lead in underspending on infrastructure.	Management did not ensure the review and monitor compliance with applicable laws and regulations.	Management should ensure that water infrastructure maintenance plan is established and properly implemented	Inadequate review and monitoring of compliance with applicable laws and regulations.	Management will seek funding to develop operation and maintenance plan for all water and sanitation infrastructure.	16/01/2023	30/06/2023

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No	Finding number	Heading of finding	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Managements proposed solution	Start Date	End Date
34	COF 08	No conditional assessment of water infrastructure were performed to inform the water infrastructure maintenance plan for the year under review.	Compliance-WATER AND SANITATION	As part of water and sanitation basic services assessment, it was noted that the municipality did not perform conditional assessment of water infrastructure to inform the water infrastructure maintenance plan for the year under review. The impact of the above will be aging infrastructure will not timely identified. Condition assessment allows the municipality to ensure that any infrastructure that requires maintenance is timely identified and this will not take place if the condition assessment is not performed.	Management did not ensure the review and monitor compliance with applicable laws and regulations.	Management should ensure that conditional assessment of water infrastructure to inform the water infrastructure maintenance plan is properly performed	inadequate review and monitoring of compliance with applicable laws and regulations.	Management will ensure that assessment of water infrastructure to inform the water infrastructure maintenance plan is included to perform operation and maintenance properly.	16/01/2023	30/06/2023
35	ISS 15	AFS analysis - Ratios - Repairs and Maintenance as a % of PPE and Investment property	Financial Ratios	During the performance of our audit procedures were identified that the repairs and maintenance as a percentage of property, plant and equipment as well as investment property is 1.21% (38 057 877 /3 103 560 154) which is below the norm as per circular Furthermore, the carrying value of assets has increased in the current year but spending on repairs and maintenance has decreased from R53 468 293 in the prior year to R38 057 877 in the current year which translate to a 29% reduction of funds spent on the repairs and maintenance. The Impact of the above finding is that there might be breakdown of aging infrastructure resulting in loss of revenue e.g. water losses and poor service delivery as a result of non-availability of infrastructure as a results of breakdowns.	Leadership did not exercise oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls to ensure that assets of the municipality are adequately maintained.	Leadership should ensure that there is a plan in place for the maintenance of the municipality's critical assets within the norm to enable it to continue providing basic services to the communities and prevent loss of revenue as a result of aging infrastructure.	The municipality is unable to collect revenue from debtors as a result cash flow challenges are experienced by the municipality. From the government grants, there is no portion allocated to repairs and maintenance	Management will budget for higher repairs and maintenance once the Municipality is able to collect cash for services rendered	16/01/2023	30/06/2023

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No	Finding number	Heading of finding	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Managements proposed solution	Start Date	End Date
36	ISS.26	Non-compliance with legislative requirements on the use of consultants	Use of Consultants	<p>While performing our audit procedures it was noted that management had performed a GAP analysis regarding the need for consultants in order to compile the Annual Financial statements. In the GAP analysis prepared by Ms T Mogorosi (Manager: AFS) and recommended by Mr M Mkhize (CFO) it was stated that “the municipality has insufficient skills and resources” to compile the AFS and see the audits through.</p> <p>However, in the job descriptions of the Manager: Annual Financial statements and the CFO, it is explicitly required for them to be able to compile the annual financial statements, therefore it is expected that the person appointed in either of those positions should be capable of compiling the AFS and thus there should be no need for consultants.</p> <p>The impact is non-compliance with the requirement of the Municipal Cost Containment Regulations and possible financial loss that could result in a material irregularity.</p>	Leadership did not implement effective HR management to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored.	Leadership should ensure that there is adequate and sufficiently skilled resources in key positions. Leadership should ensure they adhere to the requirements of the Municipal Cost Containment Regulations.	The municipality has inadequate capacity and skill to prepare annual financial statements	Skills transfers to municipal officials is in progress and should be monitored consistently and pragmatically.	16/01/2023	30/06/2023

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No	Finding number	Heading of finding	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Managements proposed solution	Start Date	End Date
37	ISS.19	Internal control deficiency: Use of consultants	Internal control-Use of Consultants	<p>During the performance of our audit procedures, we identified that the municipality has a consultancy reduction plan in place, however there is a lack of understanding between the roles and responsibilities of officials as well as lack of skilled operational staff to perform tasks placing over reliance on consultants.</p> <p>This is due to lack of monitoring by management with regards to the transfer of skills by the consultants to the municipal staff.</p> <p>The impact is non-compliance with MFMA 62(1) (a) and MFMA Circular No. 82</p>	Leadership did not implement effective HR management to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored. Management did not review and monitor compliance with applicable laws and regulations.	Management should also ensure that skills are transferred to municipal officials when consultants are used to avoid over reliance on consultants.	No structured skills transfer processes in place which should be incorporated into municipal's officials roles and responsibilities	Skills transfers to municipal officials is in progress and should be monitored consistently and pragmatically.	16/01/2023	30/06/2023
38	ISS.29	Internal control deficiency: Slow responses by management to follow up on prior year issues (PAAP)	Internal Control	<p>During the performance of our audit procedures, we noted that management have been slow in addressing prior year issues.</p> <p>The impact of the above finding is recurrence of the prior year issues in the current year.</p>	Leadership did not adequately develop and monitor the implementation of action plans to address internal control deficiencies.	Leadership should ensure that there is adequate monitoring of the implementation of the audit action plan by management to ensure that prior year issues are resolved.	Inadequate internal control procedures put into place	Management to implement standard operating procedures	16/01/2023	30/06/2023

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39	ISS 9	Internal Control deficiency: Policies not reviewed and approved	Internal Control	<p>During the performance of our audit procedures, the auditors assessed municipal policies submitted for audit and it was noted that some policies did not go through council for reviews and approval, and some of these policies do not state the required intervals of review and approval</p> <p>The impact of the finding is municipal policies that are outdated and not in line with current relevant laws and legislations may be applied which could lead to non-compliance and possible financial loss to the municipality.</p>	The municipality did not establish and communicate policies and procedures to enable and support understanding and execution of internal control objectives, processes, and responsibilities.	All policies should clearly state the review and approval intervals, and all policies that have not yet been approved should be presented to council for review and approval.	Inadequate review and approval of policies by management and /or councillors	Management will review all policies to identify those that are not approved and make sure the relevant policies gets approved	16/01/2023	30/06/2023
40	ISS.20	Internal control deficiency: ICT Server Room	ICT	<p>During the performance of our evaluation of the environmental controls over ICT the following was noted:</p> <ul style="list-style-type: none"> <li>- Inspected the ICT Server Room and it was noted that the temperature inside the server room was not sufficiently regulated as it was excessively hot.</li> <li>- The air conditioning units was defective as they did not blow out cold air.</li> <li>- In addition to this it was noted that the fire suppression unit is not in use as the system is not on. This is due to inadequate implementation of the Disaster Recovery Plan by management. This impact of the finding is non-availability of service as a result of ICT failure and non-compliance with MFMA 63.</li> </ul>	Establish an IT governance framework that supports and enables the business, delivers value and improves performance.	Management should ensure that appropriate remedial action is applied to ensure that the municipality complies with MFMA 63.	Air conditioners cannot restart automatically when power resumes after load shedding		16/01/2023	30/06/2023

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41	ISS 46	Differences between Cash book and Bank statements	CASH AND CASH EQUIVALENT	During performance of our normal audit procedures we identified the following difference between Cash book and Bank statement. The management could not provide us with sufficient information to test the reconciling item. The disagreement will result in a factual understatement of R 9 644.80 on Cash and cash equivalent.	Management did not implement controls over daily and monthly processing and reconciling of transactions to ensure that variances are identified and followed-up timeously.	Management should follow-up on the variances and ensure that the root cause is addressed.	Variances were not thoroughly investigated	Management to ensure that any bank recon variances are investigated and resolved satisfactorily.	16/01/2023	30/06/2023

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1	(COF02) (ISS.30)	AOPO: Supporting evidence to support the actual achievement not submitted for KPI 45	AOPO	During the performance of our audit procedures for KPI 45 :Number of high-mast lights energised in Koffiekraal it was noted that there is no portfolio of evidence to support the reported achievement in the annual report in which it was indicated that 14 High-mast lights were energised in Koffiekraal	The PMU manager did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.	The PMU manager should submit information supporting the reported achievement for this indicator. Management should ensure that the actual achievement reported is supported by valid supporting evidence	Inadequate reviews of performance information reports by management.	Management will ensure that performance reports are reviewed on a quarterly basis.	13/01/2023	30/06/2023
2	(COF01) (ISS.11)	AOPO: Supporting evidence information not submitted for KPI 24	AOPO	During the understanding for the process followed in terms of construction of Vrede storm water phase III (KPI 24) we requested the appointment letter for the contractor as well as progress report/completion certificate. Management provided us with information for construction of Vrede storm water phase II instead of phase III.	The PMU manager did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.	The PMU should provide the external auditors with the information requested to ensure that planned audit procedures could be performed on a timely manner. Management should ensure that the actual achievement reported is supported by valid supporting evidence	Inadequate reviews of performance information reports by management.	Management will ensure that performance reports are reviewed on a quarterly basis.	13/01/2023	30/06/2023

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3	(COF01) (ISS 12)	AOPO: Performance management system framework was approved after the SDBIP	AOPO	<p>During the understanding of the process followed in terms of the performance management, monitoring and reporting it was noted that performance management system was adopted after the commencement by the municipality of the process of setting key performance indicators and targets in accordance with its integrated development plan. The below was noted when we performed the walkthrough to confirm whether the municipality have complied with the Municipal Planning and Performance Management reg 8:</p> <ul style="list-style-type: none"> <li>· Inspected the council minutes of meetings and confirmed that the Performance Management system was adopted by council on 29 June 2021 as item number 139/06/2021.</li> <li>· Inspected the council minutes of the meeting and confirmed that the SDBIP was approved on the 25 June 2021</li> </ul>	Leadership did not exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls.	Leadership should ensure that the performance management system is adopted before or at the same time as the commencement by the municipality of the process of setting key performance indicators and targets in accordance with its integrated development plan.	Inadequate reviews of performance information reports by management.	Management will ensure that Performance management system framework is approved before the SDBIP in future.	13/01/2023	30/06/2023

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4	(COF01) (ISS.14)	Internal control deficiency: No performance valuation performed in 2021/22	AOPO	During the completion of employee costs business process it was noted that no performance reviews were performed for section 56 and 57 employees during the 2021/22 financial year. This due to inadequate implementation of internal controls by management The impact of the finding is non- compliance with Municipal Performance regulation for municipal manager regulation 32 of 2006.	Leadership did not implement effective HR management to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored.	Management should ensure that performance reviews for Section 56 and 57 are performed as a measure against their indicator and targets set for the year.	Inadequate reviews of performance information reports by management.	Management is in the process to forward an item to council to resolve on the establishment of performance evaluation management committee that will ensure that performance reviews for s56 and s57 are performed in line with the regulations.	13/01/2023	30/06/2023
5	(COF01) (ISS.22)	AOPO:KPI 18 - Listing of households provided access to basic level of water not submitted	AOPO	During the understanding for the process regarding the number of households with access to basic level of water, we requested a listing with a list of the households that have access to basic level of water. Management provided us with report on water consumed per households instead of the list of the households who were supplied with water. Further noted that there were no system in place on how to address the misstatement from prior periods on the indicator, The municipality supplied basic water to 107 villages and 2 township however we could not determine the number of households that had access to basic water	The PMU manager did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.	Management should implement a verification process with ward councillors including the Traditional Leaders in order to count households that have access to both water and waste removal. Further utilise happy letters for VIDP including implementation of the satisfaction register for services provided on both roads and water projects including High mast lights.	Inadequate reviews of performance information reports by management.	Management will ensure that performance reports are reviewed on a quarterly basis.	13/01/2023	30/06/2023

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				as the actual achievement should have been reported based on the actual households who were provided basic water.						
6	(COF01)(ISS.23)	AOPO:KPI 51 -Listing in terms of the households which have access to solid waste removal not submitted	AOPO	Through discussion with management regarding how monitoring of the project are performed and noted that the municipality has an appointed service provider (Katlego Baphiring Trading Enterprise JV Lethabo Projects Solutions) that undertake household waste collection services across all 107 villages and 2 townships and further noted through inspection of the report that services provider was appointed and the contract will end April 2022. Further we enquired in terms of how did the municipality calculated the actual achievement 96% households which have access to solid waste water however they could provide	The PMU manager did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.	Management should implement a verification process with ward councillors including the Traditional Leaders in order to count households that have access to both water and waste removal. Further utilise happy letters for VIDP including implementation of the satisfaction register for services provided on both roads and water projects including High mast lights.	Inadequate reviews of performance information reports by management.	Management will ensure that performance reports are reviewed on a quarterly basis.	13/01/2023	30/06/2023

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				us with the formula for the calculation .No system in place to compile the listing of the household with access. Lack of system result in a limitation of scope as we are unable to audit the number of households that have access to solid waste removal.						

# GLOSSARY

## GLOSSARY

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

# GLOSSARY

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

# GLOSSARY

	express a specific level of performance that a municipality aims to achieve within a given time period.
<b>Service Delivery Budget Implementation Plan</b>	Detailed plan approved by the mayor for implementing the municipality’s delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
<b>Vote:</b>	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a “vote” as:</p> <p><i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i></p> <p><i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i></p>

# APPENDICES

## APPENDIX A – COMMITTEES AND COMMITTEE PURPOSES

<b>Committees (other than Mayoral / Executive Committee) and Purposes of Committees</b>	
<b>Municipal Committees</b>	<b>Purpose of Committee</b>
<b>Bid specification committee</b>	<b>Determine the specifications of goods and services to be procured by the municipality in line with municipal supply chain management policy and other relevant statute</b>
<b>bid evaluation committee</b>	<b>Evaluate bids in line with the published specifications, municipal supply chain management policy and other relevant statute.</b>
<b>Bid adjudication committee</b>	<b>Adjudicates bid in line with municipal supply chain management policy and other relevant statute</b>
<b>Assets management and disposal committee</b>	<b>Plan and report to council on disposal of municipal assets.</b>

# APPENDICES

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## APPENDIX B –THIRD TIER ADMINISTRATIVE STRUCTURE

<b>Third Tier Structure</b>	
<b>Department</b>	<b>Head of Department/Manager (State title and name)</b>
Municipal Manager's Office	Mr M.V Letsoalo
Acting Director Corporate Services	Mr S. Kotsedi
Planning and Development	Mr M. Makgoba
Budget and Treasury Office	Mr M Mkhize
Community Services	Mr S. Kotsedi
Infrastructure and Technical Services	Mr B. Maseloane

# APPENDICES

## APPENDIX C

<b>Municipal / Entity Functions</b>		
<b>MUNICIPAL FUNCTIONS</b>	<b>Function Applicable to Municipality (Yes / No)*</b>	<b>Function Applicable to Entity (Yes / No)</b>
<b>Constitution Schedule 4, Part B functions:</b>		
Air pollution	No	No
Building regulations	Yes	No
Child care facilities	No	No
Electricity and gas reticulation	No	No
Firefighting services	No	No
Local tourism	Yes	No
Municipal airports	No	No
Municipal planning	Yes	No
Municipal health services	No	No
Municipal public transport	No	No
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	Yes	No
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No	No
Storm water management systems in built-up areas	Yes	No
Trading regulations	Yes	No
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes	No
Beaches and amusement facilities	No	No
Billboards and the display of advertisements in public places	Yes	No
Cemeteries, funeral parlours and crematoria	Yes	No
Cleansing	Yes	No
Control of public nuisances	Yes	No
Control of undertakings that sell liquor to the public	No	No
Facilities for the accommodation, care and burial of animals	No	No
Fencing and fences	No	No
Licensing of dogs	No	No

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Licensing and control of undertakings that sell food to the public	No	No
Local amenities	Yes	No
Local sport facilities	Yes	No
Markets	No	No
Municipal abattoirs	No	No
Municipal parks and recreation	Yes	No
Municipal roads	Yes	No
Noise pollution	Yes	No
Public places	Yes	No
Refuse removal, refuse dumps and solid waste disposal	Yes	No
Street trading	Yes	No
Street lighting	Yes	No
Traffic and parking	Yes	No

# APPENDICES

## APPENDIX D – WARD REPORTING

Functionality of Ward Committees						
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Ward Committee Members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
1	Victor Kheswa <b>(EXCO Member)</b>	1.Jacoline Pitso 2.Ipeleng Segale 3.Mandisa Tunzi 4.Wendy Matlapeng 5.Reginald Nkele 6.Xolile Vetshe 7.Ntombizakhe Dayele 8.Motlogelwa Ramokoka 9.Botshelo Nageng 10.KaraboSegakweng	Yes	12	12	
2	Poloko Lesomo	1.Elizabeth Motaung 2.Mmaphefo Mothibi 3.Dinah Ditsele 4.Idah Dinake 5.Dipolelo Molefe 6.Lillian Ndlovu 7.Matheo Ramatlhape 8.Kgomotso Maotse 9.Thapelo Ntshabele 10.Tebogo Mokoka	Yes	12	12	

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Functionality of Ward Committees						
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Ward Committee Members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
3	Solomon Tladi	1.Mpho Mokgosi 2.Tumisang Sole 3.Hannah Legoale 4.Maria Nokwane 5.Baneeleng Dibobo 6.Dinah Ramalosa 7.Dorcas Tlholoe 8.Gladys Xhale 9.Nthati Magano 10.Ziphora Legoale	Yes	12	12	
4	Bertha Ponosho	1.Lenah Mokale 2.Dipuo Molosiwa 3.Morwe Mokemong 4.Ellen Ntsileng 5.Sophy Mooketsi 6.Motheo Mokale 7.Gloria Nyamane 8.Godfrey Seditiro 9.Sekgele Ngakane	Yes	12	12	

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Functionality of Ward Committees						
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Ward Committee Members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
5	Thato Motshegare	1.Norah Monageng 2.Kefilwe Pholo 3.Banyana Pheyaga 4.Rapula Masilo 5.Catherine Mokomela 6.Solomon Banda 7.Suzan Makete 8.Moses Blom 9.Itereleng Sesinyi 10.Jeffery Sedumedi	Yes	12	12	
6	Karel Sedile	1.Jimmy Khunou 2.Wilson Mtengezo 3.Christopher Moalusi 4.Mothusi Rakuba 5.Joyce Tshabalala 6.Simphiwe Kalela 7.Tshegofatso Mula 8.Emily Segogoana 9.Jabulile Matsepe 10.Moses Dichabe	Yes	12	12	

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Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Ward Committee Members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
7	No ward committees					
8	Rebecca Moeng	1.Phiri Tau 2.Balebetse Ramagogodi 3.Oratile Medupe 4.Isaac Molemane 5.Roselina Maine 6.Olefile Pilane 7.Patrick Mosime 8.Sonyanalisa Raikane 9.Thateng Menyatswe 10.Edna Sikayi	Yes	12	12	

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Functionality of Ward Committees						
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Ward Committee Members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
9	Phadie Nquthula	1.Caroline Malapile 2.Mavis Pilane 3.Nyana Makaudi 4.Patricia Teke 5.Realinda Kotsedi 6.Linda Khunou 7.Africa Tilhasi 8.Lebogang Makanye 9.Patrick Matsila 10.Oupa Pilane	Yes	12	12	
10	George Moatshe	1.Stunford Nkomo 2.Salamina Khunou 3.Rapholo Makgamatha 4.Hilda Maupi 5.Boitumelo Matabane 6.Kija Nyirenda 7.Daphney Moabi 8.Dikgang Seleka 9.Francina Kgwale 10.	Yes	12	12	

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11	Efesia Matshereng	1.Sinah Ditsele 2.Mamiki Mphela 3.Seth Tshintlo 4.Maalosa Ramokoka 5.Modiegi Selokelo 6.Stemmie Ratlala 7.Oupa Molesywa 8.Violet Mphela 9.Dikeledi Maledu 10.Mmaleso Kekana	Yes	12	12	
12	Aaron Ramokoka	1.Bontle Bosielo 2.Welcome Matshoga 3.Mmalekgoa Ramokoka 4.Esrom Botsi 5.Caroline Maema 6.David Lekoto 7.Lebogang Sito 8.Asaph Makinita 9.Jonas Mogale 10.Mosidi Tshoma	Yes	12	12	

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Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Ward Committee Members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
13	Patrick Tame	1.Nthati Ntwape 2.Dineo Letsholo 3.Elias Letsholo 4.Gabriel Thoka 5.Monti Khumalo 6.Dumisani Jentile 7.Phulane Botlhokwane 8.Leoko Mangwegape	Yes	12	12	
1422	Lizzy Kgame	1.Thabo Morake 2.Matsheko Masilo 3.Elizabeth Xaba 4.Pouline Lesele 5.Boniswa Matshini 6.Kgomotso Leteane 7.Odirile Lekgetho 8.Edward Makgale 9.Sannah Mokgosi 10.Tsietsi Tseladimitlwa	Yes	12	12	

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15	Solomon Mabitsela	1.Modikela Segoe 2.Mathibela Molefe 3.Onkutlwile Matlhola 4.Johannes Mantyio 5.Kingsley Moteane 6.Thato Mosako 7.Johanna Mfi 8.Tshidi Kgotlang 9.Boruthwane Hlungwane 10. Moses Rakoma	Yes	12	12	
16	David Chaka	1.Freda Mqhushekiwe 2.Daniel Molapisi 3.Nome Sebegu 4.Mary Marumagae 5.Ofentse Loeto 6.Dikgang Khumalo 7.Thabo Rampete 8.Pauline Motsomane 9.Motsamai Ndlovu 10.Johannes Molemane	Yes	12	12	

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17	Bushy Solomon Manganye (EXCO Member)	1.Katlego Masimong 2.Reginald Letsholo 3.Evelyn Nkoane 4.Mmamokete Njoro 5.Kegopotswe Mokwena 6.Petrus Motlhatswi 7.Katlego Madiseng 8.Claudina Serole 9.Kopano Khunou 10. Peter Seemise	Yes	12	12	
18	Mamikie Radiokana	1.Hannah Lesesjane 2.David Moletsane 3.Elsie Madubung 4.Tshepang Khoza 5.Mpole Nkwe 6.Richard Motlhabane 7.Carol Mosome 8. Ben Kotane 9. 10.	Yes	12	12	

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Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Ward Committee Members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
19	Harry Kodongo	1.Patience Mekgwe 2.Elzonia Motlhako 3.Doris Maotoe 4.Daniel Lesejane 5.Tiny Van Vuur 6.Kagiso Modikwe 7.Mamaki Kgatshe 8.Julia Kgosimang 9.David Moatle 10	Yes	12	12	
20	Obed Motsisi	1.Lebogang Kgaswane 2.Mmamosiane Nkwe 3.Petrus Motlhabi 4.Esther Kgaswane 5.Mittah Tlholwe 6.Samson Kgaswane 7.Mpipo Tlholoe 8.Stephen Mashabela 9.Itumeleng Kgaswane 10.Mmadikeledi Bogatsu	Yes	12	12	

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21	Tshepo Khumalo	1.Pauline Mfati 2.Martius Kekae 3.Tebogo Semakane 4.Daniel Molete 5.Sidwell Leso 6.Rosina Moime 7.John Motseokae 8.Mpho Motsatsi 9.Tsholofelo Phiri 10.Simon Mabe	Yes	12	12	
22	Mita Khutsafalo Khunou	1.Mpho Ramatlhape 2.Motsei Khunou 3.Mpho Molefe 4.Tumelo Mokone 5.Matshidiso Phefo 6. Motshwere Motlhanka 7.Johannes Masilo 8.Dikeledi Rapole 9.Ralikeleko Sefotho 10.Kegomoditswe Ramoabi	Yes	12	12	

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23	Nketu Nkotsoe <b>(Exco Member)</b>	1.Hilda Mosime 2.Violet Mpangeva 3.Kerileng Sebole 4.Johanna Masiangoako 5.Jane Mokgoebi 6.Lizzie Bogatsu 7.Jane Mopedi 8.Daphney Thondwane 9.Lesego Ramokgadi 10.Solomon Diale	Yes	12	12	
24	Abish Magodielo	1.Mary Dibodu 2.Tshepo Moilwa 3.Linki Motsisi 4.Eva Mosimanyana 5.Mogomotsi Mpangeva 6.Anna Koitsiwe 7.Rahab Mathulwe 8.Kebonyeng Madikela 9.Irene Mosimanyana 10Phillip Sekao	Yes	12	12	

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25	Johannes Mosito	1.Sello Segone 2.Thabo Mabale 3.Onnica Mabakeng 4.Solomon Letlape 5.Mpoko Rakhudu 6.Ben Tawana 7.Gift Mongwe 8.Mary Modise 9.Mpho Matshego 10.	Yes	12	12	
26	Hendrick Sekao	1.Poppy Masike 2.Catherine Toobi 3.Matlakala Ramela 4.Mogotsi Moruane 5.Thabo Mokone 6.Priscilla Moloana 7.Bakang Siko 8.Patricia Machete 9.Mmapula Marobe 10Lebogang Mothoane	Yes	12	12	

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27	Joseph Sibanda	1.Mpho Mabele 2.Beauty Chibelu 3.Kgomotso Sibanda 4.David Koitsewe 5.Judith Sojane 6.Josephine Rachomanyane 7.Maphefo Tlagadi 8.Tryphina Mabue 9.Rosina Mogoma 10Jane Nhasengo	Yes	12	12	
28	Rose Lukhele	1.Marea Tekana 2.Martha Shaai 3.Tebogo Disetlhe 4.Sipho Mzelem 5.Tshireletso Maphosa 6.Mapula Ramosunya 7.Elizabeth Moutloatse 8.Sophie Moroalla 9.Mosiako Ditlhasi 10Thabo Letshwiti	Yes	12	12	

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29	Kagiso Bubisi	1.Leatile Ratsoga 2.Phola Matlala 3.Thabang Maime 4.Thekwe Modise 5.Aaron Kgabo 6.Ishmael Mogapi 7.Neo Phofu 8.Maikano Mataboge 9.Maria Kwenaitse 10. Boitumelo Morero	Yes	12	12	
30	Chonko Tryphosa Botlhokwane (EXCO Member)	1.Jabulile Mbele 2.Anna Monye 3.Regina Tshabalala 4.Patricia Mokobane 5.Innocentia Mkhwanazi 6.Martha Phiri 7.Joseph Mmope 8.Modisa Kekana 9.Emily Sibeko 10 Bishop Mathibedi	Yes	12	12	

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Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Ward Committee Members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
31	Orepa Kgarimetsa	1. Morena Thale 2. Keneilwe Motswasele 3. Mesejeng Pilane 4. Ipeleng Moeti 5. Alice Kgosi 6. Lebogang Meselane 7. Sina Modibe 8. Baatseba Gouwe 9. Kagiso Mokwena 10. Elson Kgarimetsa	Yes	12	12	
32	Thapelo Thoboke (EXCO Member)	1. Doreen Mokoka 2. Amelia Mafilika 3. Tshogofatso Seake 4. Ditshele Maloba 5. Petrus Maungwa 6. Bennedid Ledoaba 7. Jane Tshite 8. Jane Ntsoe 9. Joshua Phiri 10. Patrick Segone	Yes	12	12	

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Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Ward Committee Members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
33	Diphetogo Mmolawa	1.Lerato Mfolwe 2.Thabang Kgwakgwa 3.Nelly Mokgobu 4.Bosekilwe Rakobane 5.Badanile Jezile 6.John Ncube 7.Josiah Tsholo 8.Lucky Molapo 9.Mmabatho Moanakwena 10.Absalom Mataboge	Yes	12	12	
34	Dipuo Tau	1.Stanley Moatshe 2.Rebaemetse Otukile 3.Emily Motshegwa 4.Masego Segone 5.Elizabeth Mamadi 6.Galeboe Diale 7.Shimankie Ramokoka 8.Modise Sibanda 9.Bachipile Mahuma 10.Rosina Moloko	Yes	12	12	

**APPENDIX F – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2020/2021**

<b>Municipal Audit Committee Recommendations</b>		
<b>Dates of Committee Meetings</b>	<b>Committee recommendations during 2018/19</b>	<b>Recommendations adopted (enter Yes) If not adopted (provide explanation)</b>
15-Oct-20 23-Nov-20 11-Dec-20 30-Apr-21 15-Jul-21	Audit Committee that management must implement recommendation made by Internal Audit, External Audit and the Audit Committee, to strengthen and improve the control environment so that emerging and identified risk can managed and mitigated timeously.	YES