



Re direla setshaba



# **MOSES KOTANE LOCAL MUNICIPALITY 2023/2024 ANNUAL REPORT**

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

On behalf of the Moses Kotane Local Municipality and our dedicated officials, I am pleased to present this Annual Report for the financial year 2023/2024. This report outlines our achievements and performance over the past year, demonstrating our unwavering commitment to improving the quality of life for our communities through strategic partnerships and community engagement initiatives. Our municipality's mandate is aligned with the broader goals of local government as outlined in the South African Constitution, chapter 7. However, the unique expectations of our citizens guide our specific actions and initiatives. Our Integrated Development Plan (IDP) serves as our guiding document, reflecting the needs and aspirations of our community. Our mandate is to provide effective services to our communities wherever they live.

In partnership with Liugong, we have successfully launched a water project aimed at alleviating the water shortage in our municipality's rural communities. This initiative aligns with the Sustainable Development Goals by ensuring that communities have access to clean and reliable drinking water, which is fundamental to health and well-being. The project has had a significant impact, providing much-needed relief and improving the quality of life for many of our residents.

We hosted a Mayoral Imbizo, an interactive program designed to foster communication between the municipality and the community. This initiative aims to increase service delivery by directly addressing the concerns and needs of our communities. The Imbizo provided a platform for open dialogue, allowing us to hear firsthand from the community and respond to their issues promptly and effectively. This engagement has strengthened our relationship with the community and has been instrumental in guiding our service delivery efforts.

A significant collaboration was established between the Moses Kotane Local Municipality, Sefako Makgatho Health Sciences University, and the North West University (NWU) through the signing of a Memorandum of Understanding (MoU). This agreement focuses on the construction of a science center aimed at supporting learners in mathematics and science. The science center will provide a state-of-the-art facility for education and research, helping to foster a new generation of scientists and engineers from our municipality. This initiative is a testament to our commitment to educational advancement and our belief in the power of education to transform lives.

As we reflect on these achievements, it is important to acknowledge that our successes are the result of collaborative efforts. Our councilors, officials, and partners have worked tirelessly to make these initiatives a reality. Moving forward, we will continue to build on these successes and address the challenges that remain.

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Our collective efforts and commitment to our community's well-being will continue to guide us as we strive for a more efficient and effective municipality. Thank you to all our stakeholders, partners, and community members for your ongoing support and engagement.



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**CLLR NKETU NKOTSWE**

**Hon Mayor**

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## 1.2 MUNICIPAL MANAGER'S OVERVIEW

As the Municipal Manager, I am pleased to present this annual report for the financial year 2023/2024, highlighting key initiatives and resolutions that underscore our commitment to improving the quality of life for our communities.

A pivotal moment of this year was the successful two day strategic planning session held in May 2024. During these sessions, thorough discussions led to the formulation of strategic resolutions, aimed at addressing critical areas of concern and driving sustainable development within the municipality.

An extensive programme dedicated to identifying and repairing water leaks across the municipality was launched. This initiative is crucial for conserving water resources, reducing water wastage, and ensuring a more reliable water supply for our communities.

Robust revenue enhancement strategies were developed and implemented to improve revenue collection. Recognition has been given to our traditional leaders as they play an integral role in the development of communities, ongoing engagement and collaboration with traditional leadership has been prioritized. This initiative aims to strengthen relationships and foster mutual understanding.

Proactive steps to address the challenges posed by an unfunded budget were taken, including the prioritization of critical expenditures and the adoption of a revised credit control policy to enhance debt recovery. Strengthening internal controls within the municipality remains a key focus.

The filling of key positions within the municipality has been prioritized to ensure effective implementation of strategies and delivery of services. This will equip the municipality with the necessary skills and expertise to drive initiatives forward.

A programme to refurbish and upgrade water treatment facilities benefiting communities which will significantly improve the quality and reliability of the water supply has been developed. Exploration and adoption of new systems and technologies to enhance operational efficiency is ongoing. The continuous updating of the indigent register to ensure that vulnerable households receive the necessary support is underway.

I am pleased to announce the appointment of the Chief Financial Officer who joined the municipality in January 2024, who brings a wealth of experience and expertise in financial management, and his leadership is already making a significant impact on financial strategies. His appointment is set to enhance financial stability, improve budgeting processes, and strengthen overall financial health.

The municipality is currently in the process of filling three senior managers positions which were left vacant due to resignations and the expiry of contract amongst others.

These positions are crucial in ensuring effective service delivery to our communities, and efforts

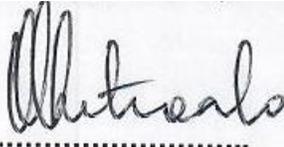
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are being made to attract qualified and dedicated individuals to continue delivering quarterly services to our people.

An Audit Steering Committee has been constituted to provide oversight and guidance on performance and financial matters. This committee will play a pivotal role in ensuring transparency, accountability, and sound financial management practices within the municipality. The audit committee has put a lot of emphasis on compliance and the implementation of quinquennial management to encourage municipality to adhere to local prescriptions as required.

By prioritizing these areas, service delivery will be enhanced, financial management improved, and a collaborative and responsive municipal environment fostered.

Heartfelt gratitude is extended to the council, dedicated staff, community members, and partners for their unwavering support and cooperation.



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**MUNICIPAL MANAGER**

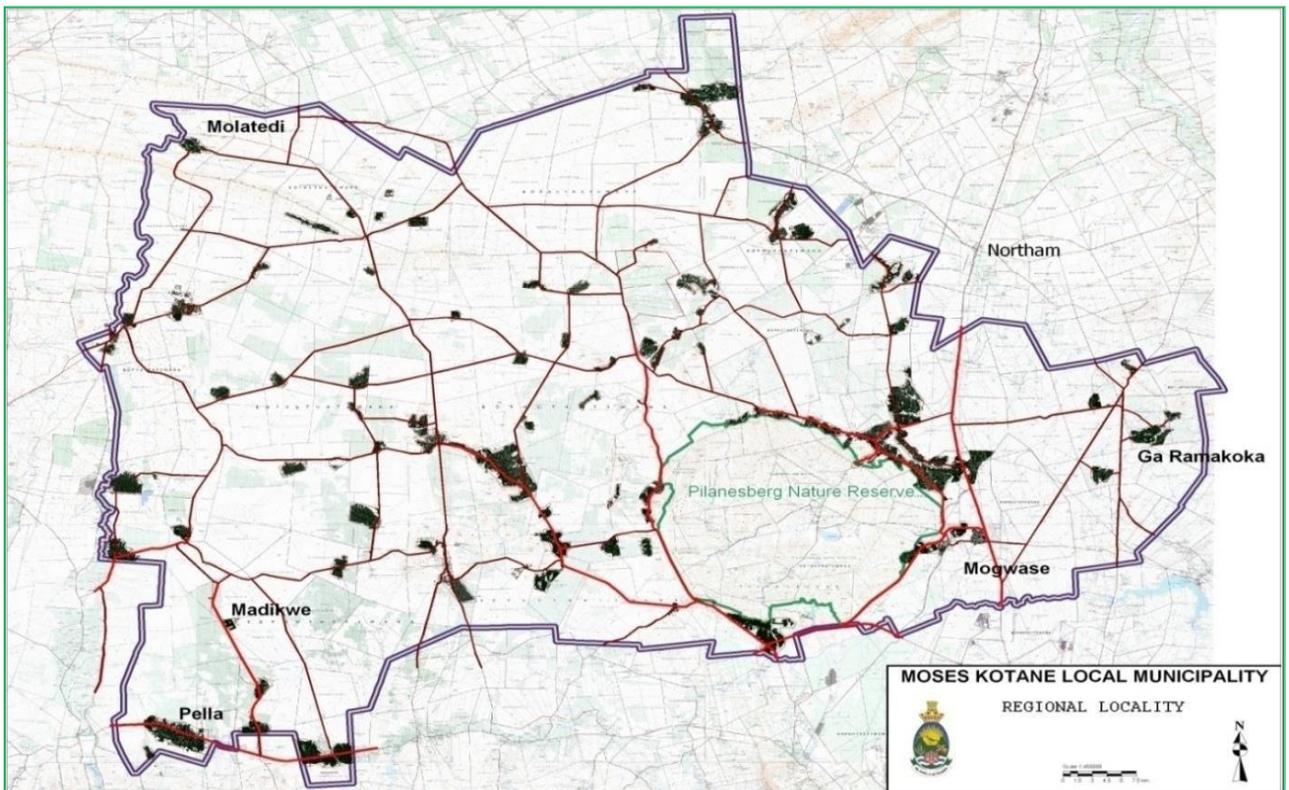
**Mr. Mokopane Letsoalo**

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### 1.3.INTRODUCTION TO BACKGROUND DATA

Moses Kotane is classified as Category B4 Local Municipality which is mainly rural with communal tenure. Its headquarters are based in Mogwase Townships with satellite offices in Madikwe Township. It shares borders with Rustenburg, Kgetleng River, Ramotshere Moiloa and Thabazimbi Local Municipalities. It is one of the five local municipalities constituting the Bojanala Platinum District Municipality classified as Category C1, in the North West Province of the Republic of South Africa.

The Municipality is strategically located and covers an area of approximately 5220 square meters, and on the R510 national road leading to all the mines, Amandelbult, Northam Platinum, Siyanda Mine, Rhino Andalusite, and Limberg Mine to PPC and ends in Thabazimbi. The Municipality also rest in the gateway to Sun City. the Pilanesberg, the Madikwe Game Reserve and the Bakubung Game Reserve. The N4 Corridor, which is the east-west bound road connecting Rustenburg and Pretoria, runs to the south of Moses Kotane local municipality. The R510 north-south bound road connects Moses Kotane Local Municipality to the north.



MAP 1: REGIONAL LOCALITY

### 1.3.1. DEMOGRAPHIC PROFILE

The table 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 the North West Province. The Rustenburg and Kgetleng river LMs have the highest population growth rates in the District Municipality at 50.60% and 41.05%, respectively.

Local Municipality	Population 1996	Population 2001	Population 2011	Population 2021	% of total population 2021	Population growth / decline from 2011 to 2021	% 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%

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

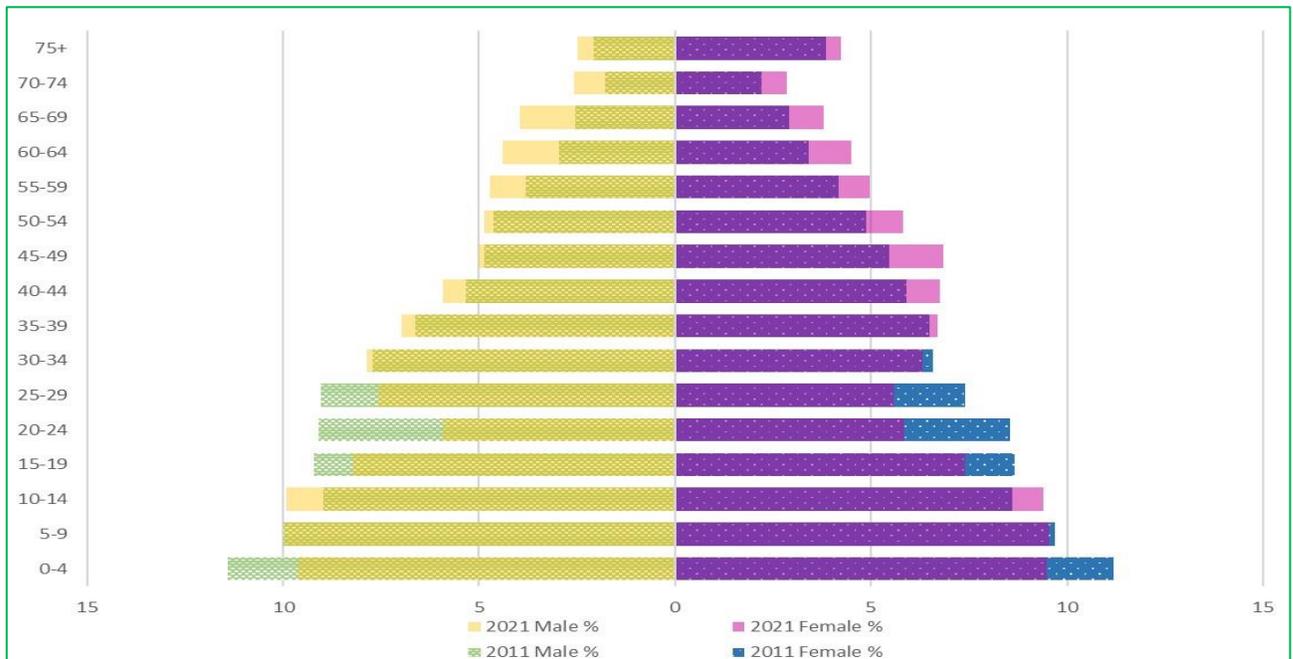
### 1.3.2. POPULATION: AGE AND GENDER FOR 2011 AND 2021

The table below reflects the population gender and age distribution for 2011, 2016 and 2021 in MKLM, based on Stats SA data. The Figure 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.

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

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>
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.



**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:**

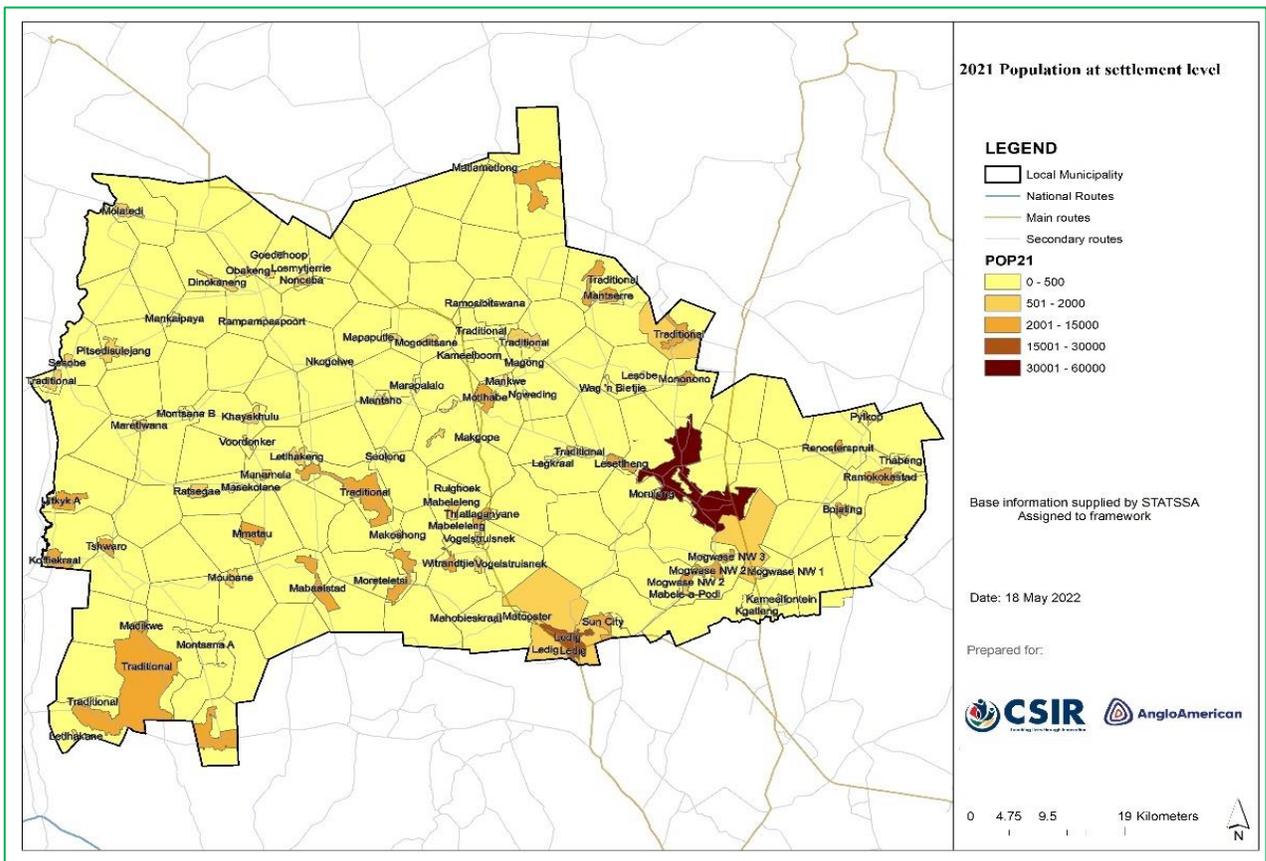
- There are more females in Moses Kotane; however, the birth rate has declined from 2011 to 2021.
- The proportion of both males and females in the categories between 15 and 29 years of age has decreased since 2011. This starts to increase from 35 years upwards.
- The soft narrowing of the cohorts as 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 the older population accounted for 10% of the total population. This means that an estimated 39% of the population in MKLM is dependent on the economically active segment of the population.

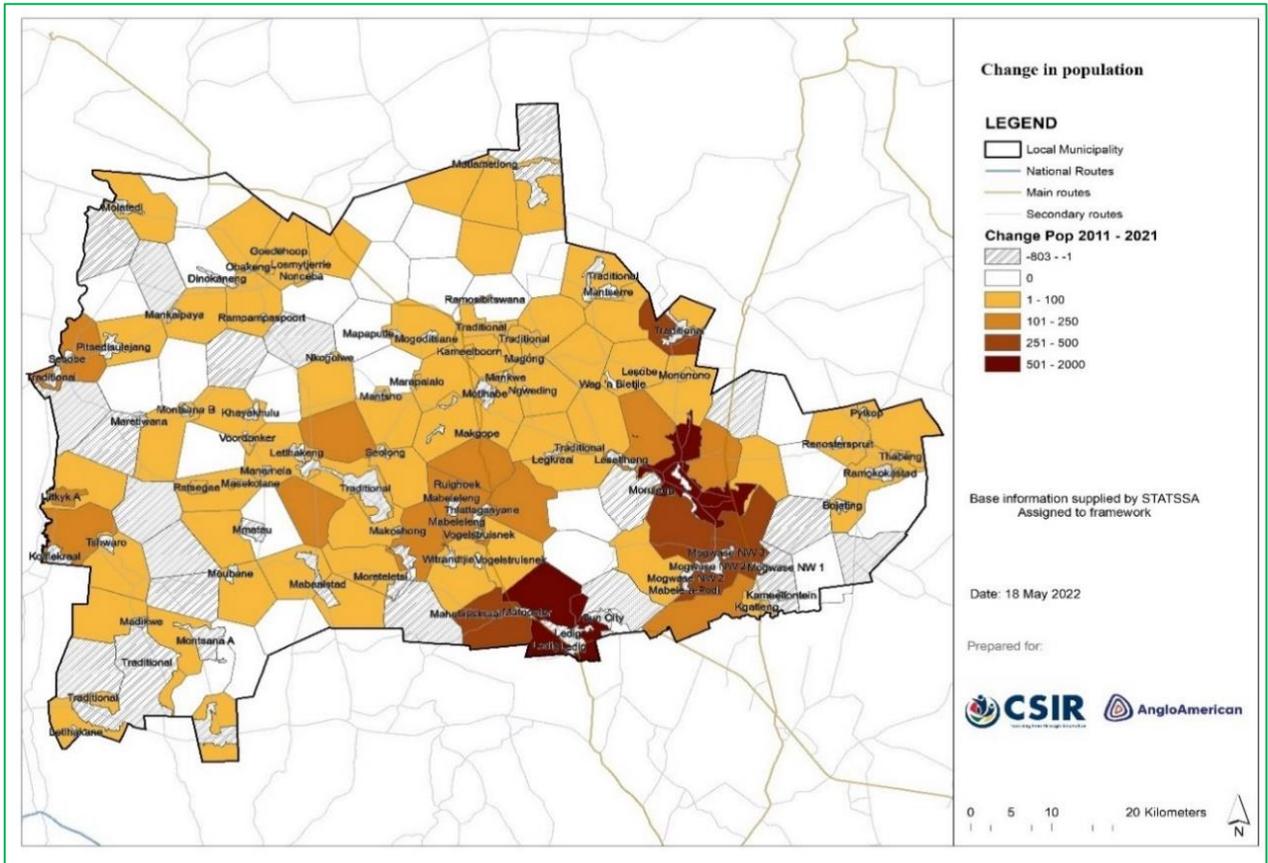
### 1.3.3. POPULATION GROWTH TREND PER SETTLEMENT FOOTPRINT: SETTLEMENT POPULATION DATA

The first map shows the settlement footprint with associated 2021 population for MKLM, whilst the map thereafter shows changes in population size between 2011 and 2021 in the different settlements. The results in the Figure show that the 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.



**Map 2: 2021 Population at settlement level**

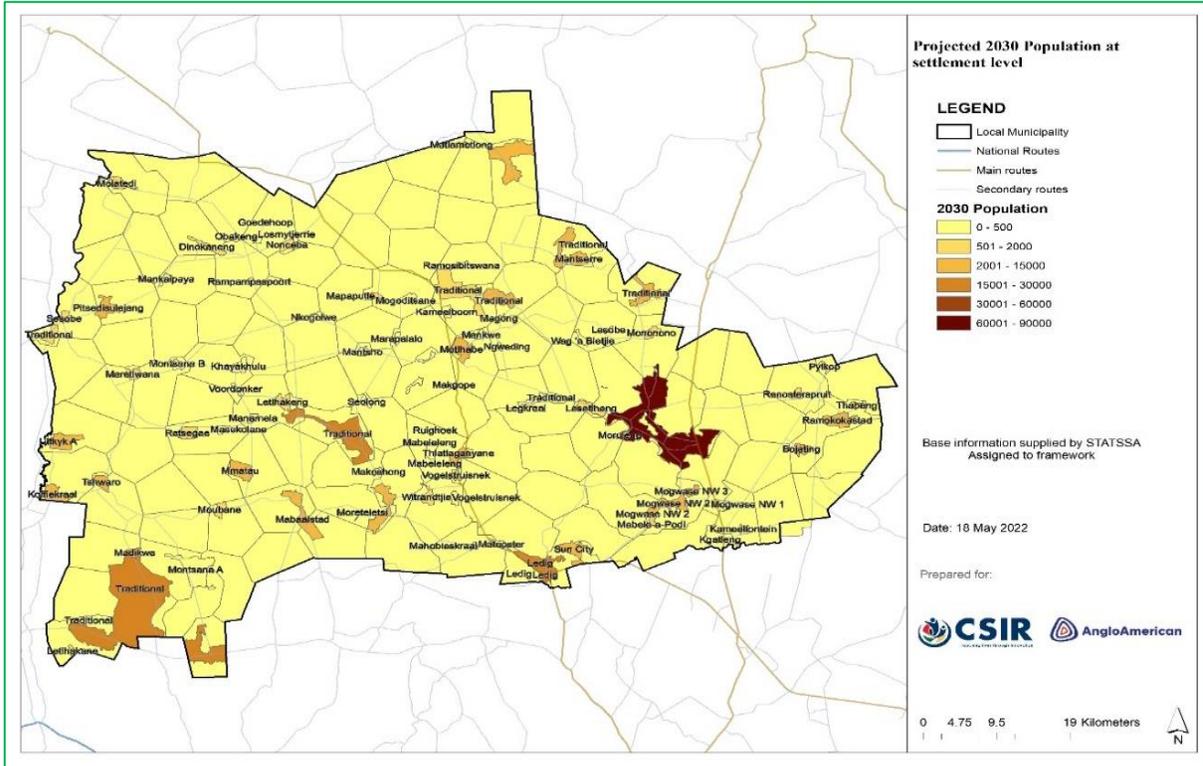
Source: Statistics South Africa. 2021. Mid-year population estimates assigned to settlement footprint



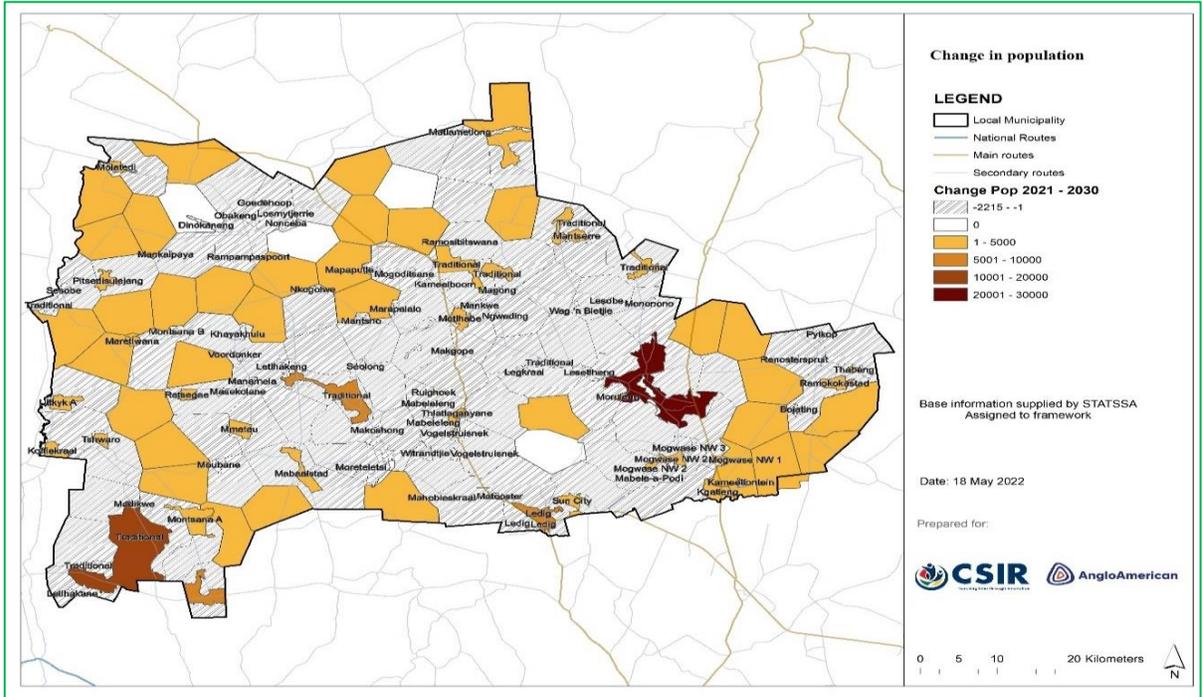
**Map 3: Population change per settlement between 2011 and 2021**

Source: Stats SA 2021 Mid-year estimates and 2011 census data assigned to settlement footprint

The map below shows the projected population growth per settlement in 2030, while the figure shows the projected population changes between 2021 and 2030. Projected population values for each settlement were calculated, partly through the use of a gravitation model taking push-pull factors into account. The results in the Figure shows that the majority of the settlements in MKLM are not expected to have any significant increase in population between 2021 and 2030. However, a settlement such as Lediq is expected to significantly increase in population by the year 2030.



**Map 4: Projected Population for 2030**  
 Statistics South Africa data assigned to settlement footprint.



**Map 5: Projected population change between 2021 and 2030-** Statistics South Africa data assigned to settlement footprint.

### 1.3.4.SETTLEMENT TYPES

Based on the information provided in the following Table on the settlement types, as outlined in the National Spatial Development Framework (2022) adopted in 2022, MKLM has two service towns, three small service towns and nine local service nodes. Ledig is identified as a service town in MKLM. This is important to note that the Ledig settlement is expected to grow, as mentioned in the projected population growth above. This means that it would serve a considerable number of people, hence its importance in the provision of social facilities.

<b>TABLE 3: SETTLEMENT TYPES FOR MOSES KOTANE LOCAL MUNICIPALITY BASED ON THE NSDF</b>		
<b>Moses Kotane Local Municipality</b>		
<b>Service Town</b>	Ledig	
	Moruleng	
<b>Small Service Town</b>	Mabeskraal	Mogwase/Moruleng ST
	Seshibitswe	
<b>Local Service Node</b>	Dwarsberg	Lesetlheng
	Madikwe	Molatedi
	Nonceba	Obakeng
	Pella	Seolong
	Skuinsdrif	

### 1.4. POLITICAL GOVERNANCE - MUNICIPAL COUNCIL

Moses Kotane Local Municipality is led by Council with the Executive Committee comprised of the Mayor as the Chairperson, inclusive of the Speaker as she presides over Council processes and the Whip maintains discipline among Councillors from various Political Parties. The governance model adopted by MKLM Council, recognises political leadership as the highest decision-making body.

The above is prescribed in terms of Local Government: Municipal Structures Act, No. 117 of 1998. The Mayor is the Head of Executive Committee (EXCO), which is the oversight committee to execute oversight function which comprises of five Portfolio Heads who serve in departmental / portfolio committees. The current Municipal Council became in office after Local Government elections in November 2021, and now in the second leg of financial review.

The Mayor is the chairperson of oversight committee members, resolved as EXCO. The oversight committees assist Council to exercise its oversight role. As part of supporting the core business of Council and its commitment to the separation of powers, ten Section 79 oversight committees were established and adopted by Council. The Section 79 oversight committees are chaired Portfolio Heads as chairpersons who are full-time Councillors, with below portfolio's:

- Community Services and Public Safety

- 
- Local Economic Development
  - Finance
  - Corporate Services
  - Infrastructure & Technical Services
  - Planning & Development

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.

#### **1.4.1 COUNCIL ROLES AND RESPONSIBILITIES CUT ACROSS AS BELOW:**

- Make policies and bylaws that are informed to cater for community needs
- Enforce the codes of conduct for employees and councillors.
- Cooperate with other spheres of government, organs of state
- Build and promote good relations with the private sector, non-governmental and community organisations and other local organisations.
- Ensure implementation of National, Provincial and Local legislation and policies
- Establish suitable control and reporting systems and procedures to monitor and evaluate policy implementation to cater for communities
- Ensure that the municipality meets its executive obligations, discharges its developmental duties and realises the constitutional objects of local government.

The above-mentioned members have the responsibilities to ensure the following:

- Scrutinise reports referred by EXCO before taking them to Council
- The same reports are engaged on during Executive meetings where the Mayor and/or the EXCO advise Council accordingly
- To oversee the performance of departments, before taking reports to or on behalf of Council
- Provision of advisory legislative role

#### **1.4.2. THE MAYOR**

The Mayor is at the centre of the system of governance but not having executive powers to daily manage the affairs of the municipality. In collaboration with EXCO and Council has the mandate to provide better services and to improve the socio-economic conditions 107 villages and 2 urban areas of MKLM.

#### **1.4.3. THE SPEAKER**

The Speaker performs the duties and exercises powers prescribed in Section 160(1)(b) of the Constitution and Section 36 of the Municipal Structures Act, No. 117 of 1998. The Speaker as the head of the legislative arm of Council, is responsible and to ensure that Council committees

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(Section 79 committees) are established and function effectively and efficiently per corporate calendar adopted by Council annually.

In the main, the Speakers responsibilities are mentioned below:

- Preside Council meetings
- Perform powers and duties delegated as prescribed in terms of Section 59 of the Municipal Systems Act, 2000
- To ensure that Council meets at least once a month, or as and when requested by Council
- To maintain order during Council meetings
- To ensure that Council meetings are conducted in accordance with the rules and orders of Council.

#### **1.4.4. THE SINGLE WHIP**

The Chief Whip plays a pivotal role in the overall system of governance to ensure good relations amongst all political parties. The roles and duties are mentioned below:

- Ensure quorum of all Council sittings
- Promote and maintain positive party-to-party relations
- Ensures that councillors attend Council and committee meetings and represent their parties in the Programming Committee
- Ensures that party members are familiar with the Standing Rules and Orders of Council
- Organise the work of councillors in party caucuses
- Assess the performance of councillors
- Decide the party allocation of councillors to committees

#### **1.4.5. THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)**

The committee is established to assist with Council related matters, delegated with some decision-making powers and required to submit reports to Council per Audit Committee and Auditor Generals reports adopted by Council. MPAC need to ensure that good governance and accountability is maintained by both Councillors and officials of the municipality.

#### **1.4.6. THE AUDIT COMMITTEE (AC)**

The AC is chaired by an independent person, appointed with the requirements prescribed by the MFMA. It is Internal Municipal committee, known as “Standing Committee” to perform their oversight role as prescribed by legislation. Key to their roles and responsibilities is prescribed Municipal Finance Management Act, Section 166(2)(a). Their main role is to advise Council, Accounting Officer and Management Staff per below:

- To ensure adequacy, reliability and accuracy during financial reporting, records and information provision
- To ensure that the issues raised by the AGSA in the Audit Report are addressed. To evaluate Municipal performance, its goals and objectives as set in the Integrated

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Development Plan (IDP) and aligned to Service Delivery and Budget Implementation Plan (SDBIP)

- To ensure that financial controls and internal audit and evaluate municipal performance
- To ensure implementation by and to avoid negative audit outcomes in future
- To ensure accounting policies are scrutinised
- To ensure compliance to applicable legislation, Regulation 14(1)(c) of the Municipal Planning and Performance Management Regulations, 2001
- Ensures that the act above requires municipality's internal auditors to continuously audit the performance measurements of the municipality and submit quarterly reports on their audits to the Municipal Manager and the Audit Committee.

## **1.5. ADMINISTRATIVE GOVERNANCE**

The Municipal Systems Act, No. 32 of 2000, Section 55 of the prescribes the Accounting Officer as the administrative head of a municipality. Moses Kotane Local Municipality recognizes that good governance is a critical to ensure effective, efficient delivering basic services to its communities as the main object of local government. MKLM is committed to implementing and aligning with the Municipal Staff Regulations which was gazetted by the Minister of Cooperative Governance and Traditional Affairs on 21 September 2021 and was effective from 01 July 2022.

The regulations will promote effective recruitment and selection, human resource development, organizational efficiency improvement, occupational health and safety, human capital management and human resource development and skills development. The processes is done with the effort to meet the ever-growing demand for the provision of sustainable quality municipal services, and the effective management and development of human capital. The regulations will also help, in recognition of the need to improve service delivery and transform its ways of running its affairs to the satisfaction of the broader 107 rural villages and two urban areas of Moses Kotane Municipality.

MKLM is in the process of spearheading this resolution, with the main focus of doing Skills Audit, filling of Critical and budgeted vacancies with the right to promoting fairness in the recruitment and selection processes. The intention is also to support and opening opportunities to people living with disability and other designated groups, skills development through training and or capacity building and support to promoting effective Human Resource Management and Development. This is to promote and shows that MKLM made efforts to promote compliance with the relevant local government legislation as required by law, and amongst others, to focus on employment equity and policy development, alignment and implementation. MKLM encountered overwhelming challenges experienced, levels, skills audit etc, but some measure of progress was achieved over the financial year under review. In this regard, some of the critical vacancies remained filled, and efforts to fill key service delivery vacancies was prioritised in order to ensure that basic service are delivered to our communities.

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

The leadership has been clear that it cannot live on past achievements but projects to be implemented towards their communities. 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.

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 process 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. 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:

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### 1.5.1 MUNICIPAL VISION , MISSION AND VALUES

**Vision Statement -A caring municipality underpinned by minerals , agriculture and eco-tourism economy for the advancement of sustainable services to our communities.**

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

#### **Values**

**Integrity | Honesty | Transparency | Accountability | Excellence | Human Dignity.**

### 1.6 SERVICE DELIVERY INTRODUCTION

The Infrastructure & Technical Services Department of the Moses Kotane Local Municipality is responsible for the provision of water, sanitation, roads, storm water and community lighting (streetlights and high mast lights.) Basic service delivery includes the provision of potable water, sewerage management, electricity and the management of roads, which are the basic competency of local government (internal roads within various villages). Government basic services delivery targets are largely prescribed in the Sustainable Development Goals adopted by the United Nations. The major goal is that all households should have access to all basic services.

To Note: Housing is also considered a basic service delivery; however, housing delivery in MKLM remains a provincial competency, led by the Provincial Department of Human Settlements but within Planning and Development. Waste removal is also a basic service delivery within Community Services.

The Municipality is regarded as a Water Services Authority (WSA) and Water Service Provider (WSP). The Municipality is also using the services of Magalies Water Board as water service provider for certain areas that the municipality is unable to provide water. Magalies Water is responsible for bulk supply and the municipality for distribution. The area of operation for the Department is split into two regions, namely Mankwe (eastern side of the municipal area) and Madikwe (western side of the municipality) and consists of the following business units:

- Water and Sanitation
- Roads and Stormwater
- Electro/Mechanical
- Project Management Unit (PMU)

MKLM has a challenge of bulk water supply and lacks a system to augment and maintain all implemented projects. We are a water-scarce municipality and has been lacking water for the past few years. Annually, communities identify water and sanitation as a serious need. This is why it is a priority for the MKLM. The problem is not only present at the MKLM but is a South African challenge. We spend more in paying Magalies and get less in the collection of revenue, and supply is received from Magalies Water (Vaalkop dam). MKLM needs to start education on scarce water resources and try to supply to consumers by implementing appropriate water restrictions for a certain duration where there is a need.

The critical part is that MKLM needs to get funding for bulk water supply, to ensure it strengthens, refurbishes and maintains all water projects implemented already and the ones it is planning to implement. This will also assist MKLM to start engagement with all mining houses, as they also receive water from the Magalies Board, and to plan for collaboration projects to ensure we upgrade the available dam for the sake of basic service delivery. The MKLM must also request all its stakeholders receiving from the same dam to strategies on strategic interventions and address the priority of water and sanitation or VIP toilets where needed (Sun City and others). This cannot happen in isolation and the Department of Water and Sanitation should be engaged on issues of maintenance and refurbishment of existing infrastructure.

The Department (ITS) is understaffed with regards to operations and maintenance. Many projects are implemented every year which results in an increment in the asset register. The vastness of the municipal area makes it difficult for the maintenance teams to respond to breakdowns / maintenance issues given the current human resources. To enable the department to respond timeously, an improvement in human resource as well as plant and equipment should be considered.

#### Departmental Priorities and Objectives

<b>TABLE 4: PRIORITIES AND OBJECTIVES</b>	
<b>Priority</b>	<b>Basic Services and Infrastructure Development</b>
Water	To provide new, and improve and maintain existing water supply infrastructure, so as to minimize interruptions of services, water loss and ensure compliance with Drinking Water and Wastewater Quality standards (blue drop system)
Sanitation	To provide access to sanitation through the maintenance of existing infrastructure, the provision of new appropriate infrastructure to all communities and to ensure compliance with Wastewater Quality standards (green drop system).

<b>TABLE 4: PRIORITIES AND OBJECTIVES</b>	
<b>Priority</b>	<b>Basic Services and Infrastructure Development</b>
Roads and Storm Water	To provide and maintain roads & storm water Infrastructure
Electricity	To provide and maintain community lighting infrastructure and facilitate household electrification by Eskom

<b>Municipal Priorities</b>	<b>Departmental and Parastatals Priorities</b>
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.

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

### **1.6.1. 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

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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.

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

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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 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.

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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.

#### **1.6.2. COMMENT ON ACCESS TO BASIC SERVICES:**

Waste has been collected in all areas in the Municipality – especially in the two “towns”. Challenges have however have been experienced in 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.

### **1.7. FINANCIAL HEALTH OVERVIEW**

#### **1.7.1. 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 services is a major concern for the Municipality. The management’s main focus is to ensure that all reasonable steps are taken to enhance revenue collection. Better planning and control over expenditure and higher effectiveness of staff will also result in improved financial management.

<b>Financial Overview: 2023/2024</b>			
			<b>R' 000</b>
<b>Details</b>	<b>Original budget</b>	<b>Adjustment Budget</b>	<b>Actual</b>
Income:			
Grants	581 763	581 247	577 154
Taxes, Levies and tariffs	395 358	395 398	357 949
Other	100 363	100 363	113 534
Sub Total	1 077 484	1 077 008	1 048 637
<i>Less: Expenditure</i>	1 212 358	1 222 651	1 223 918
Net Total*	(134 874)	(145 644)	(175 281)

<b>Operating Ratios</b>	
<b>Detail</b>	<b>%</b>
Employee Cost	29%
Repairs & Maintenance	5%
Finance Charges & Impairment	26

<b>Total Capital Expenditure: Year 2021/2022 – 2023/2024</b>			
			<b>R'000</b>
<b>Detail</b>	<b>2021/2022</b>	<b>2022/2023</b>	<b>2023/2024</b>
Original Budget	233 760	234 540	244 591
Adjustment Budget	212 120	224 658	242 621
Actual	179 281	208 152	233 987

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## **1.8 ORGANISAIONAL DEVELOPMENT OVERVIEW**

### **1.8.1. ALIGNMENT OF IDP, BUDGET AND PMS**

The IDP, Budget and Performance Management System processes are 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 municipal manager and the senior managers, the cascading to employees is to be implemented in the 2023/2024 financial in accordance with regulations.

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.

At the strategic planning session, an outcome-based approach was used in line with the national government's priorities and the associated 14 outcomes. The strategic objective of the outcome-based approach is to improve service delivery across all spheres of government and to introduce a systematic planning, monitoring and evaluation process.

The Government outcome 9 commits the Minister of Cooperative Governance and Traditional Affairs to develop a local government system which is efficient, effective, responsive and accountable.

In line with Outcome 9, and also discussed during the strategic planning process, Moses Kotane Local Municipality engages and responds directly to issues facing 107 villages and two urban areas and rendering local government services efficiently and effectively.

However, the municipality will also contribute directly and indirectly to the attainment of other outcomes, particularly those dealing with development planning, economic development, infrastructure development, rural development and environmental management. Therefore, alignment with the relevant sector frameworks and programmes across the spheres of government is critical and will broadly be discussed under the strategic intent of the Municipality.

### **1.8.2. NATIONAL KEY PERFORMANCE AREAS**

The Municipality's objectives are aligned to the five National Key Performance Areas as articulated in the DPLG five-year strategy.

- 1) Basic Service Delivery and Infrastructure Development

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- 2) Good governance and Public Participation
  - 3) Municipal Transformation and Organizational Development
  - 4) Local Economic development
  - 5) Spatial Rationale
  - 6) Financial Viability and Management

### **1.8.3. 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 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

### **1.8.4 MUNICIPAL KEY PERFORMANCE AREAS (STRATEGIC GOALS),**

#### **1.8.4.1 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 Service Delivery Budget and Implementation Plan (SDBIP) is directly translated from the adopted IDP and Budget. The SDBIP is regarded as the implementation tools of the IDP and budget.

The Mayor approves the SDBIP which will form the basis for Performance Agreements for municipal manager and senior managers The SDBIPs will determine the development and signing of performance agreements for section 57 employees

#### **1.8.4.2 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.

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### 1.8.4.3 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 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.

### 1.9 AUDITOR GENERAL REPORT 2023/2024

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 qualified audit opinion for 2023/2024 financial year.

### 1.10 STATATORY ANNUAL REPORT PROCESS

Number	Activity	Time-Frame
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 2023/2024 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	

Number	Activity	Time-Frame
9	Auditor General audits Annual Report including Annual Financial Statements and Performance Information	Sep-Dec
-10	Municipalities receive and start to address the Auditor General's comments	Jan-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	

## 1.11 COMMENT ON THE ANNUAL REPORT PROCESS

### 1.11.1 THE IDP/PMS/ BUDGET PROCESS PLAN ADOPTION

Section 153 of the Constitution of the Republic of South Africa provides that a municipality must “structure and manage its administration and planning processes to give priority to the basic needs of the community and to promote the social and economic development of the community”. This constitutional provision illustrates the need for integration, planning, budgeting, implementation and reporting processes of all public institutions for collaboration processes

The Process Plan is developed annually to guides the overall Planning for the financial Year. The Integrated Development Plan (IDP) is the principal strategic instrument of a municipality to give effect to its developmental role as enshrined in the Constitution of South Africa. The main purpose of the IDP is to identify needs analysis and prioritize the most critical developmental challenges of the community raised during Public Participation whilst organizing internal governance and institutional structures in order to address those challenges aligned with availed budget.

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.”

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(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*

**1.11.2. INTEGRATED DEVELOPMENT PLAN (IDP)**

The Municipal Systems Act (Act, No. 32 of 2000) requires municipalities to annually prepare, review and adopt its integrated development plan. An IDP is one of the key mechanisms for local government to cope with its new developmental role. Moreover, it seeks to facilitate strategic decisions on issues of municipal importance, such as land use management systems, local economic development and institutional transformation in a consultative and systematic manner. The Municipal Systems Act, which provides a framework for the preparation of IDPs recommends that, once in place, each IDP must be reviewed annually to reassess and re-evaluate the municipality's development priorities and challenges and to accommodate new developments in local government processes.

The Municipal Systems Act (MSA) also prescribes that an extensive consultation process must be undertaken as part of the IDP process to obtain the inputs from communities regarding their needs. Apart from indicating the needs of communities, the IDP should also specify a vision for the area, i.e., the desired future state of the community and its surrounds, and a plan to achieve it.

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In line with the Systems Act the municipality prepared a process plan, and this plan included the following:

- A programme specifying the time frames for the different planning steps;
- Appropriate mechanisms, processes and procedures for consultation and participation of local communities, organs of state, traditional authorities, and other role players in the IDP drafting process;
- An organisational arrangement for the IDP process;
- Binding plans and planning requirements, i.e., policy and legislation; and mechanisms and procedures for vertical and horizontal alignment;
- The process plan was adopted by council.
- 

**Section 34: The annual review and amendment of integrated development plan- A Municipal Council-**

*(a) Must review in accordance with its Integrated Development Plan-*

- (i) Annually in accordance with an assessment of its performance measurement in terms section 41, and*
- (ii) To the extent that changing circumstances so demand, and*

*(b) May amend its IDP in accordance with a prescribed process*

The municipality ensured that they embark on extensive public participation process of the IDP, Budget, and the Performance reporting to its communities. Traditional Leaders are always part and of our engagements to ensure collaborative efforts in the municipal affairs.

**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:

- (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:**

**Local Government Municipal Systems Act 32 of 2000**

**Chapter 5 and Section 25(1) - Adoption of the Integrated Development Plan**

Each municipal Council must, within a prescribed period after the start of its elected term, adopt a single, all 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) Align 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 be based

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In accordance with this legislation, Moses Kotane Local Municipality adhered to the above legislative requirement when it adopted its IDP 2022/2023.

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,”*

### **1.11.3.COMMUNITY PARTICIPATION**

Public participation is critical to municipal governance and ensures collaborative planning. The expression of public participation enables communication and interaction between the municipality and the community. Through public participation, members of the community and stakeholders are given an opportunity to partake in identifying their needs and priorities per ward, and the municipal planning is informed by their development needs.

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.

The Office of the Speaker is accountable to Public Participation since the New Staff Establishment, Municipal Regulation. The office mobilizes the community to ensure effective and efficient public participation. In the financial year under review, it was for the first time that all plans of Public Participation were facilitated by Speakers Office. All consultations were facilitated, among others, regarding the following:

- Identification of Needs Analysis and Priorities
- Public comments of the IDP and the Medium-term Revenue and Expenditure Framework (MTREF)

And any other consultation on by laws and etc need to be conducted through the office of the Speaker.

## Local Government Municipal Systems Act 32 of 2000

### **Chapter 4: Community Participation: section 16** **Development of culture of community participation**

1. A municipality must develop a culture of municipal governance that complements formal representative government with a system of participatory governance, and must for this purpose-
  - (a) Encourage, and create conditions for, the local community to participate in the affairs of the municipality, including in-
    - (i) The preparation, implementation and review of its integrated development plan in terms of Chapter 5;
    - (ii) The establishment, implementation and review of its performance management system in terms of chapter 6;
    - (iii) The monitoring and review of its performance, including the outcomes and impact of such performance;
    - (iv) The preparation of its budget; and
    - (v) Strategic decisions relating to the provision of municipal services in terms of Chapter 8;
  - (b) Contribute to building the capacity of-
    - (i) The local community to enable it to participate in the affairs of the municipality; and Councillors and staff to foster community participation; and
    - (ii) Use its resources, and annually allocate funds in its budget, as may be appropriate for the purpose of implementing paragraphs (a) and (b).
  
2. Subsection (1) must not be interpreted as permitting interference with a municipal council's right to govern and to exercise the executive and legislative authority of the municipality.

<b>TABLE 6: PUBLIC PARTICIPATION PRIORITIES AND STRATEGIC OBJECTIVES</b>		
<b>No.</b>	<b>Municipal Priorities 2023/2024</b>	<b>Strategic Objectives</b>
1.	Water and Sanitation	To develop and maintain infrastructure to provide basic services.
2.	Roads and Storm water	To develop and maintain infrastructure to provide basic services.
3.	Economic Development <ul style="list-style-type: none"> <li>▪ Climate Change</li> </ul>	To create an enabling environment for social development and economic growth.

<b>TABLE 6: PUBLIC PARTICIPATION PRIORITIES AND STRATEGIC OBJECTIVES</b>		
<b>No.</b>	<b>Municipal Priorities 2023/2024</b>	<b>Strategic Objectives</b>
4.	Municipal Budget <ul style="list-style-type: none"> <li>▪ Debt Collection and</li> <li>▪ Revenue Enhancement</li> </ul>	Sound financial management: adherence to all laws and regulations as prescribed to local government.
5.	Development Planning <ul style="list-style-type: none"> <li>▪ Land availability for Human Settlement</li> <li>▪ Residential area</li> <li>▪ Business and Agriculture</li> </ul>	To establish economically, socially, and environmentally integrated sustainable land use and human settlement.
6.	Community Participation and Communication	To ensure ethical and transparent governance that is responsive to community needs and encourage public participation.
7.	Institutional Development <ul style="list-style-type: none"> <li>▪ Information Communication and Technology</li> </ul>	To promote accountability, efficiency and professionalism within the organization.
8.	Solid Waste and Environment and Disaster Management <ul style="list-style-type: none"> <li>▪ Waste Collection</li> <li>▪ Disaster Management</li> <li>▪ Climate Change</li> </ul>	To develop and improve community infrastructure facilities, public safety, disaster emergencies and healthy environment.
9.	Sports and Recreation	To develop and improve community infrastructure facilities, public safety, disaster emergencies and healthy environment.

#### **1.11.4. IDP PARTICIPATION AND ALIGNMENT**

MKLM commitments is to promote public participation and consultation based on constitutional and legal obligations, including the governance model. To bring effect to this, MKLM has and will continue to promote participatory engagements with the communities in all its processes, including the development of the IDP. Public participation is being done as a compliance exercise and as an honest engagement with communities in order for the municipality to outline all programmes that will be implemented within the five-year cycle of the IDP that is informed by the priorities of the community.

It also gives community members a clear understanding of the processes that have been planned in their wards and various villages. In compliance with the legislative requirements, we have developed the IDP and MTREF Process Plan, which is adopted by Council annually 10 months before the start of each financial year – August 2022, where Action Plans is clear on the 5 Phases of IDP undertaken.

The Office of the Speaker is accountable to Public Participation since the New Staff Establishment, Municipal Regulation. The office mobilizes the community to ensure effective

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and efficient public participation. In the financial year under review, it was for the first time that all plans of Public Participation were facilitated by Speakers Office. All consultations were facilitated, among others, regarding the following:

- Identification of Needs Analysis and Priorities
- Public comments of the IDP and the Medium-term Revenue and Expenditure Framework (MTREF)

And any other consultation on by laws and etc need to be conducted through the office of the Speaker.

#### **1.11.5. TRADITIONAL LEADERS**

Section 81 of the Municipal Structures Act, 1998 stipulates the following:

Traditional Authorities that traditionally observe the system of customary law in the area of municipality may participate through their leaders identified in terms of subsection (2), in the proceedings of the council of that municipality, and those traditional leaders must be allowed to attend and participate in any meeting of the council.

The MEC for Local Government in the Province, in accordance with Schedule 6 and by notice in the Provincial Gazette, must identify the traditional leaders who in terms of subsection (1) may participate in the proceedings of the municipal council. In terms of the MKLM to date, no Traditional Leader partake in Council processes. In the light of this statement, planning becomes a challenge always when it involves project implementation in various wards where Traditional Leaders operates.

Traditional Leaders. In terms of the Traditional Leadership and Governance Framework Act No.41 of 2003, the Role of Traditional Authorities includes, amongst others and relevant to the Municipality:

- ✓ Supporting Municipalities in the identification of community needs
- ✓ Facilitating the involvement of the traditional community in the development or amendment of the integrated development plan of a municipality in whose area the community reside
- ✓ Recommending, after consultation with the relevant local and provincial Houses of Traditional Leaders, appropriate interventions to government that will contribute to development and service delivery within the area of jurisdiction of the Traditional Council
- ✓ Participate in development of policy and legislation at local level
- ✓ Participate in development of programmes of municipalities and of the Provincial and National spheres of government
- ✓ Promoting the ideals of co-operative governance, integrated development planning, sustainable development and service delivery

#### **1.11.6. WARD COMMITTEES**

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The Office of the Speaker continues to play a critical role as per regulations in the provision of training all ward committees. The capacity building programme is the identification of core skills to drive to capacitate ward committees for improved participation, and to play a meaningful role as a bridge between Council and the community. The functionality and effectiveness of the ward committee system are determined by the outcomes of the IDP. The process to re-establish Ward Committees within MKLM was informed by new Council. To date no training was provided since they were elected in the previous financial years 2021/22 and 2022/2023.

Their role in respect of the IDP and budget will be to:

- ✓ Assist the ward councillor to identify service delivery needs and development challenges
- ✓ Prioritize the service delivery needs and development challenges in the ward
- ✓ Provide a mechanism for discussion and consultation between the stakeholders in the ward
- ✓ Encourage active participation amongst all the stakeholders in the IDP and budget processes
- ✓ Ensure co-operation and constructive interaction between the municipality and the community
- ✓ Provide timeous feedback to the community on issues pertaining the ward assistance with the drafting of ward development plans which are incorporated in the IDP
- ✓ Monitor the implementation of projects & programmes in the ward

#### **1.11.7.PETITIONS**

The Office of the Speaker facilitates responses to petitions raised by the community on behalf of the Moses Kotane Local Municipality. The turnaround time to resolve petitions is 90 days; however, most petitions are not resolved as the office still need to be capacitated. The petitions are registered and referred to the Office of the Speaker for consideration and comment. Interdepartmental meetings need to be convened with petitioners for clarity purposes and to request more information in dealing with challenges raised.

The Office of the Speaker visits the petitioners to get clarity on the petitions and to perform site inspections. The Office of the Speaker monitors the implementation of the resolutions together with petitioners, but this time to a minimal extent.

#### **Participation of Traditional Leaders**

Section 81 of the Municipal Structures Act, 1998 stipulates the following:

- 1) Traditional Authorities that traditionally observe the system of customary law in the area of municipality may participate through their leaders identified in terms of section 81 of Municipal Structures Act, No.117of 1998
- 2) In the proceedings of the council of that municipality, and those traditional leaders must be allowed to attend and participate in any meeting of the council.

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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

##### 2.1.1. 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 Audit Committee and have played a pivotal role in performing an oversight role over financial and performance management during the financial year, including the annual report.

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## 2.1.2. POLITICAL STRUCTURE

Mayor - Cllr Nketu Nkotswe

Speaker – Cllr Gugulethu Mtshali

Single Whip – Cllr Lucky Moate

## 2.1.3 MAYORAL COMMITTEE/EXECUTIVE COMMITTEE

<b>Committee</b>	<b>Chairing Councillor</b>
Finance/BTO	Stephina Mashishi
Planning & development	Dithothi Tshethane
Local Economic Development	Caroline Motshabi
Infrastructure & Technical services	Hazel Ramokopelwa
Community services	Solomon Manganye
Corporate services	Obed Motsisi

<b>Council Members</b>	<b>FULL/PART TIME</b>	<b>Committees Allocated</b>	<b>Ward and/ or Party Represented</b>
1.Machete Patricia	Part Time	Local Economic Development	ANC
2.Sephoti Rhyme Tebogo	Part Time	Local Economic Development	ANC
3.kalipa Harris Sipho	Part Time	Corporate Services	ANC
4.Mashishi Stephina Ntebatseng	Full Time	Finance/BTO	ANC
5.Masokwane Samuel Komaakgosi	Part Time	Local Economic Development	ANC
6.Ditsele Enoch Noah	Part Time	Local Economic Development	ANC
7.Mabazo Justice Tlhamo	Part Time	Corporate Services	ANC
8.Serole Itumeleng Patrick	Part Time	Community Services and Public Safety	ANC
9.Sefora Mopyane Nelson	Part Time	Infrastructure and Technical Services	ANC
10.Magoleng Motlhanke Hermanh	Part Time	Finance/BTO	ANC
11.Sekobane Itumeleng Abner	Part Time	Local Economic Development	ANC
12.Matshereng Efesia	Full Time	MPAC	ANC
13.Bosielo Bontle Salaminah	Part Time	Local Economic Development	ANC
14. Luvuno Fortune	Part Time	Finance/BTO	ANC
15.Raboroko Mpho Jacob	Part Time	MPAC	ANC
16.Kgotlhang Tshidi Dorothy	Part Time	Community Services and Public Safety	ANC
17.Mogale Mogomotsi John	Part Time	Local Economic Development	ANC
18.Khunou Kopano Brian	Part Time	Corporate Services	ANC
19.Setlhodi Orapeleng Stoffel	Part Time		ANC
20.Hlojane Sello Simon	Part Time		ANC
21.Mogapi Motsisi Obed	Full Time	Corporate Services	ANC
22.Khumalo Tshepo Confidence	Part Time	Finance/BTO	ANC
23.Letsatsi Kabelo Petrus	Part Time	Finance/BTO	ANC
24.Mogaki Thobego Jeremia	Part Time		ANC
25.Sekao Nomvula Seanokeng Grace	Part Time	Infrastructure and Technical Services	ANC
26.Kanaomang Peter Gobakwang	Part Time	Corporate Services	ANC
27.Letlape Nkeko Anastatia	Part Time	Community Services and Public Safety	ANC
28.Sibanda Joseph Shimane	Part Time	MPAC	ANC
29.Radikeledi Peter Katlego	Part Time	Infrastructure and Technical Services	ANC
30.Pitso Lucky Mxoleni	Part Time	Finance/BTO	ANC
31. Sebalo Shadrack Aobakwe	Part Time	Planning and Development	ANC
32.Thale Mookamedi Bodibe	Part Time	Planning and Development	ANC
33.Pilane Obakeng Obed	Part Time	MPAC	ANC
34.Mosako Thato Gagoinewe	Part Time	Corporate Services	ANC
35.Muleya Precious Kelebogile	Part Time	Planning and Development	ANC
<b>PR</b>			
36.Motshabi Caroline Nkeifeng	Full Time	Local Economic Development	ANC
37.Manganye Solomon Mosweu	Full Time	Community Services and Public Safety	ANC
38.Tshethlane Dithothi Rebecca	Full Time	Planning and Development	ANC
39.Moate Lucas	Full Time	Single Whip	ANC
40.Ramokopelwa Hazel	Full Time	Infrastructure and Technical Services	ANC
41.Mtshali Gugulethu Maureen	Full Time	Speaker	ANC

<b>Council Members</b>	<b>FULL/PART TIME</b>	<b>Committees Allocated</b>	<b>Ward and/ or Party Represented</b>
42.Matshaba Maria Zippora		<b>Infrastructure and Technical Services</b>	<b>ANC</b>
43.Nkotswe Magdeline Nketu	<b>Full Time</b>	<b>Mayor</b>	<b>ANC</b>
44.Deleki Nomawisile	<b>Part Time</b>	<b>Planning and Development</b>	<b>ANC</b>
45.Mashimo Ratselana Ezekiel	<b>Part Time</b>	<b>Infrastructure and Technical Services</b>	<b>ANC</b>
46.Lukhele Rose Mapula	<b>Part Time</b>	<b>Infrastructure and Technical Services</b>	<b>ANC</b>
47.Modisakeng Enoch Tsietsi	<b>Part Time</b>	<b>Finance/BTO</b>	<b>ACDP</b>
48.Motswasele Mildrad	<b>Part Time</b>	<b>MPAC</b>	<b>Bana Ba Thari</b>
49.Motswenyane Mmakgolane Zippora	<b>Full Time</b>	-	<b>DA</b>
50.Rampe Rebaona Ronald	<b>Part Time</b>	<b>MPAC</b>	<b>DA</b>
51.Madisa Tshepang Godfrey	<b>Full Time</b>	-	<b>EFF</b>
52.Mpangeva Mekie Violet	<b>Part Time</b>	<b>Corporate Services</b>	<b>EFF</b>
53.Hermina Mogorosi	<b>Part Time</b>	<b>Infrastructure and Technical Services</b>	<b>EFF</b>
54.Tshailane Sophy Mmapitsi	<b>Part Time</b>	<b>Planning and Development</b>	<b>EFF</b>
55.Mathe Andries Monosi	<b>Part Time</b>	<b>Infrastructure and Technical Services</b>	<b>EFF</b>
56.Mollo Nthabiseng	<b>Full Time</b>	<b>Finance/BTO</b>	<b>EFF</b>
57.Moroka Lebogang Moses	<b>Part Time</b>	<b>Corporate Services</b>	<b>EFF</b>
58.Mabalane Kedibone Charlortte	<b>Part Time</b>	<b>Finance/BTO</b>	<b>EFF</b>
59.Molefe Morgan Thuthugang	<b>Part Time</b>	<b>MPAC</b>	<b>EFF</b>
60.Mokotedi Tumisang	<b>Part Time</b>	<b>Community Services and Public Safety</b>	<b>EFF</b>
61.Sikoane Joel	<b>Part Time</b>		<b>EFF</b>
62.Marakalala Senkgane Brunny	<b>Part Time</b>	<b>Community Services and Public Safety</b>	<b>EFF</b>
63.Matshoba Naome Manosi	<b>Part Time</b>	<b>Local Economic Development</b>	<b>EFF</b>
64.Rammala Ralekeke Thomas	<b>Part Time</b>	<b>MPAC</b>	<b>Forum For Service Delivery</b>
65.Moeng Toto Johannes	<b>Part Time</b>	<b>Finance/BTO</b>	<b>Independent</b>
66.Chaka Chris Kelebogile	<b>Part Time</b>		<b>Tsogang</b>
67. Chibelu Beauty	<b>Part Time</b>	<b>MPAC</b>	<b>Tsogang</b>
68.Maretele Joy Boitumelo	<b>Part Time</b>	<b>Corporate Services</b>	<b>UCDP</b>
69.Mabula Matsapa Phillista	<b>Part Time</b>	<b>Infrastructure and Technical Services</b>	<b>Independent</b>

## 2.2. POLITICAL DECISION-TAKING

The below resolutions were 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.

MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
<b>JULY 2023 to JUNE 2024</b>			
	176/06/2023	<b>SCHEDULES FOR COUNCIL, EXCO AND PORTFOLIO MEETING FOR FINANCIAL YEAR 2023/2024</b>	<b>RESOLVED:</b> a) That the Council adopt the submitted schedule for council, executive and portfolio meeting for financial year 2023/2014.
	177/06/2023	<b>SALGA- INVITATION TO ATTEND THE 2023 SALGA NORTH WEST PROVINCIAL MEMBERS ASSEMBLY</b>	<b>RESOLVED</b> a) That Council notes the report. b) That Council nominate the following members of the Council to represent the Municipality at the 2023 SALGA NW Provincial Members assembly: <ul style="list-style-type: none"> <li>• The Mayor</li> <li>• The Speaker</li> <li>• The Single Whip</li> <li>• Exco Member-Finance</li> <li>• Exco Member- Planning and Development</li> <li>• Exco Member- Corporate Services</li> <li>• MPAC Chairperson</li> </ul> c) That Council approves that the Municipal Manager and the Chief Financial Officer accompanies the nominated councillors to the 2023 SALGA NW Provincial Members Assembly.
	115/05/2022	<b>REVIEWED DELEGATIONS OF AUTHORITY AND TERMS OF REFERENCE</b>	<b>RESOLVED:</b> a) That the reviewed System of Delegation of Authority and Terms of Reference for the Moses Kotane Local Municipality be approved.
	169/06/2023	<b>RESPONSE TO QUESTIONS REGARDING THE LETTER</b>	<b>RESOLVED:</b>

MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
<b>JULY 2023 to JUNE 2024</b>			
		<b>FROM NATIONAL TREASURY IN RESPECT OF SPENDING ON GRANTS</b>	<ul style="list-style-type: none"> <li>a) That Council notes the report.</li> <li>b) That Council acknowledge that the submission by management led to the decrease of the intended amount to be stopped by over R38million.</li> <li>c) That Council note the Implementation and acceleration plan developed and submitted to National Treasury and COGTA.</li> <li>d) That Council note that no project will be reduced or withdrawn as a result of this reduction.</li> </ul>
	<b>165/06/2023</b>	<b>PROGRESS REPORT ON MUNICIPAL INFRASTRUCTURE GRANT (MIG) PROJECTS AND WATER SERVICES INFRASTRUCTURE GRANT (WSIG)</b>	<b>RESOLVED:</b> <ul style="list-style-type: none"> <li>a) That the Council take note of the report.</li> </ul>
	<b>166/06/2023</b>	<b>MOSES KOTANE LOCAL MUNICIPALITY SPECIAL ADJUSTMENT BUDGET 2022/23 (15/1/1/2022/2023)</b>	<b>RESOLVED:</b> <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 2022/23 Special Adjustment Budget be approved.</li> <li>b) That council approve the amendment of SDPIP for the 2022/2023 financial year in line with the Special Adjustment Budget.</li> </ul>
	<b>167/06/2023</b>	<b>PROPOSAL FOR A ONCE-OFF DEBT WRITE-OFF FOR THE EHABILITATION OF DEFAULTING DEBTORS</b>	<b>RESOLVED:</b> <ul style="list-style-type: none"> <li>a) That the report on cost recovery bad debts collection be noted.</li> <li>b) That write off initial 50% of the capital debt (refuse, water, and sewer); 100% of interest charges on outstanding household debts; and any other collection charges (i.e. connection fees, etc.).</li> <li>c) That public participation must be conducted with the affected consumers</li> <li>d) That all outstanding debtors who do not participate in the incentives scheme be handed over to debt collectors in terms of the municipalities' credit control and debt collection policy.</li> <li>e) That a feasibility study be conducted on the smart prepaid water meters.</li> <li>f) That the incentive scheme be introduced for all household, small businesses, churches and non-profit organisation on a rent to rent basis. This implies that 50% outstanding debt as at 31<sup>st</sup> May 2023 be written off on condition that</li> </ul>

MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
<b>JULY 2023 to JUNE 2024</b>			
			<p>consumer settles the balance within 6 months after into a written arrangement with the Municipality.</p> <p>g) That interest be written off on all state owned properties.</p> <p>h) That state owned properties be excluded from the incentives proposal.</p> <p>i) That the Exco liaise with the Office of the Speakers in preparations of Public Participation</p>
	<b>168/06/2023</b>	<b>PROPOSAL FOR WRITE-OFF OF ALL INACTIVE ACCOUNTS</b>	<p><b>RESOLVED:</b></p> <p>a) Having considered the above, Council is requested to approve the write-off of inactive debtors of amounting to (R 5 172 969, 29) as attached in Annexure.</p>
	<b>156/05/2023</b>	<b>REVISED SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) FOR 2022/2023 FINANCIAL YEAR</b>	<p><b>RESOLVED:</b></p> <p>(a) That the Council consider the revised top layer Service Delivery and Budget Implementation Plan for 2022/2023 financial year.</p>
	<b>172/06/2023:</b>	<b>SPECIAL BUDGET ADJUSTMENT: ADOPTED FIVE-YEAR INTEGRATED DEVELOPMENT PLAN (IDP) 2022/2027 FOR THE FINANCIAL YEAR 2023/2024</b>	<p><b>RESOLVED:</b></p> <p>a) That the Council note the Special Budget on adopted Final IDP/Budget for the financial year 2023/2024 to be Approved/Adopted by Council</p> <p>b) That after Approval Public Participation be done to affected communities through Office of the Speaker.</p> <p>c) That the copy of revised IDP be submitted to CogTA.</p> <p>d) That Exco liaise with the Office of the Speaker for public participation schedule</p>
<b>31 AUGUST 2023</b>	<b>25/08/2023:</b>	<b>DERMACATION COMMITTEE PROGRESS REPORT TO THE INVITATION BY MUNICIPAL DERMACATION BOARD TO SUBMIT VIEWS AND REPRESENTATIONS FOR CLASS 2-4: MUNICIPALIT</b>	<p><b>RESOLVED</b></p> <p>(a) That the Demarcation Committee Progress Report responded to the proposed to the intention of the Municipal Demarcation Board to proposed re-determine Class 2-4 boundaries of municipalities be noted</p> <p>(b) Due to cost containment, the committee will deploy its members to various venues of the scheduled of the scheduled meetings.</p>

MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
<b>JULY 2023 to JUNE 2024</b>			
		<b>RE-DERMACATION PROPOSAL</b>	
	<b>13/07/2023</b>	<b>PROGRESS RPORT ON THE DISCIPLINARY ENQUIRY OF THE SENIOR MANAGER HOD: LOCAL ECONOMIC DEVELOPMENT MS G.R. MADIKELA</b>	<b>RESOLVED:</b> That the item be withdrawn for additional information of the report.
	<b>14/07/2023:</b>	<b>APPROVAL TO FILL VACANT SENIOR MANAGER POST-HOD: LOCAL ECONOMIC DEVELOPMENT</b>	<b>RESOLVED</b> That the item be withdrawn as it is subsequent to ITEM 13/07/2023
	<b>22/08/2023:</b>	<b>2023/2024 REVIEWED AUDIT COMMITTEE CHARTER</b>	<b>RESOLVED:</b> a) That the Council approves the reviewed 23/24 MKLM Audit Committee Charter.
	<b>23/08/2023</b>	<b>AUDIT COMMITTEE MEMBERS TERM EXTENSION AND PROCESS FOR THE APPOINTMENT OF THE NEW MKLM AUDIT MEMBERS</b>	<b>RESOLVED:</b> a) That Council takes approved the extension of the current Audit Committee members including the current Audit Committee Chairperson’s terms for a period of four (4) months, starting 01 September 2023 ending 31 <sup>st</sup> December 2023. b) That council approved the commencement of the appointment process of the new Audit Committee members for the period of three years. c) That Council appoint a selection panel comprising of: <ul style="list-style-type: none"><li>➤ Cllr Nkeko Letlape to chair the panel</li><li>➤ A senior official from SALGA as a panellist subject to the approval of salga</li><li>➤ A senior official from Provincial Treasury as a panellist.</li><li>➤ A senior official from CoGHSTA as a panellist.</li><li>➤ the advert for recruitment of the audit committee member be issued within 7 days and appointment be done within 90 days</li></ul>
	<b>24/08/2023</b>	<b>REPORT OF THE AUDIT COMMITTEE FOR THE</b>	<b>RESOLVED:</b> a) That Council takes note of the Audit Committee “s 2022-2023 report.

MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
<b>JULY 2023 to JUNE 2024</b>			
		<b>PERIOD ENDING 30 JUNE 2023.</b>	<ul style="list-style-type: none"> <li>b) That Council take a resolution that management must develop an action plan which must be implemented, monitored on monthly basis and reported on quarterly.</li> <li>c) That the audit committee with the assistance with of the internal audit committee to prepare a diagnostic report on the audit outcome concerns and present such to council</li> <li>d) Special council meeting to be convened for the deliberation on the reports</li> </ul>
	<b>26/08/2023:</b>	<b>GOVERNMENT NOTICE NO.49142 ON UPPER LIMITS FOR THE REMUNERATION OF COUNCIL MEMBERS.</b>	<b>RESOLVED</b> <ul style="list-style-type: none"> <li>a) The municipal approves the implementation of Government Notice 49142 published on the 18 August 2023.</li> <li>b) The implantation of the approved Government Notice N0.49142 be effected after receipt of the concurrence from Member of the Executive Council (MEC) responsible for local government in the North West Province.</li> <li>c) In addition to the total annual remuneration packages the Moses Kotane Local Municipality must take out a special risk cover for all directly elected councillors.</li> <li>d) Councillors who haven't forwarded their information for their special risk cover should urgently ensures that the requisite information is forwarded to the Office of the Speaker.</li> <li>e) That the Office of the mayor to communicate with the office of the MEC within 7 days</li> </ul>
	<b>127/03/2023</b>	<b>LOCAL ECONOMIC DEVELOPMENT ROADSHOW</b>	<b>RESOLVED:</b> <ul style="list-style-type: none"> <li>a) That Council takes note of this initiative as a building block towards a better Local Economic Development.</li> <li>b) That Council approves this initiative as it will be opening a dialogue for a better understanding of the department and use it to their benefit.</li> <li>c) That Council allows the department to invite like- minded institutions to join our roadshow and explain their services better to the communities.</li> <li>d) That all public participation matter must be directed and engage within the speaker's office prior to activities to be held.</li> </ul>
	<b>170/06/2023</b>	<b>PHASE 4 EXPANDED PUBLIC WORKS</b>	<b>RESOLVED:</b> <ul style="list-style-type: none"> <li>a) That the Council takes note of this report;</li> </ul>

MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
<b>JULY 2023 to JUNE 2024</b>			
		<b>PROGRAMME (EPWP) FOR 2023/24</b>	<ul style="list-style-type: none"> <li>b) That the Council notes that R1 629 000 Integrated Grant (IG) has been allocated for MKLM, with 126 Jobs to be created;</li> <li>c) That the municipality needs to strengthen their reporting capacity especially on Infrastructure sector (MIG) with the expected 807 job opportunities;</li> <li>d) That the municipality is to augment the EPWP budget allocation in order to reach the expected job opportunity target set. This could be in a form of private sector funding contribution that may add towards the total Municipal EPWP Fund.</li> <li>e) That the project list to be incorporated into Integrated Development Plan for 2023/24.</li> <li>f) That payment list be submitted to IDP electronically before the audit process starts, before we experience the issue of non-alignment of projects</li> <li>g) That department must bring criteria and process plan for selection of people in all 35 wards in the next council meeting</li> </ul>
	<b>03/07/2023</b>	<b>DRAFT MOSES KOTANE LOCAL MUNICIPALITY ANTI-LAND INVASION POLICY AND STANDARD OPERATING PROCEDURES</b>	<b>RESOLVED:</b> <ul style="list-style-type: none"> <li>a) That the report on the Draft Anti-Land Invasion Policy and Anti-Land Invasion Standard Operating Procedures be noted</li> <li>b) That all councillors and ward committees be workshopped before the implementation of this policy</li> <li>c) That communities be uttered on the matter through a public participation mechanism and community outreach</li> </ul>
	<b>04/07/2023</b>	<b>REPORT ON THE INTENT OF THE PROVINCIALISATION OF LIBRARY FUNCTION</b>	<b>RESOLVED:</b> <ul style="list-style-type: none"> <li>(a) The report on the provincialisation of Library Services be noted</li> <li>(b) That communities be thoroughly be informed on this process and role clarification on the spheres of government</li> </ul>
	<b>05/07/2023:</b>	<b>PROVISION OF INFRASTRUCTURE FOR PERSONS WITH DISABILITY IN ALL MUNICIPAL BUILDINGS AND FACILITIES</b>	<b>RESOLVED:</b> <ul style="list-style-type: none"> <li>a. That the report be noted.</li> <li>b. That all Municipal building infrastructure and facilities must comply with Pillar 1 and all its dimensions.</li> <li>c. That all Municipal building infrastructure and facilities must deemed-to-satisfy the National Building Regulations and Building Standards Act, 1977 as described in SANS 10400-S published in 2011.</li> </ul>

MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
<b>JULY 2023 to JUNE 2024</b>			
			<p>d. That Covered parking bays and markings be provided for Persons with Disabilities.</p> <p>e. That Ablution facilities be converted to accommodate Persons with Disabilities.</p> <p>f. That Guardrails and concrete ramps be provided where necessary in all Municipal buildings and Facilities.</p> <p>g. That assessment on all municipal buildings and facilities be conducted and the report be submitted to council and receive a comprehensive report prior to the implementation.</p>
	<b>06/07/2023</b>	<b>REVIEWED MUNICIPAL SOLID WASTE MANAGEMENT BY-LAW FOR COUNCIL APPROVAL</b>	<p><b>RESOLVED:</b></p> <p>a) That the report be noted.</p> <p>b) That solid waste management by law implementation plan be developed</p> <p>c) That a thorough consultation process be done and all councillors be workshopped</p>
	<b>10/07/2023</b>	<b>FINANCIAL QUARTERLY REPORT FOR THE QUARTER ENDING 30 JUNE 2023 (7/15/1/2/1)</b>	<p><b>RESOLVED:</b></p> <p>a) That the financial quarterly report for the fourth quarter ending 30 June 2023 be noted.</p>
	<b>11/07/2023</b>	<b>FOURTH QUARTER CONTRACT MANAGEMENT REPORT</b>	<p><b>RESOLVED:</b></p> <p>a) That the item be referred back.</p>
	<b>12/07/2023</b>	<b>SUPPLY CHAIN MANAGEMENT FOURTH QUARTER REPORT FOR 2022/2023</b>	<p><b>RESOLVED:</b></p> <p>a) A procurement plan has been approved and submitted to national treasury.</p>
	<b>17/08/2023:</b>	<b>SUPPLY CHAIN MANAGEMENT ANNUAL REPORT FOR 2022/2023</b>	<p><b>RESOLVED:</b></p> <p>a) That the contents of the report be noted.</p>
	<b>19/08/2023:</b>	<b>THIRD QUARTER PERFORMANCE REPORT FOR 2022/2023</b>	<p><b>RESOLVED:</b></p> <p>a) That Council take note of the 2022/2023 third quarter performance report.</p>

MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
<b>JULY 2023 to JUNE 2024</b>			
		<b>RESOLVED:</b>	b) A detailed 4 <sup>th</sup> quarter report on why reports are not submitted to council on time from the PMS unit and other departments.
	<b>20/08/2023:</b>	<b>DRAFT IDP/PMS AND BUDGET PROCESS PLAN FOR THE FINANCIAL YEAR 2024/2025</b>	<b>RESOLVED:</b> a) That the Council to adopt the IDP/Budget/PMS Process Plan for financial year 2024/2025, b) That the Process Plan is inclusive of Internal Audit, Risk Management, Municipal Public Accounts and Project Management Systems c) That the Approved Process Plan for 2024/2025 Financial Year, will be advertised within 10 days on the Municipal website, submitted to the MEC's Office as well as National and North West provincial government as legislated d) That included in the plan is the community consultation schedule of Public Participation which will further require date and venue confirmations resolve on by Council. e) That the review of the plan will be in line with the Municipal Long-Term Strategy developed in partnership with Anglo Platinum, CSIR and COGTA. f) That the Plan will be shared with all internal and external stakeholders g) That the office of the Speaker must coordinate Councillors to come up with strategy on how to approach upcoming consultations before commencement in September and /or October 2023. h) That the office of the Mayor to engage with the House of Traditional Leaders and other relevant stakeholders before commencement of the consultations as mentioned in item (g) above. i) That Council note the attached IDP/Budget Special Adjustment public participation for Financial Year 2023/2024 that was held on the 03 August 2023. j) That Council note amendment made on Councillors Forum schedule change adopted by Council page 36 of the Process Plan. k) That the Speaker, ward Councillors be urged to convene pre-IDP meetings prior the 1 <sup>st</sup> round IDP session.
<b>22 SEPTEMBER 2023</b>			
	<b>32/09/2023:</b>	<b>ELECTION OF THE SINGLE WHIP</b>	<b>RESOLVED</b>

MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
<b>JULY 2023 to JUNE 2024</b>			
			a) That the election of the Single Whip of the Council be conducted in terms of Schedule 3 of the Local Government Municipal Structures Act (Act No: 117 of 1998).
	<b>35/09/2023:</b>	<b>REQUEST FOR ACTING CHIEF FINANCIAL OFFICER</b>	<b>RESOLVED</b>  (a) That Council notes the report (b) That Council takes a decision on the Acting appointment of Chief Financial Officer for the period October 2023. (c) That Council approves Benedett Kutumela as an Acting Chief Financial Offer.
	<b>36/09/2023:</b>	<b>CONDONATION OF ACTING HOD: LED</b>	<b>RESOLVED</b>  (a) That Council notes the report (b) That Council condones Ms. T. Mogoloane's Acting for the month of September 2023. (c) That Council approves a further acting for the month of October 2023 until 30 <sup>th</sup> November 2023
	<b>34/09/2023:</b>	<b>FILLING OF VACANCY IN EXCO</b>	<b>RESOLVED</b>  (a) That Council note the report (b) That Council approves the appointment of Cllr to the Executive Committee in Compliance with Section 43 of the Local Government Municipal Structures Act, Act No: 117 of 1998 as amended.  Cllr M Matshaba nominated Cllr C. Motshabi to fill the vacancy in the EXCO. Cllr. F.Luvuno seconded the nomination The Council requested that the acceptance of Cllr C. Motshabi must be in writing due to the apology received by Council.
<b>30 November 2023</b>	<b>15/11/2023:</b>	<b>MPAC DRAFT ANNUAL WORKPLAN FOR 2023/2024 FINANCIAL YEAR</b>	<b>RESOLVED</b>  (a) That the Council approve the MPAC Draft Annual Work Plan for the financial year 2023/2023. (b) That all activities in the Annual Work Plan be budget for. (c) That the committee be allocated a fulltime car that will enable it to fully perform its functions.

MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
<b>JULY 2023 to JUNE 2024</b>			
			(d) That the process of the appointment of MPAC Researcher be fast tracked to assist in the speedy implementation of UIFW Expenditure investigations.
	<b>59/11/2023:</b>	<b>REVIEW OF RULES OF ORDER</b>	<p><b>RESOLVED:</b></p> <p>(a) That notice is taken of the report on the reviewed Rules of Order of the Moses Kotane Local Municipality.</p> <p>(b) That the item be referred back to the next council meeting for further engagements.</p>
	<b>13/07/2023:</b>	<b>PROGRESS REPORT ON THE DISPLINARY ENQUIRY OF THE SENIOR MANAGER HOD-LOCAL ECONOMIC DEVELOPMENT MS G.R. MADIKELA</b>	<p><b>RESOLVED:</b></p> <p>a) That Council note the report.</p> <p>b) That Council implement the sanction</p> <p>c) That council further resolve to authorise the Accounting Officer to commence with the process on how to recoup the financial loss in the paid salaries for the employee</p> <p>d) That the Accounting Officer report the dismissal with both COGHSTA and COGTA.</p>
	<b>14/07/2023:</b>	<b>APPROVAL TO FILL VACANT SENIOR MANAGER POST-HOD: LOCAL ECONOMIC DEVELOPMENT</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: Local Economic Development.</p> <p>c) That Council approve the establishment of Panel members for shortlisting, interview for the position of HOD: Local Economic Development:</p> <p><b><u>The Selection Panel:</u></b></p> <ul style="list-style-type: none"> <li>• The Accounting Officer (Chairperson)</li> <li>• The Portfolio Head Local Economic Development</li> <li>• An Accounting Officer (Municipal Manager) from another local municipality</li> <li>• A Representative from DEDECT to provide technical advice.</li> </ul> <p><b>The observers:</b></p> <ul style="list-style-type: none"> <li>• Representative from South African Local Government Association (SALGA)</li> </ul> <p>(c) The shortlisting be finalised within 30 days of the closing date of the vacant post.</p>

MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
<b>JULY 2023 to JUNE 2024</b>			
			Addition under the Background of the Item
	<b>49/11/2023:</b>	<b>APPOINTMENT OF THE MKLM AUDIT COMMITTEE MEMBERS</b>	<b>RESOLVED:</b> <ul style="list-style-type: none"> <li>a) That Council takes note of the report.</li> <li>b) That council approves the process for the appointment of Audit Committee member and Chairperson of the Audit Committee for the period of three years.</li> <li>c) That Council approves the appointment of the recommended candidates to serve as Audit Committee members.</li> <li>d) That Council approves the appointment of Mr Tshimomola Rabelani to serve as Chairperson of the Audit Committee members.</li> <li>e) That the appointment is subject to a positive vetting outcome of the recommended candidates.</li> </ul>
	<b>52/11/2023:</b>	<b>REQUEST FOR CLOSURE OF MUNICIPAL OFFICE.</b>	<b>RESOLVED:</b> <ul style="list-style-type: none"> <li>a) That Council grants approval for closure of offices from the 20 December 2023 until 04 January 2024 (last working day being 20 December 2023 until and opening on 04 January 2024).</li> <li>b) That Essential Services of Council proceed to operate during the break.</li> <li>c) That a list of staff members required to be on duty during the break be submitted to the Speaker, Mayor and the Single Whip and also include their Contact details</li> <li>d) That the staff required to work during the break be compensated with one day's leave for everyday worked.</li> <li>e) That the staff required to be on stand-by be compensated with payment of stand-by allowance.</li> <li>f) That the relevant message be published in the local newspaper and be properly communicated to the community, clients and stakeholders.</li> <li>g) That officials take 2 days' annual leave (21-22) December 2023 and Council give officials a further 5 days leave (27,28,29, December 2023 and 02,03 January 2024).</li> </ul>
	<b>60/11/2023:</b>	<b>CONDONATION OF ACTING APPOINTMENT: HOD CHIEF FINANCIAL OFFICER</b>	<b>RESOLVED:</b> <ul style="list-style-type: none"> <li>a) That the report be noted.</li> </ul>

MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
<b>JULY 2023 to JUNE 2024</b>			
			<ul style="list-style-type: none"> <li>b) That Council condones the acting appointment of Ms B Kutumela for the month of November 2023.</li> <li>c) That council extends the acting appointment of Ms B. Kutumela by another month (December) whilst the recruitment process is being completed.</li> </ul>
	<b>64/11/2023:</b>	<b>APPOINTMENT OF ACTING HOD: LOCAL ECONOMIC DEVELOPMENT</b>	<b>RESOLVED:</b> <ul style="list-style-type: none"> <li>a) That the report be noted.</li> <li>b) That Council appoints Mr T Masheleni to act as the HOD: Local Economic Development for a period not exceeding 3 months.</li> </ul>
	<b>65/11/2023:</b>	<b>REPORT ON THE PENDING CRIMINAL CASE AGAINST FORMER CHIEF FINANCIAL OFFICER, Mr MZWANDILE MKHIZE</b>	<b>RESOLVED:</b> <ul style="list-style-type: none"> <li>a) That the report be noted.</li> <li>b) That council note that this disclosure is in line with the provisions of s61(1) b of the Municipal Finance Management Act No 56 Of 2003</li> <li>c) That this disclosure and the Legal Opinion should assist council in processing and deciding of the way forward in dealing with the matter relating to the Mr M.R Mkhize</li> </ul>
	<b>66/11/2023:</b>	<b>FINAL REPORT ON THE RECRUITMENT PROCESS OF THE CHIEF FINANCIAL OFFICER: BUDGET AND TREASURY.</b>	<b>RESOLVED:</b> <ul style="list-style-type: none"> <li>a) That Council notes the report on the interviews and competency assessments of the top three candidates for the position of Chief Financial Officer: Budget and Treasury Department of the Moses Kotane Local Municipality.</li> <li>b) That Council appoints Mr M Mkhize as the Chief Financial Officer: Budget and Treasury Department of the Moses Kotane Local Municipality subject to compliance with the relevant Legislation and Regulations with effect 1<sup>st</sup> January 2024</li> <li>c) That a written report on the appointment of the Chief Financial Officer: Budget and Treasury Department be submitted to the MEC for Local Government within 14 days in terms of Regulation 17 3(b) of the Regulations (2014).</li> <li>d) That Council resolve on the offer of employment in terms of the current cost structure of the position of the Chief Financial Officer: Budget and Treasury</li> </ul>

MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
<b>JULY 2023 to JUNE 2024</b>			
			<p>Department and seek concurrence to waive on same from the MEC and COGTA office.</p> <p>e) That the Municipal Manager be delegated to identify risk mitigation factors associated with Mr Mkhize's pending case</p> <p>f) That all outstanding documentation received be included in the report</p> <p>g) That the Municipal Manager be empowered to appoint the Legal team if there are litigations against this appointment.</p> <p>h) Quality Assurance be sought from Provincial Treasury.</p>
	<b>27/09/2023:</b>	<b>FOURTH QUARTER PERFORMANCE REPORT FOR 2022/2023</b>	<p><b>RESOLVED:</b></p> <p>a) That Council take note of the 2022/2023 fourth quarter performance report.</p>
	<b>39/10/2023:</b>	<b>FINANCIAL QUARTERLY REPORT FOR THE QUARTER ENDING 30 SEPTEMBER 2023 (7/15/1/2/1)</b>	<p><b>RESOLVED</b></p> <p>a) That the financial quarterly report for the first quarter ending 30 September 2023 be noted.</p> <p>b) That the withdrawal report for the quarter ending 30 September 2023 be noted.</p>
	<b>41/10/2023:</b>	<b>SUPPLY CHAIN MANAGEMENT FIRST QUARTER REPORT FOR 2023/2024</b>	<p><b>RESOLVED:</b></p> <p>a) That the contents of the report be noted.</p>
	<b>42/10/2023:</b>	<b>FIRST QUARTER CONTRACT MANAGEMENT REPORT</b>	<p><b>RESOLVED:</b></p> <p>(a) That Council note the first quarter contract management report.</p>
	<b>43/10/2023:</b>	<b>REPORT ON THE RE ASSIGNMENT OF PORTFOLIO EXCO CHAIRPERSONS IN THE EXECUTIVE COMMITTEE</b>	<p><b>RESOLVED:</b></p> <p>(a) That the report be noted.</p> <p>(b) That Council take note of the following reassignment Portfolio Chairperson as per EXCO resolution of the 22<sup>nd</sup> of September 2023.</p> <ol style="list-style-type: none"> <li>1. Cllr N. Nkotswe - Mayor</li> <li>2. Cllr M. Mogapi - Corporate Support Services</li> <li>3. Cllr D. Tshethane - Planning and Development</li> </ol>

MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
<b>JULY 2023 to JUNE 2024</b>			
			4. Cllr S. Mashishi – Finance/BTO 5. Cllr H. Molefe – Infrastructure and Technical Services 6. Cllr S. Manganye - Community Services 7. Cllr C. Motshabi - Local Economic Development 8. Cllr Z. Motsoenyane - EXCO Member 9. Cllr T. Madisa - EXCO Member 10. Cllr N. Mollo - EXCO Member Cllr E Matshereng- moved Cllr N Sefora – seconded
	<b>45/11/2023:</b>	<b>REPORT ON THE LAUNCH OF THE COMMUNITY SAFETY FORUM</b>	<b>RESOLVED:</b> a) That Council takes note of the report
	<b>46/11/2023:</b>	<b>REPORT ON THE SIGNING OF MEMORANDUM OF UNDERSTANDING (MOU) BETWEEN NORHWEST UNIVERSITY/SEFAKO MAKGATHO AND MOSES KOTANE LOCAL MUNICIPALITY</b>	<b>RESOLVED:</b> a. That the report on the signing of Memorandum of Understanding between the Northwest (NWU) and University and Sefako Makgatho University (SMU) and Moses Kotane Local Municipality (MKLM) be noted. b. That a Project Steering Committee comprising of the parties to the Memorandum of Understanding and other key stakeholders be established to ensure the realisation of establishing a Science Centre and a Satellite University Campus in Moses Kotane Local Municipality c. That the Department of Higher Education, Science and Technology be engaged on the establishment of a satellite campus. d) That the land allocation for a Satellite Campus be considered only after a formal submission is received from SMU.
	<b>47/11/2023</b>	<b>1<sup>ST</sup> ROUND IDP PUBLIC PARTICIPATION REPORT FOR FINANCIAL YEAR 2024/2025</b>	<b>RESOLVED:</b> (a) That the Council approves the report of municipal priorities and needs analysis as raised by the community during our 1 <sup>st</sup> round of public participation for financial year 2024/2025,

<b>MONTH</b>	<b>ITEM NO</b>	<b>ITEM DESCRIPTION</b>	<b>RESOLUTION</b>
<b>JULY 2023 to JUNE 2024</b>			
			<ul style="list-style-type: none"> <li>(b) That the Council approve that Project Management Unit Process Plan was included in the plan to address Community needs, project registration and functionality of the Project Steering Committee.</li> <li>(c) That the Council to approve the Assessment Report for the IDP 2023/2024 financial year from COGTA, which was a requirement for Local Municipalities for Council to resolve on.</li> <li>d) That the Council approve that the report was presented to the stakeholders during the planned IDP Representative Forum planned for the 16<sup>th</sup> November 2023.</li> <li>e) That all sector department will be furnished with reports per their directorates.</li> <li>(f) That the report on challenges faced in line with the projects implemented in various villages as attached be noted.</li> <li>(g) That report be explicit in terms of what the Office of the Speaker should in relation to mobilization’</li> <li>(h) That the attendance registers be made available to the Office of the Speaker</li> <li>(i) That they must be monitored moving forward.</li> </ul>
	<b>48/11/2023:</b>	<b>FINANCIAL REPORT FOR OCTOBER 2023 (7/15/1/2/1)</b>	<b>RESOLVED:</b> <ul style="list-style-type: none"> <li>a) That the financial report for October 2023 be noted.</li> </ul>
	<b>56/11/2023</b>	<b>WATER &amp; SANITATION UNIT REPORTS FOR WEST AND EAST OCTOBER 2023</b>	<b>RESOLVED:</b> <ul style="list-style-type: none"> <li>(a) That Council notes the report.</li> <li>(b) That a detailed report of all water challenges be commissioned stating all per Ward as well as short, medium and long term solutions for such challenges including Capital Projects, such report to be tabled in the next Council sitting.</li> </ul>
	<b>58/11/2023:</b>	<b>PROGRESS REPORT ON 2022/2023 AND 2023/2024 FINANCIAL YEAR FOR MUNICIPAL INFRASTRUCTURE GRANT (MIG), WATER SERVICES INFRASTRUCTURE GRANT (WSIG) AND EEDSM PROJECTS</b>	<b>RESOLVED:</b> <ul style="list-style-type: none"> <li>a) That Council take note of the report.</li> </ul>
<b>31 JANUARY 2024</b>	<b>88/01/2024:</b>	<b>DRAFT MPAC PROCESS PLAN FOR THE PUBLIC</b>	<b>RESOLVED:</b>

MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
<b>JULY 2023 to JUNE 2024</b>			
		<b>HEARING PROCESS ON THE ANNUAL REPORT 2022/2023.</b>	<ul style="list-style-type: none"> <li>a) That council adopt the draft MPAC process plan for the MPAC Public hearing process on the annual report 2022/2023</li> <li>b) That Council ensures the programmer will never be interrupted by any municipal activities.</li> </ul>
	<b>89/01/2024:</b>	<b>DERMACATION COMMITTEE PROGRESS REPORT ON MATTERS RELATING TO THE RE-DETERMINATION OF MUNICIPAL BOUNDRIES AS PER CIRCULAR 1 OF 2024</b>	<b>RESOLVED:</b> <ul style="list-style-type: none"> <li>a) That the Demarcation Committee Progress Report be Noted</li> <li>b) That Feedback as Per Circular 1 of 2024 Be Communicated with The Affected Stakeholders/ Communities</li> <li>c) That Final Decision of The Board to Confirm, Vary of Withdraw the Determination or Re-determination Will Issued in February 2024 And the Same Will Be Published in The Provincial Gazette in Terms of Section 21(5) Of The MDA</li> <li>d) That the Municipality Be Prepared for The Ward delimitation Process For 2026 Local Elections Which Is Expected to Commence in September 2024.</li> </ul>
	<b>82/01/2024:</b>	<b>REPORT ON THE COURT CASE- URGENT APPLICATION BY CLLR MATSAPA MABULA ON APPOINTMENT OF CHIEF FINANCIAL OFFICER, MR MZWANDILE MKHIZE.</b>	<b>RESOLVED:</b> <ul style="list-style-type: none"> <li>a) That the report be noted</li> <li>b) That the municipal manager proceeds to recover the said costs as per the court order</li> <li>c) That all reports on the case should be submitted to the next Council by the Municipal Manager</li> </ul>
	<b>84/01/2024:</b>	<b>2023/2024 AUDIT COMMITTEE CHARTER</b>	<b>RESOLVED:</b> <ul style="list-style-type: none"> <li>a) That the Council approves the reviewed 23/24 MKLM Audit Committee Charter.</li> </ul>
	<b>68/01/2024:</b>	<b>FINANCIAL QUARTERLY REPORT FOR THE QUARTER ENDING 31 DECEMBER 2023 (7/15/1/2/1)</b>	<b>RESOLVED:</b> <ul style="list-style-type: none"> <li>a) That the financial quarterly report for the first quarter ending 31<sup>st</sup> December 2023 be noted.</li> <li>b) That the withdrawal report for the quarter ending 31<sup>st</sup> December 2023 be noted.</li> <li>c) That an overtime sheet be developed WITHIN 7 DAYS FROM TODAY'S SITTING and be immediately formulated and reported to council</li> </ul>

MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
<b>JULY 2023 to JUNE 2024</b>			
			<p>d) That Section 79 committee be established to investigate the over expenditure and report back to council in the next council sitting and must commence with its work immediately</p> <p>e) That the committee compose of the following: Chairperson:            Cllr Fortune Luvuno            Cllr Precious Muleya            Cllr Rose Lukhele            Cllr Tshepo Khumalo            Cllr Tebogo Sephoti            Cllr Maria Matshaba            Cllr Morgen Molefe            Cllr Senkgane Marakalala            Cllr Kelebogile Chaka            Cllr Enoch Modisakeng</p>
	<b>69/01/2024:</b>	<b>MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT REPORT FOR THE PERIOD ENDING 31 DECEMBER 2023</b>	<p><b>RESOLVED</b></p> <p>a) Council notes the Mid-Year Budget and Performance Assessment Report for the 2023/2024 Financial Year in terms of S72 of the MFMA and the Supporting Documentation attached.</p> <p>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.</p> <p>c) Council considers the tabling of an adjustment budget not later than 28 February 2024.</p> <p>d) That management develops a plan to curb the expenditure on overtime and enforce cost containment measures.</p>
	<b>70/01/2024:</b>	<b>UNAUTHORISED EXPENDITURE CASH ITEM FOR THE 2022/2023 FINANCIAL YEAR (5/17/2)</b>	<p><b>RESOLVED:</b></p> <p>(a) That notice is taken of the report on the unauthorised expenditure.</p> <p>(b) That the following unauthorised expenditure regarding cash items be referred to MPAC for investigation 2022/2023 Financial Year R9, 119,549</p>

MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
<b>JULY 2023 to JUNE 2024</b>			
	<b>: 71/01/2024</b>	<b>SECOND QUARTER CONTRACT MANAGEMENT REPORT</b> Council in committees Council came back in <b>Committee</b>	<b>RESOLVED:</b>  a) That Council note the second quarter Contract Management Report.
	<b>72/01/2024:</b>	<b>SUPPLY CHAIN MANAGEMENT SECOND QUARTER REPORT FOR THE PERIOD ENDING 31<sup>ST</sup> DECEMBER 2023</b>	<b>RESOLVED:</b>  (a) That the contents of the report be noted
	<b>74/01/2024:</b>	<b>REVISED SUPPLY CHAIN MANAGEMENT POLICY</b>	<b>RESOLVED:</b>  a) That the contents of the report be noted.
	<b>78/01/2024:</b>	<b>PROGRESS REPORT ON 2022/23 AND 2023/2024 FINANCIAL YEAR FOR MUNICIPAL INFRASTRUCTURE GRANT (MIG), WATER SERVICES INFRASTRUCTURE GRANT (WSIG) AND EEDSM PROJECTS</b>	<b>RESOLVED:</b>  a. That the Council take note of the report;
	<b>79/01/2024:</b>	<b>TABLING OF 2022/2023 ANNUAL REPORT</b>	<b>RESOLVED:</b>  (a) That the Council approve the 2022/2023 Annual Report (b) That the council adopt the 2022/2023 Annual Report and 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. (c) The 2022/2023 Annual Report be subject to public comments through a process to be led by MPAC (d) That both Council members and Management participate throughout the public hearings as conducted by MPAC

MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
<b>JULY 2023 to JUNE 2024</b>			
			(e) That Auditor General's recommendations presented to Council, be included in the recommendations as they are as well for a progress report to be reported to Executive Committee monthly and EXCO to provide same progress report to Council on quarterly basis.
	<b>81/01/2024:</b>	<b>RECRUITMENT OF EPWP PARTICIPANTS FOR DEPARTMENT OF PUBLIC WORKS AND ROADS</b>	<b>RESOLVED</b> a) The Council take note of the report. b) That the allocation of participants be the prerogative of LED Department
	<b>83/01/2024:</b>	<b>POST-AUDIT ACTION PLAN FOR THE FINANCIAL YEAR 2022/2023</b>	<b>RESOLVED</b> a) That Council takes notes of the Post Audit Action Plan of MKLM. b) That EXCO should receive a monthly report on implementation of PAAP and EXCO to report back to council quarterly basis.
	<b>85/01/2024:</b>	<b>PROPOSED MOSES KOTANE LOCAL MUNICIPALITY ANNUAL ARTS FESTIVAL</b>	<b>RESOLVED</b> a) That Council takes note of the event and support. b) That LED MMC and Department be given an opportunity to bring forth to council a full proposal concept including the business plan and its budget to Council for consideration and adoption. c) That the programme be included in the 2024/2025 IDP
<b>28 FEBRUARY 2024</b>	<b>100/02/2024</b>	<b>REVIEW AND SETTING ASIDE OF RESOLUTION OF ITEM 112/01/2013 IN RESPECT OF MUNICIPAL ASSISTANCE FOR MEMORIAL SERVICES, FUNERAL ARRANGEMENTS AND CIVIC FUNERAL AND ITS POLICY</b>	<b>RESOLVED:</b> a) That the item be referred back and the Municipal Manager to follow proper procedures.
	<b>101 /02/2024:</b>	<b>APPROVAL TO FILL VACANT SENIOR MANAGER POST - HOD: COMMUNITY SERVICES</b>	<b>RESOLVED:</b> (a) That Council notes the report. (b) That Council approves the approval of the filling of the vacant post of the HOD: Community Services post (c) That the position of the HOD: Community Services be advertised within 14 days after approval by Council.

MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
<b>JULY 2023 to JUNE 2024</b>			
			<p>(d) That Council approve the establishment of Panel members for shortlisting interview for the position of HOD: Community Service</p> <p><b><u>The Selection panels</u></b></p> <ul style="list-style-type: none"> <li>• The Accounting Officer (Chairperson)</li> <li>• The Portfolio Head Community Service</li> <li>• An Accounting Officer (Municipal Manager) from another local Municipality</li> <li>• A Representative from DEDECT to provide technical advice.</li> </ul> <p><b>The observers:</b></p> <ul style="list-style-type: none"> <li>• Representative from South African Local Government Association (SALGA)</li> </ul>
	<b>102/02/2024:</b>	<b>REQUEST FOR APPOINTMENT OF AN ACTING CAPACITY IN THE POSITION OF HEAD OF DEPARTMENT: LOCAL ECONOMIC DEVELOPMENT</b>	<p><b>RESOLVED:</b></p> <p>(a) That Council notes the report.</p> <p>(b) That Council takes a decision on the acting appointment of Ms. T. Mogolwane for the position of HOD: Local Economic Development for the period 01<sup>st</sup> March to 31 May 2024.</p>
	<b>90/02/2024:</b>	<b>TERMS OF REFERENCE FOR THE ESTABLISHMENT OF MINING WORKING GROUP</b>	<p><b>RESOLVED:</b></p> <p>a) That Council approve the report.</p> <p><b><u>WORKING GROUP REPRESENTATIVES:</u></b></p> <ul style="list-style-type: none"> <li>• Chairperson</li> <li>• Deputy Chairperson: HOD-LED</li> <li>• All Municipal HOU's</li> <li>• Manager in the Office of the Speaker</li> <li>• Manager in the Office of the Mayor</li> <li>• All Mining Companies</li> <li>• Tribal Authority</li> <li>• Department of Mineral Resources</li> </ul>
	<b>93/02/2024:</b>	<b>MOSES KOTANE LOCAL MUNICIPALITY ADJUSTMENT BUDGET FOR 2023/2024 (15/1/2023/2024)</b>	<p><b>RESOLVED:</b></p> <p>a) That in terms of Section 28 (2) of the Municipal Finance management Act, 2003 (Act 56 of 2003) the 2023/2024 Adjustment Budget be approved.</p>

<b>MONTH</b>	<b>ITEM NO</b>	<b>ITEM DESCRIPTION</b>	<b>RESOLUTION</b>
<b>JULY 2023 to JUNE 2024</b>			
	99/02/2024	<b>FINANCIAL REPORT FOR JANUARY 2024 (7/15/1/2/1)</b>	<b>RESOLVED:</b> a) That the financial report for January 2024 be noted.
	103/02/2024	<b>REQUEST FOR INCLUSION OF POSITIONS OF VIP PROTECTORS FOR THE SINGLE WHIP OF MKLM</b>	<b>RESOLVED:</b> (a) That Council notes the report (b) That Council's approval of the inclusion of the positions of VIP Protectors in the approved organogram
<b>29 MARCH 2024</b>	125/03/2024	<b>MUNICIPAL PUBLIC ACCOUNTS COMMITTEE OVERSIGHT REPORT ON THE ANNUAL REPORT 2022/2023 FINANCIAL YEAR</b>	<b>RESOLVED</b> a) That Council note and approve the 2022/2023 Oversight Report as tabled. b) That the Oversight Report be made public in accordance with section 123 (3) of the MFMA. c) That the Oversight Report be submitted to the Provincial Legislature in accordance with section 132 (2) of the MFMA. d) That the monitoring and evaluation system be developed by the Infrastructure to enable them to keep track of the projects. e) That the Community Service maintains MKLM asserts from community halls, sports parks f) Armed security officers be appointed at the centres that have electric boards that helps will water flow and supply g) That the Municipal Manager and CFO ensure support to MPAC as it will be indulging continuing with investigations on UIFW.
	121/03/2024	<b>REVISED SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) FOR 2023/2024 FINANCIAL YEAR</b>	<b>RESOLVED</b> a) That Council consider the revised top layer Service Delivery and Budget Implementation Plan for 2023/2024 financial year.
	117/03/2024	<b>DRAFT INTEGRATED DEVELOPMENT PLAN FOR</b>	<b>RESOLVED</b> a) That the Council approve the Draft IDP/Budget for financial year 2024/2025.

MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
<b>JULY 2023 to JUNE 2024</b>			
		<b>THE FINANCIAL YEAR 2024/2025</b>	<ul style="list-style-type: none"> <li>b) That the tabled draft IDP/Budget will be shared and communicated to all stakeholders mentioned in Communication 6 above.</li> <li>c) That the Council approves IDP guidelines 2020 that provides guidance to municipalities for the development of IDP's as attached</li> <li>d) That the Council to note the proposed schedule for 2<sup>nd</sup> Round of IDP Public Participation 2024/2025.</li> <li>e) That the Council to note the adjustments on the capital projects as reflected in the IDP/Budget for financial year 2023/2024.</li> <li>f) That the reviewed organizational structure be part of final IDP in May 2024.</li> <li>g) That Council to consider the alteration of the removed Recommendations (b) and (c).</li> </ul>
	<b>123/03/2024</b>	<b>DRAFT BUDGET AND MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2024/2025 TO 2026/2027 (5/1/1-2024/2025)</b>	<p><b>RESOLVED</b></p> <ul style="list-style-type: none"> <li>a) That the annual draft budget of the municipality for the financial year 2024/2025 and the multi-year and single-year capital appropriations as set out in the attached tables be adopted.</li> <li>b) That all budget related policies be considered.</li> </ul>
<b>31 May 2024</b>	<b>145/05/2025</b>	<b>MUNICIPAL PUBLIC ACCOUNTS COMMITTEE REPORT ON INVESTIGATING OF IRREGULAR EXPENDITURE INCURRED DURING THE PERIOD 2013 TO 2023 FINANCIAL YEARS AND DISCLOSED AS AT 30 JUNE 2023</b>	<ul style="list-style-type: none"> <li>a) That Item 145/05/2024 be referred back to the next Special Council sitting.</li> </ul>
	<b>94/02/2024:</b>	<b>ESTABLISHMENT OF THE RISK MANAGEMENT COMMITTEE</b>	<p><b>RESOLVED:</b></p> <ul style="list-style-type: none"> <li>a) Council to approve the establishment of the Risk Management Committee</li> <li>b) Council to approve the appointment of an Independent Chairperson of the Risk Management Committee.</li> <li>c) That the Council to Appoint 1 member of the Audit Committee to serve in the Risk Management Committee</li> </ul>

<b>MONTH</b>	<b>ITEM NO</b>	<b>ITEM DESCRIPTION</b>	<b>RESOLUTION</b>
<b>JULY 2023 to JUNE 2024</b>			
			d) That workshop be conducted to Councillors to understand the matters of risk and subsequent to that other committees established should be workshopped
	<b>95/02/2024</b>	<b>APPROVAL OF RISK MANAGEMENT POLICY, DETAILED RISK MANAGEMENT IMPLEMENTATION PLAN AND RISK MANAGEMENT STRATEGY</b>	<b>RESOLVED:</b> a) Council approve the risk management policy, risk management strategy and detailed risk management implementation plan for the 2023/24 financial year.
	<b>96/02/2024:</b>		<b>APPROVAL OF ANTI -FRAUD AND CORRUPTION RISK REGISTER, FRAUD PREVENTION PLAN AND FRAUD AWARENESS CAMPAIGN PROGRAM</b>  <b>RESOLVED:</b> a) Council to approve the Anti-fraud and Corruption risk register, Fraud prevention plan and fraud awareness campaign program for the 2023/24 financial year.
	<b>97/02/2024:</b>	<b>APPROVAL OF THE STRATEGIC RISK REGISTER, OPERATIONAL RISK REGISTER, PROJECT RISK REGISTER</b>	<b>RESOLVED:</b> a) Council to approve the Strategic risk register, Operational risk register and Project Risk Register for the 2023/24 financial year.
	<b>119/03/2024</b>	<b>MID-YEAR PERFORMANCE ASSESSMENT REPORT FOR 2023/2024 FINANCIAL YEAR</b>	<b>RESOLVED:</b> a) That the council note the 2023/2024 mid-year performance report.
	<b>120/03/2024</b>	<b>FIRST AND SECOND QUARTER PERFORMANCE REPORTS FOR 2023/2024</b>	<b>RESOLVED:</b> a) That Council take note of the 2023/2024 first and second quarter performance reports. b) That all HOD's to attend the Portfolio Committee when presenting the first and second quarterly report.

MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
<b>JULY 2023 to JUNE 2024</b>			
	138/05/2024	<b>PERFORMANCE MANAGEMENT SYSTEM FRAMEWORK FOR 2024/2025</b>	<b>RESOLVED:</b> (a) That council consider the Performance Management System Framework for 2024/2025. (b) That training and capacity workshop be provided for councillors to understand the matters of Performance Management Policy Framework.
	144/05/2024	<b>REPORT OF THE AUDIT COMMITTEE FOR QUARTER 1, 2 AND 3 FOR THE FINANCIAL YEAR 2023/2024</b>	<b>RESOLVED:</b> a) That Council takes note of the Audit Committee's Quarter 1, 2 and 3 report for the 2023/2024 Financial year. b) That Council takes a resolution that management must develop an action plan which must be implemented, monitored on monthly basis and reported on quarterly.
	129/04/2024	<b>FINANCIAL REPORT FOR FEBRUARY 2024 (7/15/1/2/1)</b>	<b>RESOLVED:</b> a) That the financial report for February 2024 be noted.
	130/04/2024	<b>FINANCIAL REPORT FOR MARCH 2024 (7/15/1/2/1)</b>	<b>RESOLVED:</b> a) That the financial report for March 2024 be approved.
	131/04/2024	<b>FINANCIAL QUARTERLY REPORT FOR THE QUARTER ENDING 31 MARCH 2024 (7/15/1/2/1)</b>	<b>RESOLVED:</b> a) That the financial quarterly report for the third quarter ending 31 <sup>st</sup> March 2024 be noted. b) That the withdrawal report for the quarter ending 31 <sup>st</sup> March 2024 be noted.
	136/05/2024	<b>TABLING OF INTEGRATED DEVELOPMENT PLAN (IDP) FOR FINANCIAL YEAR 2024/2025</b>	<b>RESOLVED:</b> a) That Council approve the Final IDP/Budget 2024/2025 in terms of Legislation b) That after Approval the IDP be made Public via MKLM Website and placed at Strategic places as well as Newspapers. c) That the Council approve the Consolidated Community comments reports. d) That the 2 <sup>nd</sup> round of community consultation started on the 9 <sup>th</sup> April to 25 <sup>th</sup> April 2024.

MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
<b>JULY 2023 to JUNE 2024</b>			
			<ul style="list-style-type: none"> <li>e) That the IDP Representative Forum will be held on the 16 May 2024 in the Municipal Chamber.</li> <li>f) That Performance Management Unit will develop their Top Layer SDBIP 28 days after Final Adoption and Accounting Officer to ensure implementation of the IDP.</li> <li>g) That the projects contained in final IDP are based on available funding as per the draft 2024/2025, 2025/2026 – 2026/2027 MTREF tabled together with the IDP.</li> <li>h) That as a legal document, should the MTREF be amended, the performance targets and projects be amended through and affected communities be consulted.</li> <li>i) That the IDP and the Report addresses legislative requirements as prescribed in Municipal Systems Act and Municipal Finance Management Act for Council to consider Public Comments.</li> <li>j) Long Term Strategy will be adopted by Council on or around September 2024, after consultation with Traditional Leaders and Mining Houses.</li> <li>k) Reports from MCPP on the Strategic Planning Workshop is incorporated as annexure's in the report.</li> </ul>
	<b>137/05/2024</b>	<b>THIRD QUARTER CONTRACT MANAGEMENT REPORT</b>	<p><b>RESOLVED:</b></p> <ul style="list-style-type: none"> <li>a) That Council note the third quarter contract management report.</li> </ul>
	<b>139/05/2024</b>	<b>BUDGET AND MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2024/2025 TO 2026/2027(5/1/1-2024/2025)</b>	<p><b>RESOLVED:</b></p> <p>A) That the annual budget of the municipality for the financial year 2024/2025 and the multi-year and single-year capital appropriations as set out in the attached tables be approved.</p> <ul style="list-style-type: none"> <li>a) That all budget related policies for 2024/2025 be approved.</li> <li>b) That the financial Plan for 2024/2025 be approved.</li> </ul>
	<b>140/05/2024</b>	<b>REVIEWED STAFF ESTABLISHMENT (ORGANISATIONAL STRUCTURE)</b>	<p><b>RESOLVED:</b></p> <ul style="list-style-type: none"> <li>a) That the council approve the reviewed staff establishment (organisational structure)</li> <li>b) That the staff establishment be submitted to Council.</li> <li>c) That job description be finalised before the job evaluation process.</li> <li>d) That the priority list be submitted by all departments to coporate services for recruitment and filling purposes in the 2024/2025 financial year.</li> </ul>

MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
<b>JULY 2023 to JUNE 2024</b>			
			<ul style="list-style-type: none"> <li>e) That the secretariat be moved and place to the Speaker's office</li> <li>f) That council to note the continuing phasing in of PMS to HOUs and Managers from July 2024</li> </ul>
	141/05/2024	<b>SUPPLY CHAIN MANAGEMENT THIRD QUARTER REPORT FOR 2023/2024</b>	<b>RESOLVED:</b> <ul style="list-style-type: none"> <li>(a) That the contents of the report be noted.</li> </ul>
28 June 2024	145/05/2024:	<b>MUNICIPAL PUBLIC ACCOUNT COMMITTEE REPORT ON INVESTIGATING OF IRREGULAR EXPENDITURE INCURRED DURING THE PERIOD 2013-2023 FINANCIAL YEARS AND DISCLOSED AS AT 30 JUNE 2023</b>	<b>RESOLVED:</b> <ul style="list-style-type: none"> <li>a) MPAC recommend that according to section 32(2) (b) of MFMA that irregular expenditure on multiple contracts be written off as it is irrecoverable, and the municipality received value for money on goods and services received by the municipality on these contracts.</li> <li>b) That MPAC responsibility is a continuous process, the committee must be tasked to investigate any criminality and wrong doing as well as consequence management action taken and all these be reported continuously to Council</li> <li>c) That separately identify non- compliance and ineffectiveness in the internal control within the municipality as well as MPAC process to recommend mitigating controls that can be incurrences as well as to address responsible departments and specifics.</li> </ul>
	155/06/2024:	<b>SCHEDULED FOR COUNCIL, EXCO AND COMMITTEE OF COUNCIL MEETINGS FOR FINANCIAL YEAR 2024/2025</b>	<b>RESOLVED:</b> <ul style="list-style-type: none"> <li>(a) That the Council adopt the schedule for Council, Executive and Committees of Council for the financial year 2024/2025.</li> </ul>
	146/05/2024:	<b>REPORT ON RECRUITMENT OF HOD-COMMUNITY SERVICES AND REQUEST FOR RE-ADVERT</b>	<b>RESOLVED:</b> <ul style="list-style-type: none"> <li>a) That the report be noted.</li> <li>b) That council grants permission for the re-advertised of the HOD: Community Services</li> </ul>

MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
<b>JULY 2023 to JUNE 2024</b>			
			<ul style="list-style-type: none"> <li>c) That council approves possible head-hunting in order to increase the pool of applicants.</li> <li>d) That the same panel (as prescribed in the regulation) be authorised to proceed and finalise the recruitment process</li> </ul>
	<b>104/03/2024</b>	<b>DRAFT STANDARD OPERATING PROCEDURES FOR THE REGISTERING AUTHORITY AND THE DRIVING LEARNERS LICENSE TESTING CENTRE (DLTC)</b>	<p><b>RESOLVED:</b></p> <ul style="list-style-type: none"> <li>a) The report be noted</li> <li>b) The Draft Standards Operating Procedures (SOP) be approved</li> <li>c) That the SOPs be officially be implemented after the Approval by Council</li> <li>d) That it be noted that the requisition for the filling of vacant position has been done.</li> <li>e) It be noted that the Municipality has also requested the Department of Community Safety and Transport Management to second and assign 3 Managers at their own cost to address management gabs in MKLM Traffic, Registering Authority and DLTC for a Period not exceeding twelve Months.</li> </ul>
	<b>105/03/2024</b>	<b>PROGRESS REPORT ON UITKYK LIBRARY PROJECT STATUS AND IMPENDING HANDING OVER</b>	<p><b>RESOLVED:</b></p> <ul style="list-style-type: none"> <li>a) That the report be noted</li> <li>b) That the Cleaner and a groundsman be appointed temporarily through the allocated transfers (Library Grants) while the municipality prepare for the advertisement and the review of the Organogram to accommodate Uitkyk and Matau Libraries</li> </ul>
	<b>106/03/2024:</b>	<b>REQUEST TO ALLOW BOJANALA PLATINUM DISTRICT MUNICIPALITY TO ESTABLISH SATELITE FIRE STATIONS</b>	<p><b>RESOLVED:</b></p> <ul style="list-style-type: none"> <li>a) The report on the request for the establishment of a Satellite Fire Station be noted</li> <li>b) That the request from Bojanala Platinum District Municipality be considered and approved</li> <li>c) That it be noted that Bojanala Platinum District Municipality is intending to begin with the establishment of 2 Fire Satellite Stations.</li> <li>d) That the item be noted without specifying the names.</li> </ul>
	<b>107/03/2024:</b>	<b>REQUEST TO REVIEW AN ENVIROMENTAL MANAGEMENT BY-LAW</b>	<p><b>RESOLVED:</b></p> <ul style="list-style-type: none"> <li>a) That the Council note the importance and need to review the Moses Kotane Local Municipal Environmental Management By-law.</li> </ul>

MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
<b>JULY 2023 to JUNE 2024</b>			
			<ul style="list-style-type: none"> <li>b) That the draft by-law be adopted.</li> <li>c) That the draft by-law be taken for public participation, comments and Inputs.</li> <li>d) That the by-law with comments and inputs of the community be submitted to council for approval in the fourth quarter.</li> </ul>
	<b>108/03/2024:</b>	<b>STRATEGIC SKILLS DEVELOPMENT IN AGRICULTURE</b>	<p><b>RESOLVED:</b>  <b>That the Item be referred back to allow the committee to work on it and bring back to the next Council meeting.</b></p> <ul style="list-style-type: none"> <li>(a) That Council takes note of the presentation and the report</li> <li>(b) That a Memorandum of understanding be developed between the two parties.</li> </ul>
	<b>109/03/2024:</b>	<b>ANGLO AMERICAN AMANDEBUILT PRESENTATION ON SOCIAL LABOUR PLAN PROGRAMS AND PROJECTS WITH MOSES KOTANE LOCAL MUNICIPALITY UPDATE</b>	<p><b>RESOLVED:</b>  <b>That the item be referred back to allow the Portfolio Committee to investigate and report back to the next Council Meeting.</b></p> <ul style="list-style-type: none"> <li>(a) That Council takes note of this report.</li> </ul>
	<b>111/03/2024:</b>	<b>FUNDING FOR LOCAL SMMES ON PURCHASE ORDERS AND GENERAL ENTERPRISE DEVELOPMENT ON TANGIBLE PROGRAMS AND PROJECTS</b>	<p><b>RESOLVED:</b></p> <ul style="list-style-type: none"> <li>(a) That Council notes and adopt the presentation</li> <li>(b) That a memorandum of understanding be entered to with one or both institutions</li> <li>(c) Assisting local SMMES to be part of this agreement as a value add</li> <li>(d) Put this to test for a period of a year and see if this is impacting on our local SMMES</li> </ul>
	<b>112 /03/2024:</b>	<b>APPLICATION FOR MUNICIPAL ACCREDITATION TO ADMINISTER NATIONAL HOUSING PROGRAMS</b>	<p><b>RESOLVED:</b></p> <ul style="list-style-type: none"> <li>a) That the Council takes note of the application</li> <li>b) That Council approve the accreditation</li> </ul>

MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
<b>JULY 2023 to JUNE 2024</b>			
	<b>113/03/2024:</b>	<b>MOSES KOTANE LOCAL MUNICIPALITY TO BE AWARDED THE BUSINESS LICENSING STATUS BY THE PROVINCIAL GOVERNMENT(DEDECT)</b>	<b>RESOLVED:</b> a) That Council note and adopt the presentation b) That Council recommend a memorandum of understanding to be entered into.
	<b>114/03/2024:</b>	<b>MKLM CONSULTANCY REDUCTION STRATEGY</b>	<b>RESOLVED:</b> a) That Council notes the contents of the report and the MKLM consultancy reduction strategy attached.
	<b>115/03/2024:</b>	<b>MKLM UIF&amp;W REDUCTION STRATEGY</b>	<b>RESOLVED:</b> a) That Council notes the contents of the report and the MKLM UIF&W reduction strategy attached.
	<b>116/03/2024:</b>	<b>APPROVAL OF THE DRAFT PRIORITY HUMAN SETTLEMENTS &amp; HOUSING DEVELOPMENT AREAS (PHSHDA'S) DEVELOPMENT PLANS FOR LEDIG, SUN CITY AND MOGWASE DEVELOPMENT CORRIDOR AND MOKGALWANENG/ SPITSKOP AREA RESPECTIVELY</b>	<b>RESOLVED:</b> In view of the above, it is recommended that the Council of Moses Kotane Local Municipality, to approve the draft Priority Settlement and Housing Development Area's development plans for Ledig – Sun City – Mogwase Development Corridor and Mokgalwaneng/Spitskop area for approval or adoption, subject to the following conditions: That the item be noted; a) That Council approves and adopt the draft Priority Settlement and Housing Development Area's development Plans for Ledig – Sun City – Mogwase Development Corridor and Mokgalwaneng/Spitskop Area as attached as Annexure A.
	<b>118/03/2024:</b>	<b>REQUEST TO SUBMIT AN APPLICATION TO DESIGNATE CERTAIN AREAS WITHIN</b>	<b>RESOLVED:</b> a) That the item be noted.

MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
<b>JULY 2023 to JUNE 2024</b>			
		<b>THE MOSES KOTANE LOCAL MUNICIPALITY AS PRIORITY HUMAN SETTLEMENT AND HOUSING DEVELOPMENT AREA'S &amp; RESTRUCTURING ZONES</b>	<p>b) That Council supports and authorizes the Accounting Officer to commence with the process of applying to the relevant department/s for the designation of the below listed areas as Priority Human Settlement, Housing Development Areas and Restructuring Zones: -</p> <ul style="list-style-type: none"> <li>i. The Amendment of Ledig – Sun City – Mogwase PSHSDA boundary to include all the Remainder Portion of the Farm Olivenboom 62 JQ and farms surrounding and or sharing boundaries with the Pilanesburg Nature Reserve.</li> <li>ii. Mahobieskraal, Bapong, Tweeligt, Mabeskraal and Makweleng corridor (P51-2 route);</li> <li>iii. Madikwe, Tlokweng, Pella Precinct</li> </ul>
	<b>126/03/2024:</b>	<b>REVIEW OF THE MCGICTPF (MUNICIPAL CORPORATE GOVERNANCE INFORMATION AND COMMUNICATION TECHNOLOGY POLICY FRAMEWORK AND ICT SERVICE CHARTER</b>	<p><b>RESOLVED:</b></p> <ul style="list-style-type: none"> <li>a) That the reviewed MCGICTPF (Municipal Corporate Governance ICT Policy Frame Work) and CGICT (Corporate Governance ICT) Services Charter be noted.</li> <li>b) That the review be extended from 2 (two) years to (5) years, and/or on as and when required basis</li> <li>c) That Council approves the reviewed Policy Frame work and the Service Charter.</li> </ul>
	<b>135/04/2024</b>	<b>PROGRESS REPORT ON 2022/23 AND 2023/2024 FINANCIAL YEAR FOR MUNICIPAL INFRASTRUCTURE GRANT (MIG), WATER SERVICES INFRASTRUCTURE GRANT (WSIG) AND EEDSM PROJECTS</b>	<p><b>RESOLVED:</b></p> <p><b>That the Item be referred back and allow the Committee to work on it and report back to the next Council meeting.</b></p> <ul style="list-style-type: none"> <li>a. That the Council takes note of the report;</li> </ul>
	<b>148/06/2024:</b>	<b>DRAFT MINIMUM SERVICE AGREEMENT</b>	<b>RESOLVED:</b>

MONTH	ITEM NO	ITEM DESCRIPTION	RESOLUTION
<b>JULY 2023 to JUNE 2024</b>			
		<b>FOR MKLM</b>	<p>(a) That notice is taken of the report on the determination of essential services of the Municipality and the minimum level at which these services are required.</p> <p>(b) That the parties determine and agree on which municipal services shall be considered to be essential services and the minimum level at which these services are required.</p> <p>(c) That the parties enter into a Minimum Service Agreement based on the guidelines of Section 4 in Part C and Section 11 in Part J of the SALGBC Main Collective Agreement.</p> <p>(d) That copies of the signed Minimum Service Agreement be forwarded together with LRA Form 4.8 to the regional secretary of the SALGBC as well as the SALGBC Head Office.</p> <p>e) That all conditions of employment such as overtime and standby be clearly spelt out to all employees for such periods</p>
	<b>152/06/2024:</b>	<b>MOSES KOTANE LOCAL MUNICIPALITY SPECIAL ADJUSTMENT BUDGET 2023/2024 (15/1/1/2023/2024)</b>	<p><b>RESOLVED:</b></p> <p>a) That the 2023/2024 Special Adjustment Budget in terms of Section 28 (2) of the Municipal Finance management Act, 2003 (Act 56 of 2003) be approved.</p> <p>b) That the summarised version of the Special budget adjustment be made public within 14 days.</p>
	<b>153/06/2024:</b>	<b>REVISED SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) FOR 2023/2024 FINANCIAL YEAR</b>	<p><b>RESOLVED:</b></p> <p>a) That Council consider the revised top layer Service Delivery and Budget Implementation Plan for 2023/2024 financial year.</p>

### **2.3. 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 Officer, 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.

<b>TOP STRUCTURE</b>	
<b>Mr M.V Letsoalo 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 Head of Department: Corporate Services</b>	The 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 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 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 Head of Department: Community Services</b>	This Department is responsible for Environmental and Waste Management, Traffic, Security and Library Services
<b>Mr G Masheleni Head of Department: Planning &amp; Development</b>	This Department is responsible for Housing, Town Planning LED Services
<b>Mr A Mogashoa &amp; Ms T Mogoloane Acting Head of Department Local Economic Development</b>	This department is responsible for Local Economic Development

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## **2.4. COMPONENT B: INTERGOVERNMENTAL RELATIONS**

### **2.4.1. 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.

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

### **2.5.1. 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

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functioning and composition of any public accounts or oversight committees established by the council to assist it to consider an annual report.

## **2.4 PUBLIC MEETINGS**

### **2.4.1. 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.

*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.

#### 2.4.1 IDP PARTICIPATION AND ALIGNMENT

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

#### 2.4.2. 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

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- ✚ 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

## **2.5 COMPONENT D: CORPORATE GOVERNANCE**

There is an established Municipal Public Accounts Committee and Audit Committee is 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.

### **2.5.1 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.

### **2.5.2.ANTI-CORRUPTION AND FRAUD**

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.

## **2.6. SUPPLY CHAIN MANAGEMENT**

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

## **2.7 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.

## 2.8.WEBSITES

<b>Documents published on the Municipality's / Entity's Website</b>	<b>Yes / No</b>
Current annual and adjustments budgets and all budget-related documents	Yes
All current budget-related policies	Yes
The previous annual report (2023/24)	Yes
The annual report (2023/24) published/to be published	Yes
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (2023/24) and resulting scorecards	Yes
All service delivery agreements (2023/24)	No
All long-term borrowing contracts (2023/24)	No
All supply chain management contracts above a prescribed value (give value) for 2023/24	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 2023/24	No assets Disposed
Contracts agreed in 2023/24 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 2023/24	No
All quarterly reports tabled in the council in terms of section 52 (d) during 2023/24	Yes

## 2.9.PUBLIC SATISFACTION ON MUNICIPAL SERVICES

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

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## **SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART 1) COMPONENT A: BASIC SERVICES**

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

### **3.1.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.

### **3.2.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.

### **3.4. 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

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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.

### **3.4.1. 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.

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### **3.5 WASTE WATER (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.

### **3.6.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.

### **3.7. WASTE MANAGEMENT ( THIS SECTION INCLUDES: REFUSE COLLECTIONS, WASRE DISPOSAL, STREET CLEANING AND RECLYCLING)**

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.

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In an effort to address the depicted waste management setbacks, it is within the foremost plans of the Unit y 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.

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.

## **3.7.1.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.

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- ✚ 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

## **3.8 COMMENT ON WASTE MANGEMENT SERVICE PERFORMANCE OVERALL:**

Waste disposal services are outsourced

## **3.9 HOUSING**

### **Human Settlement Section**

The key responsible of this section are to ensure-:

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. The municipality have not been accredited as a housing developer as yet.

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

The role of the Municipality is to facilitate access to housing while top structure construction is the priority of the Provincial Department of Human Settlement North

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## 3.10.INTRODUCTION 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.

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 employee for the purpose of coordination with stakeholders.

Challenges:

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

### 3.10.1 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

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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.

## **3.11. INTRODUCTION TO PLANNING AND DEVELOPMENT**

The Planning and Development Department includes Municipal Planning (Town Planning), Geographic Information Services, Building Control, Property Management and Human Settlement (Housing). The Department is responsible for creating conducive living environment for people of Moses Kotane Local Municipality, through planning tools such as Municipal Spatial Development Framework, Municipal Land Use Scheme, Municipal Spatial Planning and Land Use Management By-Law, National Building Regulations and Standards Act and Housing Sector Plan. Ultimately, the Department endeavours to bring balance between environment, economy and society aspects within the Municipality.

### **3.11.1. 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, Municipalities are obligated to regulate their areas of jurisdiction in entirety.

Municipal Planning as the custodian of SPLUMA is comprised of Town Planning and Geographical Information System sections. The division is responsible for the development of Municipal Spatial Development Framework which guide the future development of the municipality, development of Municipal Land Use Management Scheme for control and regulation of land development/ Land Use application and maintaining the database of Municipal cadastral. The policies developed and applied by this division are the instruments that underpins the objectives of the Municipal Spatial Development Framework.

Spatial Planning is still a new concept in areas under administration of traditional authorities, as such, SPLUMA advocates to redress the imbalances caused by the apartheid spatial planning. The Division has however managed to incrementally introduce the town planning processes within those spaces through categorization of developments (Low intensity and High Intensity) in order to effectively regulate developments that would have high impact on the area.

The Long-Term Development Strategy was initiated and developed by the Municipality in Partnership with MCPP with the objective of serving as a guide and support for the long-term future development and growth of the Municipality. The said strategy had prompted the need for the review of the current Municipal SDF to align it with the long-term strategy and conducting the land use and ownership audit, of which the request for funding for the latter has commenced.

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The division was understaffed with two (2) middle managers (1 x Manager: GIS and 1 x Town Planner) and 2 admin personnel for the respective sections. The unit certainly required more human capital in order to ensure that the objective of the spatial development framework vision is realised or achieved by the Municipality.

Section: GIS initiated a process of developing a GIS System which aimed at being a guiding tool during the development of the Integrated GIS of the Municipality. The system is a necessity, as it serves to be a central system for storage and maintenance of the Municipal Cadastral Data. The system comprises of various modules aiming to change how public/applicants interact with the Municipality either for information or permits purposes. The Municipality have allocated budget for the development of the integrated Geo-Information System.

## **3.12.BUILDING CONTROL, LAND AND HUMAN SETTLEMENT**

This division is comprised of the following sections, Building Control, Land (Property management) and Human Settlement. The division administer the disposal and acquisition of Council Land through the Land Disposal and Acquisition Policy, Municipal Finance Management Act and Municipal Asset Transfer Regulations. The division also manages the building activities within the Municipality in order to promote a healthy and safe environment. This is achieved by conforming to the National Building Regulations and Standards as a principal instrument for regulating the building activities with the Municipality. Lastly, the division is responsible for the Human Settlement Component, which entails facilitation for provisions of adequate housing for residents of the Municipality.

### **3.12.1.BUILDING CONTROL SECTION**

This section is responsible for regulating how buildings are erected within the boundaries of the Municipality. This is achieved through the application of the National Building Regulation and Standard Act 1977, Regulations and the South African Standard Code of Practice (SANS 10400) on new buildings, additions and alterations to existing buildings/structures.

The National Building Regulation and Standard clearly contemplates that no person shall without the prior approval in writing of the local authority in question, erect any building. As a result, the section is responsible for processing building plans applications, conduct inspections during the construction of the building and issue out occupation certificate when satisfied with the final product.

The section required a plotter machine in order to electronically safe/archive the submitted and considered building plans. And also, to be able to provide applicants with copies of their plans.

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Statistic Table: Approved Building Plans Applications

## **3.12.2. PROPERTY MANAGEMENT**

Property Management Section manages the disposal and acquisition processes of Council's immovable assets, and to ensure that the following objectives are achieved: -

- Guide on procedures to be followed on the alienation of Municipal Land and acquisition of land by the Municipality;
- Ensure compliance with the applicable legislations, regulations and policies; and
- Ensure fairness, equitable, transparency, cost effectiveness and competitiveness

## **3.13. 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.

## **3.14.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.

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

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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.

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.

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:

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- 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.

<b>Job creation through EPWP* projects</b>	
<b>Jobs created through EPWP projects</b>	
<b>Details</b>	<b>No.</b>
2021/2022	686
2022/2023	729
2023/2024	194

## **3.15. 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 seven libraries (Mabieskraal, Mogwase, Tlokweng, Manamela, Sifikile, Matau and Uitkyk libraries) and the department is still responsible for the function.

### **3.15.1 SERVICE STATISTICS FOR LIBRARIES;**

Number of books 30500

Number of users- 93500

Toy programmes - 12 per year

Library awareness & marketing programs- 8 per year

### **3.15.2.COMMENT ON THE PERFORMANCE OF LIBRARIES**

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.

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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.

## **3.16 INTRODUCTION TO COMMUNITY FACILITIES**

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

### **3.16.1 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.

## **3.17. 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.

## **3.18. INTRODUCTION TO CHILD CARE, AGED CARE AND 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.

### **3.18.1 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.

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

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

### **3.19. 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 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

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

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

#### **3.20.1.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

#### **3.20.2.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.

#### **3.20.3.POSSIBLE INCIDENTS IN THE MUNICIPALITY**

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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
- ✚ 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

## **3.20.4.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

## **3.21.COMPONENT H: SPORT AND RECREATION**

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

### **3.21.1.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.

### **3.21.2 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.

# Chapter 3

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## **3.22. 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.

## **3.23. 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.

## **3.24. 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.

## **3.25. 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.

# Chapter 4

## **4.1 COMPONENT I: ORGANISATIONAL PERFORMANCE SCORECARD/ ANNUAL PERFORMANCE REPORT 2023/2024**

### **4.1.1. INTRODUCTION**

Section 40 of the Municipal Systems Act of 2000 stipulate that 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.

### **4.1.2. LEGISLATIVE REQUIREMENTS**

Annual Performance Report for 2023/2024 financial year is in line with section 46 of the Municipal Systems Act of 2000 which stipulates the following

- (1) A municipality must prepare for each financial year an annual report consisting of - (a) a performance report reflecting;
- (2) 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;
- (3) The development and service delivery priorities and the performance targets set by the municipality for the following financial year;
- (4) Measures that were or are to be taken to improve performance

### **4.1.3. PURPOSE OF THE INSTITUTIONAL ANNUAL PERFORMANCE REPORT**

A report on Institutional Annual Performance information for predetermined objectives and the assessments of external service providers Seeks to attain the following purposes;

- ✓ The provision of a report on performance in service delivery and budget implementation plan for the 2023/2024 financial year.
- ✓ To promote transparency and accountability for the activities and programs of the municipality implemented within all six key performance areas.
- ✓ To provide a record of activities of the municipality for the 2023/2024 financial year to which this report relates.

### **4.1.4. MUNICIPAL ANNUAL PERFORMANCE REPORT REVIEW**

Moses Kotane Local Municipality consists of seven departments, (1) Budget and Treasury Office; (2) Corporate Support Services; (3) Community Services and Public Safety, (4) Local Economic Development; (5) Infrastructure and Technical Services; (6) Planning and Development and (7) Office of the Municipal Manager. The Annual Performance Report for pre-determined objectives is developed in line with the approved 2023/2024 Reviewed Service Delivery and Budget Implementation plan and as per the following Key Performance Area;

- ✓ Basic Delivery and Infrastructure Development
- ✓ Local Economic Development
- ✓ Municipal Financial Viability
- ✓ Municipal Transformation and Organisational Development
- ✓ Spatial Development
- ✓ Good Governance and Public Participation

### **4.1.5 OVERALL PERFORMANCE PER KPA**

# Chapter 4

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Key Performance Area	Total Number of KPIs	Achieved	Not Achieved	% Achieved
Basic Service Delivery and Infrastructure Development	33	23	10	70%
Local Economic Development	5	5	0	100%
Municipal Financial Viability	9	8	1	88%
Municipal Transformation and Organisational Development	14	6	8	43%
Spatial Rationale	5	5	0	100%
Good Governance and Public Participation	19	18	1	95%
2023/2024 Overall Performance	85	65	30	76%

# Chapter 4

## 4.1.6 INSTITUTIONAL ANNUAL PERFORMANCE REPORT 2023/2024

MOSES KOTANE LOCAL MUNICIPALITY											
ANNUAL PERFORMANCE REPORT											
2023/2024 FINANCIAL YEAR											
Project No.	Key Performance Indicator	Annual Targets 2023/2024	2022/2023 Baseline	2023/2024 Annual Actual Performance	Achieved/ Not Achieved	2023/2024 Annual Budget	2023/2024 Budget Adjustment	2023/2024 YTD Expenditure	Reasons for Variance	Corrective Measures	Portfolio of Evidence
<b>KPA No. 1: Basic Service Delivery and Infrastructure Development</b>											
<b>Strategic objective: To develop and maintain infrastructure to provide basic services.</b>											
<b>MKW-74</b>	KPI 1 % Construction of Lerome (Thabeng Section) Water Supply	100% of Lerome (Thabeng Section) Water Supply constructed by June 2024	71% of Lerome (Thabeng Section) Water Supply constructed	100% of Lerome (Thabeng Section) Water Supply constructed	Achieved	R14,845,053.63	R14,076,760.20	R14,076,760.20	None	None	Completion Certificate
<b>MKW-94</b>	KPI 2 % Construction of Mahobieskraal Bulk Water Supply and Reticulation	100% of Mahobieskraal Bulk Water Supply and Reticulation constructed by June 2024	52% of Mahobieskraal Bulk Water Supply and Reticulation constructed	100% of Mahobieskraal Bulk Water Supply and Reticulation constructed	Achieved	R12,701,572.84	R13,001,572.84	R12,734,647.15	None	None	Completion Certificate
<b>MKW-116</b>	KPI 3 % Construction of Ledig Water Supply (Various Sections)	90% of Ledig Water Supply (Various Sections) constructed by June 2024	47% of Ledig Water Supply (Various Sections) constructed	93% of Ledig Water Supply (Various Sections) Constructed	Achieved	R28,816,416.30	R32,115,487.23	R31,841,548.98	None	None	Progress Report

# Chapter 4

MOSES KOTANE LOCAL MUNICIPALITY											
ANNUAL PERFORMANCE REPORT											
2023/2024 FINANCIAL YEAR											
Project No.	Key Performance Indicator	Annual Targets 2023/2024	2022/2023 Baseline	2023/2024 Annual Actual Performance	Achieved/ Not Achieved	2023/2024 Annual Budget	2023/2024 Budget Adjustment	2023/2024 YTD Expenditure	Reasons for Variance	Corrective Measures	Portfolio of Evidence
<b>MKW-117</b>	KPI 4 % of Madikwe Water Treatment Plant Phase 2 (Vrede and Seshibitswe) upgraded	100% of Madikwe Water Treatment Plant Phase 2 (Vrede and Seshibitswe) upgraded by June 2024	60% of Madikwe Water Treatment Plant Phase 2 (Vrede and Seshibitswe) upgraded	100% of Madikwe Water Treatment Plant Phase 2 (Vrede and Seshibitswe) upgraded	Achieved	R1,834,540.00	R1,834,540.00	R1,834,540.00	None	None	Completion Certificate
<b>MKW-125</b>	KPI 5 % Construction of Maeraneng Water Supply	40% of Maeraneng Water Supply constructed by June 2024	Design of Maeraneng Water Supply finalised	40% of Maeraneng Water Supply constructed	Achieved	R8,200,000.00	R8,162,509.39	R8,162,509.60	None	None	Progress Report
<b>MKW-127</b>	KPI 6 % Construction of Segakwaneng Water Supply	40% of Segakwaneng Water Supply constructed by June 2024	Design of Segakwaneng Water Supply finalised	54,50% of Segakwaneng Water Supply constructed	Achieved	R8,200,000.00	R29,143,594.76	R29,143,591.60	None	None	Progress Report
<b>MKW-131</b>	KPI 7 % Construction of Manamakgotheng Water Reticulation	40% of Manamakgotheng Water Reticulation constructed by June 2024	Design of Manamakgotheng Water Reticulation finalised	45% of Manamakgotheng Water Reticulation constructed	Achieved	R17,000,000.00	R20,037,468.72	R20,037,468.72	None	None	Progress Report
<b>MKW-132</b>	KPI 8 % of Molatedi Groundwater source developed	100% of Molatedi Groundwater source	New	100% of Molatedi Groundwater source developed	Achieved	R13,300,000.00	R2,860,634.42	R2,860,634.42	None	None	Technical Design Report

# Chapter 4

MOSES KOTANE LOCAL MUNICIPALITY											
ANNUAL PERFORMANCE REPORT											
2023/2024 FINANCIAL YEAR											
Project No.	Key Performance Indicator	Annual Targets 2023/2024	2022/2023 Baseline	2023/2024 Annual Actual Performance	Achieved/ Not Achieved	2023/2024 Annual Budget	2023/2024 Budget Adjustment	2023/2024 YTD Expenditure	Reasons for Variance	Corrective Measures	Portfolio of Evidence
		developed by June 2024									
<b>MKW-133</b>	KPI 9 Design for Replacement of Mogwase Asbestos Pipes finalised	Design for Replacement of Mogwase Asbestos Pipes finalised by June 2024	New	Design for Replacement of Mogwase Asbestos Pipes finalised	Achieved	R5,992,557.77	R2,198,460.50	R2,198,460.50	None	None	Technical Report
<b>MKW-148</b>	KPI 10 Design of David Katnagel Water Supply finalised	Design of David Katnagel Water Supply finalised by June 2024	New	Design of David Katnagel Water Supply finalised	Achieved	R0.00	R980,715.26	R980,715.26	None	None	Technical Design Report
<b>MKW-135</b>	KPI 11 % Construction of Mabeskraal to Uitkyk Bulk Water Pipeline (Phase 1)	100% of Mabeskraal to Uitkyk Bulk Water Pipeline (Phase 1) constructed by June 2024	5% of Mabeskraal to Uitkyk Bulk Water Pipeline (Phase 1) constructed	88% of Mabeskraal to Uitkyk Bulk Water Pipeline (Phase 1)	Not Achieved	R23,906,504.87	R46,625,789.61	R45,349,109.66	Project experienced major delays due to slow contractor's performance	The contractor has been issued with a non-performance letter and penalties have been imposed on him	Completion Certificate

# Chapter 4

MOSES KOTANE LOCAL MUNICIPALITY											
ANNUAL PERFORMANCE REPORT											
2023/2024 FINANCIAL YEAR											
Project No.	Key Performance Indicator	Annual Targets 2023/2024	2022/2023 Baseline	2023/2024 Annual Actual Performance	Achieved/ Not Achieved	2023/2024 Annual Budget	2023/2024 Budget Adjustment	2023/2024 YTD Expenditure	Reasons for Variance	Corrective Measures	Portfolio of Evidence
	KPI 12 % of Households with access to Water (Mogwase & Madikwe)	100% of Households with access to Water (Mogwase & Madikwe) by June 2024	100% of Households with access to Water (Mogwase & Madikwe)	100% of Households with access to Water (Mogwase & Madikwe)	Achieved	Operational	Operational	Operational	None	None	Billing Report
	KPI 13 Number of Villages with access to Water	107 Villages with access to Water by June 2024	% of Villages with access to Water	107 Villages with access to Water	Achieved	Operational	Operational	Operational	None	None	List of villages provided with water
<b>MKS-90</b>	KPI 14 Number of VIDP Toilets installed in Segakwaneng	50 VIDP Toilets installed in Segakwaneng by June 2024	New	0 VIDP Toilets installed in Segakwaneng	Not Achieved	R2,500,000.00	R1,666,666.67	R1,666,634.33	Delays in DWS approval	The contractor was appointed on the 27 of June 2024 and material was bought with the allocated budget.	Completion Certificate
<b>MKS-92</b>	KPI 15 Number of VIDP Toilets installed in Leruleng	50 VIDP Toilets installed in Leruleng by June 2024	New	0 VIDP Toilets installed in Leruleng	Not Achieved	R2,500,000.00	R1,666,666.67	R1,666,634.33	Delays in DWS approval	The contractor was appointed on the 27 of June	Completion Certificate

# Chapter 4

MOSES KOTANE LOCAL MUNICIPALITY											
ANNUAL PERFORMANCE REPORT											
2023/2024 FINANCIAL YEAR											
Project No.	Key Performance Indicator	Annual Targets 2023/2024	2022/2023 Baseline	2023/2024 Annual Actual Performance	Achieved/ Not Achieved	2023/2024 Annual Budget	2023/2024 Budget Adjustment	2023/2024 YTD Expenditure	Reasons for Variance	Corrective Measures	Portfolio of Evidence
										2024 and material was bought with the allocated budget.	
<b>MKS-93</b>	KPI 16 Number of VIDP Toilets installed in Makoshong	50 VIDP Toilets installed in Makoshong by June 2024	New	0 VIDP Toilets installed in Makoshong	Not Achieved	R2,500,000.00	R1,666,666,67	R1,666,635.33	Delays in DWS approval	The contractor was appointed on the 27 of June 2024 and material was bought with the allocated budget	Completion Certificate
<b>MKS-96</b>	KPI 17 % of Mogwase Waste Water Treatment Plant refurbished	5% of Mogwase Waste Water Treatment Plant refurbished by June 2024	0% of Mogwase Waste Water Treatment Plant upgraded	0% of Mogwase Waste Water Treatment Plant refurbished	Not Achieved	R16,391,922.29	R4,391 922,29	R2,638,608.62	The submitted preferred bidders were above the allocated budget thus the project will be referred	The budget has been adjusted for implementation of the project will be implemented in the 2024/2025	Completion Certificate

# Chapter 4

MOSES KOTANE LOCAL MUNICIPALITY											
ANNUAL PERFORMANCE REPORT											
2023/2024 FINANCIAL YEAR											
Project No.	Key Performance Indicator	Annual Targets 2023/2024	2022/2023 Baseline	2023/2024 Annual Actual Performance	Achieved/ Not Achieved	2023/2024 Annual Budget	2023/2024 Budget Adjustment	2023/2024 YTD Expenditure	Reasons for Variance	Corrective Measures	Portfolio of Evidence
									back for re-advert	Financial Year	
<b>MKRS-89</b>	KPI 18 % of Vrede Storm Water (Phase III) constructed	100% of Vrede Storm Water (Phase III) constructed by September 2023	80% of Vrede Storm Water (Phase III) constructed	100% of Vrede Storm Water (Phase III) constructed	Achieved	R1,021,144.30	R4,030,744.24	R4,030,744.00	None	None	Completion Certificate
<b>MKRS-93</b>	KPI 19 % of Oudekkers Road constructed	100% of Oudekkers Road constructed by June 2024	32.2 % of Oudekkers Road constructed	87.07% of Oudekkers Road constructed	Not Achieved	R20,565,753.66	R16,496,773.34	R16,496,773.34	Slow performance by the contractor	The contractor has been issued with the non-performance letter, an intention to terminate letter and penalties have been imposed	Completion Certificate

# Chapter 4

MOSES KOTANE LOCAL MUNICIPALITY											
ANNUAL PERFORMANCE REPORT											
2023/2024 FINANCIAL YEAR											
Project No.	Key Performance Indicator	Annual Targets 2023/2024	2022/2023 Baseline	2023/2024 Annual Actual Performance	Achieved/ Not Achieved	2023/2024 Annual Budget	2023/2024 Budget Adjustment	2023/2024 YTD Expenditure	Reasons for Variance	Corrective Measures	Portfolio of Evidence
<b>MKRS-95</b>	KPI 20 % of Matau Internal Road rehabilitated	30% of Matau Internal Road rehabilitated by June 2024	New	20% of Matau Internal Road Rehabilitated	Not Achieved	R18,200,000.00	R13,469,909.86	R13,469,909.87	The contractor appointed was terminated due to non-performance  Expenditure was due to previous contractor and consultant fees	The municipality appointed the consultant on Turnkey basis to complete the project in the 2024/25 FY	Progress Report
<b>MKRS-99</b>	KPI 21 % of Mabele a Podi Internal Road and Storm Water rehabilitated	80% of Mabele a Podi Internal Road and Storm Water rehabilitated by June 2024	0% of Mabele a Podi Internal Road and Storm Water rehabilitated	86% of Mabele a Podi Internal Road and Storm Water rehabilitated	Achieved	R14,737,805.00	R15,232,325.56	R15,232,325.56	None	None	Progress Report
<b>MKELC-101</b>	KPI 22 Number of High Mast Lights supplied and installed in	4 High Mast Lights supplied and installed in Lerome - Mositwana	New	4 High Mast Lights supplied and installed in Lerome -	Achieved	R0.00	R179,418.00	R179,418.00	None	None	Completion Certificate

# Chapter 4

MOSES KOTANE LOCAL MUNICIPALITY											
ANNUAL PERFORMANCE REPORT											
2023/2024 FINANCIAL YEAR											
Project No.	Key Performance Indicator	Annual Targets 2023/2024	2022/2023 Baseline	2023/2024 Annual Actual Performance	Achieved/ Not Achieved	2023/2024 Annual Budget	2023/2024 Budget Adjustment	2023/2024 YTD Expenditure	Reasons for Variance	Corrective Measures	Portfolio of Evidence
	Lerome – Mositwana (Cluster B)	(Cluster B) by June 2024		Mositwana (Cluster B)							
<b>MKELC -101</b>	KPI 23 Number of High Mast Lights supplied and installed in Molorwe (Cluster B)	4 High Mast Lights supplied and installed in Molorwe (Cluster B) by June 2024	New	4 High Mast Lights supplied and installed in Molorwe (Cluster B)	Achieved				None	None	Completion Certificate
<b>MKELC -101</b>	KPI 24 Number of High Mast Lights supplied and installed in Ntswanalemet sing (Cluster B)	3 High Mast Lights supplied and installed in Ntswanalemet sing (Cluster B) by June 2024	New	3 High Mast Lights supplied and installed in Ntswanalemet sing (Cluster B)	Achieved				None	None	Completion Certificate

# Chapter 4

MOSES KOTANE LOCAL MUNICIPALITY											
ANNUAL PERFORMANCE REPORT											
2023/2024 FINANCIAL YEAR											
Project No.	Key Performance Indicator	Annual Targets 2023/2024	2022/2023 Baseline	2023/2024 Annual Actual Performance	Achieved/ Not Achieved	2023/2024 Annual Budget	2023/2024 Budget Adjustment	2023/2024 YTD Expenditure	Reasons for Variance	Corrective Measures	Portfolio of Evidence
<b>MKELC -112</b>	KPI 25 Number of High Mast Lights and Community Halls from previous financial years energised	51 High Mast Lights and 10 Community Halls from previous financial years energised by June 2024	New	0 High Mast Lights and 0 Community Halls from previous financial years energized	Not Achieved	R4,000,000.00	R4,678,331.78	R4,678,331.78	Delays in Eskom to allocate connection point for energising. At the time the allocation was done, the contracted companies' joint venture agreements had lapsed	To appoint the consultant on turnkey to finalise the energising	Proof of Payments
<b>MKELC -120</b>	KPI 26 Number of HPS replaced with LED bulbs (High Mast Lights & Street Lights)	600 HPS replaced with LED bulbs (400 High Mast Lights & 200 Street Lights) by June 2024	New	0 HPS replaced with LED bulbs (0 High Mast Lights & 0 Street Lights)	Not Achieved	R0.00	R1,000 000.00	R1,495,000.00	Municipality did not receive the entire allocated budget for 2023/2024 – Expenditure incurred was the purchase of material	Municipality to utilize own funding	Certificate of Completion

# Chapter 4

MOSES KOTANE LOCAL MUNICIPALITY											
ANNUAL PERFORMANCE REPORT											
2023/2024 FINANCIAL YEAR											
Project No.	Key Performance Indicator	Annual Targets 2023/2024	2022/2023 Baseline	2023/2024 Annual Actual Performance	Achieved/ Not Achieved	2023/2024 Annual Budget	2023/2024 Budget Adjustment	2023/2024 YTD Expenditure	Reasons for Variance	Corrective Measures	Portfolio of Evidence
<b>KPA No. 1: Basic Service Delivery and Infrastructure Development</b>											
<b>Strategic objective: To develop and improve community infrastructure facilities, public safety, disaster emergencies and promote a healthy environment</b>											
	KPI Number of Municipal Buildings renovated	27 2 Municipal Buildings renovated by June 2024	New	2 Municipal Buildings renovated	Achieved	Operational	R499,858.07	R169,326.05	None	None	Completion Certificate
	KPI Number of Roadblocks conducted	28 4 Roadblocks conducted by June 2024	New	4 Roadblocks conducted	Achieved	Operational	Operational	Operational	None	None	Reports & Attendance Registers
	KPI Number of Reports on Learners License Classes conducted	29 12 Reports on Learners License Classes conducted by June 2024	New	12 Reports on Learners License Classes conducted	Achieved	Operational	Operational	Operational	None	None	Monthly Reports
	KPI Number of Road Safety Campaigns conducted	30 12 Road Safety Campaigns conducted by June 2024	14 Road Safety Campaigns conducted	12 Road Safety Campaigns conducted	Achieved	Operational	Operational	Operational	None	None	Road Safety Campaigns Reports, Attendance Registers

# Chapter 4

MOSES KOTANE LOCAL MUNICIPALITY											
ANNUAL PERFORMANCE REPORT											
2023/2024 FINANCIAL YEAR											
Project No.	Key Performance Indicator	Annual Targets 2023/2024	2022/2023 Baseline	2023/2024 Annual Actual Performance	Achieved/ Not Achieved	2023/2024 Annual Budget	2023/2024 Budget Adjustment	2023/2024 YTD Expenditure	Reasons for Variance	Corrective Measures	Portfolio of Evidence
	KPI 31 % of Households provided with access to Solid Waste Removal (Madikwe and Mogwase)	100% of Households provided with access to Solid Waste Removal (Madikwe and Mogwase) by June 2024	0% of Households provided with access to Solid Waste Removal  Detailed monthly waste collection report was attached indicating waste collection at Madikwe and Mogwase	100% of Households provided with access to Solid Waste Removal (Madikwe and Mogwase)	Achieved	Operational	Operational	Operational	None	None	Reports on % of Households provided with access to Solid Waste Removal (Madikwe and Mogwase)
	KPI 32 Number of Villages provided with access to Solid and Waste Removal	107 Villages provided with access to Solid and Waste Removal by June 2024	100% of Villages provided with access to Solid and Waste Removal	107 Villages provided with access to Solid and Waste Removal	Achieved	Operational	Operational	Operational	None	None	Reports on number of Villages provided with access to Solid Waste Removal
	KPI 33 Number of Safe and Clean City	12 Safe and Clean City Campaigns conducted by June 2024	12 Safe and Clean City Campaigns conducted	12 Safe and Clean City Campaigns conducted	Achieved	Operational	Operational	Operational	None	None	Safe and Clean Campaigns Reports,

# Chapter 4

MOSES KOTANE LOCAL MUNICIPALITY											
ANNUAL PERFORMANCE REPORT											
2023/2024 FINANCIAL YEAR											
Project No.	Key Performance Indicator	Annual Targets 2023/2024	2022/2023 Baseline	2023/2024 Annual Actual Performance	Achieved/ Not Achieved	2023/2024 Annual Budget	2023/2024 Budget Adjustment	2023/2024 YTD Expenditure	Reasons for Variance	Corrective Measures	Portfolio of Evidence
	Campaigns conducted										Attendance Registers
KPA No. 2: Local Economic Development											
Strategic Objective: To create an enabling environment for social development and economic growth											
	KPI 34 Number of SMME's, Tourism and Agricultural Programmes facilitated	6 SMME's, Tourism and Agricultural Programmes facilitated by June 2024	7 SMME's, Tourism and Agricultural Programmes facilitated	16 SMME's, Tourism and Agricultural Programmes facilitated	Achieved	Operational	Operational	Operational	None	None	Agenda and Attendance Registers
	KPI 35 Number of Arts and Culture Programmes facilitated	7 Arts and Culture Programmes facilitated by June 2024	6 Arts and Culture Programmes facilitated	6 Arts and Culture Programme facilitated	Not Achieved	Operational	Operational	Operational	No responsiveness from the targeted audience	Improve on our marketing strategy for our programmes	Agenda and Attendance Registers

# Chapter 4

MOSES KOTANE LOCAL MUNICIPALITY											
ANNUAL PERFORMANCE REPORT											
2023/2024 FINANCIAL YEAR											
Project No.	Key Performance Indicator	Annual Targets 2023/2024	2022/2023 Baseline	2023/2024 Annual Actual Performance	Achieved/ Not Achieved	2023/2024 Annual Budget	2023/2024 Budget Adjustment	2023/2024 YTD Expenditure	Reasons for Variance	Corrective Measures	Portfolio of Evidence
	KPI 36 Number of Job opportunities created through CWP, EPWP and Capital Projects	1248 Job opportunities created through CWP, EPWP and Capital Projects by June 2024	1553 Job opportunities created	194 Job Opportunities created through CWP, EPWP and capital projects	Not Achieved	Operational	R420,720.62	Operational	Uncoordinated efforts towards jobs created through Grants	Grants Coordinator to manage all jobs created through grants.	EPWP Beneficiaries' list and contracts/ EPWP/CWP comprehensive reports
	KPI 37 Number of Jobs created through Municipality's Local Economic Development initiatives	200 Jobs created through Municipality's Local Economic Development initiatives by June 2024	445 Jobs created through Municipality's Local Economic Development initiatives	0 Jobs created through Municipality's Local Economic Development initiatives	Not Achieved	Operational	Operational	Operational	Uncoordinated efforts towards creation of jobs	Grants Coordinator to manage all jobs created through LED initiatives	Beneficiaries List and Comprehensive Report
	KPI 38 Number of LED Projects financially supported	2 LED Projects financially supported by 30 June 2024	6 LED Projects	0 LED Projects financially supported	Not Achieved	Operational	Operational	Operational	The delivery of the goods delivered for the LED projects financially supported, were only delivered after year end	The activity/ goods delivered in July 2024 and will be reported in the correct period as the delivery happened	Comprehensive Report

# Chapter 4

MOSES KOTANE LOCAL MUNICIPALITY											
ANNUAL PERFORMANCE REPORT											
2023/2024 FINANCIAL YEAR											
Project No.	Key Performance Indicator	Annual Targets 2023/2024	2022/2023 Baseline	2023/2024 Annual Actual Performance	Achieved/ Not Achieved	2023/2024 Annual Budget	2023/2024 Budget Adjustment	2023/2024 YTD Expenditure	Reasons for Variance	Corrective Measures	Portfolio of Evidence
										in the 24/25 year	
KPA No. 3: Municipal Financial Viability											
Strategic Objective: Ensure that revenue and expenditure of the municipality is in accordance with legislative prescripts governing finance in the municipality, by maximising revenue collections, optimising expenditure and monitoring cashflow.											
	KPI 39 2024/2025 Draft Budget approved by Council	2024/2025 Draft Budget approved by Council by 31 March 2024	2023/2024 Draft Budget approved by Council	2024/2025 Draft Budget approved by Council	Achieved	Operational	Operational	Operational	None	None	Council Resolution
	KPI 40 2024/2025 Final Budget approved by Council	2024/2025 Final Budget approved by Council by 31 May 2024	2023/2024 Final Budget approved	2024/2025 Final Budget approved by Council	Achieved	Operational	Operational	Operational	None	None	Council Resolution
	KPI 41 2022/2023 Annual Financial Statements submitted to Auditor General	2022/2023 Annual Financial Statements submitted to Auditor General by 31 August 2023	2021/2022 Annual Financial Statements submitted	2022/2023 Annual Financial Statements submitted to Auditor General	Achieved	R10,000,000.00	R10,000,000.00	R8,982,006.40	None	None	Acknowledge Letter

# Chapter 4

MOSES KOTANE LOCAL MUNICIPALITY												
ANNUAL PERFORMANCE REPORT												
2023/2024 FINANCIAL YEAR												
Project No.	Key Performance Indicator	Annual Targets 2023/2024	2022/2023 Baseline	2023/2024 Annual Actual Performance	Achieved/ Not Achieved	2023/2024 Annual Budget	2023/2024 Budget Adjustment	2023/2024 YTD Expenditure	Reasons for Variance	Corrective Measures	Portfolio of Evidence	
	KPI 42 Number of MFMA Section 52 Reports approved by Council	4 MFMA Section 52 Reports approved by Council by June 2024	4 MFMA Section 52 reports not submitted	4 MFMA Section 52 Reports approved by Council	Achieved	Operational	Operational	Operational	None	None	Council Resolution	
	KPI 43 % of Competitive Bids awarded within 90 days of advert	100% of Competitive Bids awarded within 90 days of advert by June 2024	62.50% of Competitive Bids awarded within 90 days of advert	100% of Competitive Bids awarded within 90 days of advert	Achieved	Operational	Operational	Operational	None	None	Adverts and appointment letters	
	KPI 44 % of Request for Quotations (RFQ) awarded within 30 days of advert	100% of Request for Quotation (RFQ) awarded within 30 days of advert	72,72% of Request for Quotations (RFQ) awarded within 30 days of advert	62.50% of Request for Quotations (RFQ) awarded within 30 days of advert	Not achieved	Operational	Operational	Operational	Non-adherence to dates specified in the procurement plan	Submission of request must be in line with the procurement plan. SCM to make follow up with relevant procuring department when	Adverts and Purchase Orders	

# Chapter 4

MOSES KOTANE LOCAL MUNICIPALITY											
ANNUAL PERFORMANCE REPORT											
2023/2024 FINANCIAL YEAR											
Project No.	Key Performance Indicator	Annual Targets 2023/2024	2022/2023 Baseline	2023/2024 Annual Actual Performance	Achieved/ Not Achieved	2023/2024 Annual Budget	2023/2024 Budget Adjustment	2023/2024 YTD Expenditure	Reasons for Variance	Corrective Measures	Portfolio of Evidence
										timelines are not met	
	KPI 45 % of Indigent Register updated	100% of Indigent Register updated by June 2024	100% of Indigent Register updated	100% of Indigent Register updated	Achieved	Operational	Operational	Operational	None	None	Updated Indigent Register
	KPI 46 % of Revenue Growth	10% of Revenue Growth by 30 June 2024	278% of Revenue Growth	73% of Revenue Growth	Achieved	Operational	Operational	Operational	None	None	90-days Age Analysis Report
	KPI 47 % of Asset Register updated	100% of Asset Register updated by June 2024	1 report on Immovable and Movable Asset Verification updated	100% Asset Register updated	Achieved	Operational	Operational	Operational	None	None	Asset Register
<b>KPA No. 4: Municipal Transformation and Organizational Development</b>											
<b>Strategic Objective: To Promote Accountability, Efficiency and Professionalism Within the Organization</b>											

# Chapter 4

MOSES KOTANE LOCAL MUNICIPALITY											
ANNUAL PERFORMANCE REPORT											
2023/2024 FINANCIAL YEAR											
Project No.	Key Performance Indicator	Annual Targets 2023/2024	2022/2023 Baseline	2023/2024 Annual Actual Performance	Achieved/ Not Achieved	2023/2024 Annual Budget	2023/2024 Budget Adjustment	2023/2024 YTD Expenditure	Reasons for Variance	Corrective Measures	Portfolio of Evidence
	KPI 48 2023/2024 Communication Strategy reviewed by Council	2023/2024 Communication Strategy reviewed by Council by 30 June 2024	Draft Communication Strategy	2023/2024 Communication Strategy not reviewed	Not Achieved	Operational	Operational	Operational	Action plan to finalise the communication strategy not implementable	Action plan to be revised and include timelines	Council Resolution
	KPI 49 Number of Newsletters published	4 Newsletters published by 30 June 2024	4 Newsletters published	2 Newsletters published	Not Achieved	Operational	Operational	Operational	No resources to develop a news letter	Plan in accordance with resources available	Copy of the Newsletter attached
	KPI 50 2023/2024 Employment Equity Plan developed	2023/2024 Employment Equity Plan developed by September 2023	New	2023/2024 Employment Equity Plan not developed	Not Achieved	Operational	Operational	Operational	Delays in the training of the committee members to be able to develop EEP	2024/2025 EEP is currently being developed and implemented in the 24/25 Financial year	Copy of approved Employment Equity Plan

# Chapter 4

MOSES KOTANE LOCAL MUNICIPALITY											
ANNUAL PERFORMANCE REPORT											
2023/2024 FINANCIAL YEAR											
Project No.	Key Performance Indicator	Annual Targets 2023/2024	2022/2023 Baseline	2023/2024 Annual Actual Performance	Achieved/ Not Achieved	2023/2024 Annual Budget	2023/2024 Budget Adjustment	2023/2024 YTD Expenditure	Reasons for Variance	Corrective Measures	Portfolio of Evidence
	KPI 51 2023/2024 Employment Equity Report submitted to Department of Labour	2023/2024 Employment Equity Report submitted to Department of Labour by 15 January 2024	2022/2023 Employment Equity Report submitted	2023/2024 Employment Equity Report not submitted Department of Labour	Not Achieved	Operational	Operational	Operational	Delays in the training of the committee members to be able to develop EEP	2024/2025 EEP is finalised, the EE Report will be drafted and submitted to the Department of labour by the 15th January 2025	Acknowledgement letter from Department of Labour
	KPI 52 2024/2025 Workplace Skills Plan and 2023/2024 ATR submitted to LG_SETA	2024/2025 Workplace Skills Plan and 2023/2024 ATR submitted to LG_SETA by 30 April 2024	2021/2022 Workplace Skills Plan submitted	2024/2025 Workplace Skills Plan and 2023/2024 ATR submitted to LG_SETA by 30 April 2024	Achieved	Operational	Operational	Operational	None	None	Acknowledgement letter from LG_SETA
	KPI 53 Number of Local Labour Forum Meetings held	4 Local Labour Forum Meetings held by 30 June 2024	0 LLF Meetings held	1 Local Labour Forum Meeting held	Not Achieved	Operational	Operational	Operational	Meetings postponed due to unavailability of members	A code of conduct has been developed to assist in the	Agenda, Attendance register and minutes

# Chapter 4

MOSES KOTANE LOCAL MUNICIPALITY											
ANNUAL PERFORMANCE REPORT											
2023/2024 FINANCIAL YEAR											
Project No.	Key Performance Indicator	Annual Targets 2023/2024	2022/2023 Baseline	2023/2024 Annual Actual Performance	Achieved/ Not Achieved	2023/2024 Annual Budget	2023/2024 Budget Adjustment	2023/2024 YTD Expenditure	Reasons for Variance	Corrective Measures	Portfolio of Evidence
										adherence to the schedule	
	KPI 54 % of Grievances resolved within 30 days of receipt	100% of Grievances resolved within 30 days of receipt	Received grievances not resolved within 30 days of receipts	0% Grievances resolved within 30 days of receipt	Not Achieved	Operational	Operational	Operational	Non-compliance with the grievance procedure. Grievances taking long to resolve	Training was conducted on the 20 and 21 February 2024	Grievance forms
	KPI 55 Number of OHS Meetings held	4 OHS Meetings held by 30 June 2024	4 OHS Meetings held	2 OHS meetings held	Not Achieved	Operational	Operational	Operational	Non-availability of OHS committee members	A code of conduct has been developed to assist in the adherence to the schedule	Minutes of Meeting, Agenda, Attendance Register
	KPI 56 % of ICT Budget spent	100% of ICT Budget spent by June 2024	New	100% of ICT Budget spent	Achieved	Operational	Operational	Operational	None	None	Expenditure Reports
	KPI 57 2024/2025 Institutional Performance Management	2024/2025 Institutional Performance Management Framework	2023/2024 Institutional Performance Management	2024/2025 Institutional Performance Management	Achieved	Operational	Operational	Operational	None	None	Council Resolution

# Chapter 4

MOSES KOTANE LOCAL MUNICIPALITY											
ANNUAL PERFORMANCE REPORT											
2023/2024 FINANCIAL YEAR											
Project No.	Key Performance Indicator	Annual Targets 2023/2024	2022/2023 Baseline	2023/2024 Annual Actual Performance	Achieved/ Not Achieved	2023/2024 Annual Budget	2023/2024 Budget Adjustment	2023/2024 YTD Expenditure	Reasons for Variance	Corrective Measures	Portfolio of Evidence
	Framework approved by Council	approved by Council by 30 June 2024	Framework approved	Framework approved							
	KPI 58 2022/2023 Annual Performance Report submitted to Auditor General	2022/2023 Annual Performance Report submitted to Auditor General by August 2023	2021/2022 Annual Performance Report	2022/2023 Annual Performance Report submitted to Auditor General	Achieved	Operational	Operational	None	None	None	Acknowledgement Letter
	KPI 59 2022/2023 Annual Report approved by Council	2022/2023 Annual Report approved by Council by January 2024	2021/2022 Annual Report	2022/2023 Annual Report approved	Achieved	Operational	Operational	None	None	None	Council Resolution
	KPI 60 Number of Performance Agreements for 2023/2024 signed by Municipal Manager and Section 56 Managers	7 Performance Agreements for 2023/2024 signed by Municipal Manager and Section 56 Managers by July 2023	7 Performance Agreements for 2022/2023 signed by Municipal Manager and Section 56 Managers	7 performance agreements for 2023/2024 signed by Municipal Manager and Section 56 managers	Achieved	Operational	Operational	Operational	None	None	Signed Performance Agreements
<b>KPA No. 5: Spatial Rationale</b>											
<b>Strategic Objective: To establish economically, socially and environmentally integrated sustainable land use and human settlements</b>											

# Chapter 4

MOSES KOTANE LOCAL MUNICIPALITY											
ANNUAL PERFORMANCE REPORT											
2023/2024 FINANCIAL YEAR											
Project No.	Key Performance Indicator	Annual Targets 2023/2024	2022/2023 Baseline	2023/2024 Annual Actual Performance	Achieved/ Not Achieved	2023/2024 Annual Budget	2023/2024 Budget Adjustment	2023/2024 YTD Expenditure	Reasons for Variance	Corrective Measures	Portfolio of Evidence
	KPI 61 % of Building Inspections attended to within 5 days of request	100% of Building Inspections attended to within 5 days of request	100% of Building Inspections attended to within 24 hours of request	100% of Building Inspections attended to within 5 days of request	Achieved	Operational	Operational	Operational	None	None	Inspection Register and Sheets
	KPI 62 % of Building Plans approved within 60 days of request	100% of Building Plans approved within 60 days of request	100% of Building Plans approved within 4 weeks of request	100% of Building Plans approved within 60 days of request	Achieved	Operational	Operational	Operational	None	None	Building Plans Register
	KPI 63 % of Occupation Certificate issued within 14 days of request	100% of Occupation Certificate issued within 14 days of request	A total of 10 Occupational Certificates Issued	100% of Occupation Certificate issued within 14 days of request	Achieved	Operational	Operational	Operational	None	None	Copies of Certificates and Register
	KPI 64 Number of Housing Stakeholders Meetings held	4 Housing Stakeholders Meetings held by June 2024	New	4 Housing Stakeholders Meetings held	Achieved	Operational	Operational	Operational	None	None	Minutes of Meeting and Attendance Register

# Chapter 4

MOSES KOTANE LOCAL MUNICIPALITY											
ANNUAL PERFORMANCE REPORT											
2023/2024 FINANCIAL YEAR											
Project No.	Key Performance Indicator	Annual Targets 2023/2024	2022/2023 Baseline	2023/2024 Annual Actual Performance	Achieved/ Not Achieved	2023/2024 Annual Budget	2023/2024 Budget Adjustment	2023/2024 YTD Expenditure	Reasons for Variance	Corrective Measures	Portfolio of Evidence
	KPI 65 Housing Needs Beneficiary Register compiled in 8 wards	Housing Needs Beneficiary Register compiled in 8 wards by June 2024	New	Housing Needs Beneficiary Register compiled in 9 wards	Achieved	Operational	Operational	Operational	None	None	Internal Housing Needs Register & Generated National Housing Needs Register System Report
<b>KPA No. 6: 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>											
	KPI 66 Number of Youth Programmes facilitated	2 Youth Programmes facilitated by June 2024	New	1 Youth Programme facilitated	Not Achieved	Operational	Operational	Operational	Community Unrest	Youth Programmes to planned in different locations/villages	Attendance Registers
	KPI 67 Number of Letsema Programmes conducted	2 Letsema Programmes conducted by June 2024	New	2 Letsema Programmes conducted	Achieved	Operational	Operational	Operational	None	None	Attendance Register, Programme and Pictures

# Chapter 4

MOSES KOTANE LOCAL MUNICIPALITY											
ANNUAL PERFORMANCE REPORT											
2023/2024 FINANCIAL YEAR											
Project No.	Key Performance Indicator	Annual Targets 2023/2024	2022/2023 Baseline	2023/2024 Annual Actual Performance	Achieved/ Not Achieved	2023/2024 Annual Budget	2023/2024 Budget Adjustment	2023/2024 YTD Expenditure	Reasons for Variance	Corrective Measures	Portfolio of Evidence
	KPI 68 Number of Physically/Disabled Challenged Meetings held	2 Physically/Disabled Meetings held by June 2024	New	2 Physically/Disabled Challenged Meetings held	Achieved	Operational	Operational	Operational	None	None	Attendance Register and Minutes of Meeting
	KPI 69 Number of Gender Awareness Campaigns held	2 Gender Awareness Campaigns held by June 2024	New	2 Gender Awareness Campaigns held	Achieved	Operational	Operational	Operational	None	None	Attendance Register and Minutes of Meeting
	KPI 70 Number of Council Meetings held	4 Council Meetings by June 2024	4 Council Meetings held	4 Council Meetings held	Achieved	Operational	Operational	Operational	None	None	Agenda, Attendance Register and Minutes of Meetings
	KPI 71 Number of EXCO Meetings held	12 EXCO Meetings held by 30 June 2024	12 Meetings held	12 EXCO meetings held	Achieved	Operational	Operational	Operational	None	None	Agenda, Attendance Register and Minutes of Meeting
	KPI 72 2023/2024 Risk Based Audit Plan (RBAP) approved by	2023/2024 Risk Based Audit Plan (RBAP) approved by Audit	2022/2023 Risk Based Audit Plan (RBAP) approved by	2023/2024 Risk Based Audit Plan (RBAP) approved by	Achieved	Operational	Operational	None	None	None	Agenda, Minutes of Meeting and Attendance Register

# Chapter 4

MOSES KOTANE LOCAL MUNICIPALITY											
ANNUAL PERFORMANCE REPORT											
2023/2024 FINANCIAL YEAR											
Project No.	Key Performance Indicator	Annual Targets 2023/2024	2022/2023 Baseline	2023/2024 Annual Actual Performance	Achieved/ Not Achieved	2023/2024 Annual Budget	2023/2024 Budget Adjustment	2023/2024 YTD Expenditure	Reasons for Variance	Corrective Measures	Portfolio of Evidence
	Audit Committee	Committee by September 2023	the Audit Committee	Audit Committee							
	KPI 73 Number of Audit Committee Meetings held	4 Audit Committee Meetings held by June 2024	4 Audit Committee Meetings held	4 Audit Committee Meetings held	Achieved	Operational	Operational	Operational	None	None	Agenda, Minutes of Meetings and Attendance Register
	KPI 74 Number of Audit Committee Reports submitted to Council	2 Audit Committee Reports submitted to Council by June 2024	2 Audit Committee Reports	2 Audit Committee Reports submitted to Council	Achieved	Operational	Operational	Operational	None	None	Council Resolution
	KPI 75 % of Legal Opinions on By-laws provided within 14 days upon request	100% of Legal Opinions on By-laws provided within 14 days upon request	New	100% of Legal Opinions on By-laws provided within 14 days upon request	Achieved	Operational	Operational	Operational	None	None	Legal Opinion Register

# Chapter 4

MOSES KOTANE LOCAL MUNICIPALITY											
ANNUAL PERFORMANCE REPORT											
2023/2024 FINANCIAL YEAR											
Project No.	Key Performance Indicator	Annual Targets 2023/2024	2022/2023 Baseline	2023/2024 Annual Actual Performance	Achieved/ Not Achieved	2023/2024 Annual Budget	2023/2024 Budget Adjustment	2023/2024 YTD Expenditure	Reasons for Variance	Corrective Measures	Portfolio of Evidence
	KPI 76 % of Service Level Agreements developed within 14 days upon request	100% of Service Level Agreements developed within 14 days upon request	New	100% of Service Level Agreements developed within 14 days upon request	Achieved	Operational	Operational	Operational	None	None	Service Level Agreements Register
	KPI 77 2024/2025 IDP, PMS and Budget Process Plan approved by Council	2024/2025 IDP, PMS and Budget Process Plan approved by Council by 31 August 2023	2023/2024 Approved Process Plan	2024/2025 IDP, PMS and Budget Process Plan approved by Council	Achieved	Operational	Operational	Operational	None	None	Council Resolution
	KPI 78 2024/2025 Draft IDP approved by Council	2024/2025 Draft IDP approved by Council by 31 March 2024	2023/2024 Draft IDP approved by Council	2024/2025 Draft IDP approved by Council	Achieved	Operational	Operational	Operational	None	None	Council Resolution
	KPI 79 2024/2025 Final IDP approved by Council	2024/2025 Final IDP approved by Council by 31 May 2024	2023/2024 IDP approved	2024/2025 Final IDP approved by Council	Achieved	Operational	Operational	Operational	None	None	Council Resolution
	KPI 80 Number IDP Public Participation Meetings held	2 IDP Public Participation Meetings held by June 2024	2 IDP Public Participation Meetings conducted	2 IDP Public Participation Meetings conducted	Achieved	Operational	Operational	Operational	None	None	Attendance Register and Report

# Chapter 4

MOSES KOTANE LOCAL MUNICIPALITY												
ANNUAL PERFORMANCE REPORT												
2023/2024 FINANCIAL YEAR												
Project No.	Key Performance Indicator	Annual Targets 2023/2024	2022/2023 Baseline	2023/2024 Annual Actual Performance	Achieved/ Not Achieved	2023/2024 Annual Budget	2023/2024 Budget Adjustment	2023/2024 YTD Expenditure	Reasons for Variance	Corrective Measures	Portfolio of Evidence	
	KPI 82 Number of IDP Representative Forums held	3 IDP Representative Forums held June 2024	3 IDP Representative Forums held	3 IDP Representative Forums held	Achieved	Operational	Operational	Operational	None	None	Agenda and Attendance Register	
	KPI 82 2023/2024 Risk Management Strategy approved by Council	2023/2024 Risk Management Strategy approved by Council by June 2024	Approved Risk Management Strategy approved by Council	2023/2024 Risk Management Strategy approved by Council	Achieved	Operational	Operational	Operational	None	None	Council Resolution	
	KPI 83 2023/2024 Risk Management Policy approved by Council	2023/2024 Risk Management Policy approved by Council by June 2024	Risk Management Policy approved by Council	2023/2024 Risk Management Policy approved by Council	Achieved	Operational	Operational	Operational	None	None	Council Resolution	
	KPI 84 2023/2024 Risk Identification & Assessment conducted	2023/2024 Risk Identification & Assessment conducted by June 2024	2022/2023 Risk Identification & Assessment conducted	2023/2024 Risk Identification & Assessment conducted	Achieved	Operational	Operational	Operational	None	None	Strategic Risk Register, Fraud risk and ICT Register	

# Chapter 4

MOSES KOTANE LOCAL MUNICIPALITY 2023-2024 ANNUAL SERVICE PROVIDERS PERFORMANCE ASSESSMENT													
N O.	KPI NO.	KEY PERFORMANCE INDICATOR & TENDER NUMBER	CONTRACTED VALUE	VARIATION ORDER	CONTRACTED AND VARIATION VALUE	CUMULATIVE EXPENDITURE	CONTRACT START DATE	CONTRACT END DATE	CONTRACT EXTENDED TO	PROJECT STATUS	PERFORMANCE OUTCOME	CHALLENGES	CORRECTIVE MEASURES
1	KPI 1	Construction of Lerome (Thabeng section) Water supply Tender number 014/MKM/2022/2023	R27 161 450,66	R0,00	R27 161 450,66	R22 397 770,65	14-Dec-2022	31-Aug-2023	2-Jul-2024	Practical Completion Certificate 27 Jun2024	Achieved	None	None
2	KPI 2	Construction of Mahobieskraai 1 Bulk Water Supply and Reticulation Tender number 005/MKLM/2022/2023	R19 164 886,98	R3 944 845,00	R23 109 731,98	R19 929 771,54	13-Mar-2023	12-Feb-2024	26 Jul 2024	Practical Completion Certificate 28 Jun2024	Achieved	None	None
3	KPI 3	Construction of Ledig Water Supply (Various Sections) Tender number 008/MKLM/2022/2023	R45 301 622,73	R9 051 293,92	R54 352 916,65	R45 183 147,42	19-Dec-2022	31-Dec-2024	-	Percentage of work 93%	Achieved	None	None

# Chapter 4

MOSES KOTANE LOCAL MUNICIPALITY 2023-2024 ANNUAL SERVICE PROVIDERS PERFORMANCE ASSESSMENT													
N O.	KPI NO.	KEY PERFORMANCE INDICATOR & TENDER NUMBER	CONTRACTED VALUE	VARIATION ORDER	CONTRACTED AND VARIATION VALUE	CUMULATIVE EXPENDITURE	CONTRACT START DATE	CONTRACT END DATE	CONTRACT EXTENDED TO	PROJECT STATUSES	PERFORMANCE OUTCOME	CHALLENGES	CORRECTIVE MEASURES
4	KPI 4	Madikwe Water Treatment Plant Phase II (Vrede and Seshibitswe ) upgraded Tender number 005/MKLM/2022/2023					26-Oct-2022	26-Jul-2023	31-Oct-2023	Practical Completion Certificate 26 Oct 2023	Achieved	None	None
5	KPI 5	Construction of Maeraneng Water Supply Tender number 004/MKLM/2023/2024	R18 295 105,51	R0,00	R18 295 105,51	R5 418,19	13-Nov-2023	29-Nov-2024	-	Percentage of work 40%	Not achieved	The construction progress delayed due to excessive	The contractor to explore other excavation method such the of excavator with rock bucket, drilling and blasting as the last resort before end of July 2024
												hard rock on site	
6	KPI 6	Construction of Segakwaneng Water Supply Tender number	R36 702 289,07	R0,00	R36 702 289,07	R22 453,81	13-Oct-2023	15-Nov-2024	-	Percentage of work 54.50%	Not achieved	SSME stopped the project	The municipality to arranged a meeting on the 5 July 2024 with community for wayward

# Chapter 4

MOSES KOTANE LOCAL MUNICIPALITY 2023-2024 ANNUAL SERVICE PROVIDERS PERFORMANCE ASSESSMENT													
N O.	KPI NO.	KEY PERFORMANCE INDICATOR & TENDER NUMBER	CONTRACTED VALUE	VARIATION ORDER	CONTRACTED AND VARIATION VALUE	CUMULATIVE EXPENDITURE	CONTRACT START DATE	CONTRACT END DATE	CONTRACT EXTENDED TO	PROJECT STATUS	PERFORMANCE OUTCOME	CHALLENGES	CORRECTIVE MEASURES
		003/MKLM/2023/2024											
7	KPI 7	Construction of Manamakgotheng water reticulation Tender number 001/MKLM/2023/2024	R32 842 368,30	R0,00	R32 842 368,30	R15 413 230,41	1-Nov-2023	2-Dec-2024	-	Percentage of work 45%	Achieved	None	None
8	KPI 8	Molatedi Ground Water source developed Tender number 006/MKLM/2021/2022	R3 736 891,71	R0,00	R3 736 891,71	R2 860 634,02	1-Jul-2023	30-Jun-2024	-	Technical report completed	Achieved	None	None
9	KPI 9	Designs for replacement of Mogwase Asbestos pipes finalised Tender number	R5 992 557,77	R0,00	R5 992 557,77	R2 198 460,50	1-Jul-2022	30-Jun-2024	-	Designs completed	Achieved	None	None

# Chapter 4

MOSES KOTANE LOCAL MUNICIPALITY 2023-2024 ANNUAL SERVICE PROVIDERS PERFORMANCE ASSESSMENT													
N O.	KPI NO.	KEY PERFORMANCE INDICATOR & TENDER NUMBER	CONTRACTED VALUE	VARIATION ORDER	CONTRACTED AND VARIATION VALUE	CUMULATIVE EXPENDITURE	CONTRACT START DATE	CONTRACT END DATE	CONTRACT EXTENDED TO	PROJECT STATUSES	PERFORMANCE OUTCOME	CHALLENGES	CORRECTIVE MEASURES
		006/MKLM/2021/2022											
#	KPI 10	Construction of Mabeeskraal to Uitkyk Bulk Pipe line (Phase I) Tender number 025/MKLM/2022/2023	R40 085 208,68	R2 530 000,00	R42 615 208,68	R38 053 913,05	20-Jun-2023	29-Mar-2024	30-Aug-2024	Percentage of work 88%	Not Achieved	Project experienced major delays due to slow contractors' performance	The contractor has been issued with the nonperformance letter and penalties have been imposed on him
#	KPI 14	Number of VIDP toilets installed in Segakwaneng Tender number 006/MKLM/2021/2022	R10 000 000,00	R0,00	R10 000 000,00	R1 618 900,80	22-Jul-2024	25-Oct-2024	-	Designs completed	Achieved	None	None

# Chapter 4

MOSES KOTANE LOCAL MUNICIPALITY 2023-2024 ANNUAL SERVICE PROVIDERS PERFORMANCE ASSESSMENT													
N O.	KPI NO.	KEY PERFORMANCE INDICATOR & TENDER NUMBER	CONTRACTED VALUE	VARIATION ORDER	CONTRACTED AND VARIATION VALUE	CUMULATIVE EXPENDITURE	CONTRACT START DATE	CONTRACT END DATE	CONTRACT EXTENDED TO	PROJECT STATUS	PERFORMANCE OUTCOME	CHALLENGES	CORRECTIVE MEASURES
	KPI 15	Number of VIDP toilets installed in Leruleng Tender number 006/MKLM/2021/2022	Not achieved										
	KPI 16	Number of VIDP toilets installed in Makoshong Tender number 006/MKLM/2021/2022	Not achieved										
#	KPI 17	Refurbishment of Mogwase Waste Water treatment plant Tender number 006/MKLM/2021/2022	R16 391 922,29	R0,00	R16 391 922,29	R4 519,32	1-Jul-2023	31-Mar-2025	-	Percentage of work 0%	Not Achieved	The project is at procurement stage	Appointment to be finalised in the 2023-24 financial year

# Chapter 4

MOSES KOTANE LOCAL MUNICIPALITY 2023-2024 ANNUAL SERVICE PROVIDERS PERFORMANCE ASSESSMENT													
N O.	KPI NO.	KEY PERFORMANCE INDICATOR & TENDER NUMBER	CONTRACTED VALUE	VARIATION ORDER	CONTRACTED AND VARIATION VALUE	CUMULATIVE EXPENDITURE	CONTRACT START DATE	CONTRACT END DATE	CONTRACT EXTENDED TO	PROJECT STATUS	PERFORMANCE OUTCOME	CHALLENGES	CORRECTIVE MEASURES
#	KPI 18	Vrede Storm water (Phase III) constructed Tender number 001/MKLM/2022/2023 Re-advert	R22 170 238,85	R0,00	R22 170 238,85	R19 929 771,54	26-Oct-2022	26-Jul-2023	31-Jan-2023	Completion certificate 15 November 2023	Achieved	None	None
#	KPI 19	Outdekkers Road constructed Tender number 017/MKLM/2022/2023	R31 114 383,40	R0,00	R31 114 383,40	R25 745 072,90	13-Dec-2022	13-Dec-2023	2-Aug-2024	Percentage of work 87%	Not Achieved	Slow process by contractor due to cash flow and resources challenges	Intention to terminate was issued to the contractor
#	KPI 20	Matau Internal Road rehabilitated Tender number 033/MKLM/2022/2023	R27 297 128,24	R0,00	R27 297 128,24	R6 102 369,33	3 620 387,70	9-Oct-2023	6-Jul-2024	Contract terminated 15 Mar 24	Not Achieved	The contractor appointed terminated due to non-	mThe municipality appointed the consultant on Turnkey basis to complete the project.

# Chapter 4

MOSES KOTANE LOCAL MUNICIPALITY 2023-2024 ANNUAL SERVICE PROVIDERS PERFORMANCE ASSESSMENT													
N O.	KPI NO.	KEY PERFORMANCE INDICATOR & TENDER NUMBER	CONTRACTED VALUE	VARIATION ORDER	CONTRACTED AND VARIATION VALUE	CUMULATIVE EXPENDITURE	CONTRACT START DATE	CONTRACT END DATE	CONTRACT EXTENDED TO	PROJECT STATUSES	PERFORMANCE OUTCOME	CHALLENGES	CORRECTIVE MEASURES
												performance	
		006/MKLM/2021/2022 Tunkey appointment	R34 619 279,15	R0,00	R34 619 279,15	R1 078 909,82	10-May-2024	4-Feb-2025	-	Percentage of work 9%	Not Achieved	SMME stopped the project	MME- ITS arranged a meeting with community to seek way forward before end July 2024
#	KPI 21	Mabele A Podi Internal road and storm water rehabilitated Tender number 029/MKLM/2022/2023	R21 607 222,04	R0,00	R21 607 222,04	R12 204 129,44	25-Aug-2023	30-Apr-2024	31-Jul-2024	Percentage of work 86%	Not Achieved	Project experienced major delays due to slow contractors' performance	The contractor has been issued with the non-performance letter and penalties have been imposed on him
#	KPI 24 KPI 25 KPI 26	Number of high mast lights supplied and installed in Lerome-Mositwana & Ntswanalemet	R3 620 387,70	R0,00	R3 620 387,70	R3 258 348,92	27-Jun-2023	27-Sep-2023	-	Practical Completion Certificate	Achieved	None	None

# Chapter 4

MOSES KOTANE LOCAL MUNICIPALITY 2023-2024 ANNUAL SERVICE PROVIDERS PERFORMANCE ASSESSMENT													
N O.	KPI NO.	KEY PERFORMANCE INDICATOR & TENDER NUMBER	CONTRACTED VALUE	VARIATION ORDER	CONTRACTED AND VARIATION VALUE	CUMULATIVE EXPENDITURE	CONTRACT START DATE	CONTRACT END DATE	CONTRACT EXTENDED TO	PROJECT STATUSES	PERFORMANCE OUTCOME	CHALLENGES	CORRECTIVE MEASURES
		sing (Cluster B) Tender number 006/MKLM/2 021/2022 Tunkey appointment											

# Chapter 4

## 4.1.COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

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.

### 4.1.1.EMPLOYEE TOTALS, TURNOVER AND VACANCIES

<b>Employees</b>				
<b>Description</b>	<b>2020/2021</b>	<b>2023/2024</b>		
	<b>Employees</b>	<b>Approved Posts</b>	<b>Employees</b>	<b>Vacancies</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>
Water	31	46	30	16
Waste Water (Sanitation)	149	417	174	247
Electricity	9	16	9	7
Waste Management	6	35	7	28
Housing	5	9	5	4
Roads (Storm water Drainage)	25	52	21	29
Transport	13	36	20	16
Planning	8	24	14	13
Local Economic Development Planning (Sport creative industry)	5	11	5	7
Local Economic Development	6	22	13	9
Community & Social Services	13	108	80	24
Budget and Safety	83	150	82	68
Security and Safety	3	22	01	21
Sport and Recreation				
Corporate Policy Offices and Other	137	231	145	121
<b>Totals</b>	<b>574</b>	<b>959</b>	<b>608</b>	<b>610</b>

# Chapter 4

<b>Vacancy Rate: 2023/2024</b>			
<b>Designations</b>	<b>*Total Approved Posts</b>	<b>*Vacancies (Total time that vacancies exist using fulltime equivalents)</b>	<b>*Vacancies (as a proportion of total posts in each category)</b>
	<b>No.</b>	<b>No.</b>	<b>%</b>
Municipal Manager	1	0	0.00
CFO	1	0	0.00
Other S57 Managers (excluding Finance Posts)	5	3	50
Senior management:HOU Levels 19-25 (excluding Finance Posts)	31	24	77.4
Highly skilled supervision: MANAGERS levels 17-18 (excluding Finance posts)	51	25	49
Highly skilled supervision: SUPERVISORS levels 15-16 (Finance posts)	04	9	44.4
<b>Total</b>	<b>92</b>	<b>61</b>	<b>66.3%</b>

<b>Turn-over Rate</b>			
<b>Details</b>	<b>Total Appointments as of beginning of Financial Year</b>	<b>Terminations during the Financial Year</b>	<b>Turn-over Rate*</b>
	<b>No.</b>	<b>No.</b>	
2018/2019	493	15	3%
2019/2020	549	13	2%
2021/2022	589	28	5%
2022/2023	598	38	6%
2023/2024	608	28	5%
<b>Total</b>	<b>2837</b>	<b>122</b>	<b>21%</b>

# Chapter 4

## 4.2 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.

### 4.2.1.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

### 4.2.2.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.

### 4.2.3. COMMENT ON PERFORMANCE REWARDS:

No performance bonuses have been awarded by the municipality.

# Chapter 4

## 4.3. COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

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.

### 4.3.1. SKILLS DEVELOPMENT AND TRAINING

<b>Financial Competency Development: Progress Report*</b>						
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	1
<i>Chief financial officer</i>	1	0	1	0	1	1
<i>Senior managers</i>	05	0	3	0	3	5
<i>Any other financial officials</i>	44	0	44	0	0	44
<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>	1	0	1	1	0	1
<b>TOTAL</b>	<b>52</b>	<b>0</b>	<b>52</b>	<b>1</b>	<b>5</b>	<b>52</b>

# Chapter 4

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## **4.3.2 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. We have been allocated R1 000 000 for learnership and R500 000 for Bursaries and R100 000 for affiliation to professional bodies.

The only challenge is that accommodation for training is also funded in the same budget, Refurbishment of training Centre will give permanent solution to a strained budget ,This affects the achievement of training planned for the year. Expenditure normally exceeds the budget. The training plan was affected due to failure of Bontle Motheo(Consultants Employed by Cogta) submitting Skills audit Report. We had to do preliminary Skills Audit Report .The Cost of training Intervention is R1400 000. The training roll-out will be from 2<sup>nd</sup> week of November 2024.( Second Quarter)

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

### **4.4.1 INTRODUCTION TO WORKFORCE EXPENDITURE**

The workforce must meet municipal operations in terms of service delivery and the organogramme must be aligned to the new staff regulations

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

All positions advertised and filled and budgeted for.

# Chapter 5

## CHAPTER 5 – FINANCIAL PERFORMANCE

Description	Year 2023/24										
	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	154 525	0	154 525			154 525	150 272		(4 253)	97.24	97.24
Service charges	240 833	0	240 833			240 833	207 677		(33 156)	86.23	86.23
Investment revenue	6 251	0	6 251			6 251	13 500		7 249	215,96	215,96
Transfers recognised - operational	581 763	(517)	581 247			581 247	577 154		(4 093)	99,21	99,30
Other own revenue	94 111	0	94 111			94 111	100 034		6 213	106,29	106,29
<b>Total Revenue (excluding capital transfers and contributions)</b>	1 077 484	(517)	1 077 008			1 007 008	1 048 637		(28 040)		
Employee costs	(296 872)	3 410	(293 462)			(293 462)	(321 973)		(28 511)	109,72	108,45
Remuneration of councillors	(27 597)	0	(27 596)			(27 596)	(30 294)		(2 698)	109,78	109,78
Debt impairment	(328 721)	0	(328 721)			(328 721)	(309 058)		19 663	94,02	94,02
Depreciation & asset impairment	(155 041)	0	(155 041)			(155 041)	(122 963)		32 079	79,31	79,31
Finance charges	(5 600)	(3 300)	(8 900)			(8 900)	(6 434)		2 466	72,29	114,89
Inventory consumed and bulk purchases	(130 000)	0	(130 000)			(130 000)	(157 715)		(27 715)	121,32	121,32
Transfers and grants	-	-	-			-	-		-	-	-
Other expenditure	(268 527)	(10 404)	(278 930)			(278 930)	(277 135)		1 796	99,36	103,21%
<b>Total Expenditure</b>	(1 212 358)	(10 293)	(1 222 651)			(1 222 651)	(1 225 572)		(2 921)	100,24	101,09
<b>Surplus/(Deficit)</b>	(134 874)	(10 770)	(145 644)			(145 644)	(175 281)		29 637	120,35	129,96
Transfers recognised - capital											

# Chapter 5

Description  <b>R thousands</b>	Year 2023/24										
	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
Contributions recognised - capital & contributed assets	236 841		234 517			234 517	232 306		(2 211)	99,06	98,09
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>											
Share of surplus/ (deficit) of associate			-			-	-				
<b>Surplus/(Deficit) for the year</b>	101 967	(13 094)	88 873			88 873	57 025		31 848	64,16	55,92
<b><u>Capital expenditure &amp; funds sources</u></b>											
<b>Capital expenditure</b>											
Transfers recognised - capital	(236 841)	2 324	(234 517)			(234 517)	(232 306)		(2,211)	99,06	98,09
Public contributions & donations/Provincial											
Borrowing	-	-	-			-					
Internally generated funds	(7 750)	(354)	(8 104)			(8 104)	(1 681)		(6 423)	20,74	21,6
<b>Total sources of capital funds</b>	(244 591)	1 970	(242 621)			(242 621)	(233 987)		(8 634)	96,44	95,66
<b><u>Cash flows</u></b>											
Net cash from (used) operating	252 337	0	252 337			252 337	251 881		456	99,82	99,82
Net cash from (used) investing	(244 591)	0	(244 591)			(244 591)	(230 115)		14 476	94,08	94,08
Net cash from (used) financing	(12 820)	0	(12 820)			(12 820)	(17 044)		4 224	132,95	132,95
<b>Cash/cash equivalents at the year end</b>	63 660	0	63 660			63 660	43 587		20 073	68,47	68,47

5.2 GRANTS

Grant Performance R' 000						
Description	2022/23	2023/24		Year to Variance		
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
<b><u>Operating Transfers and Grants</u></b>						
<b>National Government:</b>	<b>532 554</b>	<b>573 666</b>	<b>573 666</b>	<b>570 613</b>	-0,53%	-0,53%
Equitable share	528 602	566 087	566 087	566 087	0,00%	0,00%
Municipal Systems Improvement	-	-	-	-	0,00%	0,00%
Department of Water Affairs	-	-	-	-	0,00%	0,00%
Levy replacement						
Energy Efficiency & Demand Side Management	350	4 000	4 000	1 000	-75%	-75%
Finance Management Grant					0,00%	0,00%
Expanded Public Works Programme	1 950	1 950	1 950	1 950	-3,26%	-3,26%
	1 652	1 629	1 629	1 576		
<b>Provincial Government:</b>	<b>735</b>	<b>-</b>	<b>2 181</b>	<b>1 139</b>	0,00%	-47,78%
Health subsidy						
Housing						
Ambulance subsidy	-	-	-	-		
Sports, Arts and Culture	735	-	2 181	1 139	0,00%	47,78%
<b>District Municipality:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	0,00%	0,00%
<i>[insert description]</i>						
<b>Other grant providers:</b>	<b>4 642</b>	<b>8 097</b>	<b>5 400</b>	<b>5 400</b>	-33,31%	0,00%
<i>Project Management Unit</i>	4 642	8 097	5 400	5 400	-33,31	0,00%
<b>Total Operating Transfers and Grants</b>	<b>537 931</b>	<b>581 763</b>	<b>581 247</b>	<b>577 152</b>	-0,79	-0.70%

**Financial Performance of Operational Services**

**R '000**

Description	Year 2022/23	2023/2024			Year t0 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
<b>Operating Cost</b>						
Water	430 532	517 993	526 593	479 672	(38 261)	(46 921)
Waste Water (Sanitation)	44 560	29 949	29 949	28 668	(1 281)	(1 281)
Electricity	10 163	13 507	13 507	11 022	(2 485)	(2 485)
Waste Management	44 560	58 963	58 963	53 783	(5 180)	(5 180)
Housing	6 336	6 886	6 886	7 128	(242)	(242)
Component A: sub-total	536 151	627 298	635 898	580 273	(47 025)	(55 625)
Waste Water (Stormwater Drainage)	-	-	-	-	-	-
Roads	55 619	59 463	59 463	37 933	(21 530)	(21 530)
Transport	22 194	20 563	22 863	23 267	2704	404
Component B: sub-total	77 812	80 026	82 326	61 200	(18 826)	(21 126)
Planning Local Economic Development	1 945	7 555	7 555	4 594	(2 961)	(2 961)
Component B: sub-total	1 945	7 555	7 555	4 594	(2 961)	(2 961)
Planning Local Economic Development	4 473	12 464	12 464	12 569	105	105
Component C: sub-total	4 473	12 464	12 464	12 569	105	105
Community & Social Services	16 340	17 327	19 807	19 031	1 704	(776)
Enviromental Protection	-	-	-	-	-	-
Health	-	-	-	-	-	-
Security and Safety	25 955	25 865	25 865	25 183	(682)	(682)
Sport and Recreation	57 945	51 959	51 959	48 397	(3 562)	(3 562)
Corporate Policy Offices and Other	301 236	389 864	386 627	474 326	84 462	87 699
Component D: sub-total	401 476	485 015	484 258	566 937	81 922	82 679

<b>Financial Performance of Operational Services</b>						
<b>R '000</b>						
<b>Description</b>	<b>Year 2022/23</b>	<b>2023/2024</b>			<b>Year t0 Variance</b>	
	<b>Actual</b>	<b>Original Budget</b>	<b>Adjustments Budget</b>	<b>Actual</b>	<b>Original Budget</b>	<b>Adjustments Budget</b>
<b>Total Expenditure</b>	<b>1 021 857</b>	<b>1 212 358</b>	<b>1 222 501</b>	<b>1 225 573</b>	13 215	3 072

### 5.3 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.

<b>Repair and Maintenance Expenditure: Year 0</b>				
<b>R' 000</b>				
	<b>Original Budget</b>	<b>Adjustment Budget</b>	<b>Actual</b>	<b>Budget variance</b>
Repairs and Maintenance Expenditure	57 155	55 155	50 969	4 186

### COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

<b>Capital Expenditure of 5 largest projects*</b>					
<b>R' 000</b>					
<b>Name of Project</b>	<b>Current: 2023/2024</b>			<b>Variance: Current 2023/2024</b>	
	<b>Original Budget</b>	<b>Adjustment Budget</b>	<b>Actual Expenditure</b>	<b>Original Variance (%)</b>	<b>Adjustment variance (%)</b>
Mabieskraal to Uitkyk Bulk Water Pipe Line	23 907	46 626	46 594	22 687	32
Ledig Water Supply (Various Sections)	28 816	32 115	32 115	0	0
Segakwaneng Water Supply	8 200	29 144	29 144	0	0

Manamakgotheng Water Reticulation	17 000	20 037	20 037	0	0
Oudekkers Roads	16 497	497	16 497	0	0

#### 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	2022/2023	2023/2024			
	Audited Outcome	Original Budget	Audited Outcome	Actual	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
<b>Receipts</b>					
Sale of goods and services	146 396	156 0777	207 607	207 607	
Grants	750 516	818 604	805 119	805 119	
Interest income	20 013	6 251	13 032	13 032	
<b>Payments</b>					
Cash paid to Suppliers and employees	(707 256)	(722 996)	(799 906)	(799 906)	
Finance charges	(3 214)	(5 600)	(3 970)	(3 970)	

<b>Cash Flow Outcomes</b>				
				<b>R'000</b>
<b>Description</b>	<b>2022/2023</b>	<b>2023/2024</b>		
	<b>Audited Outcome</b>	<b>Original Budget</b>	<b>Audited Outcome</b>	<b>Actual</b>
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>206 437</b>	<b>252 337</b>	<b>251 881</b>	<b>251 881</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Receipts</b>				
Purchase of property plant and equipment	(193 138)	(244 591)	(228 433)	(228 433)
Proceeds from sale of Property Plant and Equipment	392			
Proceed from sale of Non-Current Assets held for sale	550			
Purchase of other Intangible assets	(2 579)	-	(1 681)	(1 681)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(194 775)</b>	<b>(244 591)</b>	<b>(230 115)</b>	<b>(230 115)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Payments</b>				
Repayment of other financial liabilities	(5 789)	(12 820)	(5 236)	(5 236)
Finance Lease Payments	(3 898)	-	(11 809)	(11 809)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(9 686)</b>	<b>(12 820)</b>	<b>(17 044)</b>	<b>(17 044)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>1 975</b>	<b>(5 074)</b>	<b>4 723</b>	<b>4 723</b>
Cash/cash equivalents at the year begin:	<b>36 880</b>	<b>68 734</b>	<b>38 864</b>	<b>38 864</b>
Cash/cash equivalents at the year end:	<b>38 855</b>	<b>63 660</b>	<b>43 587</b>	<b>43 587</b>

## 5.6. BORROWING AND INVESTMENTS

The municipality is currently financing its capital projects and vehicle through loans, grants, own revenue and leases.

<b>Actual Borrowings: Year -2 to Year 0</b>			
	<b>R' 000</b>		
<b>Instrument</b>	<b>21/22</b>	<b>22/23</b>	<b>23/24</b>
<b><u>Municipality</u></b>			
Long-Term Loans (annuity/reducing balance)	4 071	8 844	2 703
Short-Term Loans (non-annuity)	4 770	5 785	901
Local registered stock			
Instalment Credit			
Financial Leases		22 441	13 949
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
<b>Municipality Total</b>	<b>8 841</b>	<b>37 070</b>	<b>17 553</b>
<b><u>Municipal Entities</u></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>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Municipal and Entity Investments</b>			
			<b>R' 000</b>
<b>Investment* type</b>	<b>21/22</b>	<b>22/23</b>	<b>23/24</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
<b><u>Municipality</u></b>			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank	19 145	32 833	27 642
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>	19 145	32 833	27 642
<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>	19 145	32 833	27 642

**COMMENT ON BORROWING AND INVESTMENTS:**

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.

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

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



Moses Kotane Local Municipality  
Annual Financial Statements for the year ended 30 June 2024

# Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

## General Information

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### Nature of business and principal activities

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.

### Mayoral committee

Executive Mayor

Cllr MN Nkotswe

Councillors

Cllr. Stephina Mashishi (Finance and BTO)

Cllr. Mosweu Manganye (Portfolio Head Community Services & Public Safety)

Cllr. Caroline Motshabi (Portfolio Head Local Economic Development)

Cllr. Obed Motsisi (Portfolio Head Corporate Services)

Cllr. Dithothi Tshethane (Planning and Development)

Cllr. Tshepang Madisa

Cllr. Nthabiseng Mollo

Cllr. Zipporah Motswenyane

Cllr. Hazel Molefe (Portfolio Head Infrastructure and Technical Services)

### Accounting Officer

Mr. MV. Letsoalo

### Chief Finance Officer (CFO)

Mr. M Mkhize

### Registered office

Stand No.933

Station Road

Unit 3

Mogwase Shopping Complex Mogwase

0314

### Business address

Stand No.933

Station Road

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

# Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

## Index

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

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### Abbreviations used:

COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of Southern Africa
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts

## **Moses Kotane Local Municipality**

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

### **Accounting Officer's Responsibilities and Approval**

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

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2025 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

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 5, which have been prepared on the going concern basis, were approved by the accounting officer on 30 November 2024 and were signed by:

  
Accounting Officer  
Mr. M.V. Letsoalo

## AUDIT COMMITTEE ANNUAL REPORT OF MOSES KOTANE LOCAL MUNICIPALITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

Audit Committee is honoured to present its annual report for the financial year ended 30 June 2024.

Audit Committee consisted of Members listed below and should meet at least 4 times during the financial year as per its approved Terms of Reference. Audit Committee held 8 meetings during 2023/2024 financial year and Audit Committee Members together with meetings attendances details are as follows:

Old Audit Committee Term Ended 31 December 2023		New Audit Committee Term From 01 January 2024	
Names and Positions	Meetings attended	Names and Positions	Meeting Attended
Mr B. Seabela: Chairperson	7	Mr R. Tshimomola: Chairperson	1
Ms L. Moyo: Member	7	Ms L. Moyo: Member	1
Mr T. Zororo: Member	6	Mr E. Phalanndwa: Member	1
Mr R. Tshimomola	7	Mr B. Seabela: Member	1
Mr I. Mogotsi	7	Mr G. Makaba: Member	1

### Responsibilities of Audit Committee

Audit Committee had formally adopted its Terms of Reference and discharged its responsibilities during the financial year in compliance with its charter, Section 166 of the MFMA and Circular 65 as follows:

- Implemented and complied with Audit Committee Charter as approved by council.
- Reviewed Internal Audit Charter, Methodology, Risk-Based Plans and monitored their implementations.
- Reviewed Risk Management documents and made appropriate recommendations for management to implement. The Municipality to expedite the Appointment of Risk Management Committee Chairperson.
- Evaluated findings raised by internal and external auditors and made appropriate recommendations to resolve the findings. Audit Committee noted slow implementations of action plans to resolve audit findings.
- Reviewed quarterly financial information reports presented by management and made appropriate recommendations on financial management improvements and reporting.
- Reviewed quarterly and annual performance information reports and made appropriate recommendations to improve performance management and reporting including training and corrective actions interventions.
- Reviewed accounting policies, annual financial statements & notes thereof and gave council the credible view of financial position, financial performance and cash flow information.
- Reviewed revenue, expenditures, supply chain management reports, information & communication technology systems general & application controls, human resources management reports and recommended appropriate actions for management to implement. Revenue Enhancement Strategy to be developed and implemented to improve financial viability.
- Reviewed audit action plans emanating from internal and external audit findings and recommended proper actions for management implementations to ensure full compliance with legislations.
- Held meetings with Auditor-General South Africa to discuss, approve and resolve external audit matters.
- Prepared and presented quarterly reports to the council to comply with oversight reporting roles.

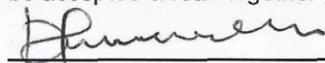
### Internal Audit

Audit Committee is satisfied that internal audit functions were performed independently and objectively in line with the approved annual internal audit risk-based plans and Section 165 of MFMA. Internal Audit functionally reported to audit committee during the 2023/2024 financial year.

### Effectiveness of internal control system

Audit Committee reviewed internal control system and recommended improvements on control environment. Municipality attained qualified audit report with material findings in 2022/2023 Financial Year. Internal control system is partially effective and Audit Committee noted management ongoing interventions to improve controls.

Audit Committee concurs with and accept Auditor-General South Africa's 2023/2024 Audit Report on the 2023/2024 Annual Financial Statements & Annual Performance Report and is of the opinion that the Audited Documents should be accepted & read together with Report of the Auditor General South Africa.



**Mr R. Tshimomola: Chairperson of the Audit Committee**

**Date: 29 August 2024**

# Accounting Officer's Report

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The accounting officer submits his report for the year ended 30 June 2024.

## 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 Bojanala Platinum District Municipality.

Net surplus of the municipality is 52 451 307 (June 2023: surplus 153 241 184).

## 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 officer continue to procure funding for the ongoing operations for the municipality.

## 3. Subsequent events

The accounting officer is not aware of any matter or circumstance 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 officer of the municipality during the year and to the date of this report is as follows:

Name	Nationality
Mr V Letsoalo	South African

## 6. Corporate governance

### General

The accounting officer is committed to business integrity, transparency and professionalism in all Municipality's 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.

## Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

### Statement of Financial Position as at 30 June 2024

Figures in Rand	Note(s)	2024	2023
<b>Assets</b>			
<b>Non-Current Assets</b>			
Investment property	3	152 297 869	150 663 784
Property, plant and equipment	4	3 098 277 050	2 988 702 022
Intangible assets	5	12 478 228	13 393 410
Heritage assets	6	14 000	14 000
Receivables from non-exchange transactions	7	17 825 041	16 634 382
Other receivables	8	537 714	1 605 652
		<b>3 281 429 902</b>	<b>3 171 013 250</b>
<b>Current Assets</b>			
Inventories	9	21 350 667	17 224 911
Receivables from exchange transactions	10	3 583 376	2 535 327
Receivables from non-exchange transactions	7	2 283 869	1 550 056
VAT receivable	11	15 837 899	24 035 455
Consumer debtors	12	182 403 038	251 073 027
Non current assets held for sale	13	554 938	124 896
Other receivables	8	1 067 938	1 067 938
Cash and cash equivalents	14	43 586 917	38 864 090
		<b>270 668 642</b>	<b>336 475 700</b>
<b>Total Assets</b>		<b>3 552 098 544</b>	<b>3 507 488 950</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Other financial liabilities	15	2 703 279	4 070 550
Finance lease obligation	16	8 995 364	22 440 867
Employee benefit obligation	17	21 676 000	17 802 000
Provisions	18	23 040 914	21 572 627
Consumer deposits	19	598 725	590 793
		<b>57 014 282</b>	<b>66 476 837</b>
<b>Current Liabilities</b>			
Other financial liabilities	15	901 349	4 769 628
Finance lease obligation	16	13 949 236	12 312 310
Payables from exchange transactions	20	260 128 145	254 232 416
Employee benefit obligation	17	3 879 000	3 559 000
Unspent conditional grants and receipts	21	3 304 790	8 099 389
Provisions	18	2 431 068	-
		<b>284 593 588</b>	<b>282 972 743</b>
<b>Total Liabilities</b>		<b>341 607 870</b>	<b>349 449 580</b>
<b>Net Assets</b>		<b>3 210 490 674</b>	<b>3 158 039 370</b>
Accumulated surplus		3 210 490 674	3 158 039 370
<b>Total Net Assets</b>		<b>3 210 490 674</b>	<b>3 158 039 370</b>

## Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

### Statement of Financial Performance

Figures in Rand	Note(s)	2024	2023 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service charges	23	207 677 023	193 973 190
Other income	24	6 370 049	4 811 890
Interest from exchange transactions	25	62 710 017	81 109 513
<b>Total revenue from exchange transactions</b>		<b>276 757 089</b>	<b>279 894 593</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	26	150 271 916	124 807 064
Interest from non exchange transactions		35 160 963	32 299 445
<b>Transfer revenue</b>			
Government grants & subsidies	27	809 459 933	755 316 780
Public contributions and donations	53	7 535 109	-
Fines, Penalties and Forfeits		1 758 600	1 028 400
<b>Total revenue from non-exchange transactions</b>		<b>1 004 186 521</b>	<b>913 451 689</b>
<b>Total revenue</b>	22	<b>1 280 943 610</b>	<b>1 193 346 282</b>
<b>Expenditure</b>			
Employee related costs	28	(321 973 025)	(282 405 159)
Remuneration of councillors	29	(30 294 307)	(29 270 187)
Depreciation and amortisation	30	(121 308 342)	(132 623 119)
Finance costs	31	(6 434 212)	(5 618 973)
Lease rentals on operating lease		(1 813 753)	(2 154 791)
Debt Impairment	32	(309 058 485)	(146 312 537)
Bulk purchases	33	(157 715 356)	(130 330 203)
Contracted services	34	(79 184 676)	(80 443 074)
Financial loss under investigation	35	(4 673 807)	(10 884 186)
General Expenses	36	(191 462 312)	(201 814 528)
<b>Total expenditure</b>		<b>(1 223 918 275)</b>	<b>(1 021 856 757)</b>
<b>Operating surplus</b>		<b>57 025 335</b>	<b>171 489 525</b>
Loss on disposal of assets and liabilities		(4 601 437)	(17 880 138)
Gain (Loss) on foreign exchange		43 114	(44 192)
Fair value adjustments		1 634 085	743 761
Impairment loss	37	(1 654 326)	(991 937)
Inventories losses/write-downs		4 536	(75 835)
		<b>(4 574 028)</b>	<b>(18 248 341)</b>
<b>Surplus for the year</b>		<b>52 451 307</b>	<b>153 241 184</b>

## Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

### Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	3 006 222 514	3 006 222 514
Adjustments		
Correction of errors	(1 424 328)	(1 424 328)
<b>Balance at 01 July 2022 as restated*</b>	<b>3 004 798 186</b>	<b>3 004 798 186</b>
Changes in net assets		
Surplus for the year	153 241 184	153 241 184
Total changes	153 241 184	153 241 184
<b>Restated* Balance at 01 July 2023</b>	<b>3 158 039 367</b>	<b>3 158 039 367</b>
Changes in net assets		
Surplus for the year	52 451 307	52 451 307
Total changes	52 451 307	52 451 307
<b>Balance at 30 June 2024</b>	<b>3 210 490 674</b>	<b>3 210 490 674</b>

## Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

### Cash Flow Statement

Figures in Rand	Note(s)	2024	2023 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Taxes, rates and fines		184 078 495	87 321 982
Sale of goods and rendering of services		23 528 152	59 074 453
Grants and subsidies		805 119 000	750 516 138
Interest income		13 031 950	20 013 003
		<u>1 025 757 597</u>	<u>916 925 576</u>
<b>Payments</b>			
Cash payments to supplier and employees		(769 905 830)	(707 266 653)
Finance costs		(3 970 273)	(3 213 519)
		<u>(773 876 103)</u>	<u>(710 480 172)</u>
<b>Net cash flows from operating activities</b>	38	<u><b>251 881 494</b></u>	<u><b>206 445 404</b></u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	4	(228 433 045)	(193 138 294)
Proceeds from sale of property, plant and equipment	4	-	391 860
Proceeds from sale of Non Current Assets Held for sale	3	-	550 000
Purchase of other intangible assets	5	(1 681 497)	(2 578 644)
		<u>(230 114 542)</u>	<u>(194 775 078)</u>
<b>Net cash flows from investing activities</b>		<u><b>(230 114 542)</b></u>	<u><b>(194 775 078)</b></u>
<b>Cash flows from financing activities</b>			
Finance lease payments		(11 808 577)	(3 897 517)
Repayment of other financial liabilities		(5 235 550)	(5 788 849)
		<u>(17 044 127)</u>	<u>(9 686 366)</u>
<b>Net cash flows from financing activities</b>		<u><b>(17 044 127)</b></u>	<u><b>(9 686 366)</b></u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>4 722 825</b>	<b>1 983 960</b>
Cash and cash equivalents at the beginning of the year		38 864 090	36 880 131
<b>Cash and cash equivalents at the end of the year</b>	14	<u><b>43 586 915</b></u>	<u><b>38 864 091</b></u>

The accounting policies on pages 14 to 37 and the notes on pages 38 to 107 form an integral part of the annual financial statements.

## Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

### 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	240 833 088	(90 647)	<b>240 742 441</b>	207 677 023	<b>(33 065 418)</b>	55.1
Other income	3 912 925	130 647	<b>4 043 572</b>	6 370 049	<b>2 326 477</b>	55.2
Interest received - investment	66 887 564	(36 552)	<b>66 851 012</b>	62 710 017	<b>(4 140 995)</b>	55.3
<b>Total revenue from exchange transactions</b>	<b>311 633 577</b>	<b>3 448</b>	<b>311 637 025</b>	<b>276 757 089</b>	<b>(34 879 936)</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Taxation revenue</b>						
Property rates	154 525 327	-	<b>154 525 327</b>	150 271 916	<b>(4 253 411)</b>	55.4
Interest - Taxation revenue	27 562 075	36 552	<b>27 598 627</b>	35 160 963	<b>7 562 336</b>	55.5
<b>Transfer revenue</b>						
Government grants & subsidies	818 604 000	(2 840 500)	<b>815 763 500</b>	809 459 933	<b>(6 303 567)</b>	55.6
Public contributions and donations	-	-	-	7 535 109	<b>7 535 109</b>	55.7
Fines, Penalties and Forfeits	2 000 000	-	<b>2 000 000</b>	1 758 600	<b>(241 400)</b>	55.8
<b>Total revenue from non-exchange transactions</b>	<b>1 002 691 402</b>	<b>(2 803 948)</b>	<b>999 887 454</b>	<b>1 004 186 521</b>	<b>4 299 067</b>	
<b>Total revenue</b>	<b>1 314 324 979</b>	<b>(2 800 500)</b>	<b>1 311 524 479</b>	<b>1 280 943 610</b>	<b>(30 580 869)</b>	

<b>Expenditure</b>						
Employee related costs	(296 872 275)	3 410 395	<b>(293 461 880)</b>	(321 973 025)	<b>(28 511 145)</b>	55.9
Remuneration of councillors	(27 596 587)	-	<b>(27 596 587)</b>	(30 294 307)	<b>(2 697 720)</b>	55.19
Depreciation and amortisation	(155 041 279)	-	<b>(155 041 279)</b>	(121 308 342)	<b>33 732 937</b>	55.10
Impairment loss/ Reversal of impairments	-	-	-	(1 654 326)	<b>(1 654 326)</b>	55.8
Finance costs	(5 600 000)	(3 300 000)	<b>(8 900 000)</b>	(6 434 212)	<b>2 465 788</b>	55.11
Lease rentals on operating lease	(2 500 000)	-	<b>(2 500 000)</b>	(1 813 753)	<b>686 247</b>	55.8
Debt Impairment	(328 721 071)	-	<b>(328 721 071)</b>	(309 058 485)	<b>19 662 586</b>	55.12
Bulk purchases	(130 000 000)	-	<b>(130 000 000)</b>	(157 715 356)	<b>(27 715 356)</b>	55.13
Contracted Services	(140 090 262)	67 840 262	<b>(72 250 000)</b>	(79 184 676)	<b>(6 934 676)</b>	55.14
Financial loss	-	-	-	(4 673 807)	<b>(4 673 807)</b>	55.15
General Expenses	(125 936 400)	(78 243 990)	<b>(204 180 390)</b>	(191 462 312)	<b>12 718 078</b>	55.16
<b>Total expenditure</b>	<b>(1 212 357 874)</b>	<b>(10 293 333)</b>	<b>(1 222 651 207)</b>	<b>(1 225 572 601)</b>	<b>(2 921 394)</b>	
<b>Operating surplus</b>	<b>101 967 105</b>	<b>(13 093 833)</b>	<b>88 873 272</b>	<b>55 371 009</b>	<b>(33 502 263)</b>	
Loss on disposal of assets and liabilities	-	-	-	(4 601 437)	<b>(4 601 437)</b>	55.17
Impairment loss	-	-	-	43 114	<b>43 114</b>	55.8
Fair value adjustments	-	-	-	1 634 085	<b>1 634 085</b>	55.18
Inventories losses/write-downs	-	-	-	4 536	<b>4 536</b>	55.8
	-	-	-	<b>(2 919 702)</b>	<b>(2 919 702)</b>	
<b>Surplus before taxation</b>	<b>101 967 105</b>	<b>(13 093 833)</b>	<b>88 873 272</b>	<b>52 451 307</b>	<b>(36 421 965)</b>	

## Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

### 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>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>101 967 105</b>	<b>(13 093 833)</b>	<b>88 873 272</b>	<b>52 451 307</b>	<b>(36 421 965)</b>	

### Statement of Financial Position

#### Assets

##### Current Assets

Inventories	14 664 948	-	<b>14 664 948</b>	21 350 667	<b>6 685 719</b>	55.19
Receivables from exchange transactions	-	-	-	3 583 376	<b>3 583 376</b>	55.20
Receivables from non-exchange transactions	3 637 600	-	<b>3 637 600</b>	2 283 869	<b>(1 353 731)</b>	55.21
VAT receivable	12 634 969	-	<b>12 634 969</b>	15 837 899	<b>3 202 930</b>	55.22
Consumer debtors	128 882 520	-	<b>128 882 520</b>	182 403 038	<b>53 520 518</b>	55.23
Other asset 1	-	-	-	554 938	<b>554 938</b>	55.8
Other receivables	6 214 263	-	<b>6 214 263</b>	1 067 938	<b>(5 146 325)</b>	55.24
Cash and cash equivalents	63 039 828	-	<b>63 039 828</b>	43 586 917	<b>(19 452 911)</b>	55.25
	<b>229 074 128</b>	-	<b>229 074 128</b>	<b>270 668 642</b>	<b>41 594 514</b>	

##### Non-Current Assets

Investment property	151 437 915	-	<b>151 437 915</b>	152 297 869	<b>859 954</b>	55.8
Property, plant and equipment	3 452 125 067	(969 670)	<b>3 451 155 397</b>	3 098 277 050	<b>(352 878 347)</b>	55.26
Intangible assets	15 854 246	(1 000 000)	<b>14 854 246</b>	12 478 228	<b>(2 376 018)</b>	55.27
Heritage assets	14 000	-	<b>14 000</b>	14 000	-	
Receivables from non-exchange transactions	-	-	-	17 825 041	<b>17 825 041</b>	55.28
Other receivables	-	-	-	537 714	<b>537 714</b>	55.8

**3 619 431 228 (1 969 670) 3 617 461 558 3 281 429 902 (336 031 656)**

**Total Assets 3 848 505 356 (1 969 670) 3 846 535 686 3 552 098 544 (294 437 142)**

**Liabilities****Current Liabilities**

Other financial liabilities	12 820 000	-	<b>12 820 000</b>	901 349	<b>(11 918 651)</b>	55.29
Finance lease obligation	-	-	-	13 949 236	<b>13 949 236</b>	55.30
Payables from exchange transactions	177 265 814	-	<b>177 265 814</b>	260 128 141	<b>82 862 327</b>	55.31
Employee benefit obligation	-	-	-	3 879 000	<b>3 879 000</b>	55.32
Unspent conditional grants and receipts	-	-	-	3 304 790	<b>3 304 790</b>	55.33
Provisions	2 040 200	-	<b>2 040 200</b>	2 431 068	<b>390 868</b>	55.34
Distributions payable	(3 448 164)	453 664	<b>(2 994 500)</b>	-	<b>2 994 500</b>	
	<b>188 677 850</b>	<b>453 664</b>	<b>189 131 514</b>	<b>284 593 584</b>	<b>95 462 070</b>	

**Non-Current Liabilities**

Other financial liabilities	21 752 697	-	<b>21 752 697</b>	2 703 279	<b>(19 049 418)</b>	55.29
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## Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

### 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
<b>Figures in Rand</b>						
Finance lease obligation	-	-	-	8 995 364	<b>8 995 364</b>	55.30
Employee benefit obligation	-	-	-	21 676 000	<b>21 676 000</b>	55.32
Provisions	38 433 140	(38 433 140)	-	23 040 914	<b>23 040 914</b>	55.34
Consumer deposits	-	-	-	598 725	<b>598 725</b>	55.8
	<b>60 185 837</b>	<b>(38 433 140)</b>	<b>21 752 697</b>	<b>57 014 282</b>	<b>35 261 585</b>	
<b>Total Liabilities</b>	<b>248 863 687</b>	<b>(37 979 476)</b>	<b>210 884 211</b>	<b>341 607 866</b>	<b>130 723 655</b>	
<b>Net Assets</b>	<b>3 599 641 669</b>	<b>36 009 806</b>	<b>3 635 651 475</b>	<b>3 210 490 678</b>	<b>(425 160 797)</b>	
<b>Net Assets</b>						
<b>Net Assets Attributable to Owners of Controlling Entity</b>						
<b>Reserves</b>						
Accumulated surplus	3 599 641 669	36 009 806	<b>3 635 651 475</b>	3 210 490 674	<b>(425 160 801)</b>	
<b>Cash Flow Statement</b>						
<b>Cash flows from operating activities</b>						
<b>Receipts</b>						
Taxes, rates and fines	150 164 000	-	<b>150 164 000</b>	184 078 495	<b>33 914 495</b>	55.35
Sale of goods and services	5 913 000	-	<b>5 913 000</b>	23 528 152	<b>17 615 152</b>	55.36
Grants	818 604 000	-	<b>818 604 000</b>	805 119 000	<b>(13 485 000)</b>	55.37
Interest income	6 251 100	-	<b>6 251 100</b>	13 031 950	<b>6 780 850</b>	55.38
	<b>980 932 100</b>	-	<b>980 932 100</b>	<b>1 025 757 597</b>	<b>44 825 497</b>	
<b>Payments</b>						
Payments to suppliers and employee costs	(722 995 524)	-	<b>(722 995 524)</b>	(769 905 830)	<b>(46 910 306)</b>	55.39
Finance costs	(5 600 000)	-	<b>(5 600 000)</b>	(3 970 273)	<b>1 629 727</b>	55.40
	<b>(728 595 524)</b>	-	<b>(728 595 524)</b>	<b>(773 876 103)</b>	<b>(45 280 579)</b>	
<b>Net cash flows from operating activities</b>	<b>252 336 576</b>	-	<b>252 336 576</b>	<b>251 881 494</b>	<b>(455 082)</b>	
<b>Cash flows from investing activities</b>						
Purchase of property, plant and equipment	(244 590 790)	-	<b>(244 590 790)</b>	(228 433 045)	<b>16 157 745</b>	55.41
Purchase of other intangible assets	-	-	-	(1 681 497)	<b>(1 681 497)</b>	55.42
<b>Net cash flows from investing activities</b>	<b>(244 590 790)</b>	-	<b>(244 590 790)</b>	<b>(230 114 542)</b>	<b>14 476 248</b>	

**Cash flows from financing activities**

Repayment of other financial liabilities	(12 820 000)	-	(12 820 000)	(5 235 550)	7 584 450	55.43
Finance lease payments	-	-	-	(11 808 577)	(11 808 577)	55.43
<b>Net cash flows from financing activities</b>	<b>(12 820 000)</b>	<b>-</b>	<b>(12 820 000)</b>	<b>(17 044 127)</b>	<b>(4 224 127)</b>	

## Moses Kotane Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

### 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						
Net increase/(decrease) in cash and cash equivalents	(5 074 214)	-	(5 074 214)	4 722 825	9 797 039	
Cash and cash equivalents at the beginning of the year	68 734 000	-	68 734 000	38 864 090	(29 869 910)	
<b>Cash and cash equivalents at the end of the year</b>	<b>63 659 786</b>	<b>-</b>	<b>63 659 786</b>	<b>43 586 915</b>	<b>(20 072 871)</b>	
<b>Reconciliation</b>						

# Moses Kotane Local Municipality

(Registration number NW375)  
Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

### 1. Significant accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

#### 1.1 Basis of preparations

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.

#### 1.2 Presentation currency

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

#### 1.3 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.

#### 1.4 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:

- Debt impairment
- Useful life Property Plant and Equipment
- Fair Value of Investment Property
- Effective Interest rate for Finance leases
- Provision for slow moving/ obsolete inventory
- Actuarial gains and loss

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

#### Trade receivables / Held to maturity investments and/or loans and receivables

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

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

#### Allowance for slow moving, damaged and obsolete stock

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

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# Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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

#### Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined by using valuation techniques. The municipality uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

The carrying amount of available-for-sale financial assets would be an estimated - lower or - higher were the discounted rate used in the discount cash flow analysis to differ by 10% from management's estimates.

#### 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 18 - Provisions.

#### Useful lives

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

#### 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 17.

#### Allowance for doubtful debts

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

# Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.4 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.

### 1.5 Investment property

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

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

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.

# Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.5 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.

### 1.6 Property, plant and equipment

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

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# Moses Kotane Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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

Infrastructure - Stormwater	Straight-line	5 - 50 years
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 separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements.

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

### 1.7 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

# Moses Kotane Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.7 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:

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

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Intangible assets are derecognised:

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

### 1.8 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.

# Moses Kotane Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.8 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.

### 1.9 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.

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').

# Moses Kotane Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.9 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.

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.

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### 1.9 Financial instruments (continued)

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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### 1.9 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:

<b>Class</b>	<b>Category</b>
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
Other receivables	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:

<b>Class</b>	<b>Category</b>
Other financial liabilities	Financial liability measured at amortised cost
Trade payables	Financial liability measured at amortised cost
Finance lease liabilities	Financial liability measured at amortised cost
Other payables	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost

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### 1.9 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 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 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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### 1.9 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.

### 1.10 Statutory receivables

#### Identification

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

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.

#### Recognition

The municipality recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

#### Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

#### Subsequent measurement

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

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and

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### 1.10 Statutory receivables (continued)

- 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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## Accounting Policies

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### 1.10 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.

### 1.11 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.

### 1.12 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.

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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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### 1.12 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.

### 1.13 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Cash and cash equivalents comprise bank balances, cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are available on demand.

Some equity investments are included in cash equivalents when they are, in substance, cash equivalents.

Bank overdrafts which are repayable on demand forms an integral part of the entity's cash management activities, and as such are included as a component of cash and cash equivalents.

### 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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## Accounting Policies

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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.

#### Employee benefit Obligation

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 awards 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

### 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.

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### 1.15 Provisions and contingencies (continued)

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

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

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

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

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

Provisions are not recognised for future operating surplus.

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 40.

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## Accounting Policies

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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 and .

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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### 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 .

# Moses Kotane Local Municipality

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## Accounting Policies

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### 1.17 Revenue from exchange transactions (continued)

#### Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised 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.

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

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

### 1.18 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

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

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

## Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

### Accounting Policies

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

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

#### Recognition

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

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

#### 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.

# Moses Kotane Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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

#### 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.

Taxation revenue are not grossed up for the amount of tax expenditures.

#### 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.

### 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 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

# Moses Kotane Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.22 Unauthorised expenditure

Unauthorised expenditure", in relation to a municipality, means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3), and includes—

- (a) overspending of the total amount appropriated in the municipality's approved budget;
- (b) overspending of the total amount appropriated for a vote in the approved budget;
- (c) expenditure from a vote unrelated to the department or functional area covered by the vote;
- (d) expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- (e) spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or
- (f) a grant by the municipality otherwise than in accordance with this Act;

### 1.23 Fruitless and wasteful expenditure

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

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

### 1.24 Irregular expenditure

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";

### 1.25 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.

### 1.26 Budget information

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

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

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

The approved budget covers the fiscal period from 2023/07/01 to 2024/06/30.

# Moses Kotane Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.26 Budget information (continued)

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.

### 1.27 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.

### 1.28 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.

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.

# Moses Kotane Local Municipality

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## Notes to the Annual Financial Statements

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### 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:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Guideline: Guideline on Accounting for Landfill Sites	01 April 2023	The impact of the is not material.
• GRAP 25 (as revised): Employee Benefits	01 April 2023	The impact of the is not material.
• iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction	01 April 2023	The impact of the is not material.
• GRAP 2020: Improvements to the standards of GRAP 2020	01 April 2023	The impact of the is not material.
• GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	The impact of the is not material.

#### 2.2 Standards and Interpretations early adopted

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

#### 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 2024 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 103 (as revised): Heritage Assets	01 April 2099	Unlikely there will be a material impact
• Guideline: Guideline on the Application of Materiality to Financial Statements	01 April 2099	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact

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### Notes to the Annual Financial Statements

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#### 3. Investment property

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	152 297 869	-	152 297 869	150 663 784	-	150 663 784

#### Reconciliation of investment property - June 2024

	Opening balance	Fair value adjustments	Total
Investment property	150 663 784	1 634 085	152 297 869

#### Reconciliation of investment property - June 2023

	Opening balance	Transfers	Fair value adjustments	Total
Investment property	150 684 493	(764 470)	743 761	150 663 784

# Moses Kotane Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

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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.

#### 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.

## Moses Kotane Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

### Notes to the Annual Financial Statements

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#### 4. Property, plant and equipment

	2024			2023		
	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	17 290 211	-	17 290 211
Buildings	216 836 663	(120 215 243)	96 621 420	216 493 399	(115 115 240)	101 378 159
Plant and machinery	3 529 270	(3 027 906)	501 364	4 550 151	(3 851 915)	698 236
Furniture and fixtures	50 871 724	(43 721 095)	7 150 629	50 443 507	(43 555 049)	6 888 458
Motor vehicles	33 443 282	(26 938 779)	6 504 503	35 922 594	(28 259 714)	7 662 880
Infrastructure	5 334 496 758	(2 645 392 766)	2 689 103 992	5 130 851 953	(2 571 415 304)	2 559 436 649
Community	561 001 977	(304 759 564)	256 242 413	558 000 724	(291 496 051)	266 504 673
Leased vehicles	30 872 822	(6 010 304)	24 862 518	30 872 822	(2 030 066)	28 842 756
<b>Total</b>	<b>6 248 342 707</b>	<b>(3 150 065 657)</b>	<b>3 098 277 050</b>	<b>6 044 425 361</b>	<b>(3 055 723 339)</b>	<b>2 988 702 022</b>

#### Reconciliation of property, plant and equipment -2024

	Opening balance	Additions	Disposals	Transfers	landfill Site	Work in progress	Depreciation	Impairment loss	Total
Land	17 290 211	-	-	-	-	-	-	-	17 290 211
Buildings	101 378 159	1 593 550	(191 735)	-	-	-	(6 158 554)	-	96 621 420
Plant and machinery	698 236	58 130	(13 316)	-	-	-	(241 686)	-	501 364
Furniture and fixtures	6 888 458	2 855 172	(89 025)	-	-	-	(2 503 976)	-	7 150 629
Motor vehicles	7 662 880	1 191 004	(412 972)	-	-	-	(1 936 409)	-	6 504 503
Infrastructure	2 559 436 649	140 419 589	(4 023 291)	-	(995 655)	84 666 002	(88 744 976)	(1 654 326)	2 689 103 992
Community	266 504 673	19 575 720	(552 140)	-	-	(14 140 014)	(15 145 826)	-	256 242 413
Building WIP	-	129 700	-	(129 700)	-	-	-	-	-
Leased vehicles	28 842 756	-	-	-	-	-	(3 980 238)	-	24 862 518
	<b>2 988 702 022</b>	<b>165 822 865</b>	<b>(5 282 479)</b>	<b>(129 700)</b>	<b>(995 655)</b>	<b>70 525 988</b>	<b>(118 711 665)</b>	<b>(1 654 326)</b>	<b>3 098 277 050</b>

## Moses Kotane Local Municipality

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### Notes to the Annual Financial Statements

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

##### Reconciliation of property, plant and equipment - June 2023

	Opening balance	Additions	Change in provision for landfill site	Disposals	Work in Progress-	Depreciation	Impairment loss	Total
Land	17 290 211	-	-	-	-	-	-	17 290 211
Buildings	107 892 083	-	-	-	-	(6 513 924)	-	101 378 159
Plant and machinery	964 896	28 755	-	(26 138)	-	(269 277)	-	698 236
Furniture and fixtures	8 786 450	1 729 375	-	(216 013)	-	(3 411 354)	-	6 888 458
Motor vehicles	9 975 110	-	-	(69 375)	-	(2 242 855)	-	7 662 880
Infrastructure	2 526 395 484	122 050 663	(858 498)	(15 120 340)	29 523 253	(101 561 976)	(991 937)	2 559 436 649
Community	266 225 158	16 755 162	-	(2 442 940)	200 407	(14 233 114)	-	266 504 673
Leased vehicles	-	30 872 821	-	-	-	(2 030 065)	-	28 842 756
	<b>2 937 529 392</b>	<b>171 436 776</b>	<b>(858 498)</b>	<b>(17 874 806)</b>	<b>29 723 660</b>	<b>(130 262 565)</b>	<b>(991 937)</b>	<b>2 988 702 022</b>

##### Pledged as security

Leased vehicles

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets

23 678 104

28 842 756

# Moses Kotane Local Municipality

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## Notes to the Annual Financial Statements

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

#### Property, plant and equipment in the process of being constructed or developed

##### Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected

KOFFIEKRAAL HIGHMAST LIGHT	2 734 518	2 734 518
MANAMELA HIGHMAST LIGHT	1 369 365	1 369 365
RATAU HIGHMAST LIGHT	476 245	476 245
HIGH MAST LIGHT_NKOGOLWE	983 176	983 176
HIGH MAST LIGHT_WELVERDIEN	1 247 575	1 247 575
LE GKRAAL HIGHMAST LIGHT	1 692 485	1 692 485
MONONONO HIGHMAST LIGHT	884 236	884 236
HIGH MAST LIGHT - LERULENG	1 026 169	1 026 169
HIGH MAST LIGHT - KRAALHOEK	943 664	943 664
HIGH MAST LIGHT - LEROME	1 474 048	1 474 048
HIGHMASTLIGHT-GOEDEHOOP	437 952	437 952
HIGHMAST LIGHT-SESOBE	751 192	751 192
SUPPLY AND INSTALLATION OF HML (SESOBE)	512 027	512 027
SUPPLY AND INSTALLATION OF HML (LOSMYTJERIE)	1 301 449	1 301 449
SUPPLY AND INSTALLATION OF HML (LEDIG)	2 519 146	2 519 146
SUPPLY AND INSTALLATION OF HML (GOEDEHOOP)	555 507	555 507
SUPPLY AND INSTALLATION OF HML (MORULENG WARD 9)	1 097 529	1 097 529
HIGH MAST LIGHT_MORULENG_WARD 32	1 421 287	1 421 287
HIGH MAST LIGHT_MORULENG_WARD 17	1 892 092	1 892 092
MONONONO HIGHMAST LIGHT	320 915	320 915
KOFFIEKRAAL HIGHMAST LIGHT	1 014 637	1 014 637
MASEKOLOANE HIGHMAST LIGHT	700 069	700 069
MORULENG_RENOVATE TESTING STATION	753 272	753 272
	<b>26 108 555</b>	<b>26 108 555</b>

#### Reconciliation of Work-in-Progress 2024

	Included within Infrastructure	Included within Community	Included within Buildings	Total
Opening balance	236 861 587	14 140 014	753 272	251 754 873
Additions/capital expenditure	225 428 925	6 556 223	129 700	232 114 848
Transferred to completed items	(140 762 922)	(20 696 237)	(129 700)	(161 588 859)
	<b>321 527 590</b>	<b>-</b>	<b>753 272</b>	<b>322 280 862</b>

#### Reconciliation of Work-in-Progress 2023

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	207 338 341	13 939 607	753 272	222 031 220
Additions/capital expenditure	172 214 603	16 955 569	-	189 170 172
Transfer to general expenses	(30 090 888)	-	-	(30 090 888)
Transferred to completed items	(112 600 376)	(16 755 162)	-	(129 355 538)
	<b>236 861 680</b>	<b>14 140 014</b>	<b>753 272</b>	<b>251 754 966</b>

## Moses Kotane Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

### Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>4. Property, plant and equipment (continued)</b>		
<b>Expenditure incurred to repair and maintain property, plant and equipment</b>		
<b>Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance</b>		
Employee related costs	13 059 150	10 838 187
Contracted services	27 172 686	30 898 267
Material and other expenditure	7 510 607	5 075 746
	<b>47 742 443</b>	<b>46 812 200</b>

The municipality spent an amount of R11 067 123 (2022-23 - R33 967 897) on repairs and maintenance for the financial year. In determining the repairs and maintenance amount the municipality has exclusively disclosed amounts charged by service providers.

## Moses Kotane Local Municipality

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### Notes to the Annual Financial Statements

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#### 5. Intangible assets

	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	31 128 615	(18 650 387)	12 478 228	31 919 418	(18 526 008)	13 393 410

#### Reconciliation of intangible assets - June 2024

	Opening balance	Additions	Amortisation	Total
Computer software, other	13 393 410	1 681 497	(2 596 679)	12 478 228

#### Reconciliation of intangible assets - June 2023

	Opening balance	Additions	Amortisation	Total
Computer software, other	13 175 320	2 578 644	(2 360 554)	13 393 410

#### Pledged as security

Intangible assets were not pledged as security for financial liabilities

## Moses Kotane Local Municipality

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### Notes to the Annual Financial Statements

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#### 6. Heritage assets

	2024			2023		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Historical monuments	14 000	-	14 000	14 000	-	14 000

#### Reconciliation of heritage assets - May 2024

	Opening balance	Total
Historical monuments	14 000	14 000

#### Reconciliation of heritage assets June 2023

	Opening balance	Total
Historical monuments	14 000	14 000

#### Pledged as security

Heritage assets were not pledged as a security for financial liabilities

#### Expenditure incurred to repair and maintain heritage assets

There were no expenditure incurred to repair and maintain heritage assets during the year under review

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## Notes to the Annual Financial Statements

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<b>7. Receivables from non-exchange transactions</b>		
<b>Total receivables from non-exchange transactions</b>	<b>20 108 910</b>	<b>18 184 438</b>
Fines	339 415	116 176
Other receivables from non exchange transactions	1 944 454	1 433 880
Deposits	17 825 041	16 634 382
	<b>20 108 910</b>	<b>18 184 438</b>
Non-current assets	17 825 041	16 634 382
Current assets	2 283 869	1 550 056
	<b>20 108 910</b>	<b>18 184 438</b>
<b>Statutory receivables included in receivables from non-exchange transactions above are as follows:</b>		
Fines	339 415	116 176
	<b>339 415</b>	<b>116 176</b>
<b>Financial asset receivables included in receivables from non-exchange transactions above</b>	<b>19 769 495</b>	<b>18 068 262</b>

## Moses Kotane Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

### Notes to the Annual Financial Statements

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#### 7. 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 aging- June 2024	Fines	Deposits	Other receivables	Total
Current (0-30 days)	416 600	-	810 574	1 227 174
31-60 days	82 000	-	-	82 000
61-90 days	114 350	-	-	114 350
91-120 days	107 300	-	-	107 300
121 days and above	15 089 826	17 809 131	1 133 880	34 032 837
Less: Allowance for impairment	(15 470 661)	-	-	(15 470 661)
	<b>339 415</b>	<b>17 809 131</b>	<b>1 944 454</b>	<b>20 093 000</b>

The aging- June 2023	Fines	Deposits	Other receivables	Total
Current (0-30 days)	161 650	-	-	161 650
31-60 days	27 250	-	-	27 250
61-90 days	77 100	-	-	77 100
91-120 days	73 500	-	-	73 500
121 days and above	14 082 044	16 634 382	1 433 880	32 150 306
Less: Allowance for impairment	(14 305 368)	-	-	(14 305 368)
	<b>116 176</b>	<b>16 634 382</b>	<b>1 433 880</b>	<b>18 184 438</b>

There are no receivables from non exchange transactions pledged as security as at 30 June 2024.

## Moses Kotane Local Municipality

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### Notes to the Annual Financial Statements

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#### 8. Other receivables

Other receivables relates to the maintenance plan of leased vehicles from Standard Bank.

Reconciliation June 2024		Opening balance	Expensed during the year	Total	
Maintenance plan		2 673 590	(1 067 938)	1 605 652	
Reconciliation June 2023		Opening balance	Additions	Expensed during the year	Total
Maintenance plan	-	3 203 814	(530 224)	2 673 590	
Non current			537 714	1 605 652	
Current			1 067 938	1 067 938	
			<b>1 605 652</b>	<b>2 673 590</b>	

#### 9. Inventories

Maintenance materials		19 907 550	15 985 904
Water for distribution		1 008 317	880 352
Land held for sale		434 800	434 800
		21 350 667	17 301 056
Inventories (write-downs)		-	(76 145)
		<b>21 350 667</b>	<b>17 224 911</b>

There is no inventory pledged as security.

Inventories recognised as an expense during the year

10 811 402

6 834 506

#### Inventory valuation

Inventory carried at cost

21 350 667

17 224 911

#### Water for distribution

Water in the reservoirs

84 706

72 522

Water in the pipes (reticulation)

923 611

807 830

#### Closing balance

**1 008 317**

**880 352**

#### 10. Receivables from exchange transactions

Gross Balances	2 443 423	2 443 423
Accrued Interest	534 657	66 358
Less: Impairment allowance	(2 443 423)	(2 443 423)
Other receivables	3 048 719	2 468 969
	<b>3 583 376</b>	<b>2 535 327</b>

# Moses Kotane Local Municipality

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## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>10. Receivables from exchange transactions (continued)</b>		
<b>Other non-financial asset receivables included in receivables from exchange transactions above are as follows:</b>		
Gross balances	2 443 422	2 443 422
Less: Allowance for impairment	(2 443 422)	(2 443 422)
	<u>-</u>	<u>-</u>
<b>Financial asset receivables included in receivables from exchange transactions above</b>	<b>3 583 376</b>	<b>2 535 327</b>
	<u>3 583 376</u>	<u>2 535 327</u>
<b>Total receivables from exchange transactions</b>	<b>3 583 376</b>	<b>2 535 327</b>

### Trade and other receivables pledged as security

There are no trade and other receivables pledged as security at the end of the year.

### Other receivables aging

Other receivables relates to debt owed by Nort West Traffic Department for the vehicle registration fees issued by the municipality on behalf of the department. The department act as an agent on behalf of the department and receives 20% commission for the services.

The ageing of other receivables is as follows:

Current 0-30 days in arrears	534 657	66 358
Above 120 days	3 048 719	2 468 969

### 11. VAT receivable/payable

VAT	15 837 899	24 035 455
	<u>15 837 899</u>	<u>24 035 455</u>
<b>Vat Receivable reconciliation</b>		
VAT Receivable from SARS	3 267 542	20 381 385
VAT input provision	23 590 376	11 945 428
Output Provision	(11 020 019)	(8 291 358)
	<u>15 837 899</u>	<u>24 035 455</u>

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

## Moses Kotane Local Municipality

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### Notes to the Annual Financial Statements

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<b>12. Consumer debtors</b>		
<b>Gross balances</b>		
Rates	617 311 756	625 219 886
Water	796 740 796	1 282 759 822
Sewerage	15 877 673	26 211 348
Refuse	43 471 094	143 682 869
Sundry debtors	1 429 901	675 649
Water consumption from the last readings	3 921 710	4 102 310
	<b>1 478 752 930</b>	<b>2 082 651 884</b>
<b>Less: Allowance for impairment</b>		
Rates	(534 289 742)	(450 415 858)
Water	(705 588 968)	(1 215 715 452)
Sewerage	(12 172 595)	(21 973 934)
Refuse	(42 873 900)	(143 014 300)
Sundry debtors	(1 424 687)	(459 313)
	<b>(1 296 349 892)</b>	<b>(1 831 578 857)</b>
<b>Net balance</b>		
Rates	83 022 014	174 804 028
Water	91 151 828	67 044 370
Sewerage	3 705 078	4 237 414
Refuse	597 194	668 569
Sundry debtors	5 214	216 336
Water consumption from the last readings	3 921 710	4 102 310
	<b>182 403 038</b>	<b>251 073 027</b>
<b>Statutory receivables included in consumer debtors above are as follows:</b>		
Rates	83 022 014	174 804 028
<b>Financial asset receivables included in consumer debtors above</b>	<b>99 381 024</b>	<b>76 268 999</b>
<b>Total consumer debtors</b>	<b>182 403 038</b>	<b>251 073 027</b>
<b>Included in above is receivables from exchange transactions</b>		
Water	91 151 828	67 044 370
Sewerage	3 705 078	4 237 414
Refuse	597 194	668 568
Water consumption from the last readings	3 921 710	4 102 310
	<b>99 375 810</b>	<b>76 052 662</b>
<b>Included in above is receivables from non-exchange transactions (taxes and transfers)</b>		
Rates	83 022 014	174 804 028
Sundry debtors	5 214	282 694
	<b>83 027 228</b>	<b>175 086 722</b>
<b>Net balance</b>	<b>182 403 038</b>	<b>251 139 384</b>

# Moses Kotane Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>12. Consumer debtors (continued)</b>		
<b>Rates</b>		
Current (0 -30 days)	14 295 446	18 537 659
31 - 60 days	12 200 336	12 704 224
61 - 90 days	12 077 307	12 526 837
91 - 120 days	12 031 925	12 359 352
121 - 365 days	566 706 742	569 091 814
Allowance for impairment	(534 289 742)	(450 415 858)
	<b>83 022 014</b>	<b>174 804 028</b>
<b>Water</b>		
Current (0 -30 days)	22 834 565	24 076 343
31 - 60 days	23 932 019	24 348 097
61 - 90 days	23 717 292	23 919 243
91 - 120 days	24 170 574	24 556 434
121 - 365 days	702 086 346	1 185 859 705
Allowance for impairment	(705 588 968)	(1 215 715 452)
	<b>91 151 828</b>	<b>67 044 370</b>
<b>Sewerage</b>		
Current (0 -30 days)	496 669	540 907
31 - 60 days	769 530	513 547
61 - 90 days	504 767	496 213
91 - 120 days	465 743	460 267
121 - 365 days	13 640 964	24 200 414
Allowance for impairment	(12 172 595)	(21 973 934)
	<b>3 705 078</b>	<b>4 237 414</b>
<b>Refuse</b>		
Current (0 -30 days)	1 401 870	1 702 686
31 - 60 days	1 382 530	1 688 621
61 - 90 days	1 384 395	1 681 950
91 - 120 days	1 379 054	1 673 654
121 - 365 days	37 923 245	136 935 958
Allowance for impairment	(42 873 900)	(143 014 300)
	<b>597 194</b>	<b>668 569</b>
<b>Sundry debtors</b>		
Current (0 -30 days)	63 952	6 597
31 - 60 days	58 624	4 599
61 - 90 days	58 239	3 933
91 - 120 days	58 446	3 894
121 - 365 days	1 190 641	656 626
Allowance for impairment	(1 424 688)	(459 313)
	<b>5 214</b>	<b>216 336</b>
<b>Water consumption from the last readings</b>		
Current (0 -30 days)	3 921 710	4 102 310

# Moses Kotane Local Municipality

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## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>12. Consumer debtors (continued)</b>		
<b>Reconciliation of allowance for impairment</b>		
Balance at beginning of the year	(1 831 578 857)	(1 691 404 755)
Debt impairment written off against allowance	859 568 033	18 917 338
Contributions to allowance	(324 339 068)	(159 091 440)
	<b>(1 296 349 892)</b>	<b>(1 831 578 857)</b>

### 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

## Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

### Notes to the Annual Financial Statements

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#### 13. Non current assets held for sale

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.

<b>Reconciliation - June 2024</b>	<b>Opening Balance</b>	<b>Additions</b>	<b>Transfers</b>	<b>Total</b>
Vehicles held for sale	124 896	430 042	-	554 938

<b>Reconciliation - June 2023</b>	<b>Opening Balance</b>	<b>Additions</b>	<b>Transfers</b>	<b>Total</b>
Vehicles held for sale	124 896	-	-	124 896

## Moses Kotane Local Municipality

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### Notes to the Annual Financial Statements

Figures in Rand 2024 2023

#### 14. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	15 092	20 000
Bank balances	15 929 676	6 011 065
Short-term deposits	27 642 149	32 833 025
	<b>43 586 917</b>	<b>38 864 090</b>

Cash and cash equivalents held by the entity that are not available for use by the economic entity	107 700	107 700
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The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2024	30 June 2023	30 June 2022	30 June 2024	30 June 2023	30 June 2022
Standard Bank- Current A ccount- 041980182	12 752 060	4 677 337	11 140 035	12 752 060	4 677 537	11 130 390
CALL MIG Standard Bank Account Number 0228810957004	1 473 301	10 683 660	12 250 721	1 473 301	10 683 660	12 250 721
Call MKLM StandardBank 228810957002	25 871	5 160 909	982 553	25 871	5 160 909	982 553
WSIG Account MKLM MUNIC I NFRA- Account number - 0228810957003	25 304 938	11 690 577	5 317 732	25 304 938	11 690 577	5 317 732
ABSA Rustenburg Branch - AccountNumber - 4050414471	987 937	377 515	1 047 601	987 937	367 426	1 047 609
ABSA Fixed Deposit- 12 months Eskom-Account Number - 2 062250801	458 113	425 755	406 398	458 113	455 187	424 010
Standard BANK Barongwa Traffic Registration Account Number -041980255	12 004	46 681	629 038	12 004	37 980	629 038
Traffic- Account Number - 041980247	886 160	586 380	4 927 813	886 160	586 380	4 927 813
Standard Bank - Fleet- Account N umber- 0228810957001	379 917	4 842 692	170 265	379 917	4 842 692	170 265
Standard Bank Traffic Licensing - Account Type - 033099936	1 291 524	332 887	-	1 291 524	332 887	-
<b>Total</b>	<b>43 571 825</b>	<b>38 824 393</b>	<b>36 872 156</b>	<b>43 571 825</b>	<b>38 835 235</b>	<b>36 880 131</b>

#### 15. Other financial liabilities

##### At amortised cost

INCA annuity loan	3 588 133	4 833 988
ABSA annuity loan	16 495	590 110
DBSA	-	3 416 080
	<b>3 604 628</b>	<b>8 840 178</b>

<b>Total other financial liabilities</b>	<b>3 604 628</b>	<b>8 840 178</b>
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# Moses Kotane Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

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### 15. Other financial liabilities (continued)

#### **DBSA Streetlighting and roads and stormwater**

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

#### **DBSA Water**

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

#### **INCA Civic Ext 2**

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

#### **INCA Paypoint**

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

#### **Mayoral House bond - ABSA annuity**

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

#### **Non-current liabilities**

At amortised cost

2 703 279

4 070 550

#### **Current liabilities**

At amortised cost

901 349

4 769 628

## Moses Kotane Local Municipality

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### Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>16. Finance lease obligation</b>		
<b>Minimum lease payments due</b>		
- within one year	15 349 180	15 349 180
- in second to fifth year inclusive	9 694 599	24 718 811
	<u>25 043 779</u>	<u>40 067 991</u>
less: future finance charges	(2 099 179)	(5 314 814)
<b>Present value of minimum lease payments</b>	<b><u>22 944 600</u></b>	<b><u>34 753 177</u></b>
<b>Present value of minimum lease payments due</b>		
- within one year	13 949 236	12 312 310
- in second to fifth year inclusive	8 995 364	22 440 867
	<u>22 944 600</u>	<u>34 753 177</u>
Non-current liabilities	8 995 364	22 440 867
Current liabilities	13 949 236	12 312 310
	<u>22 944 600</u>	<u>34 753 177</u>

The average lease term is 3 years and the average effective borrowing rate was 12% (June 2023: 12%).

Interest rates are linked to prime at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer to note 4.

# Moses Kotane Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

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### 17. Employee benefit obligations

The amounts recognised in the statement of financial position are as follows:

Carrying value		
Present value of the defined benefit obligation-wholly unfunded	(25 555 000)	(21 361 000)
Non-current liabilities	(21 676 000)	(17 802 000)
Current liabilities	(3 879 000)	(3 559 000)
	<b>(25 555 000)</b>	<b>(21 361 000)</b>

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 awards 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 as at 30 June 2024.

[There are 553 employees that are currently entitled to Long Service Awards.]

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

Opening balance	21 361 000	19 034 000
Benefits paid	(3 525 922)	(1 868 226)
Net expense recognised in the statement of financial performance	7 719 922	4 195 226
	<b>25 555 000</b>	<b>21 361 000</b>

Net expense recognised in the statement of financial performance

Current service cost	1 951 000	1 798 000
Interest cost	2 210 000	1 991 000
Actuarial (gains) losses	3 558 922	406 226
	<b>7 719 922</b>	<b>4 195 226</b>

# Moses Kotane Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand 2024 2023

### 17. Employee benefit obligations (continued)

#### Key assumptions used

Assumptions used at the reporting date:

Discount rates used	11,05 %	11,26 %
CPI inflation rate	5,20 %	5,54 %
General earnings inflation rate	6,20 %	6,54 %

The earnings are inclusive of the corresponding 1 July general increase. The next general earnings increase was assumed to take place on 1 July 2024.

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 11.05% per annum has been used. The corresponding index-linked yield is 5.08%. 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 28 June 2024.

These yields were obtained by calculating the duration of the DBO 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 DBO). The duration of the DBO was estimated to be 8.25 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. The latter is considered under demographic assumptions.

#### General Earnings Inflation Rate

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 CPI inflation assumption of 5.20% per annum was obtained from the differential between market yields on index-linked bonds (5.08%) consistent with the estimated term of the DBO and those of nominal bonds (11.05%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%). Therefore, expected CPI inflation is determined as  $((1+11.05\%-0.50\%)/(1+5.08\%))-1$ .

Thus, a general earnings inflation rate of 6.20% per annum over the expected term of the DBO 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 4.56%.

It was assumed that the next general earnings increase will take place on 1 July 2025.

# Moses Kotane Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

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### 17. Employee benefit obligations (continued)

#### 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 6.20% per annum for all employees.

#### Promotional earnings scale

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%
45+	0.0%

#### 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.

#### Mortality During Employment

SA85-90 ultimate table, adjusted for female lives.

#### Termination of Service

If an eligible employee leaves due to resignation or retrenchment, the employer's DBO in respect of that employee ceases. It is therefore important not to overstate termination rates. The assumed annual rates are set out below.

Termination rates per annum

Age Band	Rate
20 – 24	9.0%
25 – 29	8.0%
30 – 34	6.0%
35 – 39	5.0%
40 – 44	5.0%
45 -- 49	4.0%
50 --54	3.0%
>55	0.0%

#### Other assumptions

Assumed general earnings rate have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed general earnings rate would have the following effects:

Amounts for the current and previous four years are as follows:

	2024	2023	2022	2021	2020
Defined benefit obligation	25 555 000	21 361 000	19 034 000	17 814 000	16 651 000

## Moses Kotane Local Municipality

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### Notes to the Annual Financial Statements

Figures in Rand

#### 18. Provisions

##### Reconciliation of provisions - June 2024

	Opening Balance	Additions	Change in discount factor	Interest Charge	Total
Environmental rehabilitation	21 572 627	-	(995 652)	2 463 939	23 040 914
Workmen's compensation	-	2 431 068	-	-	2 431 068
	<b>21 572 627</b>	<b>2 431 068</b>	<b>(995 652)</b>	<b>2 463 939</b>	<b>25 471 982</b>

##### Reconciliation of provisions - June 2023

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Change in discount factor	Interest Charge	Total
Environmental rehabilitation	20 279 786	-	-	-	(858 540)	2 151 381	21 572 627
Workmen's compensation Provision	-	2 231 986	2 142 707	(1 706 637)	(2 668 056)	-	-
	<b>20 279 786</b>	<b>2 231 986</b>	<b>2 142 707</b>	<b>(1 706 637)</b>	<b>(3 526 596)</b>	<b>2 151 381</b>	<b>21 572 627</b>

Non-current liabilities  
Current liabilities

23 040 914	21 572 627
2 431 068	-
<b>25 471 982</b>	<b>21 572 627</b>

# Moses Kotane Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

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### 18. Provisions (continued)

#### Environmental rehabilitation provision

##### 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 5.1704%

##### 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 of 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	5.1704%
Discount rate	10.6704%
Net effectivediscount rate	5.5000%

### 19. Consumer deposits

Consumer water deposit received	598 725	590 793
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Consumer deposits relates the security amounts charged and held by the Municipality for water connections

# Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>20. Payables from exchange transactions</b>		
Trade payables	97 559 479	75 955 533
Payments received in advance	60 504 774	87 035 332
Other payables	1 365 659	1 323 152
Accrued leave pay	44 754 305	42 221 971
Retentions	41 732 791	32 700 203
Unallocated receipts	5 429 580	8 132 111
Accrued Bonus	8 781 557	6 864 114
	<b>260 128 145</b>	<b>254 232 416</b>
<b>21. Unspent conditional grants and receipts</b>		
<b>Unspent conditional grants and receipts comprises of:</b>		
<b>Unspent conditional grants and receipts</b>		
Municipal Infrastructure Grant	158 079	179 418
Library Grant	1 041 486	1 434 206
Water Service Infrastructure Grant	2 052 516	1 834 540
EPWP Grant	52 709	327
Financial Management Grant	-	898
Energy, Efficiency Demand Side Management (EEDSM)	-	4 650 000
	<b>3 304 790</b>	<b>8 099 389</b>
<b>Movement during the year</b>		
Balance at the beginning of the year	8 099 389	12 900 031
Additions during the year	243 682 000	222 950 883
Revenue recognised	(243 372 934)	(226 715 230)
Roll over denied	(5 103 665)	(1 036 295)
	<b>3 304 790</b>	<b>8 099 389</b>

## Moses Kotane Local Municipality

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### Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>22. Revenue</b>		
Service charges	207 677 023	193 973 190
Other income	6 370 049	4 811 890
Interest charged on receivables	62 710 017	81 109 513
Property rates	150 271 916	124 807 064
Interest on non exchange receivables	35 160 963	32 299 445
Government grants & subsidies	809 459 933	755 316 780
Public contributions and donations	7 535 109	-
Fines, Penalties and Forfeits	1 758 600	1 028 400
	<b>1 280 943 610</b>	<b>1 193 346 282</b>
<b>The amount included in revenue arising from exchanges of goods or services are as follows:</b>		
Service charges	207 677 023	193 973 190
Other income	6 370 049	4 811 890
Interest received - investment	62 710 017	81 109 513
	<b>276 757 089</b>	<b>279 894 593</b>
<b>The amount included in revenue arising from non-exchange transactions is as follows:</b>		
<b>Taxation revenue</b>		
Property rates	150 271 916	124 807 064
Interest on receivables from non exchange transactions	35 160 963	32 299 445
<b>Transfer revenue</b>		
Government grants & subsidies	809 459 933	755 316 780
Public contributions and donations	7 535 109	-
Fines, Penalties and Forfeits	1 758 600	1 028 400
	<b>1 004 186 521</b>	<b>913 451 689</b>
<b>23. Service charges</b>		
Sale of water	190 274 590	178 350 940
Sewerage and sanitation charges	4 786 279	3 863 439
Refuse removal	12 616 154	11 758 811
	<b>207 677 023</b>	<b>193 973 190</b>

## Moses Kotane Local Municipality

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### Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>24. Other income</b>		
Clearance certificates	28 352	147 793
Drainage fees	872	252
Sale of tender documents	438 118	424 152
Valuation services	3 671	3 589
Cemetery	28 119	17 934
Town planning	264 874	135 564
Recoveries	890 106	203 886
Photocopies and faxes	28 870	20 104
Water connections	43 927	22 160
Skills Development Fund	599 388	429 052
Insurance claims received	277 235	391 860
Licence fees	3 128 182	2 805 089
Skip Bin - Waste removal	247 936	58 239
Rental income	98 899	152 216
Sale of properties	291 500	-
	<b>6 370 049</b>	<b>4 811 890</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.

#### 25. Interest Income - Exchange items

<b>Interest revenue</b>		
Bank	13 500 249	9 680 296
Interest charged on receivables	49 209 768	71 429 217
	<b>62 710 017</b>	<b>81 109 513</b>

## Moses Kotane Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

### Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>26. Property rates</b>		
<b>Rates received</b>		
Commercial	53 587 646	50 219 338
State	77 969 245	60 196 873
Residential: Developed	1 261 318	7 603 204
Agricultural properties	248 802	157 148
Vacant Land	6 741 892	1 831 325
Mining	13 430 897	6 656 718
Industrial	1 030 907	951 846
Public Service Infrastructure	5 494	4 864
Less: Income forgone	(4 004 284)	(2 814 196)
	<b>150 271 917</b>	<b>124 807 120</b>

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	2 194 586 000	2 124 068 400
Commercial	477 433 000	513 797 002
Industrial	135 021 000	132 761 000
State	2 046 753 600	2 046 753 600
Church and parks	2 600 000	2 600 000
Mining	147 280 000	71 280 000
Public Benefit Organizations	419 800	419 800
Agriculture	1 525 359 600	1 568 358 600
Municipal (non taxable valuations)	76 265 100	76 265 100
Public Service infrastructure	30 184 100	30 184 100
	33 497 100	31 671 000
	<b>6 669 399 300</b>	<b>6 598 158 602</b>

# Moses Kotane Local Municipality

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## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>27. Government grants &amp; subsidies</b>		
<b>Operating grants</b>		
Equitable share	566 087 000	528 601 550
Expanded Public Works Programme Grant	1 576 618	1 651 673
Project Management Unit Grant	5 400 000	4 642 116
Financial Management Grant	1 950 898	1 950 000
Library Grant	1 139 056	735 322
Energy, Efficiency Demand Side Management	1 000 000	350 000
	<b>577 153 572</b>	<b>537 930 661</b>
<b>Capital grants</b>		
Municipal Infrastructure Grant	162 524 338	157 450 376
Water Service Infrastructure Grant	69 782 023	59 693 860
Provincial Infrastructure Grant	-	241 883
	<b>232 306 361</b>	<b>217 386 119</b>
	<b>809 459 933</b>	<b>755 316 780</b>
<b>Municipal Infrastructure Grant</b>		
Balance unspent at beginning of year	179 418	8 438 909
Current-year receipts	162 503 000	149 190 884
Conditions met - transferred to revenue	(162 524 339)	(157 450 375)
	<b>158 079</b>	<b>179 418</b>
The grant was utilised to construct roads, streetlighting, water and sewerage infrastructure. Conditions still to be met - remain liabilities (see note 21).		
<b>Library Grant</b>		
Balance unspent at beginning of year	1 434 206	1 440 274
Current-year receipts	1 200 000	1 149 000
Conditions met - transferred to revenue	(1 139 056)	(735 323)
Roll over denied	(453 664)	(419 745)
	<b>1 041 486</b>	<b>1 434 206</b>
The grant is utilised for the operation and maintenance of the libraries in the area. Conditions still to be met - remain liabilities (see note 21).		
<b>Water Services Infrastructure Grant</b>		
Balance unspent at beginning of year	1 834 540	2 403 400
Current-year receipts	70 000 000	59 125 000
Conditions met - transferred to revenue	(69 782 024)	(59 693 860)
	<b>2 052 516</b>	<b>1 834 540</b>
Conditions still to be met - remain liabilities (see note 21).		
<b>Expanded Public Works Grant</b>		
Balance unspent at beginning of year	327	8 826
Current-year receipts	1 629 000	1 652 000
Conditions met - transferred to revenue	(1 576 618)	(1 651 673)
Roll over denied	-	(8 826)

# Moses Kotane Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>27. Government grants &amp; subsidies (continued)</b>	<b>52 709</b>	<b>327</b>
Conditions still to be met - remain liabilities (see note 21).		
<b>Financial Management Grant</b>		
Balance unspent at beginning of year	898	898
Current-year receipts	1 950 000	1 950 000
Conditions met - transferred to revenue	(1 950 898)	(1 950 000)
	<b>-</b>	<b>898</b>
Conditions still to be met - remain liabilities (see note 21).		
<b>Provincial Infrastructure Grant (PIG)</b>		
Current-year receipts	-	241 883
Conditions met - transferred to revenue	-	(241 883)
	<b>-</b>	<b>-</b>
Conditions still to be met - remain liabilities (see note 21).		
<b>MIG (PMU) Grant</b>		
Balance unspent at beginning of year	-	607 724
Current-year receipts	5 400 000	4 642 116
Conditions met - transferred to revenue	(5 400 000)	(4 642 116)
Other	-	(607 724)
	<b>-</b>	<b>-</b>
Conditions still to be met - remain liabilities (see note 21).		
<b>Energy, Efficiency Demand Side Management Grant</b>		
Balance unspent at beginning of year	4 650 000	-
Current-year receipts	1 000 000	5 000 000
Conditions met - transferred to revenue	(1 000 000)	(350 000)
Roll over denied	(4 650 000)	-
	<b>-</b>	<b>4 650 000</b>
Conditions still to be met - remain liabilities (see note 21).		

## Moses Kotane Local Municipality

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### Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>28. Employee related costs</b>		
Basic	208 402 097	185 537 150
Bonus	16 238 285	12 607 404
Medical aid - company contributions	16 360 350	15 061 193
UIF	1 273 051	1 230 238
SDL	2 634 351	2 386 555
Increase/(Decrease) in leave provision	4 059 426	719 327
Bargaining council	83 324	77 371
Travel, motor car, accommodation, subsistence and other allowances	1 708 485	1 633 548
Overtime payments	19 897 665	19 926 808
Long-service awards	7 719 922	4 195 226
Acting allowances	1 249 032	1 263 980
Housing benefits and allowances	763 266	631 284
Standby allowances	4 064 482	2 798 773
Pension fund company contributions	37 234 734	34 053 480
Shift allowance	284 555	282 822
	<b>321 973 025</b>	<b>282 405 159</b>
<b>Remuneration of Municipal Manager</b>		
Annual Remuneration	1 415 945	977 149
Car Allowance	265 000	173 133
Structured Bonus	117 995	-
Contributions to UIF, Medical and Pension Funds	257 132	182 582
	<b>2 056 072</b>	<b>1 332 864</b>
<b>Remuneration for the Acting Municipal Manager</b>		
Annual Remuneration	-	83 115
<b>Remuneration for Acting HOD: Corporate services</b>		
Acting allowance	3 441	-
SP Piek acted as director corporate services from 20 November 2023 to 3 December 2023.		
<b>Remuneration of the Chief Finance Officer</b>		
Annual Remuneration	963 008	1 181 673
Car Allowance	162 000	216 000
Structured Bonus	-	98 473
Contributions to UIF, Medical and Pension Funds	188 932	269 035
	<b>1 313 940</b>	<b>1 765 181</b>
<b>Remuneration of Acting CFO</b>		
Acting Allowance	64 740	9 749
Ms B Kutumela acted as CFO from 01 October 2023 until 31 December 2023.		
<b>Remuneration of HOD Community Services</b>		
Annual Remuneration	1 348 238	1 248 880
Car Allowance	240 000	240 000
Structured Bonus	60 000	60 000
Contributions to UIF, Medical and Pension Funds	2 262	2 255

# Moses Kotane Local Municipality

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## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>28. Employee related costs (continued)</b>	<b>1 650 500</b>	<b>1 551 135</b>
<b>Remuneration of HOD Technical Services</b>		
Annual Remuneration	1 588 238	1 574 172
Car Allowance	60 000	60 000
Contributions to UIF, Medical and Pension Funds	2 262	2 255
	<b>1 650 500</b>	<b>1 636 427</b>
<b>Remuneration of Acting HOD: Technical Services</b>		
Annual Remuneration	-	121 410
<b>Remuneration of HOD Planning and Development</b>		
Annual Remuneration	950 794	515 790
Car Allowance	391 485	228 366
Structured Bonus	79 233	52 927
Contributions to UIF, Medical and Pension Funds	231 589	94 158
	<b>1 653 101</b>	<b>891 241</b>
<b>Remuneration for Acting HOD: Planning and Development</b>		
Annual Remuneration	4 132	55 854
Mr MV MMope acted as HOD planning from 13 March 2024 until 28 March 2024.		
<b>Remuneration of HOD: Economic development</b>		
Annual Remuneration	-	323 421
Car Allowance	-	60 000
Structured Bonus	-	30 000
Contributions to UIF, Medical and Pension Funds	-	563
	-	<b>413 984</b>
<b>Remuneration of Acting HOD: Local Economic Development</b>		
Annual Remuneration	220 347	308 820
FT Mogolwane acted from 01 July 2023 to 31 August 2023 and also 01 March 2024 to 28 March 2024. TG Masheleni acted from 1 December 2023 until 29 February 2024. AT Mogashoa acted from 02 April 2024 until 30 June 2024.		
<b>Remuneration of HOD: Corporate Services</b>		
Annual Remuneration	1 299 615	821 437
Structured Bonus	30 000	-
Contributions to UIF, Medical and Pension Funds	322 251	1 503
Acting Allowance	-	178 113
	<b>1 651 867</b>	<b>1 001 053</b>

# Moses Kotane Local Municipality

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## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>28. Employee related costs (continued)</b>		
<b>Remuneration of Acting HOD: Community Services</b>		
Annual Remuneration	10 417	-
		-
ND Moeng acted from 31 July 2023 to 11 August 2023		
<b>29. Remuneration of councillors</b>		
Mayor	843 566	781 659
Single WHIP	631 368	583 944
Executive Committee	5 686 716	5 457 397
Speaker	770 832	677 051
Councillors	14 714 642	14 187 027
Councillors pension and medical aid contributions	3 422 109	3 396 492
Traveling allowance	1 098 786	1 169 544
Cell phone allowance	3 126 288	3 017 073
	<b>30 294 307</b>	<b>29 270 187</b>
<b>In-kind benefits</b>		
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 and has use of a Council owned vehicle for official duties.		
<b>30. Depreciation and amortisation</b>		
Property, plant and equipment	118 711 663	130 262 565
Intangible assets	2 596 679	2 360 554
	<b>121 308 342</b>	<b>132 623 119</b>
<b>31. Finance costs</b>		
Non Current Borrowings	3 970 273	3 467 592
Finance cost from landfill site provision	2 463 939	2 151 381
	<b>6 434 212</b>	<b>5 618 973</b>
<b>32. Debt impairment</b>		
Consumer Debtors	307 869 973	145 421 396
Traffic Fines	1 188 512	1 330 629
	<b>309 058 485</b>	<b>146 752 025</b>
<b>33. Bulk purchases</b>		
Water	157 715 356	130 330 203

## Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

### Notes to the Annual Financial Statements

Figures in Rand

	2024	2023
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#### 33. Bulk purchases (continued)

##### Water losses

Units purchased	16 950 132	15 230 215
Units sold	(9 978 935)	(9 372 329)
<b>Total loss</b>	<b>6 971 197</b>	<b>5 857 886</b>
Value of loss	70 105 047	51 524 426
Percentage Loss	41 %	38 %

#### 34. Contracted services

##### Outsourced Services

Accounting fees	15 677 720	16 148 376
Vat consultants fees	4 172 302	4 924 365
Debt collection fees	1 803 790	2 465 329
Information technology services	1 653 331	-
Refuse Removal	22 709 328	23 200 991

##### Consultants and Professional Services

Financial systems support	2 223 680	-
Property valuation cost	1 643 613	-

##### Contractors

Electrical	1 300 000	572 870
Maintenance of Buildings and Facilities	3 419 884	955 412
Maintenance of motor vehicles	2 512 700	5 042 054
Maintenance of infrastructure	22 068 328	27 133 678
	<b>79 184 676</b>	<b>80 443 075</b>

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 services.

#### 35. Fuel fraud under investigation

Financial loss under investigation	4 673 807	10 884 186
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Financial loss under investigation relates to fuel which was paid for by the municipality but which might not have been incurred for municipal purposes. The fraud is still under investigation.

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>36. General expenses</b>		
Auditors remuneration	6 186 146	4 476 626
Cleaning	-	2 234 717
Consulting and professional fees	1 915 306	2 079 997
Consumables	10 861 009	5 319 480
Entertainment	1 849 603	76 615
Fines and penalties	-	947 941
Vehicle hire	-	572 124
Insurance	4 674 218	4 713 274
IT expenses	10 218 576	7 124 396
Horticulture	-	37 223
Promotions and sponsorships	12 326 539	8 419 749
Fuel and oil	10 477 356	9 609 427
Local economic development	-	761 616
Repairs and maintenance	21 668 192	14 489 367
Security (Guarding of municipal property)	25 203 940	25 954 516
Worken's compensation fund	2 431 068	2 668 056
Subscriptions and membership fees	3 234 758	2 993 050
Telephone and fax	7 331 574	7 028 925
Training	641 331	405 922
Travel - local	6 954 459	2 192 767
Water Tankering	2 393 538	14 270 516
Rural Sanitation	-	22 846 458
Electricity	44 384 616	33 007 250
Uniforms	1 247 540	1 589 175
Maintenance plan - write down	1 067 938	530 224
Ward committee fees	4 612 950	14 264 363
Water quality and chemicals	6 746 987	4 401 191
Other expenses	5 034 668	8 799 563
	<b>191 462 312</b>	<b>201 814 528</b>

### 37. Impairment of assets

#### Impairments

Property, plant and equipment	1 654 326	991 937
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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.

## Moses Kotane Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

### Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>38. Cash generated from operations</b>		
Surplus	52 451 307	153 241 184
<b>Adjustments for:</b>		
Depreciation and amortisation	121 308 342	132 623 119
Gain on sale of assets and liabilities	4 601 437	17 880 138
Public donations	(7 535 109)	-
Inventory write off	(4 536)	75 835
Maintenance plan- Write down	1 067 938	530 224
Fair value adjustments	(1 634 085)	(743 761)
Finance costs	2 463 939	2 151 381
Impairment loss	1 654 326	991 937
Debt impairment	309 058 485	146 312 537
Movements in employee benefits	7 719 922	4 195 226
Movements in provisions for water in pipes	180 600	(2 246 802)
Movement in accrued leave	2 532 334	719 327
Movement in accrued bonus	1 917 443	(324 128)
VIP toilets	-	22 846 458
<b>Changes in working capital:</b>		
Inventories	(4 121 220)	(2 925 881)
Receivables from exchange transactions	(1 048 049)	(2 328 813)
Consumer debtors	(239 380 584)	(281 692 436)
Other receivables from non-exchange transactions	(3 112 984)	(2 429 325)
Payables from exchange transactions	1 445 953	18 479 268
VAT	8 197 556	5 727 236
Unspent conditional grants and receipts	(4 794 599)	(4 800 642)
Consumer deposits	7 932	31 548
Provisions	2 431 068	-
Employee benefits obligation	(3 525 922)	(1 868 226)
	<b>251 881 494</b>	<b>206 445 404</b>

## Moses Kotane Local Municipality

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### Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>39. Commitments</b>		
<b>Authorised capital expenditure</b>		
<b>Already contracted for but not provided for</b>		
• Property, plant and equipment	<u>132 025 522</u>	<u>125 111 898</u>
<b>Total capital commitments</b>		
Already contracted for but not provided for	<u>132 025 522</u>	<u>125 111 898</u>
<b>Total commitments</b>		
<b>Total commitments</b>		
Authorised capital expenditure	<u>132 025 522</u>	<u>125 111 898</u>
<p>This committed expenditure relates to infrastructure projects and will be financed by grants from National and Provincial Treasury.</p>		
<b>Operating leases - as lessee (expense)</b>		
<b>Minimum lease payments due</b>		
- within one year	<u>-</u>	<u>1 555 758</u>
<p>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.</p>		
<b>Rental expenses relating to operating leases</b>		
Minimum lease payments	<u>-</u>	<u>2 154 791</u>
<p>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.</p>		

## Moses Kotane Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

### Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>40. Contingencies</b>		
<b>Claims against the municipality</b>		
Van Heerden Construction	1 078 782	1 078 782
Enigma Chartered Accountants	5 211 874	5 211 874
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 V MKLM	300 000	300 000
Tsholo Moloi V MKLM	754 481	754 481
J Malinga,I Rasepae	150 000	-
Maragela Consulting Engineers	949 770	-
R.I Mogotsi	8 000 000	8 000 000
	<b>30 844 907</b>	<b>29 779 901</b>

## Moses Kotane Local Municipality

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### Notes to the Annual Financial Statements

Figures in Rand

2024

2023

#### 40. Contingencies (continued)

##### **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 Moloji 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.

##### **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 2016 and no notices were since delivered to the execution debtors, MKLM and Mooketsi. The case was settled on 28 June 2024.

##### **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.

##### **R.I Mogotsi**

Mr Mogotsi claims to have bought stands from the Municipality which are burdened by servitudes. He claims compensation of an amount of R8 000 000 and loss of rental income.

##### **Jeanette Malinga, Irene Rasepae V MKLM**

Two employees who's positions got affected by the review of an organisation structure resulting in them having to perform duties of two positions whilst not being compensated for additional duties that they are performing. The Municipality is exposed to a financial claim of R150 000.

##### **Maragela Consulting Engineers**

Claim for R949 770.35 with regard to Sandfontein Water Supply Phase 2. Maragela Consulting Engineers drew plans for a road project. The Project is still to be approved by COGTA. Claim has some probability to succeed. The project is funded by conditional grants (MIG) and provincial government has not yet approved or allocated funding to this project.

# Moses Kotane Local Municipality

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### 41. Related parties

#### Relationships

Head of Departments

Municipal Manager

Chief Financial Officer

Community Services

Planning and Development

Technical Services

Mr M.V Letsoalo

Mr M Mkhize

Mr S Kotsedi

Mr TG Masheleni

Mr B Maseloane

Corporate Services

Acting CFO

Acting Community services director

Acting director local economic development

Acting corporate services director

Mr FD Radiokana

Ms B Kutumela

Mr ND Moeng

Mr MV Mmope

Ms FT Mogolwane

Mr TG Masheleni

Mr AT Mogashoa

Mr SP Piek

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

## Moses Kotane Local Municipality

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#### 41. Related parties (continued)

##### Remuneration of Head of Departments

June 2024

Name	Basic salary	Acting Allowance	Travel Allowance	UIF	Medical Aid	Pensions	Bargaining council	Bonus	Total
Municipal Manager (MV LETSOALO)	1 415 945	-	265 000	2 125	-	254 870	137	117 995	2 056 072
CFO (M MKHIZE)	963 008	-	162 000	1 594	13 894	173 341	102	-	1 313 939
Acting CFO (MB KUTUMELA)	-	64 740	-	-	-	-	-	-	64 740
Community services ( SS KOTSEDI)	1 348 238	-	240 000	2 125	-	-	137	60 000	1 650 500
Community services (ND MOENG)	-	10 417	-	-	-	-	-	-	10 417
Technical services (BS MASELOANE)	1 588 238	-	60 000	2 125	-	-	137	-	1 650 500
Planning & Development (TG MASHELENI)	950 794	-	391 485	2 125	58 184	171 142	137	79 233	1 653 100
Planning & Development (MV MMOPE)	-	4 132	-	-	-	-	-	-	4 132
Economic Development (FT MOGOLWANE)	-	45 236	-	-	-	-	-	-	45 236
Economic Development (TG MASHELENI)	-	50 835	-	-	-	-	-	-	50 835
Economic Development (AT MAGASHOA)	-	124 276	-	-	-	-	-	-	124 276
Corporate Services (FD RADIOKANA)	1 299 615	-	-	2 125	34 074	285 915	137	30 000	1 651 866
Corporate Services (SP PIEK)	-	3 441	-	-	-	-	-	-	3 441
	<b>7 565 838</b>	<b>303 077</b>	<b>1 118 485</b>	<b>12 219</b>	<b>106 152</b>	<b>885 268</b>	<b>787</b>	<b>287 228</b>	<b>10 279 054</b>

## Moses Kotane Local Municipality

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#### 41. Related parties (continued)

June 2023

Name	Basic salary	Acting Allowance	Travel allowance	UIF	Medical Aid	Pension	Bargaining council	Bonus	Total
Corporate Services (Mr F Radiokana)	-	178 113	-	-	-	-	-	-	178 113
Corporate Services (Mr F Radiokana)	821 437	-	-	1 417	-	-	86	-	822 940
Acting Municipal Manager ( Mr B Maseloane)	-	83 115	-	-	-	-	-	-	83 115
Municipal Manager( Mr. MV Letsoalo)	977 149	-	173 133	1 594	5 004	175 887	97	-	1 332 864
CFO (MR Mkhize)	1 181 673	-	216 000	2 125	54 079	212 701	130	98 473	1 765 181
Acting CFO (Ms B Kutumela)	-	9 749	-	-	-	-	-	-	9 749
Technical Services Director (Mr BS Maseloane)	1 574 172	-	60 000	2 125	-	-	130	-	1 636 427
Acting Technical Services Director( Mr J Sifunda)	-	121 410	-	-	-	-	-	-	121 410
Community Services Director (Mr SS Kotsedi)	1 248 880	-	240 000	2 125	-	-	130	60 000	1 551 135
Acting Planning and Development Director (Mr. V Mmope)	-	55 854	-	-	-	-	-	-	55 854
Planning and Development Director( Mr M Tshitereke)	515 790	-	228 366	1 240	-	92 842	76	52 926	891 240
Acting Local Economic Development ( Mr. A Mogashoa)	-	308 820	-	-	-	-	-	-	308 820
Local Economic Development (Ms R Madikela)	323 421	-	60 000	531	-	-	32	30 000	413 984
	<b>6 642 522</b>	<b>757 061</b>	<b>977 499</b>	<b>11 157</b>	<b>59 083</b>	<b>481 430</b>	<b>681</b>	<b>241 399</b>	<b>9 170 832</b>

Management class: Councillors

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#### 41. Related parties (continued)

##### June 2024

Name	Basic salary	Pension	Medical aid	Travel allowance	Cellphone allowance	Total
Mayor	843 566	121 255	17 280	-	3 753	985 854
Speaker	631 368	80 633	-	-	2 853	714 854
Whip	770 833	-	17 280	-	3 753	791 866
Executive committee	5 686 716	786 014	122 400	619 811	378 330	7 593 271
Councillors	14 714 642	2 087 167	190 080	478 975	2 737 599	20 208 463
	<b>22 647 125</b>	<b>3 075 069</b>	<b>347 040</b>	<b>1 098 786</b>	<b>3 126 288</b>	<b>30 294 308</b>

##### June 2023

Name	Basic salary	Pension	Medical aid	Travel allowance	Cellphone allowance	Total
Mayor	781 659	117 249	17 280	-	3 600	919 788
Speaker	677 051	38 623	17 280	-	44 400	777 354
Whip	583 945	67 230	17 280	-	42 900	711 355
Executive committee	5 457 397	765 763	103 680	619 811	441 682	7 388 333
Councillors	14 187 027	2 011 626	240 480	549 733	2 484 491	19 473 357
	<b>21 687 079</b>	<b>3 000 491</b>	<b>396 000</b>	<b>1 169 544</b>	<b>3 017 073</b>	<b>29 270 187</b>

#### 42. Risk management

##### Financial risk management

## Moses Kotane Local Municipality

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#### 42. Risk management (continued)

##### Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

<b>At 30 June 2024</b>	<b>Less than 1 year</b>	<b>Between 2 and 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
Trade and other payables from exchange transactions	145 837 954	-	-	145 837 954
Other financial liabilities	901 349	2 703 279	-	3 604 628
Consumer deposits	-	-	598 725	598 725
Finance lease obligations	13 949 236	8 995 364	-	22 944 600
	<b>160 688 539</b>	<b>11 698 643</b>	<b>598 725</b>	<b>172 985 907</b>
<b>At 30 June 2023</b>	<b>Less than 1 year</b>	<b>Between 2 and 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
Trade and other payables from exchange transactions	116 842 999	-	-	116 842 999
Other financial liabilities	4 769 628	4 070 550	-	8 840 178
Consumer deposits	-	-	590 793	590 793
Finance lease obligations	12 312 310	22 440 867	-	34 753 177
	<b>133 924 937</b>	<b>26 511 417</b>	<b>590 793</b>	<b>161 027 147</b>

##### 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:

<b>Financial instrument</b>	<b>June 2024</b>	<b>June 2023</b>
Receivables from non exchange	19 765 314	18 097 232
Cash and Cash equivalents	44 092 131	38 864 090
Consumer Debtors	126 063 093	76 335 356

**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.

# Moses Kotane Local Municipality

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### 42. Risk management (continued)

#### Foreign exchange risk

The municipality does not hedge foreign exchange fluctuations.

#### 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.

### 43. Financial instruments disclosure

#### Categories of financial instruments

##### June 2024

#### Financial assets

	At amortised cost	Total
Receivables from non exchange transactions	18 097 232	18 097 232
Consumer debtors	126 063 097	126 063 097
Cash and cash equivalent	44 092 131	44 092 131
	<b>188 252 460</b>	<b>188 252 460</b>

#### Financial liabilities

	At amortised cost	Total
Other financial liabilities	3 604 628	3 604 628
Trade and other payables from exchange transactions	202 962 898	202 962 898
Consumer deposits	598 725	598 725
	<b>207 166 251</b>	<b>207 166 251</b>

##### June 2023

#### Financial assets

	At amortised cost	Total
Receivables from non exchange transactions	17 468 262	17 468 262
Consumer debtors	76 335 356	76 335 356
Cash and cash equivalent	38 855 226	38 855 226
	<b>132 658 844</b>	<b>132 658 844</b>

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#### 43. Financial instruments disclosure (continued)

##### Financial liabilities

	<b>At amortised cost</b>	<b>Total</b>
Other financial liabilities	(8 840 178)	(8 840 178)
Trade and other payables from exchange transactions	(204 682 184)	(204 682 184)
Consumer deposits	(590 793)	(590 793)
	<u>(214 113 155)</u>	<u>(214 113 155)</u>

# Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

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### 44. 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:

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Annual Financial Statements for the year ended 30 June 2024

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### 44. Prior period errors and reclassifications (continued)

#### Property, Plant and Equipment

1. During the year we noted that there were asset components that were previously omitted from the Fixed Asset Register. Correction of these errors resulted in an increase in Infrastructure cost, accumulated depreciation and depreciation expense by R667,036.30, R347,097.10 and R25,558.97 respectively. This also caused an increase in community asset cost, accumulated depreciation and the depreciation expense of R 238,475.69, R100,159.79 and R47,695.14 respectively.

2. We further noted that in the prior year motor vehicles were overstated due to vehicles included in the register which should have been written off after an accident. Correction of the error resulted in a decrease in motor vehicle cost by R 516 874, decrease in accumulated depreciation by R 447 499.27 and decrease in depreciation by R 4 669 and Increase for Loss on Disposal of Assets of R 69 375.

#### Other receivables

In prior year the total amount for other receivables was erroneously presented as non current. Receivables that was utilised within 12 months should have been accounted for as current portion. Correction of the error resulted in decrease in non current assets and increase in current assets by R 1 067 938.

#### Inventory and Bulk purchases

The water inventory balance for prior year was understated by R807 830 relating to water in the pipes (Reticulation) which was not included as part of water inventory. Correction of the error resulted in increase in inventory and decrease in bulk purchases by the R 807 830 in the prior year and R 680 559 in 2021/2022 financial year.

In addition land held for sale was incorrectly classified as non current held for sale instead of inventory in terms of GRAP 12. Correction of the error resulted in increase in inventory and decrease in non current assets held for sale by R 434 800 in the prior year and R 320 300 in 2021/2022 financial year.

#### Receivable from exchange transactions and other income

Sundry debtors were incorrectly classified as receivables from exchange transactions in the prior year instead of being classified as consumer debtors. Correction of the error resulted in decrease in receivables from exchange and increase in consumer debtors by R 282 695 in the prior year and R 178 369 in 2021/2022 financial year.

In addition, we noted that receivables from exchange transactions was understated in the prior year due to licence fees that were not accounted for. Correction of the error resulted in increase in receivables from exchange and increase in other income by R 2 468 968.

#### Receivables from non exchange transactions

Receivables from non exchange transactions was overstated by R 28 970 due to payment received from a debtor but was not accounted for.

#### Cash and cash equivalent

Cash and cash equivalents in the prior year was understated by R 8 864 due to payment made after year using petty cash but was accounted for in the current year.

#### Accrued Interest Payables

The municipality incorrectly classified interest accrued on finance leases for the month of June 2023 and paid on the 1st of July 2023 of R254 073 as accrued interest payable. This should have been classified as finance lease liabilities as of 30 June 2023

#### Payables from exchange transactions.

In the current year we noted that payments received in advance was overstated by R 357 940 due to overpayment made to a supplier that was erroneously raised as a debtor with a credit balance in the prior year.

Trade payables were understated in the prior year due to debit orders for standard bank fuel expenditure that were paid in current year relating to prior year. Correction of the error resulted in the increase in payables by R 822 082 in the prior year and increase in payables by R 1 451 959.47 in 2021/2022.

#### Consumer debtors

During the year we noted that consumer debtors were overstated due to municipal accounts that were billed. Correction of the error resulted in the following in the prior year:

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Annual Financial Statements for the year ended 30 June 2024

### Notes to the Annual Financial Statements

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#### 44. Prior period errors and reclassifications (continued)

	2023	2022
-Decrease in debtors gross debtors by	R 3 712 096	R 5 143 567
-Decrease in impairment allowance by	R 3 712 096	R 5 143 567
-Decrease in service charges by	R 608 355	R 282 514
-Decrease in interest from exchange	R 64 707	R 198 511
-Decrease in property rates	R 56	R 44
-Decrease interest in non exchange	R 958	R 909
-Decrease in debt impairment	R 674 076	R 481 979

#### Interest received

In the prior year interest received from investments was incorrectly classified as interest from non exchange transactions. Correction of the error resulted in decrease in interest from non exchange and increase in interest from exchange transactions by R 3 384 682.

#### Other Income

In the current year we noted that insurance was incorrectly set off against the loss on disposal of assets. Correction of the error resulted in increase in other income and increase in loss on disposal of assets by R 391 860.

#### General expenses - Fuel and oil

In the prior year general expenses were overstated due to possible fuel fraud. Correction of the error resulted in decrease in general expenses by R 10 884 186 and increase in financial loss by R 10 884 186.

We further noted that in the prior year general expenses were overstated by R 629 876.41 due to standard bank fuel debit orders that were not accounted for in the correct period.

General expenses were understated due to incorrect classification of expenses in the prior year correction of the error resulted in increase in general expenses and decrease in contracted services by R 263 883.

We further noted that general expenses were overstated in the prior year year by R 328 970 due to expenses that were accounted for twice in the prior year

#### Fruitless and wasteful expenditure

During the prior year the municipality incurred fuel expenditure from use of vehicles by municipal officials. It was however noted that some of the fuel transactions were incurred fraudulently and as a result fruitless and wasteful expenditure in the prior year was understated by R 12 340 702 and was understated by R 3 309 864 as at 30 June 2022.

#### Irregular expenditure

During the year under review it was noted that there were some conflicts of interest from suppliers for R 23 583 004 that were not declared. The error was identified by Auditor General South Africa (AGSA) through the Computer Assisted Audit Techniques (CAATs) procedures. In addition, we also noted that the allocation of work for panels was not in terms of SCM process. Correction of the error resulted in increase in irregular expenditure in the prior year by R 43 714 109 and R 11 269 771 in the 2021 2022 financial year .

#### Commitments

During the year we noted that commitments were overstated by R 77 131 510.45 in the prior year due to the reasons below:

1. MWB Consulting engineers claim number 1 for upgrading of Madhikwe water treatment plant phase 2 which was paid on 15 December 2021 was not included capital expenditure in the 2022/2023 commitment register. The omission resulted in the understatement of the commitments by R354 961.
2. Commitments were overstated by R 76 562 647.48 due to the contract for upgrading madhikwe water treatment phase 1 that was terminated but was still disclosed as a commitment on the register.
3. Upgrading of Mogwase Sports Park project was overstated by R 195 853.03.
4. Supply and installation of highmast lights was also overstated by R 18 048.

#### Water Losses

The water sales amounts used in the calculation of water losses in 2022-23 financial year does not agree to the billing reports from the system. The amounts used include double readings for SunCity dual meters. Hence the quantity (units in KL) of the water loss and the corresponding Rand value disclosed in the prior year was incorrect. Correction of the error resulted in

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### 44. Prior period errors and reclassifications (continued)

increase in water losses by R 33 655 070.

#### Segment reporting

The segment report has been restated due to the errors identified and corrected in the current year to the financial statements.

#### Additional disclosure in terms of MFMA

In the prior year Pension and Medical aid deductions was understated by R 29 854 277 due to the disclosure only including the municipality's contribution instead of the total contribution paid by both the employer and the employee.

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### Statement of financial position

#### June 2022 - Opening balance

	Note	As previously reported	Correction of error	Re-classification	Restated
Investment property		150 684 493	-	-	150 684 493
Property, plant and equipment		2 937 071 178	-	-	2 937 071 178
Intangible assets		13 175 320	-	-	13 175 320
Heritage assets		14 000	-	-	14 000
Receivables from non exchange		15 416 336	-	-	15 416 336
Inventories		13 940 065	680 559	320 300	14 940 924
Receivables from exchange		178 369	-	(178 369)	-
VAT receivables		11 920 909	-	-	11 920 909
Receivables from non exchange		1 698 375	-	-	1 698 375
Consumer debtors		125 878 077	-	178 369	126 056 446
Non current assets held for sale		445 196	-	(320 300)	124 896
Cash and cash equivalents		36 880 131	-	-	36 880 131
Other financial liabilities		(5 784 650)	-	-	(5 784 650)
Employee benefit obligation		(17 014 000)	-	-	(17 014 000)
Provisions		(20 279 786)	-	-	(20 279 786)
Consumer deposits		(559 245)	-	-	(559 245)
Other financial liabilities		(8 844 377)	-	-	(8 844 377)
Payables from exchange		(233 677 845)	(1 451 959)	-	(235 129 804)
Employee benefit obligation		(2 020 000)	-	-	(2 020 000)
Unspent conditional grants		(12 900 031)	-	-	(12 900 031)
Accumulated surplus		(3 006 222 515)	-	-	(3 006 222 515)
		-	(771 400)	-	(771 400)

## Moses Kotane Local Municipality

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#### 44. Prior period errors and reclassifications (continued)

June 2023

	Note	As previously reported	Correction of error	Re-classification	Restated
Investment property		150 663 784	-	-	150 663 784
Property, plant and equipment	2 988	386 190	315 831	-	2 988 702 021
Intangible assets		13 393 410	-	-	13 393 410
Heritage assets		14 000	-	-	14 000
Receivables from non exchange		16 634 382	-	-	16 634 382
Other receivables		2 673 590	-	(1 067 938)	1 605 652
Inventories		15 982 281	807 830	434 800	17 224 911
Receivables from exchange		282 695	2 468 968	(216 336)	2 535 327
Receivables from non exchange		1 579 026	(28 970)	-	1 550 056
VAT receivables		24 035 455	-	-	24 035 455
Consumer debtors		250 856 690	-	216 336	251 073 026
Non current assets held for sale		559 696	-	(434 800)	124 896
Other receivables		-	-	1 067 938	1 067 938
Cash and cash equivalents		38 855 226	8 864	-	38 864 090
Other financial liabilities		(4 070 550)	-	-	(4 070 550)
Finance lease obligation		(22 440 867)	-	-	(22 440 867)
Employee benefit obligation		(17 802 000)	-	-	(17 802 000)
Provisions		(21 572 627)	-	-	(21 572 627)
Consumer deposits		(590 793)	-	-	(590 793)
Other financial liabilities		(4 769 628)	-	-	(4 769 628)
Accrued interest		(254 073)	-	254 073	-
Finance lease obligation		(12 058 237)	-	(254 073)	(12 312 310)
Payables from exchange		(253 768 271)	(464 147)	-	(254 232 418)
Employee benefit obligation		(3 559 000)	-	-	(3 559 000)
Unspent conditional grants		(8 099 389)	-	-	(8 099 389)
Accumulated surplus		(3 154 930 990)	(3 108 376)	-	(3 158 039 366)
		-	-	-	-

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### 44. Prior period errors and reclassifications (continued)

#### Statement of financial performance

##### June 2023

	Note	As previously reported	Correction of error	Re-classification	Restated
Service charges		194 581 545	(608 355)	-	193 973 190
Other Income		1 951 061	2 468 969	391 860	4 811 890
Interest from exchange transactions		77 789 538	(64 707)	3 384 682	81 109 513
Property rates		124 807 120	(56)	-	124 807 064
Interest from non exchange		32 300 403	(958)	-	32 299 445
Government grants & subsidies		755 316 780	-	-	755 316 780
Fines, Penalties and Forfeits		1 028 400	-	-	1 028 400
Interest- Bank		3 384 682	-	(3 384 682)	-
Employee related costs		(282 405 159)	-	-	(282 405 159)
Remuneration of councillors		(29 270 187)	-	-	(29 270 187)
Depreciation and amortisation		(132 550 069)	(73 050)	-	(132 623 119)
Finance costs		(5 618 973)	-	-	(5 618 973)
Lease rentals on operating lease		(2 154 791)	-	-	(2 154 791)
Debt impairment		(147 426 101)	1 113 564	-	(146 312 537)
Bulk purchases		(131 138 032)	807 829	-	(130 330 203)
Contracted services		(80 706 957)	-	263 883	(80 443 074)
Financial loss under investigation		-	-	(10 884 186)	(10 884 186)
General expenses		(213 393 678)	958 847	10 620 303	(201 814 528)
Loss on disposal of assets and liabilities		(17 418 903)	(69 375)	(391 860)	(17 880 138)
Loss on foreign exchange		(44 192)	-	-	(44 192)
Fair value adjustment		743 761	-	-	743 761
Impairment loss		(991 937)	-	-	(991 937)
Inventories losses/write downs		(75 835)	-	-	(75 835)
<b>Surplus for the year</b>		<b>148 708 476</b>	<b>4 532 708</b>	<b>-</b>	<b>153 241 184</b>

### 45. Going concern

We draw attention to the fact that at 30 June 2024, the municipality had an accumulated surplus of 3 210 490 674 and that the municipality's total assets exceed its liabilities by 3 210 490 674.

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 will not result in any material uncertainty for the municipality to continue as going concern since it also relies on grants from national government in order to fund its operations. 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.

### 46. Unauthorised expenditure

Opening balance as previously reported	208 931 229	432 098 829
Add: Unauthorised expenditure - current	82 866 736	9 119 548
Less: Amount written off	-	(232 287 148)
<b>Closing balance</b>	<b>291 797 965</b>	<b>208 931 229</b>

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### 46. Unauthorised expenditure (continued)

The over expenditure incurred by municipal departments during the year is attributable to the following categories:

Non-cash	63 394 134	-
Cash	19 472 602	9 119 548
	<b>82 866 736</b>	<b>9 119 548</b>

#### Analysed as follows: non-cash

Long Service Awards	7 719 922	-
Provision of impairment	55 674 212	-
	<b>63 394 134</b>	<b>-</b>

#### Analysed as follows: cash

Audit fees	2 183 253	976 626
Business Management Fees	10 961 404	5 291 240
Research and advisory services	104 364	-
Transport	1 820 121	-
Accommodation	1 436 178	-
Security services	-	999 422
Workmans compensation	2 278 923	-
Advertising	-	345 517
Fresh Produce Market	-	334 460
Salaries	688 359	1 172 283
	<b>19 472 602</b>	<b>9 119 548</b>

#### Unauthorised expenditure: Budget overspending – per municipal department:

Municipal Council	5 535 222	-
Municipal Manager	9 903 175	2 494 426
Budget and Treasury	67 323 974	5 291 240
Community Services	-	999 422
Local Economic Development	104 364	334 460
	<b>82 866 735</b>	<b>9 119 548</b>

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#### 47. Fruitless and wasteful expenditure (continued)

##### Details of fruitless and wasteful expenditure

	Expenditure identified include those listed below	
ICT Expenditure	114 938 123	114 938 123
Interest on overdue accounts	11 739 541	11 737 272
Reversal of recoverable amount (not yet recovered)	1 218 685	1 218 685
Hall construction expenditure	385 825	385 825
Fines	20 000	20 000
Unearned remuneration	778 557	778 557
Penalties	4 228 043	3 344 052
Fuel Transactions	18 867 856	1 853 348
	<b>152 176 630</b>	<b>134 275 862</b>

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<b>47. Fruitless and wasteful expenditure</b>		
Opening balance as previously reported	134 275 861	131 116 581
Add: Fruitless and wasteful expenditure identified - current	5 560 067	2 794 144
Add: Fruitless and wasteful expenditure identified - prior period	12 340 702	365 136
<b>Closing balance</b>	<b>152 176 630</b>	<b>134 275 861</b>

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<b>48. Irregular expenditure</b>		
Opening balance as previously reported	1 562 731 374	1 473 035 971
Add: Irregular expenditure - current	179 547 118	89 569 166
Add: Irregular expenditure - prior period	43 714 109	126 237
Less: Amount written off - current	(424 428 001)	-
<b>Closing balance</b>	<b>1 361 564 600</b>	<b>1 562 731 374</b>

#### Incidents/cases identified/reported in the current year include those listed below:

Competitive bidding not invited	690 829	43 031 680
Three written quotations not invited	25 000	-
SCM processes not followed	132 571 927	5 825 821
Deviations	15 083 802	18 619 403
Non-disclosure of Interest	31 062 859	22 092 262
Non-compliant tax status	112 701	-
	<b>179 547 118</b>	<b>89 569 166</b>

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### 49. 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.

In terms of section 36 of the municipal SCM regulations, any deviations from SCM policy needs to be approved by the accounting officer and noted by Council. The awards listed below have been approved by the Accounting Officer and noted by Council.

#### Description

Deviation as per section 36(1)(i) of the SCM regulations (Emergencies in urgent procurements)	-	22 445 257
Deviation as per section 36(1)(ii) of the SCM regulations (Sole supplier)	2 061 861	2 938 887
Deviation as per section 36(1)(v) of the SCM regulations (Exceptional case)	541 087	11 841 827
	<b>2 602 948</b>	<b>37 225 971</b>

#### Supplier

DENT TECH CC (Impractical/Exceptional case)	15 000	-
GLASFIT (Impractical/Exceptional case)	26 273	-
GOVERNMENT PRINTING WORKS (sole Suplier)	17 654	-
KGATLENG COMMUNITY RADIO ( Impractical/Exceptional case)	19 700	-
MALL OF THE NORTH (Impractical/Exceptional case)	12 259	-
MICROSOFT IRELAND OPERATIONS (Sole Supplier)	1 893 171	-
PANEL BEATING UNLIMITED (Impractical/Exceptional case)	22 500	-
PG GLASS (Impractical/Exceptional case)	3 500	-
PRESTIGE PANELBEATERS (Impractical/Exceptional case)	10 000	-
REED EXIBITION (PTY) LTD (Impractical/Exceptional case)	73 572	-
SALGBC (Sole Supplier)	4 529	-
SYNERGY BUSINESS EVENT (Impractical/Exceptional case)	68 283	-
THE INSTITUTE OF INTERNAL AUDITORS (Sole Supplier)	21 228	-
TRANSPORT DRIVING LICENSE CARD (Sole Supplier)	122 609	-
SOUTH AFRICAN POST OFFICE (sole supplier)	2 670	-
WITS SCHOOL OF GOVERNANCE (Impractical/Exceptional case)	290 000	-
	<b>2 602 948</b>	<b>-</b>

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### 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

Unallocated

Finance & Administration

Economic & Environmental Services

Community & Public Safety

Water management

Waste water Management

Waste Management

#### Goods and/or services

Relates all amounts which do not meet the definition of a segment

Provision of financial and administrative services to other segments of the municipality.

Provision of economic development activities in the municipality

Construction and maintenance of community facilities owned and ensuring safety and security to the communities by the municipality.

Provision of water basic services

Provision of Sanitation basic services

Provision of refuse removal basic services

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#### 50. Segment information (continued)

##### Segment surplus or deficit, assets and liabilities

June 2024

	Unallocated	Finance & Administration	Community and Public Safety	Economical and Environmental Services	Water management	Waste water management	Waste management	Total
<b>Revenue</b>								
Service charges	-	-	-	-	190 274 591	4 786 279	12 616 154	207 677 024
Interest earned	-	97 870 980	-	-	-	-	-	97 870 980
Other Income	-	2 628 023	3 434 345	263 754	43 927	-	-	6 370 049
Property Rates	-	150 271 917	-	-	-	-	-	150 271 917
Government grants and subsidies	61 115 869	568 037 898	1 139 055	-	179 167 110	-	-	809 459 932
Fines	-	-	1 758 600	-	-	-	-	1 758 600
Donations	-	-	7 535 110	-	-	-	-	7 535 110
<b>Total segment revenue</b>	<b>61 115 869</b>	<b>818 808 818</b>	<b>13 867 110</b>	<b>263 754</b>	<b>369 485 628</b>	<b>4 786 279</b>	<b>12 616 154</b>	<b>1 280 943 612</b>
<b>Entity's revenue</b>								<b>1 280 943 612</b>

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	Unallocated	Finance & Administration	Community and Public Safety	Economical and Environmental Services	Water management	Waste water management	Waste management	Total
<b>50. Segment information (continued)</b>								
<b>Expenditure</b>								
Employee costs	(65 227 427)	(110 832 305)	(40 115 615)	(21 579 570)	(62 368 263)	(16 625 362)	(5 224 288)	(321 972 830)
Remuneration of councillors	(30 294 308)	-	-	-	-	-	-	(30 294 308)
Depreciation and amortisation	(29 037 082)	(8 513 325)	(26 376 462)	-	(54 628 306)	(1 989 150)	(764 018)	(121 308 343)
Finance costs	(132 332)	(3 207 114)	(2 995 487)	-	(99 279)	-	-	(6 434 212)
Lease rentals	(1 813 753)	-	-	-	-	-	-	(1 813 753)
Debt impairment	-	(156 030 340)	(1 188 512)	-	(134 432 967)	(3 192 183)	(14 214 484)	(309 058 486)
Bulk purchases	-	-	-	-	(157 715 356)	-	-	(157 715 356)
Contracted services	(5 679 551)	(31 426 863)	(1 680 157)	-	-	(6 860 902)	(33 537 203)	(79 184 676)
General expenses	(39 063 806)	(32 361 490)	(37 476 355)	(3 755 011)	(78 762 905)	-	(42 745)	(191 462 312)
Loss on disposal of assets	50 677	(226 492)	(602 655)	-	(3 733 772)	(89 196)	-	(4 601 438)
Loss foreign exchange	-	43 114	-	-	-	-	-	43 114
Financial loss under investigation	-	(4 673 807)	-	-	-	-	-	(4 673 807)
Fair Value adjustment	-	1 634 085	-	-	-	-	-	1 634 085
Inventory gain/(loss)	-	4 536	-	-	-	-	-	4 536
Impairment loss	(1 654 326)	-	-	-	-	-	-	(1 654 326)
<b>Total segment expenditure</b>	<b>(172 851 908)</b>	<b>(345 590 001)</b>	<b>(110 435 243)</b>	<b>(25 334 581)</b>	<b>(491 740 848)</b>	<b>(28 756 793)</b>	<b>(53 782 738)</b>	<b>(1 228 492 112)</b>
<b>Total segmental surplus/(deficit)</b>	<b>(111 736 039)</b>	<b>473 218 817</b>	<b>(96 568 133)</b>	<b>(25 070 82)</b>	<b>(122 255 220)</b>	<b>(23 970 514)</b>	<b>(41 166 58)</b>	<b>52 451 500</b>

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#### 50. Segment information (continued)

June 2023

	Unallocated	Finance and administration	Community and Public safety	Economic and Environment al services	Water Management	Waste Water Management	Waste Management	Total
<b>Revenue</b>								
Service charges	-	-	-	-	178 350 940	3 863 439	11 758 811	193 973 190
Interest received on outstanding debtors	-	113 408 958	-	-	-	-	-	113 408 958
Other income	-	1 360 939	3 234 988	135 564	22 160	-	58 239	4 811 890
Property rates	-	124 807 064	-	-	-	-	-	124 807 064
Government grants and subsidies	88 906 130	274 482 366	3 735 533	-	263 261 364	43 541 704	81 389 683	755 316 780
Fines, Penalties and Forfeits	-	-	1 028 400	-	-	-	-	1 028 400
<b>Total segment revenue</b>	<b>88 906 130</b>	<b>514 059 327</b>	<b>7 998 921</b>	<b>135 564</b>	<b>441 634 464</b>	<b>47 405 143</b>	<b>93 206 733</b>	<b>1 193 346 282</b>
<b>Entity's revenue</b>								<b>1 193 346 282</b>
<b>Expenditure</b>								
Employee related cost	(48 349 352)	(107 644 951)	(37 204 532)	(18 787 108)	(48 474 939)	(17 583 062)	(4 361 215)	(282 405 159)
Remuneration of councillors	(29 270 186)	-	-	-	-	-	-	(29 270 186)
Depreciation and amortisation	(40 405 969)	(6 638 144)	(26 696 388)	-	(55 314 343)	(2 733 743)	(834 532)	(132 623 119)
Finance cost	(358 927)	(2 043 449)	(2 884 714)	-	(331 883)	-	-	(5 618 973)
Lease rentals on operating lease	(2 154 791)	-	-	-	-	-	-	(2 154 791)
Debt Impairment	-	(27 980 449)	(1 873 867)	-	(110 173 342)	(992 244)	(5 292 635)	(146 312 537)
Fair value adjustments	-	-	743 761	-	-	-	-	743 761
Bulk purchases	-	-	-	-	(130 330 203)	-	-	(130 330 203)
Contracted services	(572 870)	(28 844 007)	(955 413)	-	(15 972 459)	(324 298)	(33 774 027)	(80 443 074)
Fuel fraud under investigation	-	(10 884 186)	-	-	-	-	-	(10 884 186)
General Expenses	(26 687 593)	(33 171 094)	(48 291 681)	(1 938 036)	(68 010 093)	(23 682 040)	(33 991)	(201 814 528)
Loss/Gains on disposal of assets and liabilities	(972 024)	1 030 200	(2 442 941)	-	(5 191 995)	(10 303 378)	-	(17 880 138)
Loss on foreign exchange	-	(44 192)	-	-	-	-	-	(44 192)
Inventory losses	-	-	-	-	(991 937)	-	-	(991 937)
Impairment loss	-	(75 835)	-	-	-	-	-	(75 835)
<b>Total segment expenditure</b>	<b>(148 771 712)</b>	<b>(216 296 107)</b>	<b>(119 605 775)</b>	<b>(20 725 144)</b>	<b>(434 791 194)</b>	<b>(55 618 765)</b>	<b>(44 296 400)</b>	<b>(1 040 105 097)</b>

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	Unallocated	Finance and administration	Community and Public safety	Economic and Environment al services	Water Management	Waste Water Management	Waste Management	Total
<b>50. Segment information (continued)</b>								
Total segmental surplus/(deficit)	(59 865 582)	297 763 220	7 998 921	(20 589 580)	6 843 270	(8 213 622)	48 910 333	153 241 185

#### Measurement of segment surplus or deficit, assets and liabilities

##### Basis of accounting for transactions between reportable segments

The accounting policies of the segments are the same as those described in the summary of significant accounting policies.

##### The nature and effect of any changes from prior periods in the measurement methods used to determine reported segment surplus or deficit

The Municipality had no changes to the structure of its internal organisation in a manner that caused the composition of its reportable segments to change from the prior year.

##### Information about geographical areas

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.

#### June 2024

	External revenues from non-exchange transactions	External revenues from exchange transactions	Total expenditure	Non-current assets*
Mogwase	1 004 186 521	276 757 089	(1 228 492 303)	3 281 429 902

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<b>50. Segment information (continued)</b>				
<b>June 2023</b>				
	<b>External revenues from non-exchange transactions</b>	<b>External revenues from exchange transactions</b>	<b>Total expenditure</b>	<b>Non-current assets*</b>
Mogwase	913 451 689	279 894 593	(1 040 105 098)	3 171 013 249
<b>51. Additional disclosure in terms of Municipal Finance Management Act</b>				
<b>Contributions to organised local government-SALGA</b>				
Current year subscription / fee			3 230 229	2 991 950
Amount paid - current year			(3 230 229)	(2 991 950)
			<u>-</u>	<u>-</u>
<b>Audit fees</b>				
Current year subscription / fee			6 186 146	5 148 810
Amount paid - current year			(5 507 699)	(5 148 810)
			<u>678 447</u>	<u>-</u>
<b>PAYE and UIF</b>				
Current year subscription / fee			55 729 401	51 476 004
Amount paid - current year			(55 729 401)	(51 476 004)
			<u>-</u>	<u>-</u>
<b>Pension and Medical Aid Deductions</b>				
Current year subscription / fee			85 819 833	78 968 950
Amount paid - current year			(85 819 833)	(78 968 950)
			<u>-</u>	<u>-</u>
<b>VAT</b>				
VAT receivable			313 054 498	306 171 244
VAT payable			(297 216 599)	(282 135 789)
			<u>15 837 899</u>	<u>24 035 455</u>

VAT output payables and VAT input receivables are shown in note .

All VAT returns have been submitted by the due date throughout the year.

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### 51. 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 2024:

30 June 2024	Outstanding more than 90 days	Total
Councillor Minte G.D	24 991	24 991
Councillor Motshabi C.N	31 653	31 653
Councillor Modisakeng E.T	153 904	153 904
Councillor Aphiri E	13 096	13 096
Councillor Thoboke P	65 356	65 356
Councillor Radiokana DH	21 757	21 757
Councillor Letsoalo A	177 290	177 290
Councillor Mataboge E.N	57 220	57 220
Councillor Lentswe E	10 019	10 019
Councillor Semakane B.J	37 050	37 050
Councillor Magoleng M	40 830	40 830
Councillor Manganye R.J	37 492	37 492
	<b>670 658</b>	<b>670 658</b>
30 June 2023	Outstanding more than 90 days	Total
Councillor MS Motsoalsele	10 145	10 145
Councillor S S Mosako	42 803	42 803
Councillor M Motsoenyane	29 931	29 931
Councillor ET Modisakeng	122 249	122 249
Councillor C Motshabi	24 565	24 565
Councillor GD Minte	73 762	73 762
Councillor D Radiokana	20 480	20 480
Councillor A Letsoalo	150 390	150 390
Councillor S Sekobane	7 087	7 087
Councillor E Aphiri	12 697	12 697
Councillor EN Mataboge	49 306	49 306
Councillor RJ Manganye	32 218	32 218
Councillor P Thoboke	53 225	53 225
Councillor N Nkotswe	22 886	22 886
Councillor BJ Semakane	32 294	32 294
Councillor E Lentswe	153 601	153 601
Councillor M Magoleng	33 108	33 108
Councillor LM Pitso	39 207	39 207
Councillor JN Maretele	3 293	3 293
Councillor AM Mathe	7 087	7 087
	<b>920 334</b>	<b>920 334</b>

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#### 51. Additional disclosure in terms of Municipal Finance Management Act (continued)

##### Purchase from relatives of persons in service of the state

Supplier name	Related person	Organ of state	Capacity at Municipality	Relationship	2024	2023
Mo Kasi Creations and Media Pty Ltd	Mr MS Magoro	Moses Kotane Local Municipality	Supplier	State Employee & Partner	712 703	1 000 539
Genplay Broadcast Media	Kefilwe Motlaba	Moses Kotane Local Municipality	Supplier	State Employee & Associate	31 500	-
Kamogelo Investments	Mr M Ramagaga	Moses Kotane Local Municipality	Supplier	State Employee & Brother	143 508	1 170 516
Mmolawa Investments	Mr D Mmolawa	Moses Kotane Local Municipality	Supplier	Municipal Councillor & Brother	478 429	3 125 097
Oarabile Projects Pty Limited	MI Ramasodi	Moses Kotane Local Municipality	Supplier	State Employee & Associate	127 150	86 350
Bothlale Consulting	Ms B Molefe	Moses Kotane Local Municipality	Supplier	State Employee & Spouse	144 900	383 516
Fetso Wa Gaoratwe (Pty) Ltd	Mr JF Koloane	Moses Kotane Local Municipality	Supplier	State Employee & Associate	-	30 000
Dilo Difa Entertainment	Mr PC Thakadu	Moses Kotane Local Municipality	Supplier	State Employee & Partner	-	68 205
Gijima Holdings	Ashwin Hirjee trimjee	Moses Kotane Local Municipality	Supplier	State Employee & Partner	36 000	-
Tsele Services (Pty) Ltd	Mr P Dantye	Moses Local Municipality	Supplier	State Employee & Partner	55 510	13 000
Lerako Resources (Pty) Ltd	Mr D Lekalakala	Moses Kotane Local Municipality	Supplier	State Employee & Partner	11 000	6 700
Kgosana Motlokwa Projects	Mr HK Tau	Moses Kotane Local Municipality	Supplier	State Employee & Partner	-	343 622
Frigate bird Holdings (Pty) Ltd	Mr EL Kgoroba	Moses Kotane Local Municipality	Supplier	State Employee & Partner	404 743	151 920
Kgame Mogokare Enterprise (Pty) Ltd	Mr TJ Mmope	Moses Kotane Local Municipality	Supplier	State Employee & Partner	-	8 800
Lethowe confectionery and projects	Elizabeth Wendy Lethowe	Moses Kotane Local Municipality	Supplier	State Employee & Partner	45 000	-
Kholagano Enterprise	Kgakgamatso Fortunate Thebe	Moses Kotane Local Municipality	Supplier	State Employee & Partner	45 161	-
Reatlega enterprise	Virgina Mahole Refilwe Mahole	Moses Kotane Local Municipality	Supplier	State Employee & Partner	23 000	-

## Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

### Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>51. Additional disclosure in terms of Municipal Finance Management Act (continued)</b>		
	<b>2 258 604</b>	<b>6 388 265</b>

Levies

# Moses Kotane Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

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2023

### 51. Additional disclosure in terms of Municipal Finance Management Act (continued)

#### Purchases from persons in service of state

Supplier name	Person in service of state	Organ of state	Capacity at municipality	Relationship	2024	2023
Segoje 48 Trading and Projects	VT Modimokwane	NW: Education & Training	Supplier	State Employee	-	13 900
Re a Lema Enterprise (Pty) Ltd	MK Moyawa	NW: Education & Training	Supplier	State Employee	-	26 222
TK Elroy (Pty) Ltd	KJ Monnakgotla	NW: Econ Dev, Conserv, Env & Tourism	Supplier	State Employee	33 000	8 600
Akim Holdings (Pty) Ltd	OS Marobe	NAT: Basic Education	Supplier	State Employee	9 000	-
RTK Boerdery (Pty) Ltd	KT Ramoitheki	South African Broadcasting Corporation	Supplier	State Employee	223 650	204 700
Tshimola Trading and Projects (Pty) Ltd	ML Molathlegi	NW: Education & Training	Supplier	State Employee	-	8 800
JTZ Family Trading Enterprise	PF Zwane	Industrial Development Corporation of SA (SEFASC)	Supplier	State Employee	29 674 903	18 918 220
Nteka Platinum Group (Pty) Ltd	M Nokwane	Golden Leopard Resourts	Supplier	State Employee	-	58 020
DEEPER MAS PROJECT			Supplier	State Employee	119 650	-
FRIGATE BIRD HOLDINGS (PTY) LTD			Supplier	State Employee	404 743	-
KABOENTLE SAFETY AND TRAINING CONSULTING PTY LTD			Supplier	State Employee	53 600	-
MMOLAWA INVESTMENTS			Supplier	State Employee	478 429	-
RTK BOERDERY PTY LTD			Supplier	State Employee	201 650	-
MO KASI CORPORATE PTY LTD			Supplier	State Employee	95 141	-
MO KASI EULLAFIED JV			Supplier	State Employee	499 745	-
MONNA MO AFRICA TRANSPORT AND TRADING			Supplier	State Employee	80 010	-
OARABILE PROJECTS PTY LTD			Supplier	State Employee	39 600	-

## Moses Kotane Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

### Notes to the Annual Financial Statements

Figures in Rand			2024	2023
<b>51. Additional disclosure in terms of Municipal Finance Management Act (continued)</b>				
NTEKA	Supplier	State	26 750	-
PLATINUM GROUP PTY LTD		Employee		
VEGAX PTY LTD	Supplier	State	20 550	-
		Employee		
TSELE SERVICES PTY LTD	Supplier	State	39 909	-
		Employee		
MOTSETA AND BOKAMOSO TRADING AND PROJECT PTY LTD	Supplier	State	9 000	-
		Employee		
TK ELROY PTY LTD	Supplier	State	3 000	-
		Employee		
			<b>32 012 330</b>	<b>19 238 462</b>

### 52. Change in estimate

#### Property, plant and equipment

The municipality reviews the useful lives of the assets in the asset register regularly and makes adjustments as needed. The effect of the adjustments on the useful life of the assets had the following effect on the depreciation of the assets compared to the prior year:

#### Property, plant and equipment

Infrastructure assets	(8 615 214)	(316 111)
Community assets	(666 757)	(634 320)
Buildings	(605 992)	(610 523)
Furniture and fittings	(1 168 413)	(966 011)
Motor vehicles	(361 353)	(187 390)
Plant and equipment	(21 611)	(58 386)
	<b>(11 439 340)</b>	<b>(2 772 741)</b>

### 53. Public contributions and donations

Public contributions and donations 1	7 535 109	-
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Conditions still to be met - remain liabilities (see note 21)

Provide explanations of conditions still to be met and other relevant information

### 54. Auditors' remuneration

Fees	6 186 146	4 476 626
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# Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

2024

2023

### 55. Budget differences

#### Material differences between budget and actual amounts

55.1 The variance is due to the many disruptions in the supply of water by the Water board and the over budget for water sales.

55.2 The variance is due to more revenue received under other income that was not budgeted for.

55.3 The budget was based on an increase of water sales which did not realise due to the reason mentioned above and therefore resulted in decrease in interest of service charges.

55.4 The variance is due to the adjustments of property rates billed on property owners during the financial year.

55.5 The increase is mainly due to the increase in debtors that has subsequently resulted in increase in interest from non exchange.

55.6 The variance is mainly due to the roll over for 2022/2023 financial year that was not approved in the current year.

55.7 Movable assets were donated for the library at Mmatua Uitkyk which were not budgeted for.

55.8 Difference below R1 000 000

55.9 The main reason for variance in employee cost was due to expenditure incurred where there was no budget provided or the budget provision was insufficient for overtime, basic salaries and annual bonus.

55.10 The decrease in the provision for depreciation of municipal assets is due to projects taking longer to complete which will only be depreciated once they are completed.

55.11 The decrease in finance cost is due to the external loans that were settled.

55.12 The variance is due to the decrease in debtors in the current year after debtors were written off.

55.13 The variance in bulk purchase for water is due to the insufficient provision on the budget and the increase in the water tariff.

55.14 The main reason is due to the reclassification of expenditure between contracted services and general expenses.

55.15 The reason for the variance is due to fraud on fuel expenditure that was not budgeted for. The expenditure is still under investigation.

55.16 The variance in general expenses is due to the insufficient provision on the budget.

55.17 The reason for the variance of 100% is due to the loss on disposal of assets which was not budgeted for.

55.18 The reason for the variance of 100% is due to the fair value adjustment which was not budgeted for

55.19 The overspending is due to non allocation of Pension and Medical aid on the budget.

55.19 The variance is due to the increase in inventories in store at year end.

55.20 There was no budget provided for receivables from exchange transaction during the year.

55.21 The variance is due to the non payment for traffic fines which resulted in the increase for debt impairment and therefore the over budget.

55.22 The variance is due to the refund for VAT claimed and only being paid by SARS in the 2024 2025 financial year.

55.23 The variance is due to the non payment for services rendered to the community that resulted in the increase of outstanding consumer debtors.

55.24 The variance is due to over provision for the maintenance plan on leased vehicles from Standard Bank.

# Moses Kotane Local Municipality

(Registration number NW375)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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### 55. Budget differences (continued)

55.25 The variance is due to the increase in payments for suppliers and decrease in cash collected from consumer debtors.

55.26 The variance is due to capital projects that were budgeted for but had not yet started in 2023/2024 financial year.

55.27 The variance is due to Microsoft software acquired for less than budgeted for.

55.28 There was no budget provided for Eskom deposits during the year.

55.29 The variance is due to error made preparing the budget. The provision made for financial liabilities also included the budget for finance lease.

55.30 The budget for leases was incorrectly provided for as part of financial liabilities.

55.31 The reason for the variance is due to leave provision, payments received in advance and unallocated receipts not provided for on the budget.

55.32 There was no budget provided for employee benefits.

55.33 There was no budget provided for unspent grants as the municipality anticipated to spend the full amount.

55.34 The variance is due to difference assumptions for the provision between the actual provision calculation and the assumptions made during budgeting.

55.35 The municipality received more from debtors than anticipated during the year.

55.36 The reason for the variance is due to the municipality receiving more income than expected.

55.37 The municipality received less grants than anticipated.

55.38 The variance is due to the increase in cash invested than was anticipated for during the budget process.

55.39 The variance is due to underprovision for expenses during the year.

55.40 The variance is due to the repayment of the capital portion of external liabilities that was under provided on the budget.

55.41 The variance is due to capital projects provided for during the year but were not yet started as at 30 June 2024.

35.42 Intangible assets are budgeted for as part of property plant and equipment.

35.43 The variance is due to finance lease payments being included in repayment of other financial liabilities on the Budget B Schedules. The budget is however under provided for.

Moses Kotane Local Municipality  
Moses Kotane Local Municipality  
Appendix B  
June 2024

Analysis of property, plant and equipment as at 30 June 2024  
Cost/Revaluation Accumulated depreciation

	Opening Balance Rand	Prior Year Error Rand	Transfers/Adjustments Rand	Additions Rand	Disposals Rand	Closing Balance Rand	Opening Balance Rand	Prior Year Error Rand	Transfers/Adjustments Rand	Depreciation Rand	Impairment loss Rand	Disposal Rand	Closing Balance Rand	Carrying value Rand
<b>Land and buildings</b>														
Vacant land and Seritlades	17 290 211	-	-	-	-	17 290 211	-	-	-	-	-	-	-	17 290 211
Assets under construction	753 272	-	-	-	-	753 272	-	-	-	-	-	-	-	753 272
Operational Facilities	204 862 504	-	1 593 550	-	(1 068 044)	205 388 010	(108 422 171)	-	605 992	(6 544 129)	-	884 296	(113 476 012)	91 911 998
Housing	10 877 623	-	-	-	(51 305)	10 826 318	(6 693 069)	-	-	(227 768)	-	43 318	(6 877 519)	3 948 799
	<b>233 783 610</b>	<b>-</b>	<b>1 593 550</b>	<b>-</b>	<b>(1 119 349)</b>	<b>234 257 811</b>	<b>(115 115 240)</b>	<b>-</b>	<b>605 992</b>	<b>(6 771 897)</b>	<b>-</b>	<b>927 614</b>	<b>(120 353 531)</b>	<b>113 904 280</b>
<b>Infrastructure</b>														
Assets under construction	236 861 680	-	(140 762 922)	225 428 925	-	321 527 683	-	-	-	-	-	-	-	321 527 683
Electricity Network -LV networks	157 689 363	-	9 118 697	-	-	166 808 060	(72 731 955)	-	-	(3 514 746)	(44 048)	-	(76 290 749)	90 517 311
Electricity - MV substations	1 453 870	-	-	-	-	1 453 870	(146 726)	-	-	(32 308)	-	-	(179 034)	1 274 836
Electricity Network -MV Network	600 629	-	-	-	-	600 629	(57 311)	-	-	(13 347)	-	-	(70 658)	529 971
ICT	29 396 064	-	-	-	-	29 396 064	(14 521 060)	-	-	(2 568 107)	-	-	(17 089 167)	12 306 917
Road Network	1 258 323 267	-	246 271	-	(1 490 798)	1 257 078 740	(606 432 747)	-	7 280 437	(27 186 558)	-	1 391 070	(624 947 798)	632 130 942
Sanitation Network	135 396 152	25 236	734 778	-	(390 572)	135 765 594	(67 808 730)	(9 758)	101 484	(2 094 618)	-	301 376	(69 510 246)	66 255 348
Stormwater Network	114 732 729	-	20 845 563	-	(419 201)	135 159 091	(51 068 310)	-	182 103	(5 424 742)	-	384 606	(55 926 343)	79 232 748
Water Supply Network Distribution	728 632 480	-	50 091 456	-	-	778 723 936	(369 276 179)	-	-	(10 711 502)	-	-	(379 987 681)	398 736 255
Water Supply Network Reservoirs	209 045 117	89 986	8 730 682	-	(11 382 798)	206 482 987	(101 045 202)	(52 401)	790 136	(7 336 850)	-	9 975 223	(97 668 094)	108 813 893
Water Supply Network Boreholes	95 597 698	454 653	13 832 790	-	(2 832 142)	107 062 999	(31 699 400)	(283 512)	185 352	(3 730 831)	394 699	1 497 733	(33 635 959)	73 427 040
Water Supply Network - Pump station	29 454 860	87 161	14 724 367	-	(2 767 154)	41 499 034	(8 233 378)	(28 668)	-	(1 594 759)	(2 004 977)	1 838 477	(10 023 305)	31 475 729
Water Supply Network - Bulk Mains	2 034 599 349	-	13 817 555	-	(58 450)	2 048 358 454	(1 198 709 343)	-	6 743	(31 100 102)	-	56 022	(229 746 680)	818 611 774
Water Supply Network - Water	32 777 674	-	995 652	-	-	33 773 326	(17 920 789)	-	19 173	(783 643)	-	-	(18 685 259)	15 088 067
Solid Waste Facilities	33 636 214	-	(858 540)	-	-	32 777 674	(17 086 256)	-	-	(834 532)	-	-	(17 920 788)	14 856 886
Bridges	35 612 542	-	-	-	-	35 612 542	(16 337 868)	-	-	(516 523)	-	-	(16 854 391)	18 758 151
Water supply Network - PVR Stations	225 743	-	4 414 647	-	-	4 640 390	(466)	-	-	(99 332)	-	-	(99 798)	4 540 592
	<b>5 134 035 251</b>	<b>667 036</b>	<b>(4 069 004)</b>	<b>225 428 925</b>	<b>(19 341 115)</b>	<b>5 336 721 093</b>	<b>(2 573 075 720)</b>	<b>(374 339)</b>	<b>8 565 428</b>	<b>(97 542 500)</b>	<b>(1 654 326)</b>	<b>15 444 507</b>	<b>(2 648 636 950)</b>	<b>2 688 084 143</b>
<b>Community Assets</b>														
Assets under construction	14 140 015	-	(20 696 238)	6 556 223	-	-	-	-	-	-	-	-	-	-
Community facilities	430 953 417	238 476	-	-	(57 265)	431 134 628	(240 689 057)	(147 855)	666 757	(11 838 548)	-	51 212	(251 957 491)	179 177 137
Libraries	39 377 409	-	5 118 363	-	-	44 495 772	(16 785 057)	-	-	(1 151 537)	-	-	(17 936 594)	26 559 178
Sport and recreation facilities	70 332 812	-	14 457 358	-	(2 377 188)	82 412 982	(32 067 561)	-	-	(2 758 499)	-	1 831 101	(32 994 959)	49 418 023
Social Facilities	2 958 596	-	-	-	-	2 958 596	(1 806 521)	-	-	(69 315)	-	-	(1 875 836)	1 082 760
	<b>557 762 249</b>	<b>238 476</b>	<b>(1 120 517)</b>	<b>6 556 223</b>	<b>(2 434 453)</b>	<b>561 001 978</b>	<b>(291 348 196)</b>	<b>(147 855)</b>	<b>666 757</b>	<b>(15 817 899)</b>	<b>-</b>	<b>1 882 313</b>	<b>(304 764 880)</b>	<b>256 237 098</b>







## 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

### Qualified opinion

1. I have audited the financial statements of the Moses Kotane Local Municipality set out on pages 145 to 260, which comprise the statement of financial position as at 30 June 2024, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Moses Kotane Local Municipality as at 30 June 2024, the financial performance and cash flows for the year then ended in accordance with the South African 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 5 of 2023 (Dora).

### Basis for qualified opinion

#### Total expenditure

3. During 2023, I was unable to obtain sufficient appropriate audit evidence for general expenses and to confirm the expenditure by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the following items, which had a cumulative effect on total expenditure:
  - General expenses of R9 609 427 and financial loss under investigation of R10 884 186 as included in the disclosed balance of R1 223 918 275.
4. My opinion on the financial statements for the period ended 30 June 2023 was modified accordingly. I was unable to confirm total expenditure by alternative means.

### **Context for opinion**

5. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
6. 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.
7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Emphasis of matters**

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

### **Unauthorised and irregular expenditure**

9. As disclosed in note 46 to the financial statements, unauthorised expenditure of R82 866 736 was incurred in the current year and the unauthorised expenditure of R208 931 229 in respect of prior years had not yet been dealt with in accordance with section 32 of the MFMA.
10. As disclosed in note 48 to the financial statements, irregular expenditure of R179 547 118 was incurred in the current year and irregular expenditure of R1 562 731 374 in respect of prior years had not yet been dealt with in accordance with section 32 of the MFMA.

### **Material losses - Water**

11. As disclosed in note 33 to the financial statements, material electricity losses of R70 105 047 (2022-2023: R51 524 426) was incurred, which represents 41% (2022-2023: 38%) of total water purchased.

### **Material losses - Impairments of receivables**

12. As disclosed in note 32 to the financial statements, material losses of R307 869 973 (2023: R145 421 396) were incurred as a result of significant impairment of receivables.

### **Other matters**

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

### **Unaudited disclosure notes**

14. 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

15. The supplementary information set out on pages 257 to 259 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**

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

17. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

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

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

19. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 10, forms part of our auditor's report.

20. My responsibility is to conduct an audit of the financial statements in accordance with the International Standards on Auditing and to issue an auditor's report. However, because of the matters described in the basis for disclaimer of opinion section of this auditor's report, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

21. 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

the 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.

**Report on the audit of the annual performance report**

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

23. I selected the following key performance area presented in the annual performance report for the year ended 30 June 2024 for auditing. I selected a key performance area that measures the municipality’s performance on its primary mandated functions and that is of significant national, community or public interest.

Key performance area	Page numbers	Purpose
<b>Basic service delivery and infrastructure development</b>	96-107	To develop and maintain infrastructure to provide basic services.

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

25. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the municipality’s mandate and the achievement of its planned objectives
- all the indicators relevant for measuring the municipality’s performance against its primary mandated and prioritised functions and planned objectives are included
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what

should be delivered and by when, the required level of performance as well as how performance will be evaluated

- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable
- there is adequate supporting evidence for the achievements reported and for the measures taken to improve performance

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

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

### Basic service delivery and infrastructure development

#### Various indicators

28. I could not determine the accuracy of various reported achievements, as the indicators were not well defined and adequate supporting evidence to clarify the methods and processes for measuring achievement were not provided. Consequently, the reported achievements might be more or less than reported and were not reliable for determining if the targets have been achieved.

Indicator	Target	Reported achievement
KPI 12 – Percentage of households with access to water (Mogwase & Madikwe)	100%	100%
KPI 13 – Number of villages with access to water	107	107
KPI 31– Percentage of households provided with access to solid waste removal (Mogwase and Madikwe)	100%	100%
KPI 32 – Number of villages provided with access to solid and waste removal	107	107

#### Other matters

29. I draw attention to the matters below.

#### Achievement of planned targets

30. The annual performance report includes information on reported achievements against planned targets and provides measures taken to improve performance. This information

should be considered in the context of the material findings on the reported performance information.

31. The tables that follows provides information on the achievement of planned targets and lists the key service delivery indicators that were not achieved as reported in the annual performance report. The measures taken to improve performance are included in the annual performance report on pages 91 to 128.

#### Basic services and infrastructure development

<i>Targets achieved: 73%</i>		
<i>Budget spent: 99%</i>		
<b>Key indicator not achieved</b>	<b>Planned target</b>	<b>Reported achievement</b>
KPI 11 – Percentage construction of Mabeskraal to Uitkyk Bulk Water Pipeline (Phase 1)	100%	88%
KPI 14 – Number of VIDP Toilets installed in Segakwaneng	50	0
KPI 15 – Number of VIDP Toilets installed in Leruleng	50	0
KPI 16 – Number of VIDP Toilets installed in Makoshong	50	0
KPI 17 – Percentage of Mogwase Waste Water Treatment Plant refurbished	5%	0%
KPI 19 – Percentage of Oudekkers Road constructed	100%	87%
KPI 20 – Percentage of Matau Internal Road rehabilitated	30%	20%
KPI 25 – Number of high mast lights and community halls from previous financial years energised	51	0
KPI 26 – Number of HPS replaced with LED bulbs (high mast lights and street lights)	600	0

#### Material misstatements

32. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for basic service delivery and infrastructure development. Management did not correct the misstatements and I reported material findings in this regard.

### **Report on compliance with legislation**

33. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipality's compliance with legislation.
34. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
35. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipality, clear to allow for consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
36. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements, performance and annual reports

37. 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.
38. Material misstatements of disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

### **Strategic planning and performance management**

39. The performance management system and related controls were inadequate as they did not describe how the performance monitoring, review and reporting processes should be conducted and managed, as required by municipal planning and performance management regulation 7(1).

### **Expenditure management**

40. Reasonable steps were not taken to ensure that the municipality implements and maintains an effective system of expenditure control, including procedures for the authorisation and payment of funds, as required by section 65(2)(a) of the MFMA.
41. Reasonable steps were not taken to prevent irregular expenditure amounting to R179 547 118 as disclosed in note 48 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by the incorrect use of panels which was not in line with legislation.

42. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R5 560 067, as disclosed in note 47 to the annual financial statements, in contravention of section 62(1)(d). The majority of the disclosed fruitless and wasteful expenditure was caused by potential fraudulent fuel transactions incurred through the use of petrol cards.
43. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R82 866 736, as disclosed in note 46 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by overspending on certain votes within the budget.

#### **Consequence management**

44. Some of the irregular expenditure incurred by the municipality were not investigated to determine if any person was liable for the expenditure, as required by section 32(2)(b) of the MFMA
45. Unauthorised and fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) and (b) of the MFMA.

#### **Human resource management**

46. Appropriate systems and procedures to monitor, measure and evaluate performance of staff were not developed and adopted, as required by section 67(1)(d) of the Municipal Systems Act (MSA) and regulation 31 of Municipal Staff Regulations.

#### **Procurement and contract management**

47. Some of the goods and services within the prescribed transaction value for competitive bids were procured without inviting competitive bids, as required by SCM Regulation 19(a).
48. Some of the contracts were awarded to bidders based on points given for legislative requirement that differed from those stipulated in the original invitation for bidding, in contravention of SCM Regulations 21(b) and 28(1)(a)(i) and the Preferential Procurement Regulations.
49. Some of the contracts were awarded to providers whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of SCM Regulation 43.

<h4><b>Other information in the annual report</b></h4>
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50. The accounting officer is responsible for the other information included in the annual report which includes the audit committee's report. The other information referred to does not include the financial statements, the auditor's report and those selected key

performance area presented in the annual performance report that have been specifically reported on in this auditor's report.

51. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
52. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected key performance area presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
53. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

#### **Internal control deficiencies**

54. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
55. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the material findings on the annual performance report and the material findings on compliance with legislation included in this report.
56. The accounting officer did not adequately monitor the implementation of the post-audit action plan, resulting in delayed actions and the recurrence of previous findings.
57. The accounting officer did not establish or implement a records management system, nor internal controls to ensure the accuracy of records, leading to a material limitation in reporting.
58. The accounting officer did not ensure ongoing compliance with relevant laws and regulations throughout the year, and did not follow up on the prior year's action plan, which led to repeat findings in the current year.
59. There continues to be a challenge in providing reliable information to support the reported performance, due to the absence of an effective performance management system that clearly defines planning, processing, and reporting procedures.

60. The investigation of unauthorized, irregular and fruitless and wasteful expenditure incurred by the municipality was not carried out due to the delayed implementation of recommendations to strengthen the Municipal Public Accounts Committee (MPAC).

Rustenburg

30 November 2024



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## Annexure to the auditor's report

The annexure includes the following:

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

### **Auditor-general's responsibility for the audit**

Professional judgement and professional scepticism

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

### **Financial statements**

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

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

### **Communication with those charged with governance**

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

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

## Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003 (MFMA)	Section 1 (a), (b) & (d) of the definition: irregular expenditure Section 1 Definition of SDBIP Sections 11(1); 13(2); 14(1); 14(2)(a); 14(2)(b); 15 Sections 24(2)(c)(iv); 29(1); 29(2)(b); 32(2) Sections 32(2)(a); 32(2)(a)(i); 32(2)(a)(ii); 32(2)(b) Sections 32(6)(a); 32(7); 53(1)(c)(ii); 54(1)(c) Sections 62(1)(d); 62(1)(f)(i); 62(1)(f)(ii); 62(1)(f)(iii) Sections 63(2)(a); 63(2)(c); 64(2)(b); 64(2)(c); 64(2)(e) Sections 64(2)(f); 64(2)(g); 65(2)(a); 65(2)(b); 65(2)(e) Sections 72(1)(a)(ii); 95(a); 112(l)(iii); 112(1)(j) Sections 116(2)(b); 116(2)(c)(ii); 117; 122(1); 122(2) Sections 126(1)(a); 126(1)(b); 127(2); 127(5)(a)(i) Sections 127(5)(a)(ii); 129(1); 129(3); 133(1)(a)  Sections 133(1)(c)(i); 133(1)(c)(ii); 170; 171(4)(a); 171(4)(b)
LG: MFMA: Municipal budget and reporting regulations, 2009	Regulations 71(1); 71(2); 72
LG: MFMA: Municipal investment regulations, 2005	Regulations 3(1)(a); 3(3); 6; 7; 12(2); 12(3)
LG: MFMA: Municipal regulations on financial misconduct procedures and criminal proceedings, 2014	Regulations 5(4); 6(8)(a); 6(8)(b); 10(1)
LG: MFMA: Municipal supply chain management (SCM) regulations, 2017	Regulations 5; 12(1)(b); 12(1)(c); 12(3); 13(b); 13(c); 13(c)(i) Regulations 16(a); 17(1)(a); 17(1)(b); 17(1)(c); 19(a) Regulations 21(b); 22(1)(b)(i); 22(2); 27(2)(a); 27(2)(e) Regulations 28(1)(a)(i); 28(1)(a)(ii); 29(1) (a) and (b) Regulations 29(5)(a)(ii); 29(5)(b)(ii); 32; 36(1) Regulations 38(1) (c); 38(1)(d)(ii); 38(1)(e); 38(1)(g)(i) Regulations 38(1)(g)(ii); 38(1)(g)(iii)  Regulations 43; 44; 46(2)(e); 46(2)(f)
Municipal Systems Act 32 of 2000 (MSA)	Sections 25(1); 26(a); 26(c); 26(i); 26(h); Sections 29(1)(b)(ii); 29(3)(b); 34(a); 34(b); Sections 38(a); 41(1)(a); 41(1)(b); 41(1)(c)(ii); 42; 43(2) Sections 56(a); 57(2)(a); 57(4B); 57(6)(a) Sections 66(1)(a); 66(1)(b); 67(1)(d); 74(1)  Sections 93B(a); 93B(b); 93C(a)(iv); 93C(a)(v); 96(b)

Legislation	Sections or regulations
LG: MSA: Municipal planning and performance management regulations, 2001	Regulations 2(1)(e); 2(3)(a); 3(3); 3(4)(b); 3(5)(a); 7(1); 8 Regulations 9(1)(a); 10(a); 12(1); 15(1)(a)(i); 15(1)(a)(ii)
LG: MSA: Municipal performance regulations for municipal managers and managers directly accountable to municipal managers, 2006	Regulations 2(3)(a); 4(4)(b); 8(1); 8(2); 8(3)
LG: MSA: Regulations on appointment and conditions of employment of senior managers, 2014	Regulations 17(2); 36(1)(a)
LG: MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2); 5(3); 5(6); 8(4)
Annual Division of Revenue Act (DoRA)	Sections 11(6)(b); 12(5); 16(1); 16(3)
Construction Industry Development Board Act 38 of 2000 (CIDB)	Section 18(1)
CIDB regulations	Regulations 17; 25(7A)
Municipal Property Rates Act 6 of 2004 (MPRA)	Section 3(1)
Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA)	Sections 2(1)(a); 2(1)(f)
Preferential Procurement regulations (PPR), 2017	Regulations 5(1); 5(3); 5(6); 5(7) Regulations 6(1); 6(2); 6(3); 6(5); 6(6); 6(8) Regualtions 7(1); 7(2); 7(3); 7(5); 7(6); 7(8) Regulations 8(2); 8(5); 9(1); 10(1); 10(2); 11(1)
Preferential Procurement regulations (PPR), 2022	Regulations 3(1) Regulations 4(1); 4(2); 4(3); 4(4) Regualtions 5(1); 5(2); 5(3); 5(4)
Prevention and Combating of Corrupt Activities Act 12 of 2004 (PRECCA)	Section 34(1)

## 2023/2024 AUDIT ACTION PLAN

### MOSES KOTANE LOCAL MUNICIPALITY AUDIT ACTION PLAN (AAP) 2024/2025

PERIOD : 30 JUNE 2024

Finding number	Heading of finding	Department/Unit	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Management proposed solution
COMM 02: ISS.6	AFS Preparations BP- Internal control deficiency: No evidence of review of registers.	Budget and Reporting	Internal control deficiency	As part of the audit planning procedures, we noted that there is no evidence of review of the registers for the following disclosures:	This is due to inadequate implementation of the review and approval controls may impact the validity, accuracy and/or completeness of the supporting schedules and what is disclosed in the AFS.	It is recommended that the designed controls be implemented and it be ensured that they are operating effectively as per the design.	Inadequate review of financial statements due to late submission of financial statements.	Management to put controls in place that ensure that all disclosure notes are reviewed and approved by the CFO.

**MOSES KOTANE LOCAL MUNICIPALITY AUDIT ACTION PLAN (AAP) 2024/2025**

**PERIOD : 30 JUNE 2024**

Finding number	Heading of finding	Department/Unit	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Management proposed solution
COMM 02: ISS.4	PAAP not adequately addressed	Budget and Reporting	Internal control deficiency	During the planning stage of the audit, it was identified that the overall status of implementation of the PAAP is not adequate, as the status and progress reflects that 67% of findings are completed, 33% are in progress and 0 not started. Further, actions taken to address the following findings marked as addressed (complete) are not clearly stipulated:	Management did not exercise oversight responsibility regarding financial, performance reporting, compliance, and related internal controls.	<p>The accounting officer should hold the Head of the units accountable for not prioritizing the implementation of actions to rectify prior year issues.</p> <p>Management should ensure that the Post Audit Action Plan is updated and reviewed regularly.</p> <p>Management should further ensure that controls and actions that are to be taken to address findings are taken on a timely manner to</p>	Lack of controls to ensure that post audit action plan is regularly followed up on and ensure that all findings raised are adequately resolved.	Management to design and implement controls that will ensure that all findings raised by the Auditor General are adequately resolved and there is sufficient, appropriate and reliable evidence to ensure that the finding is adequately resolved and will not repeat in the 2024/2025 financial year.

**MOSES KOTANE LOCAL MUNICIPALITY AUDIT ACTION PLAN (AAP) 2024/2025**

**PERIOD : 30 JUNE 2024**

Finding number	Heading of finding	Department/Unit	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Management proposed solution
						ensure that the Municipality does not get the same audit findings as in the prior year.		

**MOSES KOTANE LOCAL MUNICIPALITY AUDIT ACTION PLAN (AAP) 2024/2025**

**PERIOD : 30 JUNE 2024**

Finding number	Heading of finding	Department/Unit	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Management proposed solution
COMAF 03: ISS.10	The auditee does not have a process in place to reward and retain employees who are performing well	HR	Internal control deficiency	During planning and testing the understanding of the entity and its internal controls, we identified that the auditee does not have a process in place to reward and retain employees who are performing well.	Management did not exercise oversight responsibility regarding compliance and related internal controls to ensure that employees other than the municipal manager and managers who are directly accountable to the municipal managers sign the performance agreement.	Management should ensure that the organisational development unit is supported by adequate personnel and vacancies are filled to ensure that the municipality adheres with the regulation.	There are no adequate policies and procedures to ensure that the municipality rewards and retain employees who will be performing well.	The municipality will develop and implement policies and procedures to ensure that the municipality rewards and retain employees who are performing well.

**MOSES KOTANE LOCAL MUNICIPALITY AUDIT ACTION PLAN (AAP) 2024/2025**

**PERIOD : 30 JUNE 2024**

Finding number	Heading of finding	Department/Unit	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Management proposed solution
COMM 03: ISS.12	Employees other than the municipal manager and managers who are directly accountable to the municipal managers do not have performance agreement for the current year.	HR	Internal control deficiency	Contrary to the requirements mentioned above, the supervisors and staff members do not have performance agreement. The municipality has not yet filled the position of PMDS practioner, the fact that its a new section which is currently without staff. The municipality did request for a secondment of a staff member from the department of Cooperative Governance and Traditional Affairs.	Temporary secondment to the PMDS unit was appointed for the period of three months which is from 15/7/2024 - 15/10/2024, however the was no formal communication forwarded to the secondment staff therefore the appointment was not effected resulting into none implementation of the above requirement. As a result employees cannot be held accountable as there is no formal performance	Management should ensure an employee other than the municipal manager and managers who are directly accountable to the municipal managers do sign the performance agreement as stipulated in a government gazette no. 45181 dated 20 September 2021.	None compliance to the municipal staff regulation 35(5) as stipulated in government gazette no. 45181 dated 20 September 2021.	The municipality to develop and implement PMDS policies and tempelates.

**MOSES KOTANE LOCAL MUNICIPALITY AUDIT ACTION PLAN (AAP) 2024/2025**

**PERIOD : 30 JUNE 2024**

Finding number	Heading of finding	Department/Unit	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Management proposed solution
					management system. The necessary corrective actions cannot be taken by way of either consequence management or development plan.			
COMM 03: ISS.22	Steps to prevent unauthorized and irregular expenditure	SCM	SCM	Contrary to the above, as disclosed in note 46, 47 and 48, management did not take all reasonable steps to prevent the unauthorized	Management did not take reasonable steps to prevent the unauthorized and	Management should take appropriate steps to ensure that potential unauthorized and irregular	None-compliance with MFMA 78 (1) (a).	Management to develop and impliment preventative controls to establish a sound control

**MOSES KOTANE LOCAL MUNICIPALITY AUDIT ACTION PLAN (AAP) 2024/2025**

**PERIOD : 30 JUNE 2024**

Finding number	Heading of finding	Department/Unit	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Management proposed solution
				expenditure, irregular expenditure and fruitless and wasteful expenditure. Refer to the table below:	irregular expenditures.	expenditures are prevented.		environment that will prevent and reduce UIFW expenditure.
COMM 04: ISS.07	Salary paid to the CFO is not in line with the upper limits	HR	Internal control deficiency	During the audit of employee related cost it was noted that the following could not be demonstrated by the Municipality to substantiate the waiver: That an application for salary overpayment of CFO which is not in-line with the government gazette no. 50737 date 30 May 2024, was made to the minister by council. That there was consultation with the MEC for local government. That the Ministers approval and consideration were	Management did not review and monitor compliance with applicable laws and regulation.	It is recommended that the remuneration packages of municipal manager be adjusted and processed in accordance with the upper limits as prescribed in gazette no.47538 dated 22 November 2022.	None-compliance with upper limits.	Management to ensure compliance with upper limits by aligning the salary structure to the of directors to the upper limits.

**MOSES KOTANE LOCAL MUNICIPALITY AUDIT ACTION PLAN (AAP) 2024/2025**

**PERIOD : 30 JUNE 2024**

Finding number	Heading of finding	Department/Unit	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Management proposed solution
				received by the Municipality.				
COMM 05: ISS.27	Limitation RFI 59	Assets/Expenditure	Expenditure	Requested information on RFI 59 on the 15th October 2024, due on the 18th October 2024. See request below: Kindly provide the following supporting documentation for fuel & oil for the sample selected as per attached annexure:	The municipality does not have an adequate record keeping system, as management was unable to provide information required for audit purposes.	Management should ensure that proper record keeping is maintained to ensure that all the information required is available for audit purposes.	Poor controls to ensure adequate recording keeping for fuel expenditure.	Management to ensure that all fuel transactions are filed monthly and all documents must be scanned to ensure proper record keeping. In addition management to perform monthly reconciliations to ensure all fuel transactions have adequate supporting evidence by agreeing the

**MOSES KOTANE LOCAL MUNICIPALITY AUDIT ACTION PLAN (AAP) 2024/2025**

**PERIOD : 30 JUNE 2024**

Finding number	Heading of finding	Department/Unit	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Management proposed solution
								details per the vehicle transaction history to the details per the vehicle file containg trip authorisation, log book and receipts.

**MOSES KOTANE LOCAL MUNICIPALITY AUDIT ACTION PLAN (AAP) 2024/2025**

**PERIOD : 30 JUNE 2024**

Finding number	Heading of finding	Department/Unit	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Management proposed solution
COMM 06: ISS 19	Limitation of Scope RFI 69 - Consequence management.	SCM	SCM	<p>During the testing of Compliance - Consequence management, the auditor requested the below information, on 16 October 2024 and due 21 October 2024, through RFI 69 and no information was provided:</p> <p>The auditor noted that as at the beginning of the financial year, unauthorized expenditure of R208 931 229 was reported on. Please provide the auditor with information on investigations done on unauthorized expenditure reported in the prior years. Please provide investigation reports for ALL transactions pertaining to Irregular</p>	Lack of resources to investigate UIF&W expenditure	<p>It is recommended that management ensure that they investigate ALL instances of irregular, fruitless &amp; wasteful and unauthorized expenditure. It is further recommended that management ensure that they ensure the review and compliance with ALL laws and regulations that are applicable to the municipality.</p>	None compliance with MFMA.	MPAC to investgate all UIFW transactions to determine the financial loss incured and impliment consequence mangement.

**MOSES KOTANE LOCAL MUNICIPALITY AUDIT ACTION PLAN (AAP) 2024/2025**

**PERIOD : 30 JUNE 2024**

Finding number	Heading of finding	Department/Unit	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Management proposed solution
				Expenditure in annexure A. Please provide investigation reports for ALL transactions pertaining to Fruitless & wasteful Expenditure in annexure A.				
COMM 07: ISS.14	Internal control deficiency- Quotations register not complete	SCM	SCM	Contrary to the above mentioned, the below quotations transactions as per the GL could not be traced to the quotations register.	There is a lack of reconciliation performed to ensure that the register is complete and accurate.	It is recommended that the director and manager of the Supply Chain Management Directorate, review and approve the registers on a monthly basis. Furthermore, it is recommended monthly reconciliations of	Inadequate review of the quotations register to ensure that the register is accurate and complete.	Management to perform monthly reconciliations between the GL and the quotations register to ensure that the register is accurate and complete.

**MOSES KOTANE LOCAL MUNICIPALITY AUDIT ACTION PLAN (AAP) 2024/2025**

**PERIOD : 30 JUNE 2024**

Finding number	Heading of finding	Department/Unit	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Management proposed solution
						the registers be performed to ensure completeness and accuracy of the registers.		

**MOSES KOTANE LOCAL MUNICIPALITY AUDIT ACTION PLAN (AAP) 2024/2025**

**PERIOD : 30 JUNE 2024**

Finding number	Heading of finding	Department/Unit	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Management proposed solution
COMM 07: ISS.20: SCM	SCM- Interests not declared	SCM	SCM	During the execution of procurement and contract management, it was noted that the following suppliers had completed the necessary MBD4 form but did not declare their interests stated below on the MBD4 form.	The SCM directorate does not have proper systems to ensure/confirm that all necessary declarations are made by suppliers up on filling in the MBD4 form. As a result the Municipality did comply with SCM regulations, limitation and the disagreement misstatement will result in a control deficiency which may result in possible fraud.	The SCM directorate should provide information to auditors to enable auditors to perform necessary procedures to assist the SCM directorate in ensuring that the directors, shareholders or members of the supplier have fully declared their interest and whether they are working for the state.  Moreover, the SCM directorate should ensure that the awards are not given to people who are working for state as it can	Management does not have resources (CAATs Systems) to ensure that they have full details of suppliers.	The municipality has appointed a service provider who will assist in doing CAAT's verifications on a monthly basis. Furthermore, the municipality will formally inform and orientate all affected suppliers to correctly declare when doing business with the municipality.

**MOSES KOTANE LOCAL MUNICIPALITY AUDIT ACTION PLAN (AAP) 2024/2025**

**PERIOD : 30 JUNE 2024**

Finding number	Heading of finding	Department/Unit	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Management proposed solution
						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		

**MOSES KOTANE LOCAL MUNICIPALITY AUDIT ACTION PLAN (AAP) 2024/2025**

**PERIOD : 30 JUNE 2024**

Finding number	Heading of finding	Department/Unit	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Management proposed solution
COMM 08: ISS.30	MFMA Skill, capacity and capability - Limitation of scope	HR	HR	<p>Contrary to the above, the following request for information was communicated to management on the respective dates, and was not submitted within the required time frame &amp; still outstanding: Competencies assessment for all staff members of financial and supply chain management units, other than Municipal Manager and senior managers appointed on or after 1 January 2008 but before 1 January 2013. The minimum competency level achieved by finance officials at middle management.</p>	None compliance to the legislation.	Management should ensure that information as requested by the auditor is available and is submitted to the AGSA timeously.	Non compliance	Competence assesment for all officials to be done in the current year.

**MOSES KOTANE LOCAL MUNICIPALITY AUDIT ACTION PLAN (AAP) 2024/2025**

**PERIOD : 30 JUNE 2024**

Finding number	Heading of finding	Department/Unit	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Management proposed solution
COMM 08: ISS.23	Accrued leave is overstated by (projected 643,986.53)	HR	Employee related costs	During the audit of Moses Kotane Local Municipality for the financial year ended 30 June 2024, we identified that the following items of accrued leave were over / understated: Differences in leave taken and the leave report are as a result of the municipality not having proper record keeping processes in place. As a result accrued leave is overstated by R643,986.53	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 controls to ensure that leave days taken are are captured on time.	Management to update the HR SOPs and monitor the implementation thereof
COMM 08 : ISS.18	Accrued Bonus understated	HR	Employee related costs	During the audit of Moses Kotane Local Municipality for the financial year ended 30 June 2024, we noted that the Accrued bonus was incorrectly	Exercise oversight responsibility regarding financial and performance reporting and compliance and	Management should ensure that the financial information recorded is accurate.	Inadequate review of the financial statements and related supporting schedules.	Management to ensure financial statements are adequately reviewed before submission.

**MOSES KOTANE LOCAL MUNICIPALITY AUDIT ACTION PLAN (AAP) 2024/2025**

**PERIOD : 30 JUNE 2024**

Finding number	Heading of finding	Department/Unit	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Management proposed solution
				accounted for:	related internal controls.			
COMM 08: ISS 24:	Accrued leave is incomplete	HR	Employee related costs	During the audit of Moses Kotane Local Municipality for the financial year ended 30 June 2024, we identified that accrued bonus was incomplete, management did not recognize all the leave days taken by employees during the financial year.	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 the financial statements and related supporting schedules.	Management to ensure financial statements are adequately reviewed before submission.

**MOSES KOTANE LOCAL MUNICIPALITY AUDIT ACTION PLAN (AAP) 2024/2025**

**PERIOD : 30 JUNE 2024**

Finding number	Heading of finding	Department/Unit	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Management proposed solution
COMM 09: ISS.32	MFMA Skill, capacity and capability - Non-compliance	HR	Compliance	<p>During the audit of MFMA Skill, capacity and capabilities the following discrepancies were noted- that contrary to the requirements, the municipality received fund amounting to R599, 388.49 from LGSETA, however no training was conducted for the year under review.</p> <p>Furthermore it was noted that only 3(three) officials did attend the LGSETA training previously. Refer to the below:</p> <p>The overall vacancy rate is 64% as per the municipality's organisational structure as at 30 June 2024, in addition below is the vacancy rate per selected departments</p>	Management did not review and monitor compliance with applicable laws and regulations to ensure that the relevant requirement relating to MFMA skill, capacity and capability are effected.	Management must ensure that the training are conducted timeously for all officials in order to address gaps identified through staff skills audit and individual performance evaluations.	Non compliance	Management will ensure that all officials attend trainings by scheduling and communicating trainings dates to all officials on time and in addition mananament will ensure that all officials attend the trainings by making them compusary.

**MOSES KOTANE LOCAL MUNICIPALITY AUDIT ACTION PLAN (AAP) 2024/2025**

**PERIOD : 30 JUNE 2024**

Finding number	Heading of finding	Department/Unit	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Management proposed solution
COMM 09: ISS.40	Limitation of Scope RFI 67	Revenue	Revenue	<p>In terms of the engagement letter, the municipality is required to provide the auditors with the requested information within the agreed timeline. The below listed information was request on RFI 67 issued 16/10/2024 at 11;02 am which was due on 21/10/2024 COB the information was not provided for audit purposes.</p> <p>Requested information. Kindly provide us with supporting documents (including e.g. sales invoice, issue vouchers, accounts send, etc.) relating to the attached Annexure A:</p>	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 is not implemented.	Management should ensure that proper record keeping is maintained to ensure that all the information required is available for audit purposes.	Inadequate controls to ensure proper record keeping.	Management to ensure that all supporting documents for revenue items are adequately filed and scanned on time.

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Finding number	Heading of finding	Department/Unit	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Management proposed solution
COMM 10: ISS.37:	Environmental policy/strategy and/or documented processes not established	Corporate Services	Compliance	<p>Contrary to the above the municipality did not develop an environmental policy / strategy and no documented processes were established for the identification and/or monitoring of environmental risks relating to wastewater management.</p> <p>The department couldn't manage to do the environmental policy on wastewater due to the capacity of the water unit.</p> <ul style="list-style-type: none"> <li>• Non-compliance to section 23(1) (c) of the Municipal Systems Act (MSA).</li> <li>• The non-compliance will be reported to the management report.</li> </ul>	Management did not exercise oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls.	Management must develop environmental strategy or policy for the management of environmental risks relating to wastewater management needs. The environmental strategy should be incorporated in municipal planning processes, whether being a formal environmental strategy or policy or other documented processes.	Non compliance	Management to develop an environmental policy and document processes for identifying and monitoring environmental risks.

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COMM 10: ISS.38	No Water Services Development Plan	PMU	Compliance	Contrary to the above it was noted that the municipality did not prepare/update and adopt a Water Services Development Plan (WSDP) within the last 5 years, as part of the integrated development plan of the municipality as required in terms of paragraphs 12 to 16 of the Water Services Act, Act No 108 of 1997.	Management did not review and monitor compliance with applicable laws and regulations	Management should engage the relevant stakeholders at the Department of Water and Sanitation with regards to the progress of the WSDP to ensure that timelines are put in place and adhered to regarding the development of the WSDP. The municipality has not planned/ has not included the development of the Water Services Development Plan (WSDP) as a Key Performance Indicator in their Annual Performance Plan.	Lack of capacity from water unit to update WSDP online.	Establish a working committee responsible for the update of WSDP, committee comprised of other units (PMU, Town Planning, IDP and Water unit). Anglo Platinum Mine through their Municipal Capacity and Partnership Programme (MCP) to assist in this regard. Engage DWS to assist in training of WSDP system for the committee by 01/10/2024. The committee together with the two stake holders are committed to update the WSDP.

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Finding number	Heading of finding	Department/Unit	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Management proposed solution
COMM 10: ISS.39	No water infrastructure maintenance plan	PMU	Compliance	<p>During the audit it was noted that no water infrastructure maintenance plan was established for the year under review, including preventative maintenance for water infrastructure for the municipality.</p> <p>The municipality does not have approved policy in place to guide the maintenance of infrastructure assets in order to embrace planned and unplanned maintenance, repair and refurbishment of infrastructure assets and also to allow for the development of the emergency response plan, enabling quick recovery and restoration of essential services during crises.</p> <p>The impact of this will</p>	Management did not review and monitor compliance with applicable laws and regulations	Management should conduct condition assessments for all infrastructure assets and develop a comprehensive assets maintenance plan and establish a preventative maintenance programme.	Lack of capacity	Management has sourced out funding for the following financial year (2025/2026) for procurement and implementation going forward.

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				result in non-compliance with Water Services Act No 108 of 1997. Not having infrastructure maintenance plan may have severe consequences resulting in disruption of essential services.				

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Finding number	Heading of finding	Department/Unit	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Management proposed solution
COMM 13: ISS.08 - KPI 12 & 13	Accurate and complete evidence could not be provided to verify reported achievements	PMS/PMU	AOPO	<p>1. During the understanding of the process relating to KPI 12 - % of households with access to basic level of water, we could not confirm the reliability of the POE submitted to verify the reported achievement due to discrepancies between the valuation roll and the billing report. Management rely on the billing reports to report on the achievement of the indicator however when reporting the % achievement they do not have a benchmark calculation to account for properties not billed or included in the billing report.</p> <p>2. During the understanding of the process relating to KPI</p>	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. The validation process implemented by the municipality is not adequate as discrepancies in the supporting data were not identified	Management must ensure that an adequate validation process is implemented to ensure the reported achievements are supported by credible evidence	Inadequate reviews of performance information reports by management. No accurate calculations performed to determine the total number of households provided by basic services	Management will implement a councillor verification system for water supply. Ward councillors will be required to sign records confirming that water has been supplied in their respective areas. This evidence will be integrated into the Annual Performance Report to substantiate service delivery more accurately and reliably.

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				<p>13 - Number of villages with access to basic level of water, we could not confirm the reliability of the POE submitted to verify the reported achievement due to the indicator not being well defined. Management used/submitted a list of villages (indicating types of water supply each village has access to) to report on the achievement of the indicator, however they do not have a benchmark/criteria used to assess/conclude on what constitute having access to water per village.</p>				

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Finding number	Heading of finding	Department/Unit	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Management proposed solution
COMM 13: ISS.11	KPI 31 & KPI 32 Accurate and complete evidence could not be provided to verify reported achievements	PMS/PMU	AOPO	<p>1. During the understanding of the process relating to KPI 31 - % of households with access to solid and waste removal, we requested the solid truck tracker report to verify the reported achievement, management provided us with reports from the engineers which does not indicate/detail which routes were taken to collect solid waste from both townships (Mogwase and Madikwe).</p> <p>2. During the understanding of the process relating to KPI 32 - Number of villages with access to solid and waste removal, we requested the solid truck tracker report to</p>	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. The validation process implemented by the municipality is not adequate as discrepancies in the supporting data were not identified.	Management must ensure that an adequate validation process is implemented to ensure the reported achievements are supported by credible evidence	Inadequate reviews of performance information reports by management.	Management will implement a councillor verification system for waste collection. Ward councillors will be required to sign records confirming that waste collection has been performed in their respective areas. This evidence will be integrated into the Annual Performance Report to substantiate service delivery more accurately and reliably.

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Finding number	Heading of finding	Department/Unit	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Management proposed solution
				verify the reported achievement, management provided us with reports from the engineers which do not indicate/detail which routes were taken to collect solid waste from all 107 villages.				

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Finding number	Heading of finding	Department/Unit	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Management proposed solution
COMM 14: ISS.33	SCM: Quotations process- Three quotations not sourced	SCM	SCM	During the testing of quotations, we noted that the 3 quotations were not sourced for the below orders and the reasons were not recorded and approved by the CFO or an official designated by the CFO or the reasons provided do not appear reasonable/ justified on the basis that it was impossible/ impractical to obtain 3 written quotations.	Management did not review and monitor compliance with applicable laws and regulations.	1.It is recommended that SCM directorate obtain three (3) written quotations for transaction values above R10 000 - R200 000 (before 14 December 2023) and R2000 up to R300 000 (VAT included)from 14 December 2023.Moreover, valid reasons should be provided for not obtaining at least three written price quotations from suppliers registered on the CSD where necessary. 2. The expenditure should be	Non compliance	Management to obtain three (3) written quotations for transaction values above R2000 up to R300 000 (VAT included) and valid reasons should be provided for not obtaining at least three written price quotations from suppliers registered on the CSD where necessary.

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Finding number	Heading of finding	Department/Unit	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Management proposed solution
						included in the irregular expenditure register. 3. The municipal manager should institute investigations to identify individuals that need to be held accountable and institute consequence management		

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COMM 14: ISS.50	SCM: Supplier with CIDB grading lower than the advertised grading appointed and limitation	SCM	SCM	Contrary to the above, the municipality advertised the following tenders on a grade lower than the one required by the regulation. Additionally, The winning bidder is a joint venture, however the winning bidder bid document was not submitted and hence we could not confirm whether every member of the joint venture was a registered contractor; and the category of registration of the joint venture, is equal to or higher than the category of registration specified in the invitation to tender. The bid documents for tender 029/MKLM/2022/2023 were requested on RFI 68 issued on 16 October	Management did not: • Review and monitor compliance with applicable laws and regulations • Management did not exercise oversight responsibility over the internal controls to ensure compliance with SCM laws and regulations	The SCM unit should ensure that: • they develop or enhance compliance procedures to ensure compliance with all prescribed laws and regulations. In addition, such procedures include the enhancement of compliance checklists already developed. 2. The expenditure should be included in the irregular expenditure register 3. The municipal manager should	TBC	TBC

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				2024 and due on 21 October 2024.		institute investigations to identify individuals that need to be held accountable and institute consequence management.		
COMM 14: ISS.51	SCM Quotations: No invitations included	SCM	SCM	During the testing of quotations, we noted that management did not attach the invitation/Request for quote for the below suppliers:	Management did not review and monitor compliance with applicable legislation	It is recommended that on every payment voucher, management ensure that they attach evidence of the request for quotations.	Non compliance	Management to obtain three (3) written quotations for transaction values above R2000 up to R300 000 (VAT included) and valid reasons should be provided for not obtaining at least

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								three written price quotations from suppliers registered on the CSD where necessary.
ISS.53: SCM	Quotations process- Non-Tax compliant suppliers	SCM	SCM	During the audit of procurement and contract management, through inspection of CSD reports printed before the awarding of the tender, it was noted that the following suppliers were declared to have a Non-compliant tax status:	The SCM unit did not exercise oversight responsibility over the internal controls to ensure compliance with SCM laws and regulations. This is non-compliance with the Municipal Supply Chain Management Regulation 13(b) and section 43 and understatement of irregular expenditure.	1. The SCM unit should ensure that: <ul style="list-style-type: none"> <li>• they develop or enhance compliance procedures to ensure compliance with all prescribed laws and regulations. In addition, such procedures include the enhancement of compliance checklists already developed.</li> </ul> 2. The	Non compliance	Management to ensure compliance.

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						expenditure should be included in the irregular expenditure register 3. The municipal manager should institute investigations to identify individuals that need to be held accountable and institute consequence management.		

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COMM 14: ISS.54	SCM Quotations Process-CSD reports Limitation of scope	SCM	SCM	During the audit of SCM quotations process, it was noted that the CSD report was not generated before the awarding of a tender to the following supplier	Management did not adequately review and monitor compliance with applicable laws and regulations.	The SCM directorate must ensure that the CSD reports are retrieved for the suppliers to ascertain that the person is registered on the NT's central supplier database and that the person's tax matters are in order. In cases where technical glitches occur, attempt to retrieve the reports should be made the following day but prior to awarding of the tender to the person.	Poor document management.	Management to ensure that all documents are scanned and attached to the payment voucher on time.

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COMM 15: ISS.55	Limitation of scope - Revenue Prior Period Error	Budget and Reporting	Prior period error	Appropriate and sufficient information comprising of journals and supporting document for the prior period error for revenue exchange and non-exchange transactions could not be obtained. This information was requested in RFI 11 on 06/09/2024 at 12:52 but only a Revenue Correction schedule was provided which could not be tied back to supporting journals and documents.	Management did not ensure that proper record keeping systems are implemented to ensure that complete, relevant and accurate information is accessible and available to support financial reporting.	Management should ensure that proper record keeping is maintained to ensure that all the information required is available for audit purposes.	Inadequate review of journals before they are processed on the system.	Management to put controls in place to ensure that journals are adequately reviewed and have sufficient supporting evidence before they are processed on the system.

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COMM 15: ISS.56	Valuation Roll Non-Compliance with Municipal Property Rates Act 06 of 2004	Revenue and Planning	Revenue	Identified the property using the ERF number and noted that the town number in the property search was Mogwase Unit 6 but it was not included in the valuation roll. Upon discussion with Desmond Mokhine (TT Properties consultant) it was noted that Farm Klipfontein JQ 60 Portion 36 was subdivided to Mogwase Unit 6 in a valuation a survey conducted in 2007. This location/town has not been registered in the Deeds office and since it falls within the jurisdiction of the Municipality, it thus belongs to the Municipality as per Municipal Property Rates Act 06 of 2004.	Management did not review and monitor compliance with applicable laws and regulations to ensure that the relevant requirement relating to the valuation roll is effected.	Management should include section B with the list of properties as prescribed by the Act.	Non compliance	The municipality to ensure that the area is proclaimed and is registered on the deeds.

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				<p>Upon further discussion with Mankhumise Kgabo (HOU: Revenue) is was noted that though the property appears as Mogwase unit 6, the area is still Farm Klipfontein JQ 60 Portion 3 as the area would first need to be proclaimed as a township before it can be regarded as such (i.e. Mogwase Unit 6). However, in terms of the Municipal Property Rates Act 06 of 2004, section 23 the Municipality needs to include this location in part B of the valuation roll, of which is not the case. Therefore the municipality is non-compliant with the Act.</p>				

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COMM 16: ISS.36	Expenditure - Payments not made within 30 days of invoice	Expenditure	Expenditure	During the testing of expenditure, it was noted that the following suppliers were not paid for within 30 days:	Management did not review and monitor compliance with applicable laws and regulations.	The Accounting officer and CFO should ensure that the municipality has sufficient resources to pay all the creditors of the municipality within 30 days of receiving the invoice as required.	Inadequate financial resources to make payments on time.	Financial control measures will be put in place to ensure that all invoices are paid within 30 days from date of the receipt of invoice when funds are available.
COMM 16: ISS.49	Overtime hours worked per week exceed ten hours.	HR	Employee related costs	Contrary to the requirement the following employees were identified to be working overtime more than 10 hours a week. That the employee listed below was paid overtime he/she did not work for. However the monies amounting R11,700.00 was recovered from the employee's salary on the 15 June 2024. Furthermore I could not	Management failed to implement controls to ensure that all the required legislations are complied with as it pertains to ensuring that overtime pre-approved is signed by delegated official and employees do not work more	1. Management must ensure that delegated officials sign the pre-approval memo prior. 2. Management must ensure that employees do not book more than 10 hour per week as stated in the legislation.	Lack of review of overtime before processing payments.	Management will develop overtime policy and a checklist template to ensure compliance before processing any claims.

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				<p>obtained the reason for the cause only the payment agreement. Reasons of such incidents need to be documented clearly for audit purposes:- That Mr PPS Ntokwe: Head of Unit for Water &amp; Sanitation(West) approves the pre-approval for authorisation of overtime to be worked, however there is no motivation or approval to confirm that the head of the unit was appointed to act on a head of department position and also there is no indication as to whether the head of department was on leave during that time, refer to the schedule attached below:-</p>	<p>than ten(10) per week</p>			

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COMM 16: ISS.60	Related Party: Schedule 1&2 item 5&5A of councilor's code of conduct not declared.	SCM	Related Parties	During the audit of related parties transactions the following discrepancies were identified: <ul style="list-style-type: none"> <li>• That out of 69 councillors appointed, only 26 has declared their financial interest. Refer to the below schedule:-</li> <li>• That the declaration of interest (Schedule 1&amp;2, section 5&amp;5A of the MSA Act) of Councillor Modisakeng ET employee no: 5000247 was not sign and dated.</li> </ul>	Management did not review and monitor compliance with applicable laws and regulations to ensure that the councilors declare their financial interest as in when they are appointed and when there is change.	Management must ensure that councillors declare their financial interest (Schedule 1 section 5 & 5A code of conduct for Councillors) as and when they are appointed and should be declare annually.	Non compliance	Mangement to ensure that all councilors sign independence declaration in the next council meeting.
COMM 17: ISS.67	Limitation of scope RFI 78	PMU	Strategic Planning	During the audit of Moses Kotane Local Municipality, we requested the below information, through RFI 78 issued on 2024/10/22 and due on 2024/10/25: 1. Has the municipality	Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate	Management should ensure that information as requested by the auditor is available and is submitted to the AGSA timeously	The municipality does not have adequate records management process to ensure that	Management to ensure that information requested by the auditors is submitted within the agreed timelines.

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				reported the various water thefts to the police? 2. Has the MM engaged the tribal authority regarding barricading the stand pipe situated on tribal land? If so, please provide corroborating evidence	information is accessible and available to support financial and performance reporting.		information is readily available.	

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COMM 18: ISS.69	Ineffective and inconsistencies identified with contract monitoring/management	SCM	Contract management	During the audit of Predetermined Objectives of the municipality, we noted/identified inconsistencies with steps/processes taken to terminate poor performing contracts. The municipality does not have proper guidelines on steps/processes to be taken on poor performing projects resulting in delays on termination of poor performing contracts. The listed project below was identified to be a material indicator and was reported as NOT achieved on the APR, however during auditing the corrective measures we noted that none achievement of the material indicator	Management did not establish and communicate policies and procedures to enable and support understanding and execution of internal control objectives, processes and responsibilities	The HOD must ensure that proper guidelines in form of a policy/controls (in line with the GCC contracts) is developed and implemented to guide the monitoring department on steps/processes to be consistently and effectively taken on all poor performing contracts to avoid none achievement of material indicators.	Management did not establish and communicate policies and procedures for termination of contracts.	Management to develop and impliment guidelines for termination of contracts.

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				<p>could've been avoided had the municipality/monitoring department timeously terminated the poor performing project or had developed/enhanced guidelines/steps to be taken on termination of poor performing projects.</p> <p>The following steps were taken against the contractor which deviates from the General Conditions of Contract (GCC) KPI 11 – Construction of Mabeskraal to Uitkyk bulk water pipeline (not achieved). Letter of intent to terminate has not yet been communicated to the contractor even though it is apparent that the service provider</p>				

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				is not performing in accordance with the contract/ service level agreement (as per the GCC and SCC) and the delays/ defects which were identified during project monitoring or inspections have not been rectified.				

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COMM 19: ISS.16	Salaries paid to the senior managers were not graded	HR	Compliance	Contrary to the legislation, the municipality uses the SALGA salary increase circular no. 1/2023 for other staff members other than senior managers and municipal manager to determine the cost of living for senior managers and municipal manager. The municipality did not implement the adjusted upper limits gazette No. 50737 dated 30 May 2023 taken into account the circular no. 09 of 2024 determination of 2023/2024 cost of living adjustment or the upper limits for the total remuneration packages for the municipal manager and senior management directly accountable to the	None compliance with the upper limits prescribed.	It is recommended that management should implement the upper limits gazette no. 50737 dated May 2023 in order to them to be graded accordingly.	Non compliance	Management to ensure that senior manager salaries are aligned to the relevant legislation going forwards.

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				<p>municipal manager, therefore the salary of municipal managers and senior managers are not graded, refer to the schedule below: Furthermore it was noted that senior managers and municipal manager was appointed after 2014, therefore the implementation could have been effected long ago. This is due to the fact that before the upper limits which regulate the remuneration of section 56 &amp; 57 (senior manager) was implemented, the municipality was using its own salary structure and only three senior managers were appointed in 2013 namely; HOD:</p>				

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				corporate Services, Planning and CFO.				
COMM 19: ISS.66	Basic salary cost of living calculation was incorrectly calculated	HR	Employee related costs	During the audit of the basic salaries it was discovered that the incorrect annual salary was used to calculate the 5.4% increase for the cost of living for the financial year	Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and	It recommended that management should review the calculations of the cost-of-living percentage granted prior to	Inadequate review of the salary adjustments.	management to ensure that all salary adjustments are reviewed before approval.

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				2023/24, refer to the schedule below:-	accurate information is accessible and available to support financial and performance reporting.	the payment to be effective.		
COMM19: ISS.70 Disagreement	Other Government Grants and Subsidies	Budget and Reporting	Revenue-Grants	Contrary to the requirement, the following differences where identified between the auditors testing of other grants government grants and subsidies and the EPWP GRANT EXPENDITURE 23_24 schedule:	Management did not implement proper record keeping to support financial and performance reporting.	Management should ensure that proper record keeping is maintained to ensure that all the information required is available for audit purposes.	Inadequate review of the Grants register.	Management to ensure that the grants registers are prepared and reviewed monthly and all reconciling items are followed on time.
COMM 19: ISS.76	Donations Transfer Certificate for donations not provided / not signed by the Municipal Manager	Assets	Donations Revenue/PPE	Donations Transfer Certificate for donations not provided / not signed by the Municipal Manager	Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate	Management should ensure that proper record keeping is maintained to ensure that all the information required is available for audit	Inadequate review of the donation certificates before recognising the assets.	Management to make sure we review the transfer certificates for signature before the recognising the assets.

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Finding number	Heading of finding	Department/Unit	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Management proposed solution
					information is accessible and available to support financial and performance reporting.	purposes.		
COMM 19: ISS.68	Overpayment made due to termination of service as a results of death was not effected	HR	Employee related costs	It was discovered that the Ms N.A. Molatlhegi: Employee no. 2118 whose service was terminated due to death on the 13 December 2023 was paid a full salary of R49,779.73, the salary system was closed during that time the municipality could not stop the salary as a results. However after consultation with Human Resource it was noted that salary overpayment due to the municipality was not recovered as yet. Lack of management review timeously, to ensure all	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 must ensure that prior to the payment of employee benefits due the termination services all that is due to the municipality must be recovered in ful	Inadquate review of the payroll run before payments are made.	Management will ensure that payroll run are adequetly reviewed before payments are made to ensure that payments are accurate and complete.

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Finding number	Heading of finding	Department/Unit	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Management proposed solution
				monies owed to the municipality by employee after termination of service are fully recovered. Salaries and bonus may be overstated by a factual amount of R 32,353.34 and R45,626.51 respectively.				
COMM 20: ISS.45	No policy in place for dealing with unallocated receipts	Budget and Reporting	Payables	During the audit of Moses Kotane for the financial year ended 30 June 2024, we identified that the Municipality does not have policies in place regarding the investigations of unallocated receipts and the treatment of such items, once it has been outstanding for more than 3 years. Management did not develop and implement a policy which guides	Establish and communicate policies and procedures to enable and support understanding and execution of internal control objectives, processes and responsibilities.	Management should implement and develop unallocated receipts policy in line with their receivable from exchange policy that will enable them to investigate and reclassify unallocated receipts once the item has reach the	Inadequete review of policies to ensure that policies are accurate and complete.	Management to develop unallocated receipts policy.

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Finding number	Heading of finding	Department/Unit	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Management proposed solution
				the treatment of unallocated receipts Employees might not be able to understand processes to treat, investigate and monitor the unallocated receipts, which can lead to unallocated receipts not being investigated and monitored.		prescription period.		
COMM 20: ISS.46	The retentions policy is not in line with the JBCC	Assets	Retentions	During the audit of Moses Kotane Local Municipality for the financial year ended 30 June 2024, we identified that the retentions policy only makes reference to the requirement outlined in the General Conditions of Contract (GCC) whilst some of the contracts of the Municipality use the JBCC. JBCC stipulates that the retentions should be paid on the	Management did not establish and communicate policies and procedures to enable and support understanding and execution of internal control objectives, processes and responsibilities	Management should include the provisions of the JBCC in their retentions policy and further outline conditions which might lead to them using the JBCC over the requirements outlined as per the JCC.	Inadequate review of retentions policy.	Management to review and update the retentions policy.

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Finding number	Heading of finding	Department/Unit	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Management proposed solution
				80/20 basis, whilst the GCC is paid on the basis of 50/50, for instance they used for Upgrading of Mogwase Sports park phase 2 - Bennie and Senah Trading cc retentions, whilst the other contracts used the GCC/ retentions policy.				
COMM 20: ISS.48	Retention Payment to Lacamora in regards to Mononono Internal road project was made contrary to the retention policy	Assets	Retentions	During the audit of Moses Kotane for the financial year ended 30 June 2024, we noted that management did not comply with the requirements in both the policy and the contract with the supplier, they made two payments to Lacamora in regards to Mononono Internal roads , they paid R692 115.4 for the final retention on 19-12-2023. This accounted only to	Management did not review and monitor compliance with applicable laws and regulations.	Management should monitor their compliance with both the retention policy and the requirements stipulated in their respective contracts.	Inadequate document and process management relating to disputes with contractors.	Management to develop a process/guideline for dispute resolution with contractors.

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Finding number	Heading of finding	Department/Unit	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Management proposed solution
				40% of the retention amount, on further investigation it noted that management paid 60% on receipt of the final completion certificate and only paid 40% at the end of the defects liability period, these payments were thus made contrary to the requirement of both the contract and the retention policy.				
COMM 22: ISS.72	SCM Contract management- Limitation of scope	SCM	Procurement and Contract Management	The following Information requested through RFI 30(issued on 01/10/2024 and due on 04/10/2024) and 76(issued on 21/10/2024 and 24/10/2024) was not submitted for audit:	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	The PMU directorate should ensure that information as requested by the auditor is available and is submitted to the AGSA timeously. Furthermore, management should ensure that they allocate an official from the	Poor document management.	Management to ensure that all documents are kept safe and are available for the audit.

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Finding number	Heading of finding	Department/Unit	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Management proposed solution
					and performance reporting	municipality who is responsible in ensuring that all the information requested by the AGSA is submitted timeously.		
COMM 22: ISS.78	SCM contract management-	SCM	SCM	Contrary to the above, the contract between the MKLM and Tlhabologang Business and Projects (Tender number 030/MKLM/2019/2020) for supply and delivery of stationery for a period of thirty-six (36) months on an as and when required basis, does not stipulate the terms and conditions of the contract which include provisions for	Management did not review and monitor compliance with applicable legislation	The SCM unit should ensure that they develop or enhance compliance procedures to ensure compliance with all prescribed laws and regulations. In addition, such procedures include the enhancement of compliance	Non compliance	Management to ensure that all contracts are reviewed by legal for compliance before they are signed.

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Finding number	Heading of finding	Department/Unit	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Management proposed solution
				the dispute resolution mechanisms to settle disputes between the parties.		checklists already developed.		
COMM 23: ISS.75:	SCM process not followed	SCM	SCM	While testing expenditure, it was noted that these payment vouchers did not have three quotations and they are not included in the irregular expenditure register	Management did not review and monitor compliance with applicable laws and regulations.	1. It is recommended that SCM directorate obtain three (3) written quotations for transaction values above R10 000 - R200 000 (before 14 December 2023) and R2000 up to R300 000 (VAT included)from 14 December 2023.Moreover, valid reasons should be provided for not obtaining at least	Non compliance	Management to obtain three (3) written quotations for transaction values above R2000 up to R300 000 (VAT included) and valid reasons should be provided for not obtaining at least three written price quotations from suppliers registered on the CSD where necessary.

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Finding number	Heading of finding	Department/Unit	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Management proposed solution
						three written price quotations from suppliers registered on the CSD where necessary. 2. The expenditure should be included in the irregular expenditure register.		
COMM 23: ISS.80	Contingent Liabilities	Legal	Contingent Liabilities	Contrary to the above, we have noted that a litigation between Maragela Consulting Engineers vs MKLM (1531/2024) for a claim amount of R 949 770.05 was disclosed under contingent liabilities. We confirmed with Molefe Attorneys (Legal experts handling	Management did not ensure there are adequate internal controls relating to contingent liability.	The management should ensure that correct application of applicable accounting standards (GRAP) are applied in preparation of Financial Statements.	inadequate review of financial statements.	Management to prepare an AFS preparation plan that will be monitored monthly to ensure that key dates are adhered to. The plan must include key dates for review of the

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Finding number	Heading of finding	Department/Unit	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Management proposed solution
				the case) about the prospects of the case and confirmed that the municipality has a high chance of success in this case, therefore the possibility of any outflow in settlement is remote( likelihood of outflow of resources is slight).				financial statements.
COMM 25: ISS.82: Limitation	Prior year Fuel & Oil	Assets/Expenditure	Expenditure	In terms of the engagement letter, the municipality is required to provide the auditors with the requested information within the agreed timeline. Management restated the comparative figures for general expenditure(fuel and oil) and indicated that the entire population was revised in order to resolve the prior year limitation, however it was noted during the	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 is not implemented.	Management should ensure that proper record keeping is maintained to ensure that all the information required is available for audit purposes.	Poor document management	In the current year the municipality will ensure all supporting documents for fuel expenditure are properly filed and are scanned.

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Finding number	Heading of finding	Department/Unit	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Management proposed solution
				audit of the comparative that the below listed information was request on RFI 114 issued 11/11/2024 at 12:50pm which was due on 14/11/2024 COB. the information was not provided for audit purposes.				
COMM 28: ISS.85	Additional disclosure in terms of Municipal Finance Management Act is overstated	Budget and Reporting	Additional MFMA disclosure	During the audit of Moses Kotane Local Municipality for the financial year ended 30 June 2024, we noted the following differences in the additional disclosure in accordance to MFMA	Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information	Management should take steps to ensure that information contained in the disclosure is accurate	Inadequate review of financial statements.	Management to prepare an AFS preparation plan that will be monitored monthly to ensure that key dates are adhered to. The plan must include key dates for review of the financial statements.

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Finding number	Heading of finding	Department/Unit	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Management proposed solution
COMM 28: ISS.87	Segment reporting is inaccurate	Budget and Reporting	Segment report	During the audit of Moses Kotane Local Municipality, we identified the following differences in the segmented reporting disclosure	Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information	Management should take steps to ensure that the disclosure included in the AFS are accurate	Inadequate review of financial statements.	Management to prepare an AFS preparation plan that will be monitored monthly to ensure that key dates are adhered to. The plan must include key dates for review of the financial statements.
COMM 29: ISS.88	License Fees Commission Under Revenue Recognized Inclusive of VAT	Budget and Reporting	Revenue	Through testing of the prior period error under revenue, supporting documents were submitted for the correction of the error which related to licence fees. Upon inspection of the support provided for journal 180AUDIT2024 it was noted that the commission was calculated including VAT. Furthermore, supporting	The binding general ruling was not considered when accounting for the treatment of VAT relating to agency services.	Management should ensure that it adhere to the requirement of the binding general ruling and should account for VAT in line with the requirements contained therein.	Inadequate review of the the revenue to ensure that VAT is accounted for correctly.	Management to ensure that VAT is properly accounted for when recognising revenue.

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Finding number	Heading of finding	Department/Unit	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Management proposed solution
				documents for licence fees were requested under RFI 67 but the information was never received from the municipality. This resulted in a limitation for detailed testing to be performed on the line item. A Communication of Audit Finding #09 of 2024: Issue 40 was then raised				
COMM30: ISS.89	Indigents funds not spent in accordance with the budget	Revenue	Revenue	Reasonability test on the budgeted indigent amount is performed and it was noted that the municipality submitted an excessive indigent list to treasury which resulted in only 18% of the allocated indigent budget used to actually benefit the indigents thus 82% of the	Management did not submit and prepare a reasonable indigent listing that is complete and supported by reliable information to budget accordingly for indigent's	The Accounting Officer should ensure that the indigent list sent to treasury to budget for the allocation of indigents is updated regularly and previous actual indigent data is used alongside current applications of	Inadequate review of the indigent list to ensure that it is accurate and complete.	Management will ensure that accurate and complete indigent listing is submitted to treasury for budgeting.

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Finding number	Heading of finding	Department/Unit	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Management proposed solution
				received budget not used for indigents.	revenue.	indigents to determine a more reasonable budget and avoid using the remainder of the budget for other purposes.		
COMM 28: ISS 62	Supplier Tax Matters	SCM	SCM	During the testing of Supply Chain Management, we noted the following suppliers were not tax compliant as at the date of appointment. We performed the below and confirmed that these suppliers were not compliant: 013/MKLM/2023/2024 - Sithabile Technology Services Pty Ltd Inspected the SARS tax clearance certificate and	Management did not ensure that there is a review and monitor compliance with applicable legislation.	It is recommended that management ensure that all suppliers are tax compliant before the awarding of the contract/Bid.		

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Finding number	Heading of finding	Department/Unit	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Management proposed solution
				confirmed that the following:				
COMM 05: ISS.28	Limitation RFI 37 - Investigations	SCM	Expenditure	Requested information on RFI 37 on the 07 October 2023, see request below: Kindly provide the following supporting documentation for fuel & oil for the sample selected as per attached annexure:	Management does 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 ensure that proper record keeping is maintained to ensure that all the information required is available for audit purposes.	Poor document management	In the current year the municipality will ensure all supporting documents for fuel expenditure are properly filed and are scanned.

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**PERIOD : 30 JUNE 2024**

Finding number	Heading of finding	Department/Unit	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Management proposed solution
COMM 25: ISS.82	Limitation - Prior year Fuel & Oil	Assets/Expenditure	Expenditure	Management restated the comparative figures for general expenditure (fuel and oil) and indicated that the entire population was revised in order to resolve the prior year limitation, however it was noted during the audit of the comparative that the below listed information was request on RFI 114 issued 11/11/2024 at 12:50pm which was due on 14/11/2024 COB. The information was not provided for audit purposes.	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 is not implemented.	Management should ensure that proper record keeping is maintained to ensure that all the information required is available for audit purposes.	Poor document management	In the current year the municipality will ensure all supporting documents for fuel expenditure are properly filed and are scanned.

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Finding number	Heading of finding	Department/Unit	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Management proposed solution
COMM 27: ISS.83	Financial loss under investigation	Assets/Expenditure	Expenditure	<p>During the audit of expenditure, it was noted that the transactions (attached in Annexure A) were paid from the municipality's standard bank account (as per the extended transaction report, customer number: 22001980). From further enquiries, it was noted that the payments relate to fuel which was paid for by the municipality but which might not have been incurred for municipal purposes. The municipality disclosed in the 2023/24 AFS that the fraud is still under investigation.</p> <p>The transactions have been classified and disclosed under expenditure - financial</p>	MPAC failed to exercise oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls by not ascertain that consequence management is effected within the municipality.	<p>Management should take action to stop the continuance occurrence of the above immediately to ensure that all unauthorised fuel transactions are stopped. Management should take appropriate action against officials that have not acted and allowed the persistence of the unauthorised fuel transactions that are settled by the municipality thus losing money that could be used for service delivery. MPAC needs to also effectively</p>	inadequate controls to ensure safe guading of municipal assets.	Management to impliment concicence management and recover any loss incurred by the municipality for the responsible officials.

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Finding number	Heading of finding	Department/Unit	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Management proposed solution
				loss under investigation (Note.35) in the 2023/24 statement of financial performance. A prior period error was disclosed for an amount of R10 884 186, and therefore the cumulative loss identified is R18 867 857 (2021/22 - R3 309 864, 2022/23 - R10 884 184, and 2023/24 - R4 673 807)		play their oversight role by ensuring that management are held responsible for their actions or non-action with regards to incurring the above expenditure that is made in vain.		

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Finding number	Heading of finding	Department/Unit	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Management proposed solution
COMM 14: ISS.53	Quotations process-Non-Tax compliant suppliers	SCM	SCM	During the audit of procurement and contract management, through inspection of CSD reports printed before the awarding of the tender, it was noted that the following suppliers were declared to have a Non-compliant tax status:	Management did not: <ul style="list-style-type: none"> <li>• Review and monitor compliance with applicable laws and regulations</li> <li>• Management did not exercise oversight responsibility over the internal controls to ensure compliance with SCM laws and regulations</li> </ul>	1. The SCM unit should ensure that they develop or enhance compliance procedures to ensure compliance with all prescribed laws and regulations. In addition, such procedures include the enhancement of compliance checklists already developed. 2. The expenditure should be included in the irregular expenditure register 3. The municipal manager should institute	Non compliance	Management to ensure compliance.

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Finding number	Heading of finding	Department/Unit	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Management proposed solution
						investigations to identify individuals that need to be held accountable and institute consequence management.		
COMM 24: ISS.81	Winning bidder file not submitted	SCM	SCM	During the testing of Supply chain management, the following winning bidder files (returnable document) were not submitted to the auditors:	Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and	It is recommended that directorate of Supply Chain Management, furnish the auditors with the winning bidder's returnable document when	Poor document management.	Management to develop controls that will ensure proper recording keeping.

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Finding number	Heading of finding	Department/Unit	Audit Finding: Component	Detail Audit Findings	AGSA Root Cause	AGSA Recommendations	Management Root Cause	Management proposed solution
					available to support financial and performance reporting.	submitting the project file.		

# GLOSSARY

<b>Accessibility indicators</b>	Explore whether the intended beneficiaries are able to access services or outputs.
<b>Accountability documents</b>	Documents used by executive authorities to give “ <i>full and regular</i> ” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
<b>Activities</b>	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “ <i>what we do</i> ”.
<b>Adequacy indicators</b>	The quantity of input or output relative to the need or demand.
<b>Annual Report</b>	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
<b>Approved Budget</b>	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
<b>Baseline</b>	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
<b>Basic municipal service</b>	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
<b>Budget year</b>	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
<b>Cost indicators</b>	The overall cost or expenditure of producing a specified quantity of outputs.
<b>Distribution indicators</b>	The distribution of capacity to deliver services.
<b>Financial Statements</b>	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
<b>General Key performance indicators</b>	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
<b>Impact</b>	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
<b>Inputs</b>	All the resources that contribute to the production and delivery of outputs. Inputs are “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 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>	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. Section 1 of the MFMA defines a “vote” as: <i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i> <i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i>

# APPENDICES

## APPENDIX 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>
Bid specification committee	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
bid evaluation committee	Evaluate bids in line with the published specifications, municipal supply chain management policy and other relevant statute.
Bid adjudication committee	Adjudicates bid in line with municipal supply chain management policy and other relevant statute
Assets management and disposal committee	Plan and report to council on disposal of municipal assets.

## 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	Municipal manager: Mr M.V Letsoalo
Corporate support Services	Head of Department: Mr F. Radiokana
Planning and Development	Head of Department: Mr G. Masheleni
Local Economic Development	Acting Head of Department: Mr A. Mogashoa
Budget and Treasury Office	Head of Department: Mr M Mkhize
Community Services & Public Safety	Head of Department: Mr S. Kotsedi
Infrastructure and Technical Services	Head of Department: 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
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

# APPENDICES

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<b>MUNICIPAL FUNCTIONS</b>	<b>Function Applicable to Municipality (Yes / No)*</b>	<b>Function Applicable to Entity (Yes / No)</b>
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

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 meetings held during the year
1	Tebogo Sephoti	<ol style="list-style-type: none"> <li>1. Refilwe Modise</li> <li>2. Mmoloki Lekaba</li> <li>3. Rosinah Tshweu</li> <li>4. Mishack Zwane</li> <li>5. George Tyobeka</li> <li>6. Wendy Matlapeng</li> <li>7. Vuyisile Kitaya</li> <li>8. Hermina Sibeko</li> <li>9. Lerato Morapedi</li> </ol>	Yes	12	12	9
2	Sipho Kalipa	<ol style="list-style-type: none"> <li>1. Mpho Mafora</li> <li>2. Gladys Modimoeng</li> <li>3. Modise Lesego</li> <li>4. Michael Motswagosele</li> <li>5. Tsekani Shivhambu</li> <li>6. Elizabeth Motaung</li> <li>7. Mariam Dithate</li> <li>8. Nontombi Ntanga</li> <li>9. Jeremia Radebe</li> <li>10. Bakang Matlotle</li> </ol>	Yes	12	12	0

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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 meetings held during the year
3	Stephina Mashishi	<ol style="list-style-type: none"> <li>1. Andries Leemisa</li> <li>2. Kenneth Ramoitheki</li> <li>3. David Maboke</li> <li>4. Edward Manyako</li> <li>5. Dikeledi Mokoena</li> <li>6. Gaborone Malwale</li> <li>7. Rosina Bogopane</li> <li>8. Tsholofelo Dibobo</li> <li>9. Karabo Mokgethi</li> <li>10. Merriam Magano</li> </ol>	Yes	12	12	4
4	Samuel Masokwane	<ol style="list-style-type: none"> <li>1. Tryphina Seakento</li> <li>2. Joseph Modise</li> <li>3. Rosinah Ngakane</li> <li>4. Dorah Mashabane</li> <li>5. Jan Tau</li> <li>6. Godfrey Sedito</li> <li>7. Kebitsamang Majafe</li> </ol>	Yes	12	12	0
5	Noah Ditsele	<ol style="list-style-type: none"> <li>1. Susan Makete</li> <li>2. Norah Monageng</li> <li>3. Welhemina Ramokgaba</li> <li>4. Suzan Marengwa</li> <li>5. Bonang Sedumedi</li> <li>6. Mosala Mataboge</li> <li>7. Sinah Mokwena</li> <li>8. Andrew Mataboge</li> <li>9. Kelebogile Medupe</li> <li>10. Kefilwe Pholo</li> </ol>	Yes	12	12	0
6	Justice Mabaso	<ol style="list-style-type: none"> <li>1. Mbuso Sishange</li> <li>2. Obakeng Legotsa</li> </ol>				

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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 meetings held during the year
		3. Dina Matlhophe 4. Nokuthula Yende 5. Jeanette Sedikwe 6. Sarah Gaborone 7. Kgotso Sedikwe 8. Mothusi Rakuba 9. Molorwe Modise 10. Rivonia Khunou	Yes	12	12	0
7	Patrick Serole	1. Odirile Mabuella 2. Merriam Manyako 3. Kenneth Moilwe 4. Lungile Makwabasa 5. Moses Maifala 6. Grace Goso 7. Kedibone Malapa 8. Ntobekhaya Zulwalithethi 9. Mokgadi Rathebe 10. Lesego Molefe	Yes	12	12	1
8	Nelson Sefora	1. Charles Molefe 2. Phetogo Dibatane 3. Vinolia Khunou 4. Masego Khunou 5. John Serole 6. Oniccah Ntsime 7. Ben Nzala 8. Jane Gumede 9. Lesang Senne	Yes	12	12	1
9	Herman Magoleng	1. Kefilwe Mussica 2. Boikanyo Morelle				

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		3. Thabo Lebotse 4. Iris Motlhaga 5. Lebogang Mabusele 6. Seabelo Phetoe 7. Monicah Phefo 8. Magdeline Modibedi 9. Salome Buthelezi	Yes	12	12	2
10	Itumeleng Sekoboane	1. Kefiloe Mathe 2. George Shotholo 3. Martha Makgamatha 4. Sello Netsibo 5. Moipone Mfulwane 6. Dikeledi Molemisi 7. Jacob Tshisevhe 8. Tshireletso Matlou 9. Lindiwe Seleka	Yes	12	12	3
11	Efesia Matshereng	1. Eva Mojela 2. Tshenolo Tladi 3. Simangela Motaung 4. Thabo Diale 5. Thabo Tshukudu 6. Lesego Matome 7. Annah Molebatsi 8. Kgomotso Mphela 9. Tlhalefang Mojela 10. Jeremia Monene	Yes	12	12	0
12	Bontle Bosielo	1. Norah Moatshe 2. Obakeng Molekoa 3. Mmakau Mauwane 4. Nkele Masisi	Yes	12	12	5

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		5. Rebecca Lebakeng 6. Pamela Makinita 7. Nkele Molefe 8. Tumisang Molobi 9. Kedibone Mateu				
13	Fortune Luvuno	1. Nqobile Mahlangu 2. Abram Sekgole 3. Catherine Ditshwene 4. Setshego Tshilwane 5. Joseph Mangwegape 6. Peter Tsontsoyi 7. Neo Luvuno 8. Lethabo Molefe 9. Given Marobe 10. Edith Hild	Yes	12	12	4
14	Mpho Raboroko	1. Herman Mosito 2. Mapula Monkwe 3. Odirile Maphunye 4. Ophniel Modisakeng 5. Josephine Masilo 6. Andrew Kekane 7. Motshwaidi Kedibone 8. Engline Tseladimitlwa 9. Seitebogeng Mompei	Yes	12	12	0

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15	Tshidi Kgotlhang	<ol style="list-style-type: none"> <li>1. Martha Letshwini</li> <li>2. Levy Van Rooi</li> <li>3. Motshabi Mosia</li> <li>4. Kearabetswe Selemele</li> <li>5. Mantsho Rakgoro</li> <li>6. Johannes Motloba</li> <li>7. Moses Rakoma</li> <li>8. Baleseng Dube</li> <li>9. Peter Monosi</li> <li>10. Ditiro Tlou</li> </ol>	Yes	12	12	1
16	Mogomotsi Mogale	<ol style="list-style-type: none"> <li>1. Otshepeng Masege</li> <li>2. Joyce Segoe</li> <li>3. Thomas Maunatlala</li> <li>4. Dinah Diswai</li> <li>5. Mary Phiri</li> <li>6. Bareng Motsomane</li> <li>7. Florah Kgonono</li> <li>8. Hanna Banda</li> <li>9. Isaac Makgwale</li> <li>10. Tebogo Zondo</li> </ol>	Yes	12	12	0
17	Brain Khunou	<ol style="list-style-type: none"> <li>1. Nomathemba Ngixi</li> <li>2. Aaron Medupe</li> <li>3. Jacobeth Seakgosing</li> <li>4. Reginah Letsholo</li> <li>5. Simon Maema</li> <li>6. Dinah Medupe</li> <li>7. Neo Mosehle</li> <li>8. Peter Seemise</li> <li>9. Petrus Motlhatswi</li> </ol>	Yes	12	12	0

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18	Orapeleng Setlhodi	00	No	No	No	0
19	Sello Hlojane	<ol style="list-style-type: none"> <li>1. Abednigo Mojolwane</li> <li>2. Thapelo Modiakgotla</li> <li>3. Solly Selebogo</li> <li>4. Petrus Gaelebale</li> <li>5. Kgosiemang France</li> <li>6. Amanda Kgosiemang</li> <li>7. Daniel Kgosiemang</li> <li>8. Judith Mhlanga</li> <li>9. Majwafi Linkie</li> </ol>	Yes	12	12	0
20	Obed Motsisi	<ol style="list-style-type: none"> <li>1. Masoga Tolo</li> <li>2. Brother Tsele</li> <li>3. Onniccah Mogapi</li> <li>4. Abueng Mabote</li> <li>5. Dineo Disemelo</li> <li>6. Cecilia Kgaswane</li> <li>7. Lesedi Monare</li> <li>8. Kaledi Seretse</li> <li>9. Mpipo Tlholoe</li> <li>10. Francina Bogatsu</li> </ol>	Yes	12	12	0
21	Tshepo Khumalo	<ol style="list-style-type: none"> <li>1. Gabaipone Lebotse</li> <li>2. Obakeng Mokgau</li> <li>3. Josephine Modutwane</li> <li>4. Boitumelo Matsafu</li> <li>5. Sarah Moeti</li> <li>6. Phanel Molete</li> <li>7. Mpho Motsatsi</li> </ol>	Yes	12	12	0

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		8. David Mfati 9. France Naane				
22	Kabelo Letsatsi	1. Salome Bright 2. Wellminah Khunou 3. Christinah Montsho 4. Joel Moshabela 5. Doricca Mphalkana 6. Klass Tisane 7. Tsholofelo Foloti 8. Rapula Mothupi 9. Mmapula Kgaswane 10. Rantlane Letsebe	Yes	12	12	0
23	Thobego Mogaki	1. Katlego Kgasoe 2. Zondi Ubisse 3. Jeremia Modise 4. Mmatlala Matlapeng 5. Thabo Semakane 6. Tlhalefang Dibodu 7. Matlhomola Sovara 8. Lawrence Sebole 9. Tshepang Monedi	Yes	12	12	9
24	Nomvula Sekao	1. Malebo Kgamanyane 2. Idah Mokgadi 3. Olebogeng Kau 4. Anna Koitsiwe 5. Rachel Lenkwane 6. Evelyn Matlakala 7. Lesego Letsholo 8. Solomon Penyenye 9. Clive Ramokgadi	Yes	12	12	7

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		10. Abigail Mabule				
25	Peter Kanaomang	1. Kagiso Marokwane 2. Jacob Mogale 3. Rapula Raborife 4. Pauline Matuwe 5. Michael Modise 6. Molosiwa Monyatsi 7. Arnold Meko 8. Lenah Matshego 9. Esther Masoane 10. Keorapetse Makwane	Yes	12	12	0
26	Nkeko Letlape	1. Tshepiso Shongwane 2. Gloria Salahule 3. Esther Montshiwa 4. Jacobeth Molebatsi 5. Keorapetse Seopa 6. Martha Ramela 7. Isaac Hoskin 8. Olga Sithebe 9. Obakeng Makgolo 10. Thato Mogale	Yes	12	12	4
27	Joseph Sibanda	1. Mpho Mabele 2. Kgomotso Sibanda 3. George Thihire 4. Jeffrey Ngwenya 5. Nosa Ramotsei 6. Tryphina Mabue 7. Masego Bangalala 8. Jane Nhasengo 9. Rachel Moabi	Yes	12	12	0

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		10. Karabo Molotsi				
28	Peter Radikeledi	1. Bonolo Mogakabe 2. Selina Minnies 3. Matshidiso Mahobe 4. Ikanyeng Mosito 5. Lizzy Genu 6. Grace Ramotshodi 7. Brain Molefe 8. Dimakatso Kgakatsane 9. Mapula Motshwaedi 10. Peggy Pilane	Yes	12	12	2
29	Matsapa Mabula	1. Simon Ntlhabane 2. Lesego Njoro 3. Granny Matlou 4. Maria Mogotsi 5. Lebogang Rathipane 6. David Morua 7. Kgomotso Kwenaita 8. Odisitse Matlou 9. Adam Selebi 10. Tshegofatso Bubisi	Yes	12	12	0
30	Aobakwe Sebalo	1. Louisa Manyathela 2. James Thandazo 3. Elliot Dhlamini 4. Boitumelo Matlhabe 5. Alfred Shirindi 6. Thwala Gladys 7. Precious Nkosi 8. Thabiso Motaung	Yes	12	12	4

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		9. Velaphi Mdluli 10. Sibusiso Dhladhla				
31	Mookamedi Thale	1. Sinah Modibe 2. Itumeleng Selokela 3. Boitumelo Mokotedi 4. Fetsang Phiri 5. Reneilwe Kupane 6. Isaac Morobane 7. Mable Motswasele 8. Katlego Mthimunye 9. Rebecca Pilane 10. Khutsafalo Tshoane	Yes	12	12	0
32	Obakeng Pilane	1. Hellen Phefo 2. Jerry Phefo 3. Elias Serole 4. Moipone Pooe 5. Ezekiel Galane 6. Edwin Rammutla 7. Kgomotso Seoke 8. Ruby Mothulwe 9. Lebogang Moeketsi 10. Ramokoka Kgamanyane	Yes	12	12	0
33	Thato Mosako	1. Gobakwang Pheto 2. Royal Phetoe 3. Thulaganyo Mabule 4. Obakeng Tsitsi 5. John Ncube 6. Wonder Ikaneng 7. Absalom Mataboge	Yes	12	12	0

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		8. Plantinah Freddie 9. Kgomotso Setsoe 10. Neo Bogopane				
34	Precious Muleya	1. Rebecca Morake 2. Dipuo Letschedi 3. Dikeledi Mogale 4. Joyce Malope 5. Nella Tau 6. Thabo Moraka 7. Dikeledi Masilo 8. Mmapula Phefo 9. Emily Motshegwa 10. Masellane Moatshe	Yes	12	12	0
35	Lucky Pitso	1. Tsholofelo Motsumi 2. Tsakani Chauke 3. Mvikiseni Sithole 4. Sipehelele Noguma 5. Botsang Blignaut 6. Aluwani Mudau 7. Rapula Phiri 8. Brenda Sejang 9. Gaaitsewe Sehume	Yes	12	12	0

**APPENDIX E – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2023/2024**

<b>Municipal Audit Committee Recommendations</b>		
<b>Dates of Committee Meetings</b>	<b>Committee recommendations during 2023/2024</b>	<b>Recommendations adopted (enter Yes) If not adopted (provide explanation)</b>
11 July 2023: Audit Committee Special Meeting to review Outstanding Quarter 3 Reports	<ul style="list-style-type: none"> <li>• The Intervention Plan must include detailed timeframes and be indicative of the responsible HOD to be held accountable.</li> <li>• Continuous update/feedback to Audit Committee and monitoring of the overtime expenditure budget and improvement of controls around overtime.</li> <li>• Performance Management System issues to be given attention, so that they do not reoccur in order to avoid recurring findings.</li> <li>• Internal Audit to perform a review of the strategic planning documents to avoid having issues of misalignments during the year.</li> <li>• Realistic timelines be included on the Annual Financial Statements Preparation Plan and the plan to be strictly adhered to.</li> <li>• Responsible officials be properly indicated on the Annual Financial Statements Preparation Plan for accountability purposes.</li> <li>• Management to honour and ensure that 2022/2023 Annual Financial Statements will definitely be submitted to Auditor General South Africa (AGSA) on the set compliance date i.e. 31<sup>st</sup> August 2023.</li> <li>• Approval was granted by Audit Committee on the rescheduling of the ICT Audit to the 2023/24 Financial Year and the revised Internal Audit Plan including and other posted audits.</li> <li>• Cognisance of the Quarter 3 PMS Internal Audit Report was taken by the Audit Committee and the Intervention Plan on Performance Management System (PMS) was also noted.</li> <li>• A meeting with the Municipal Manager to be arranged in order for the Audit Committee to understand the reflection and outcome from Management.</li> <li>• COVID-19 risk to be lowered from high risk to low risk.</li> <li>• Detailed Strategic Risk Register and a detailed Comprehensive Operational Risk Registers to be tabled in the next Audit Committee meeting.</li> <li>• Provincial Treasury to be requested to assist with the Risk Management Workshop preparation process.</li> <li>• The Chief Risk Officer and Internal Audit to discuss with the Municipal Manager to finalise the Risk Management workshop.</li> <li>• Risk Management reports are expected to be tabled in the next Audit Committee meeting with progress and status of the Risk Management in the Municipality.</li> </ul>	Recommendations were adopted

<b>Municipal Audit Committee Recommendations</b>		
	<ul style="list-style-type: none"> <li>• Whistle-Blowing Policy must be finalised as it must be approved together with the Anti-Fraud and Corruption Policy.</li> </ul>	
<p>25 August 2023: Audit Committee Special Meeting to review the 2022/2023 Draft Annual Financial Statements and Draft Annual Performance Report</p>	<ul style="list-style-type: none"> <li>• The depreciation recorded on the statement of financial performance is different from the one that is on note 4 of property, plant and equipment, therefore they need to be reconciled and amended.</li> <li>• On the statement of financial position under non-current assets held for sale, the amount needs to be annexed to note 35.</li> <li>• There is a difference between the purchase of property, plant and equipment amounts recorded in cash flow statements and amounts recorded on the additions of property, plant and equipment on note 4 of the property, plant and equipment.</li> <li>• Under contingencies note 38, there must be a case number on the explanations so that one can be able to make reference.</li> <li>• Under deviation on note 46, there is need to review the reasons for deviations so that they should be clear to the reader of the Annual Financial Statements.</li> <li>• Consumer debtors on note 12 for reconciliation of allowance for impairment for 2022/2023 financial year: the balance at the end of the year is different from the balance from beginning of the year.</li> <li>• Receivables from non-exchange transactions on note 10: Sakkie Smith needs to be indicated as Sakkie Smith Attorneys just to clarify the nature of business rendered by Sakkie Smith.</li> <li>• On note 35, there is a paragraph stating that the management took a decision to dispose vacant land and so the clarity or explanation is required on how the land was disposed.</li> <li>• Investment property on the statement of financial position: management to align disclosure issue with GRAP 16.</li> <li>• Property, plant and equipment: the management should ensure that the balances as per asset register are reconciled to those reported on the annual financial statements.</li> <li>• Inventories: management should ensure that inventories disclosure is aligned to the relevant GRAP requirements.</li> <li>• Receivables from non-exchange transactions: management should assess for impairment on the other receivables in line with the relevant GRAP standard and also regularly assess quality of debtors.</li> <li>• Consumer debtors: management should rectify the differences which were noted between aging and amounts disclosed in the Annual Financial Statements.</li> </ul>	<p>Recommendations were adopted</p>

**Municipal Audit Committee Recommendations**

- Service charges of water expenditure: fluctuations between the months were noted and management should rectify the difference between billing and amounts reflected on the annual financial statements.
- Management should rectify the property rates which were incorrectly recorded as negative since these are income.
- Management should rectify other income from the auction which was incorrectly disclosed as a negative amounts.
- Management to rectify the depreciation balance on note 4 and align it with the balance on note 28.
- Debt impairment: management to rectify a negative balance for sundry debtors as the impairment must not have a negative balance.
- Contingencies disclosures: management should ensure that transactions disclosed in the annual financial statements are aligned with the information recorded on the litigations register.
- Management should ensure that the disclosure of prior period errors include the effect of the errors on the segment report.
- Risk management: management to ensure that the liquidity risk is disclosed in line with relevant GRAP Standard.
- Purchase from persons in service of the state: management should ensure that all contracts awarded to the employees of Moses Kotane Local Municipality should be reported as irregular expenditure.
- Segments information: management should ensure that segments identified and reported meet the segment definition as disclosed in line with the relevant GRAP standard.
- Consumer debtors, Property, plant and equipment, Cash and cash equivalents, Receivables from non-exchange transactions, Receivables from exchange transactions, Non-current assets held for sale, VAT receivables, Consumer deposits, Finance lease obligation: management to rectify the differences noted between the listings and information disclosed in the Annual Financial Statements.
- Service charges, other income, Property rates, Gains on asset disposal: management to rectify the differences noted between the listings and information disclosed in the Annual Financial Statements.
- Management to ensure that gains on asset disposal of R 391 860 is properly accounted for in the Annual Financial Statements.
- On Employee related costs, Depreciation and amortisation, Loss on disposal of asset: management to rectify the differences between the listings and information disclosed in the Annual Financial Statements.
- Debt impairment: management to ensure that the current year balance on Note 12 is aligned to the impairment recorded in the statement of financial performance.

**Municipal Audit Committee Recommendations**

	<ul style="list-style-type: none"> <li>• Property, plant and equipment: management to ensure that there is alignment between the depreciation under purchase of property, plant and equipment note 4 and amount disclosed under depreciation note.</li> <li>• Non-current assets held for sale: management to ensure that the cash flow takes into account the Non-current assets held for sale under cash flows from investing activities.</li> <li>• Cash paid to suppliers and employees: management should ensure that the cash flow does not take into account the non-cash flow items like depreciation and amortisation.</li> <li>• Management to rectify spelling error identified across the accounting policies.</li> <li>• On financial instruments, Impairments, non-cash generating assets, Provisions and contingencies, Revenue from non-exchange transactions, Revenue from exchange transactions, unauthorised expenditure, Irregular expenditure and Fruitless expenditure: management should align accounting policy reflected in the current period compared to the prior year.</li> <li>• Comparative figures: management should fully disclose the accounting policy.</li> <li>• Government Grants &amp; Subsidies: management should fully disclose the recognition criteria.</li> <li>• Financial instruments: management to ensure that the balances for consumer debtors and receivables from non-exchange are aligned to the balances disclosed on the Statement of financial position.</li> <li>• Contingencies: management to ensure that the cases disclosed in the Annual Financial statements are aligned to the litigation register.</li> <li>• Risk management: Liquidity risk to be disclosed accordingly in line with the relevant GRAP standard.</li> <li>• Management to ensure that the reported achievements are fully backed or supported by credible Portfolio of Evidence.</li> <li>• Management to ensure that targets and reported achievements in the APR are consistent with those planned in the IDP and SDBIP.</li> <li>• Management to implement reviews recommendations of Internal Audit on Annual Performance Report &amp; Annual Financial Statements and provide feedback to Audit Committee before submissions to Auditor General South Africa.</li> </ul>	
<p>28 August 2023: Audit Committee Meeting to review Quarter 4 Reports</p>	<ul style="list-style-type: none"> <li>• Management should review the reasons provided in the Supply Chain Management (SCM) deviations register and provide Audit Committee with the revised spreadsheet before the next meeting. Example of this is the reasons for boreholes provided on legal services deviations which means that they copied and pasted information from page 1 to the last page. In many other instances the reasons for deviations do not relate or correspond to the issues under considerations.             <ul style="list-style-type: none"> <li>• Management to expedite the tendering process within the period of 120 days to be awarded. Example of this is that most of tenders which were advertised in March and May 2023 are not yet finalised.</li> </ul> </li> </ul>	<p>Recommendations were adopted</p>

**Municipal Audit Committee Recommendations**

	<ul style="list-style-type: none"> <li>• Audit Committee reviewed and approved 2023/2024 Internal Audit Risk-Based Three-Year Rolling Plan, Operational Plan, Internal Audit Charter, Internal Audit Methodology, Internal Audit Quality Assurance Improvement Programme and Combined Assurance Plan.</li> <li>• Audit Committee reviewed 2023/2024 Audit Committee Charter and recommended it for council approval.</li> <li>• Audit Committee would like management to provide adequate comments or response against the internal audit findings.</li> <li>• Audit Committee reviewed and approved internal audit reports for management implementations within the agreed timelines.</li> <li>• Audit Committee recommended that the municipality must at least have one internal auditor with data analytics skills.</li> <li>• Audit Committee recommended future full alignments between risk planning and internal audit planning because the risk planning inform audit planning.</li> <li>• Management to improve risk management capacity by filling the vacant posts and constitute the Risk Management Committee which should be chaired by independent Chairperson to assist with risk management implementations in the municipality.</li> <li>• Management should in the meantime request Provincial Treasury to assist the Chief Risk Officer on risk management matters.</li> <li>• Management to expedite the risk identifications and assessments processes and develop a credible strategic, operational, ICT and fraud risks registers.</li> <li>• Management to ensure that the reported achievements on quarter 4 reports are fully backed or supported by credible Portfolio of Evidence.</li> <li>• Management to ensure that targets and reported achievements on quarter 4 reports are consistent with those planned in the IDP and SDBIP.</li> <li>• Management to resolve all ICT audit findings within the agreed stipulated timelines.</li> <li>• Management to compile and present Theft and Losses report to the Audit Committee in the next meeting.</li> </ul>	
<p>19 September 2023: Audit Committee Special Meeting to review and approve AGSA Engagement Letter and Audit Strategy</p>	<ul style="list-style-type: none"> <li>• Audit Committee reviewed and approved Engagement Letter and Audit Strategy presented by Auditor General South Africa (AGSA) for implementations.</li> </ul>	<p>Recommendations were adopted</p>

<b>Municipal Audit Committee Recommendations</b>		
29 November 2023: Audit Committee Special Meeting to consider the AGSA Draft Audit Report and Management Report	<ul style="list-style-type: none"> <li>• Audit Committee welcomed the Audit Report and Draft Management Report presented by Auditor General South Africa and recommended that management should urgently develop and implement Post Audit Action Plan (PAAP) in order to resolve external audit findings raised by Auditor General South Africa</li> </ul>	Recommendations were adopted
11 December 2023: Audit Committee Meeting to review Quarter 1 Reports	<ul style="list-style-type: none"> <li>○ Reasons for variances must be indicated on page 2 of the report.</li> <li>○ Printing costs should be reduced by reducing the amount spent on stationary.</li> <li>○ Audit Committee is concerned that capital expenditure is at 16% and would like management to implement measures to accelerate spending and delivery of the projects.</li> <li>○ Management should provide reasons why the municipality is not adequately collecting traffic fines in the next quarter.</li> <li>○ Lease of facilities and equipment: management to clarify whether there are lease agreement which exists making an obligation for the tenants to pay rental, and whether the lease agreements are up to date.</li> <li>○ Debtors: management to provide clarity on whether the municipality is impairing the debtors when there are reasonable doubts of collections and whether the municipality is reviewing the quality of its debtors.</li> <li>○ The municipality must have a payment arrangement with the creditors on R3,6 million outstanding balance as per the report so that the municipality must not incur fruitless &amp; wasteful expenditure relating to interest charges.</li> <li>○ Issues of revenue: management should consider other revenue collection mechanisms by developing and implementing revenue enhancement strategy and regularly report to the Audit Committee.</li> <li>○ Management to indicate the rate amount on contracted services for all awarded bids.</li> <li>○ The start dates and the expiry (end) dates of the contracts to be indicated in the contract register.</li> <li>○ Management to indicate whether validity period extensions was effected for all bids which have not yet been awarded above the 90-days turnaround period.</li> <li>○ Management should develop and implement adequate controls in respect of inventory management.</li> <li>○ Management to broaden procurement of advertisements to all community radio stations in the area and stop procurement from one radio station.</li> <li>○ Management to include contract management register in the future SCM report to be presented going forward in order to update Audit Committee on contracts performances and their status.</li> </ul>	Recommendations were adopted

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- Audit Committee recommended that a full access control review to be performed in Traffic Management Areas.
- Audit Committee recommended that IA should perform the following reviews; a full Human Resource audit, Payroll reviews and business driven reviews that cuts across even information systems by using the ICT auditors on system related controls.
- Audit Committee recommended a full application controls reviews in addition to periodically reviewing all access lists.
- Audit Committee recommended that further investigation should be done as the report flags elements of fraud occurrences.
- Management to develop and implement Leave Management Policy to provide for the forfeitures of leaves deliberately not taken which can assist the municipality in reducing high leave balances and liabilities as well as imposing compulsory leave taking by officials.
- Management to implement access control on the system, effective data backup process, disaster recovery and ensure that the system that is being used is running on updated infrastructure to prevent it from collapsing.
- Management to find the root-cause and challenges of repeat findings.
- Management should review and confirm if there are critical applications sitting in the windows server 2012 that recently expired.
- Management should review and confirm if the outdated servers are located in a demilitarized zone that will mean that there are compensating controls or that the risk is being reduced.
- The action plans and target implementation dates are not realistic. AC recommended that management should review the implementation dates as the ones presented are not reasonable and focus more on high risk areas.
- Management to develop the Post Audit Action Plan and address the issues that can be resolved quickly and report on progress in the next meeting.
- Audit Committee recommended that the finding on project portfolio management should be positioned in the project portfolio management office within the municipality.
- Audit Committee recommended that the ICT risk register finding must be positioned to the ICT Manager together with the Chief Risk Officer.
- Audit Committee is concerned about finding 15 of the cyber security report (tools of cyber security not deployed effectively), about the municipality having tools and service providers, however the municipality does not monitor their performance (how the tools are being deployed). AC recommended that the root cause should talk more to the service providers.

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- Audit Committee requested a schedule from management of what has been done so far and how much they have been paid so far while there are services that have not been effective and adequately done/performed.
- Audit Committee requested updates on the progress of the findings and asked for follow-up audit to be performed on the ICT audit.
- Audit Committee is concerned that the ICT auditors used the CORBIT 5 which is the 2012 version and that there is a latest version of 2019 version which is CORBIT 2019 which was supposed to be used.
- Audit Committee recommended that there is a need of structuring of ICT unit within the municipality, with extra skills and capacity.
- Audit Committee recommended that the municipality should look into having corporate wide business continuity plan.
- Audit Committee raised a concern on risks identified on ICT risk register and recommended that the register should be aligned to the risks reported on the Internal Audit ICT audit reports.
- Chief Risk Officer should review all risks identified and captured them in the ICT risk register.
- Chief Risk Officer to review and populate the Risk register with all significant risks that are affecting the municipality for submission to Audit Committee.
- Audit Committee recommended that the Chief Risk Officer should get assistance from Provincial Treasury on identifications of significant high risk areas coverage or get assistance from the Risk Management service providers.
- Audit Committee would like the high risk areas or environments like finance, supply chain management, human resources and ICT to get more expressions in the risks registers.
- Management to review and adjust the reported performance deviations and deficiencies reported in quarter 1 during the mid-term budget adjustment process to ensure improvements on achievements of performance targets, performance planning and reporting.
- Audit Committee would like to see full participations of all critical internal and external stakeholders to make meaningful inputs in the compilations of Integrated Development Plan to ensure smooth and greater implementations.
- Audit Committee recommended that a different term of prescription should be used.
- Audit Committee recommended that for all the old cases, the municipality must upload case file from different courts to check the status of case and consider taking actions for cases to be dismissed or closed from legal point of views.
- Audit Committee requested information regarding the status of bids to replace contracts which had expired or about to expire.

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	<ul style="list-style-type: none"> <li>○ Audit Committee would like to see reports on assessment of the action plans implementations, monitoring, evaluations and adequacy thereof.</li> <li>○ ICT to present a detailed report in the next meeting regarding capacity challenges including when are they planning to fill the vacancies and ICT policy status etc...</li> <li>○ Audit Committee requested information on vacancy rate to be reported for assessment to be made on whether services can be rendered with the current available capacity in the municipality.</li> <li>○ Audit Committee recommended full alignment between what is being reported in Occupational Health &amp; Safety (OHS) Report and OHS risks assessments because these are high risk areas which are expected to find expressions in the municipality OHS risk register.</li> <li>○ Audit Committee recommended regular maintenance of fire extinguishers and fire detectors.</li> <li>○ Audit Committee recommended that municipality constitute OHS Committee which should meet regularly on quarterly basis.</li> <li>○ Audit Committee requested statistical information regarding unroad-worthy vehicles and the short term strategy in place to mitigate the risks of accidents occurrences.</li> <li>○ Audit Committee requested theft, losses and damages report for presentation in the next meeting.</li> <li>○ Audit Committee recommended that the resolution of grievances should be included as a Key Performance Indicators and Targets on all performance agreements and quarterly performance assessments of Directors and Heads of Departments with more weights allocated including the SDBIP for quarterly performance reviews.</li> <li>○ Management to provide progress report on resolutions of grievances in the next meetings.</li> </ul>	
<p>07 May 2024: Audit Committee In-Committee Meeting with Internal Audit and Municipal Manager</p>	<ul style="list-style-type: none"> <li>○ Audit Committee resolved that Internal Audit should attend the senior management and strategic meetings in order to table internal audit reports and advise management on improvement of internal controls environments.</li> <li>○ A planned schedule of meetings between Internal Audit and management should be drafted and circulated to all role players for implementations in order to avoid cancellations and non-attendances.</li> <li>○ Internal Audit should henceforth be part of the Audit Steering Committee meetings and Internal Audit reports should form part of the Audit Steering Committee agenda items.</li> <li>○ Internal Audit should draft and sign the Service Level Agreement with the Municipal Manager in order to formalise relationship between management &amp; Internal Audit and any challenges encountered should be formally escalated to the Municipal Manager for interventions.</li> </ul>	<p>Recommendations were adopted</p>

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- Internal Audit should conduct visibility awareness driven campaigns to make officials aware regarding importance of its purpose of existence, its functions and processes in order to improve support from officials and management for achievements of Internal Audit objectives.
- All Internal Audit issues together with challenges which were raised to be discussed during the Audit Committee upcoming meetings.
- An addendum to the Audit Committee Charter to include a clause that says management should not cancel a planned Audit Committee meeting without the concurrence of the Chairperson of Audit Committee.
- The council to be informed of the challenges that are experienced by Internal Audit and the lack of cooperation by management, if there is no improvement from these interventions.
- Audit Committee meeting be scheduled for the 17<sup>th</sup> of May 2024 in order for the report to be ready on the 24<sup>th</sup> of May 2024 for tabling to council.
- The matter of Internal Audit reporting at a normal management level is to be further discussed and reviewed in line with National Treasury MFMA Circular 65.
- The Chief Audit Executive and Chief Risk Officer need to be properly repositioned in a new proposed organisational structure enabling them to effectively carry out their functions.
- Recommendations should be made to the Council to formally adopt National Treasury MFMA Circular 65, for better repositioning of the Chief Audit Executive and Chief Risk Officer in the new proposed organisational structure.
- Internal Audit should compile a separate detailed costed budget requirements taking into account all functions or activities to be properly performed and submit to AC for discussions with management to assist.
- Internal Audit to come-up with reporting framework which may assist in reductions of hours spent in attendance of Audit Committee meetings.
- Internal Audit to circulate reports on the 9<sup>th</sup> of May 2024 to Audit Committee for preparations in the next meeting.
- Internal Audit to benchmark with other municipalities on the same grade with Moses Kotane Local Municipality on the rates of preparations and sitting fees being paid as well as the basis of such rates determinations in reviewing and resolving Audit Committee fees which should be properly paid to the members.
- Internal Audit should subsequently engage the Municipal Manager and Chief Financial Officer with regards to the rate and payments of Audit Committee for considerations and implementations.
- Audit Committee resolved that the full amount comprised of standard preparations fees and daily stipend allowance should be paid for all meetings regardless of whether documents

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	<p>were circulated or not, because members do their own research in preparations of all meetings and sometimes sacrifice to attend long hours meetings without extra payments.</p>	
<p>22 May 2024: Audit Committee Meeting to review Quarter 2 and 3 Reports</p>	<ul style="list-style-type: none"> <li>○ Audit Committee resolved that management should find out from Treasury about the new GRAP Standards to be complied with in preparations of 2023/2024 Financial Year.</li> <li>○ Audit Committee also resolved that management should prepare and share plan of readiness for the preparations and submissions of 2023/2024 Annual Financial Statements and Annual Performance Report together with resources or capacity available to comply with timelines of submissions.</li> <li>○ Audit Committee resolved that the quarterly report of the financial progress instead of the monthly report should be submitted and presented to the committee.</li> <li>○ There should be a formal analysis of all units in order to ascertain the necessity of overtime and improve control measures regarding overtime management.</li> <li>○ Management should identify more projects to improve literacy, skills and knowledge in the community and improvements of structural conditional issues of libraries to be user-friendly so that money should not be returned back to the funders.</li> <li>○ Management should enhance performance of the grants through improvements of financial management capacity, skills &amp; knowledge in the municipality so that money should not be returned back to the funders.</li> <li>○ Management should develop and implement revenue enhancement strategy to identify new source of revenue collections in order to fully fund operational needs of the municipality and to reduce reliance on equitable shares of transfers and subsidies.</li> <li>○ Management to ensure that more enforcements &amp; actions are implemented to collect money expected from traffic fines, licensing applications and lease agreements to be signed, renewed and enforced for usage of facilities &amp; equipment and actions taken against late or non-payments of services rendered.</li> <li>○ Management should adequately implement credit control policy and measures to improve collections in order to fully fund operations of the municipality.</li> <li>○ Management to regularly review and monitor quality of debtors and their movements to ensure that necessary measures are taken to impair debts where there is no reasonable hope expectations of collections.</li> <li>○ Management should develop Monthly Invoice Tracking Register in order to track receipts dates of invoices and date they are actually paid as control measure to improve reporting and comply with 30 day payments to service providers.</li> </ul>	<p>Recommendations were adopted</p>

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- Management should establish Investment Committee composed of officials with necessary skills & knowledge in order to advice municipality regarding the best possible manner on how funds should be invested to generate maximum returns.
- Management to develop project risk-based plan which include mitigation strategies linked to capital project management to ensure that projects are properly managed, delivered on time, within the budget and value for money is obtained by the municipality.
- Management to ensure that the remaining capital budget allocations are spent within the current financial year or within the restricted period of their allocations and with all conditions imposed complied with, to prevent money being returned back to treasury and subsequently re-directed to other municipalities.
- Management to put preventative control measures in place to restrict Unauthorised, Irregular, Fruitless & Wasteful (UIFW) expenditures.
- Management should exercise cautions when deviating from normal procurement process and only deviate when critically necessary to do so within the legal parameters limits and decision to deviate to be taken as action of last resort after trial & considerations of available measures to comply with normal procurement processes and deviations should not be resulting from the lack of planning.
- The status of contracts should be indicated on the contract register, whether it is expired, extended, replaced and ongoing.
- Management to ensure that the contract database is used to improve controls to ensure effective contract management.
- management should improve contract register and regularly monitor it to ensure that procurement process begin 6 months before contracts expire to avoid procurement from extended or expired contracts which in most cases result into irregular expenditures.
- Municipality to maximise collections from organ of states, businesses and households by fully applying debt and credit control policies.
- Management should arrange an urgent separate meeting to discuss and advice on how to quickly resolve the audit findings in order to prevent them from being raised & repeated in the current 2023/2024 financial year.
- Chief Audit Executive (CAE) should actively participate in all Executive Management Meetings and Audit Steering Committee Meetings so that internal audit reports should be tabled and discussed in those meetings and internal audit findings get speedily resolved.
- Internal audit should meet management with outstanding unresolved audit findings to discuss with them on how those findings should be speedily resolved and report outcomes to Audit Committee.

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- Internal Audit to develop a Tracker Database for all internal audit findings raised from 2022/2023 financial year to date showing progress implementations in resolving findings to enable Audit Committee to review & monitor as well as to interact with management interventions to quickly resolve the findings.
- Internal Audit should regularly review the Quarterly PMS Reports before they are submitted and presented to the council.
- Management to implement internal audit recommendations within the agreed timelines to resolve audit findings.
- Risk Management Unit should write to Provincial Treasury to request assistance for facilitations of risk workshop to be arranged or get assistance from the Risk Management Service Providers through fair & competitive supply chain management processes in order to adequately identify all significant risks facing the municipality and develop credible Strategic Risk Register and Operational Risk Registers for 2024/2025 Financial Year.
- The workshop to be arranged should also look at all areas of municipality which are highly exposed to fraud risks like BTO, HRM and Ict etc..., identify all fraud risks as well as to develop credible Fraud Risk Register.
- Risk Management Unit should consider findings raised by Internal Audit on ICT in identifying all ICT risks and develop credible ICT Risk Register.
- Chief Risk Officer (CRO) should actively participate in all Executive Management Meetings and Audit Steering Committee Meetings so that risk management registers and reports should be tabled and discussed in those meetings to review effectiveness of mitigations actions implementations to reduce risks exposures and materialisations.
- Management to expedite appointment of Risk Management Committee Chairperson.
- Quarter 2 PMS Report should be reviewed in line with internal audit findings of inadequacy of Portfolio of Evidence (POE) and other findings raised by Internal Audit against Quarter 2 PMS Report.
- Management should develop performance improvement plan on targets which were not achieved in the second quarter to minimise performance shortfalls deviations at the end of current 2023/2024 Financial Year.
- Performance Management and Reporting Policy should urgently be developed to regulate how and when quarterly performance information should be collected, consolidated, reviewed and reported within the municipality with provision of consequence management for non-compliance.
- Quarter 3 PMS report be urgently submitted to Internal Audit for reviews and Municipal Manager to intervene and assist in this regard.
- PMS officials to continually attend performance management trainings to enhance or improve their skills & knowledge of performance planning and reporting.

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- Management to align IDP and MTERF to ensure that IDP is fully funded, integrated implementations and that implementations challenges & constraints are timely resolved.
- Audit Committee resolved that for cases with no correspondence for more than 3 years, Legal Service should upload the files either from court or attorneys handling the case in order to obtain more information regarding actual status of the matter before the decision to close the matter is taken.
- Preventative measures should be taken to minimise litigations against the municipality where possible, through ongoing trainings and awareness to improve compliance.
- ICT Business Continuity Plan, Disaster Recovery Policy & Plan and 2024/2027 Three Year ICT Strategic Plan which are aligned to the IDP and MTERF should be developed for reviews to ensure integrated planning and implementations alignments.
- ICT Policy Register should be developed which indicate all draft & approved policies in order to check compliance to minimum ICT policies implementations requirements.
- Management should prioritise development and implementations of ICT security management policies including online computing policies in line with migrations to digital space platforms for online computing to combat risks of intrusions, cyber-attacks, sabotage, hacking and data theft & manipulations.
- All ICT licenses should be timeously renewed if still needed for to prevent irregular expenditure.
- Regular monitoring and evaluations of ICT service providers to ensure that they deliver expected services in line with Service Level Agreements.
- Capacity improvements in ICT to ensure that the unit is able to give adequate ICT support to other units of the municipality by filling the remaining funded vacant posts and ongoing training & development to improve ICT skills.
- ICT Steering Committee should be composed of majority of officials who are capacitated in ICT to be able to adequately discuss and make recommendations & decisions on ICT matters and meetings dates to be annually planned and meetings held quarterly.
- Grievance management and resolutions should be incorporated into performance agreements and quarterly performance assessments of the Senior Management Personnel to ensure that grievances from staff members are resolved timeously to improve productivity.
- Root-causes of all grievances should be identified and resolved to reduce number of grievance being raised from staff members.
- Policy to prevent bullying at workplace should be developed and implemented to minimise unfair treatment of employees and promote better working environment.
- Team buildings are to be held to understand different employees' behaviors & cultural backgrounds, motivate and unite employees.

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- Wellness Programmes for employees awareness of communicable and non-communicable diseases to be developed and implemented to minimise employee’s exposures to risks of infections and absenteeism.
- Snakes Repellants are to be deployed in all premises to prevent snakes access to the premises.
- The approved statistics of funded posts, filled posts, funded vacant posts together with vacancy rate for the municipality should be provided to Audit Committee for reviews.
- Report of Losses through theft and damages of assets to be provided to Audit Committee for reviews.
- Quarterly statistics of leaves taken by employees per leaves categories in summarised format should be provided to Audit Committee for reviews.
- Management should consider imposing severe sanctions which would serve as deterrent from employees engaging in misconducts of theft & fraud and as part of zero tolerance against such misconducts.
- Management should identify more projects to improve literacy, skills and knowledge in the community and improvements of structural conditional issues of libraries to be user-friendly so that money should not be returned back to the funders.
- Management should improve capacity and implement more enforcements & actions to collect money expected from traffic fines, licensing applications and lease agreements to be signed, renewed and enforced for usage of facilities & equipment and actions taken against late or non-payments.
- The clear report in terms of buildings completed stages levels of houses development to be provided to Audit Committee to support and validate the percentage measurements used.
- Management should develop and implement integrated LED Strategy which cover critical areas such as mining, agriculture, tourism, assistance of SMMEs, cooperatives & other small business, entrepreneurs’ development through education & training and capacity buildings aligned to district and provincial initiatives & developmental plans in order to ensure growth of local economy.
- LED Strategy to be reviewed every five years or as and when it becomes necessary to do so in line with best practice of alignment to economic development trends and exploitations of available resources & opportunities to improve wellbeing of our local communities through job creations to reduce the level of unemployment with specific special focuses to empowerment of our previously disadvantaged groups.
- Management to ensure that the remaining available funds allocated for MIG and WSIG are spent as per required conditions within the required period to prevent funds being surrendered and diverted to other municipalities.

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	<ul style="list-style-type: none"> <li>○ Management to develop project risk-based plan which include mitigation strategies linked to capital project management to ensure that projects are properly managed, delivered on time, within the budget and value for money is obtained by the municipality.</li> </ul>	
<p>15 August 2024: Audit Committee Meeting to review Quarter 4 Reports</p>	<ul style="list-style-type: none"> <li>○ Audit Committee is worried about underspending of Library Grant and recommended that management should apply roll-over of unspent portion of this grant for utilisation in 2024/25 financial year.</li> <li>○ Management to ensure that all commitments of library grants works completed and invoiced are forwarded to BTO to support applications of roll-over of unspent funds.</li> <li>○ Management should in future ensure the timeous urgent flow of invoices to BTO regarding works completed for them to be paid on time within the financial year in which library grant is allocated to avoid realisation of underspending at the end of the financial year.</li> <li>○ Audit Committee also recommended that management should identify more projects to improve literacy, skills and knowledge in the community and improvements of structural conditional issues of libraries to be user-friendly and attractive so that money allocated for library grants should be fully spent.</li> <li>○ Audit Committee recommended that management should develop and implement revenue enhancement strategy to identify new source of revenue collections in order to fully fund operational needs of the municipality and to minimise reliance on transfers and subsidies.</li> <li>○ Audit Committee recommended that management should improve implementations of designed approved internal control measures regarding overtime management in order to minimise unnecessary utilisations of overtime and to minimise overtime expenditure.</li> <li>○ Audit Committee will continue to monitor effectiveness of controls being implemented by management and recommended the improvements of control measures including ongoing</li> </ul>	

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implementations of measures previously recommended by internal audit for overtime management based on root-causes identified.

- Audit Committee recommended that roll-over applications of the remaining 3% unspent funds should be compiled and submitted for money to be availed for spending in the next 2024/25 financial year.
- The spending on the amounts allocated on capital budget should in future be accelerated to ensure that no under-expenditure is realised by the end of the financial year and that full services are delivered to the communities as expected.
- Audit Committee recommended more actions to be implemented to collect money due to the municipality for services rendered including refurbishment of facilities to be in good & attractive conditions, signing or renewal of lease agreements, enforcements and charging of market related rentals for the use of such facilities & equipment as well as taking proper actions against late or non-payments.
- Audit Committee recommended full implementations of debt and credit control policies in the 2024/25 financial year in order to collect money due to the municipality for all services rendered and consumed in order to improve financial stability of the municipality.
- Management to regularly review and monitor quality of debtors and their movements to ensure that necessary measures are taken to impair debts where there is no reasonable hope expectations of collections.
- Management to implement collections measures to resolve financial constraints in order to ensure that all payments for goods & services received are made within 30 days of the receipts of invoices from creditors in order to prevent interest charges resulting from late payments.
- Audit Committee recommended that management should develop Monthly Invoice Tracking Register in order to track receipts dates of invoices and date they are actually paid as control

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measure to improve reporting and comply with 30 day payments to service providers for all goods & services received.

- Management should implement reviews recommendations of the Audit Committee on Quarter 4 Financial Report before presentation to Council.
- Audit Committee will continue to recommend preventative controls measures for management to implement or put in place to restrict the UIFW Expenditures.
- Management to compile credible procurement plan which is aligned to the allocated budget and SDBIP for implementations and present it to the Audit Committee for review in the next meeting.
- Management should improve contract management by regularly updating, monitoring and evaluations of contract register as well as taking appropriate actions to commence with procurement process in terms of Procurement Plans 6 months earlier before contracts expiries in order to avoid procurement from extended or variations of contracts which exceed allowable maximum ceiling amounts and expired contracts which in most cases result into irregular expenditures.
- Management to furnish sound reasons for cancellations of bids to the Audit Committee in the next meetings as some unnecessary cancellations put further delays to finalisations of bids and result in management procuring goods & services through contracts extensions, deviations or contract variations which results into irregular expenditures.
- Management should exercise cautions when deviating from normal procurement process and only deviate when critically necessary to do so within the legal or regulatory parameters limits and decision to deviate should be taken as action of last resort after trial & considerations of available measures to comply with normal procurement processes and deviations should not be resulting from the lack of procurement planning.

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- Management should implement reviews recommendations of the Audit Committee on Quarter 4 Supply Chain Management Reports before presentation to Council.
- Audit Committee noted that the movement in resolving audit findings raised by Auditor General South Africa in the previous financial year is slow or not satisfactory and recommended improvements in 2024/2025 financial year.
- Some of action plans reported to have been implemented are not supported by the detailed credible action steps taken to implement them and Audit Committee recommended that they should be supported by conclusive evidence that action plans were correctly or fully implemented to resolve audit findings to minimise the risks of repetitive audit findings.
- Some of devised actions plans are not credible and Audit Committee recommended them to be reviewed to ensure relevance and adequacy in resolving audit findings as well as ongoing effective implementations of monitoring and evaluations.
- Audit Committee recommended that internal audit should regularly perform reviews of action plans reported to have been implemented on quarterly basis to validate the claims and make further recommendations for improvement purposes in resolving the previous audit findings.
- Audit Committee is worried that a number of internal audit findings raised previously have not been resolved and recommended that management should prioritise resolving the internal audit findings in 2024/25 financial year.
- Audit Committee recommended implementations of National Treasury MFMA Circular 65 to ensure that Chief Audit Executive (CAE) should actively participate in all Executive Management Meetings and Audit Steering Committee Meetings so that internal audit reports should be tabled and discussed in these meetings and internal audit findings get speedily resolved to improve controls environments.
- Management to explore the correct mechanisms and other legal means of integrating Chief Audit Executive at the senior management level in 2024/25 financial year through job

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evaluation and other procedural guidelines so that they should be advised on measure to improve internal control environment.

- Risk Management Unit should focus on building adequate capacity by filling vacant positions and undergoing necessary trainings to ensure that risk management is carried out properly and effectively.
- Audit Committee reviewed and resolve to approve 2023/24 Internal Audit Reports, 2024/25 Internal Audit Charter, Internal Audit Three Year Rolling Plan, 2024/25 Internal Audit Operational Plan and 2024/25 Internal Audit Methodology for implementations and progress reporting.
- Audit Committee had finalised nominations of Risk Management Committee Chairperson and recommended a suitable candidate for appointment to chair the Risk Management Committee in order to improve risk management implementations in the municipality.
- Audit Committee recommended that appointment of Risk Management Committee Chairperson should be expedited for this Committee to be properly constituted and commence to deliver on its functions in order to improve risk management implementations in the municipality.
- Chief Risk Officer (CRO) should actively participate in all Executive Management Meetings and Audit Steering Committee Meetings so that risk management registers and progress reports should be tabled and discussed in those meetings to review effectiveness of mitigations actions implementations to reduce risks exposures and materialisations.
- Management to explore the correct mechanisms and other legal means of integrating Chief Risk Officer at the senior management level in 2024/2025 financial year through job evaluation and other legal procedural guidelines so that they should advised on the measure to improve risk management implementations throughout the municipality.

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- Audit Committee recommended that 3<sup>rd</sup> and 4<sup>th</sup> Quarters PMS Reports should be adjusted in line with internal audit findings of inadequacy of Portfolio of Evidence (POE) and other findings before they are presented to the Council.
- Management should develop performance improvement plan on targets which were not achieved in 2023/2024 financial year in order to improve performance management systems in the municipality and to minimise performance shortfalls deviations in 2024/2025 financial year.
- Performance Management and Reporting Policy should urgently be finalised before 31 December 2024 to regulate how and when quarterly performance information should be collected, consolidated, quality reviewed and reported with provision of consequence management against non-compliance.
- Performance Management Planning and Reporting Trainings should be offered to management to build their capacity on the timely compilations and submissions of PMS Inputs Reports from their respective Units to PMS Department for consolidations and final submissions to Internal Audit for reviews on time which should be followed by consequences management.
- Audit Committee recommended wide consultations of all stakeholders involved including farming and tourism stakeholders in future financial years Integrated Development Planning (IDP).
- Audit Committee recommended full alignment between MTERF Budget Planning and IDP to ensure that IDP is fully funded, integrated implementations and that implementations challenges and financial constraints are timely resolved.
- Audit Committee recommended that for cases where the courts ruled in favour of the municipality with costs against the other opposing party, municipality should urgently finalise the taxations and recovery of costs due.

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- Audit Committee recommended that preventative measures should be taken to minimise litigations against the municipality where possible, through ongoing trainings and awareness to improve compliance.
- Audit Committee recommended compilations of ICT Business Continuity Plan, Disaster Recovery Policy & Plan and 2024/2027 Three Year ICT Strategic Plan which is aligned to the IDP & MTERF for reviews to ensure integrated planning, implementations and reporting approaches alignments.
- Audit Committee recommended that critical ICT Policies should be developed and finalised for presentation in the next meeting in order to improve compliance to ICT norms and standards. It was agreed that ICT Policies are not policies of mutual labour interest and is not necessary to take them to local labour forums for consultations with Unions which then delays the whole process of ICT policies finalisations and implementations.
- Management to prioritise development and implementations of ICT security management policies including online computing policies in line with migrations to digital space platforms for online computing to combat risks of intrusions, cyber-attacks, sabotage, hacking and data theft & manipulations, supported by awareness trainings to officials on ICT security management and improvements matters.
- Audit Committee recommended continuous monitoring of ICT service providers to ensure that they deliver expected services in line with Service Level Agreements and within the allocated budget in order to support effective and efficient service delivery in the municipality.
- ICT Steering Committee should be composed of majority of officials who are capacitated in ICT to be able to adequately discuss and make recommendations & decisions on ICT matters and meetings dates to be annually planned and meetings held quarterly.

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- ICT Steering Committee Members should continuously be familiarised with their roles through mentorships and trainings to guide them in terms of delivering in line with the required expectations.
- ICT department to implement all recommendations of ICT audit findings to improve ICT general and applications controls and to ensure business continuity.
- Audit Committee noted management interventions of inviting SALGA to workshop managers on handling of grievances and there is some improvements resulting from this efforts and recommended that all grievances reported should be resolved on time in order to promote labour peace, good working conditions and improve productivity.
- Management to develop policy guidelines to manage and monitor the abuse of sick leaves by employees including medical conditions surveillance and medical boarding and present them in the next meeting for reviews.
- Management to review and enhance leave policy to ensure adequacy so that it addresses the internal audit findings previously raised.
- Management to enhance Overtime Policy to ensure adequacy to address the internal audit findings previously raised and present it in the next meeting.
- Management to manage natural attritions to ensure that they maintain acceptable vacancy rate of 5% at all times to prevent compromise on service delivery.
- Management to develop post filing plan which is aligned to prescribed norms and standards for filling of vacated posts within acceptable turnaround times for implementations in order to ensure that necessary steps or actions are taken on time to fill the funded vacated posts so that service delivery does not get compromised.
- Management to develop Terms of Reference for Employment Equity Committee to ensure that it function effectively and capacitate it with knowledgeable and skilled officials in order promote compliance to Employment Equity Act including submissions of employment equity

**Municipal Audit Committee Recommendations**

plans and reports to Department of Employment & Labour on time to avoid penalty to be imposed against non-compliances.

- Management should service fire extinguishers as a matter of priority in order to prevent non-compliances, building & records completely destroyed by fire, injury on duty, loss of life and possible litigations.
- Management should constitute Building Compliance Committee, capacitate it with knowledgeable and skilled officials, develop & implement its Terms of Reference in order to improve its effective functioning to promote better working conditions of employees and productivity.
- Policy to prevent bullying at workplace should urgently be finalised as a matter of priority by management for implementations in order to minimise unfair treatment of employees and promote better working environment.
- The Chief Risk Officer together with Corporate Services should conduct Occupational Health and Safety (OHS) risk assessments and develop credible OHS risk register for implementations in order to comply with Occupational Health and Safety Legislations.
- Management to promote employees participations in sport and other recreational extramural activities in order to deal with employees mental health problems.
- Management to implement compulsory referral of employees to Rehabilitation Centers whenever there are needs for serious interventions to improve their mental health and to free employees from various addictions such as gambling and alcohol abuse and also to report in the next meeting.
- Management to ensure that all wellness proposed interventions should be supported by commitments, employees' buy-in consensus and timelines of implementations and should have been fully funded.

**Municipal Audit Committee Recommendations**

- Management to develop Terms of Reference of Wellness Committee to improve its functioning and capacitate it with correct competent officials with the required wellness knowledge and skills and report in the next meeting.
- Management to constitute Theft and Losses Management Committee and develop its Terms of Reference for implementations to support its effective functioning to deliver on its responsibilities and report in the next meeting.
- Management to develop Theft and Losses Management Policy for implementations to minimise theft and losses which may occur in the municipality and present it in the next meeting for reviews.
- Management to expedite investigations and discipline of employees who are implicated in theft and losses of assets and money of the municipality within the prescribed period or timeframes set by the labour relations collective agreements management procedures of disciplines at workplace.
- Audit Committee noted that library Services are currently being offered for free except photocopying services and recommended that refurbishment of library facilities should be completed as a matter of priority so that they should be user friendly, attractive and comply with technological advancements in line with conditions of library grants allocations in order to avoid returning unspent funds back to the funders and management to start charging library usage market related fees thereafter.
- Procurement of new books of latest versions or editions to be expedited in order to improve knowledge and skills of the community members.
- Audit Committee recommended that management should explore more partnerships with schools, colleges, Department of Education, mines, farming and other critical stakeholders in line with Memorandums of Understandings to be signed in order to ensure more utilisations and funding of library services.

<b>Municipal Audit Committee Recommendations</b>		
	<ul style="list-style-type: none"> <li>○ Refurbishment of Parks and Recreational Facilities are to be completed for them to be user friendly, attractive and comply with technological advancements so that market related fees should begin to be charged for the use of these facilities to improve revenue collections.</li> <li>○ Parks and Recreational Facilities to be marketed in all platforms including social media to promote their usage in order to generate more revenue.</li> <li>○ Audit Committee noted involvement of community in cleaning campaigns through the Community Based Public Works Programme and recommended that management should explore more partnerships and collaboration with DEDECT, schools, Department of Education and other stakeholders on cleanings and tree plantings campaigns as part of environmental management promotions and preventions of pollutions participations.</li> <li>○ Audit Committee would like management to improve capacity to ensure full implementations and enforcements of By-Laws to promote peace.</li> </ul>	
<p>22 August 2024: Audit Committee In-Committee Meeting with Internal Audit and Municipal Manager</p>	<ul style="list-style-type: none"> <li>○ Additional 2 role players should be included on the list of role players, the first one is “Monitoring and Evaluation” and the second one is “the ICT Steering Committee”.</li> <li>○ The combined assurance implementations should be driven by the Chief Risk Officer.</li> <li>○ The five lines of defence should be indicated, Council and MPAC to be added as the lines of defence. The 1<sup>st</sup> line of defence should be Management; 2<sup>nd</sup> line of defence is Risk Management, Monitoring &amp; Evaluations; 3<sup>rd</sup> line of defence is Internal Audit; 4<sup>th</sup> line of defence is External Audit and Audit Committee; 5<sup>th</sup> line of defence is Council and Municipal Public Accounts Committee (MPAC).</li> <li>○ The 2<sup>nd</sup> line of defence can be beefed-up by adding other relevant line of defence, e.g. Security, compliance, etc...</li> <li>○ A Combined Assurance Committee/Forum should be appointed to monitor implementations and report on progress regularly.</li> <li>○ Chief Risk Officer should be the Combined Assurance Champion, by virtue of being a coordinator supported by members of the forum and should be continuously capacitated.</li> <li>○ Internal Audit to coordinate appointments of members of the Combined Assurance Forum.</li> <li>○ Internal Audit to provide assurance on the effectiveness of the Combined Assurance implementations.</li> <li>○ Internal Audit should include adequate assurance not just assurance to be very clear and on Page 5 regarding the definition of Combined Assurance Framework.</li> </ul>	<p>Recommendations were adopted</p>

**Municipal Audit Committee Recommendations**

- The word “Performance Committee” to be deleted on page 4 and 6.
- Audit Committee approved the Combined Assurance Framework with amendments for implementations and regular reporting to the committee.
- Audit Committee recommended that the combined assurance plan indicate the processes; for example, list all the prioritised high risks that needs attention, indicate the current assurance provided, map assurance provided to the risk, then decide on the adequacy of the assurance provided on each risk, decide as to whether it is adequate or inadequate, and for those deemed inadequate provide a plan for addressing the identified shortfalls.
- Document should properly be page numbered.
- Audit Committee Member Mr Makaba to assist Internal Audit with a template that can be used to assist with updates.
- The plan should outline all relevant assurance providers including those of oversight and all 5 lines of defence.
- Audit Committee approved Combined Assurance Framework with amendments for implementations and regular reporting to the committee.
- Audit Committee resolved to approve the Quality Assurance Improvement Plan for implementations and recommended quarterly progress reporting to the committee.
- Internal Audit to assist with the reporting framework to assist in reductions of hours spent in Audit Committee meetings to the limit of 4 hours.
- Audit Committee should also assist in management and reduction of the Audit Committee sitting hours.
- Presenters to summarise their presentations in all Audit Committee meetings.
- Internal Audit should circulate the draft Audit Committee minutes to members for inputs to be made and thereafter circulate the reviewed minutes to management for implementations and updates well on time 7days before the next Audit Committee meetings.
- Audit Committee reviewed 2024/2025 Audit Committee Charter and resolved to recommend it to Council for approval subject to further inputs to be submitted and incorporated.
- Further Inputs to be received from the Audit Committee and Management, following which the Audit Committee Charter will be submitted to Council for approval.
- Audit Committee recommended that Ms. L. Moyo should be appointed as the Risk Management Committee Chairperson after she was successful through the transparent nominations process.

**Municipal Audit Committee Recommendations**

26 August 2024: Audit Committee Meeting to review the Draft 2023/2024 Annual Financial Statements and Annual Performance Report

- Audit Committee welcomed the report from Internal Audit, and commended Internal Audit for the good work done on the review of the Annual Financial Statements.
- Audit Committee recommended that Internal Audit should include a column to indicate whether all the above presented issues were resolved or not.
- Audit Committee enquired whether the assurance report was discussed with management and if management had already addressed some of the issues raised in the report.
- Audit Committee recommended that Internal Audit should indicate with legends or colours, Red indicating not resolved, Green resolved, so that the committee should be able to see clearly the progress of implementations.
- Audit Committee recommended that Internal Audit should include information regarding the scope performed and procedure performed on the opening balances and alignments to the signed prior year audited Annual Financial Statements.
- Recommendations to be included in the report.
- Audit Committee recommended that Internal Audit should revert back with an updated report reflecting issues resolved or not resolved in the next sitting.
- Audit Committee recommended that management should implement recommendations of internal audit regarding the reviews of Annual Financial Statements and revert back to the Audit Committee in the next meeting.
- Management should include a narration under Note 3 Investment Property, on when was the last valuation performed on Investment Property and interval of valuations.
- Management should indicate which assets are non-cash items under Cash Flow Statement on purchase of Property Plant and Equipment to ensure that they reconcile back to the additions under Note 4 Property Plant and Equipment and amounts reported on Cash Flow Statement.
- Update Note 11 Vat receivables/payables to ensure that the VAT amount of R 12 985 402 is aligned to the Vat Receivables /payables reconciliations amount.
- Management should ensure that the depreciation as per Note 30 for Property, Plant and equipment is aligned to the depreciation as per Note 4.
- Management should update reasons on Note 52/56 Budget differences.
- Management should update reasons on Note 53 Changes in accounting estimates.
- Management should update page 3,4,11 and 38 with the correct information i.e number of Audit Committee meetings held, correct employee names and period of acting.
- Management should update amount as per the face of the Annual Financial Statements Consumer deposits of R 598 725 and be aligned with amount as per Note 19 of R 598 282.
- Audit Committee recommended that management should implement recommendations of Audit Committee regarding the reviews of Annual Financial Statements and revert back to the Audit Committee to present progress in the next meeting.

Recommendations were adopted

<b>Municipal Audit Committee Recommendations</b>		
	<ul style="list-style-type: none"> <li>○ Audit Committee approved the request from management for the Annual Performance Report to be presented in the Special Audit Committee Meeting to be held on the 28<sup>th</sup> of August 2024.</li> </ul>	
28 August 2024 Audit Committee Meeting to review Draft 2023/2024 Annual Financial Statements, Outstanding Quarter 4 PMS Report and Annual Performance Report	<ul style="list-style-type: none"> <li>○ Audit Committee reviewed Quarter 4 PMS Report and recommended it for submission to the council provided all internal audit findings are resolved.</li> <li>○ Audit Committee reviewed the Draft 2023/2024 Annual Financial Statements and 2023/2024 Annual Performance Report and recommended for submissions to Auditor General South Africa subject to implementations of the remaining internal audit findings before submissions.</li> </ul>	Recommendations were adopted
02 October 2024: Audit Committee Special Meeting to review and approve Engagement Letter and Audit Strategy of the Auditor General South Africa	<ul style="list-style-type: none"> <li>○ Committee reviewed and resolve to approve Audit Strategy and Engagement Letter which were presented by the Auditor General South Africa.</li> <li>○ Audit Committee considered Supply Chain Management Internal Audit Report and recommended that management should provide satisfactory responses to the audit findings and implement recommended actions plans to resolve findings within the agreed timelines.</li> <li>○ Audit Committee resolved that all Supply Chain Management transactions above R200 000-00 VAT Inclusive per case should be subjected to probity quality compliance reviews by Internal Audit with immediate effect before Bids are awarded by the Bid Adjudication Committee and approved by the Accounting Officer.</li> </ul>	Recommendations were adopted