

2023-2024

MATJHABENG LOCAL MUNICIPALITY



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FINAL ANNUAL REPORT

VOLUME I

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CHAPTER 1 – MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR'S FOREWORD

MAYOR'S FOREWORD

The Annual Report serves as a crucial tool for assessing and communicating the performance of Matjhabeng Local Municipality within a democratic framework. Covering the period from July 1, 2023, to June 30, 2024, the report details the operational activities and service delivery efforts of the Municipality. It is a mandatory document produced in accordance with Section 121(1) of the Municipal Finance Management Act (MFMA) 56 of 2003 and Section 46 of the Municipal Systems Act.

The purpose of this Annual Report is to provide:

- o A record of the activities and accomplishments of the Matjhabeng Local Municipality
- o A report on the performance in service delivery and budget implementation; and to
- o Promote transparent accountability to local communities.

In compliance with regulations, the key performance areas of local government are outlined in an Integrated Development Plan (IDP) and Service Delivery and Budget Implementation Plan (SDBIP) annually. The Annual Report connects the IDP, SDBIPs, Annual Financial Statements, Performance Management Reports, and other relevant information for the year being assessed. This report showcases the Municipality's dedication to enhancing the effectiveness and efficiency of local government, which plays a crucial role in service delivery within our developmental state.

Following a prosperous Investment Summit held after the last fiscal year, investors demonstrated their trust in the municipality's leadership by committing to invest in our city. Collaborating with various levels of government under the District Development Model (DDM), we have established a solid groundwork for growth within our municipality, paving the way for essential job creation. Successfully utilizing the allocated Municipal Infrastructure Grant (MIG) in its entirety, we have enhanced service delivery to the Matjhabeng community.

The intervention conducted by the Department of Water and Sanitation (DWS) and executed by Vaal Central Water Board has been advancing slowly. We had expected to see a substantial enhancement in sewer networks by this point. Nonetheless, we are confident that there will be improvements in the next year.

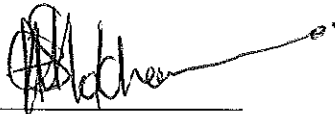
We have enhanced transparent accountability within our communities through the organization of Mayoral Imbizos in every ward, where we openly discuss both challenges and achievements. This initiative has enabled us to gain the confidence of our constituents, leading them to support us in the face of attempts to damage our reputation by external parties.

Additional approaches aimed at enhancing performance management were implemented, along with the introduction of consequence management. It is imperative that we persistently explore and implement more effective methods to reinforce the accountability and discipline of officials in their daily duties, both towards each other and their political superiors. Despite some progress in consequence management, there is still a considerable distance to cover before we can establish an institution that prioritizes the needs of the public. Throughout the year, efforts were made to acquire a service delivery fleet to enhance service provision. However, we are still facing challenges in improving controls for the effective management of the municipality's fleet and have directed the management to devise a plan in this regard.

Matjhabeng Local Municipality has shown unwavering determination in pursuing its objectives to guarantee efficient service delivery for the community. Unfortunately, our financial status is currently unfavorable, largely attributed to outstanding payments for municipal services. In the upcoming fiscal year, we intend to introduce smart meters in non-compliant areas to enable residents to prepay for the services they utilize. Through Mayoral Imbizos, we emphasize to residents the significance of settling their service fees, as this revenue source is crucial for sustaining service provision.

The Executive Director Infrastructure & Technical Services position was successfully filled in the year under review. He has gained a good understanding of the service delivery challenges, and we anticipate that he will meet our expectations without any shortcomings.

The governance structures within Matjhabeng Local Municipality are operational and functioning well. In addition to the Council and Mayoral Committee, which hold regular meetings, there is also a functional Audit Committee and Municipal Public Account Committee (MPAC) in place. Our Governance Steering Committee, focusing on accounting and compliance, meets every two weeks and has proven to be effective. We appreciate the support from the Office of the Auditor General, Provincial Treasury, Provincial CoGTA, and SALGA when implementing recommendations from the Auditor General. Rest assured, we are dedicated to creating a Municipality that is efficient, effective, accountable, and responsive in delivering services and supporting vulnerable communities through local economic and social development initiatives.



CLLR H MOKHOMO
ACTING EXECUTIVE MAYOR

COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW

MUNICIPAL MANAGER'S OVERVIEW

The Municipal Systems Act (2000), as amended, requires the municipality to compile yearly reports that indicate the municipality's progress toward reaching the targets outlined in the Service Delivery and Budget Implementation Plan. The SDBIP is the municipality's annual performance plan, which includes quarterly performance targets and key performance indicators for each key municipal performance area. This report is intended to communicate the municipality's performance in implementing all planned programs in accordance with the Council-approved budget for the year under review.

The Municipal Financial Management Act 56 of 2003, which mandates that the Accounting Officer report to the Executive Mayor after each quarter on the Municipality's effectiveness in implementing the SDBIP, is further detailed in this report. This Annual Report, which covers the period from the 1st of July 2023 to the 31st of June 2024, has been prepared in compliance with this legal mandate and shows the degree to which the SDBIP was implemented.

Declaring that the planned activities for the reporting period stem from the strategic objectives with defined performance indicators and targets is crucial. Additionally, the report guarantees that responsibility is maintained and that all municipality stakeholders are aware of the decisions that were made in this period under review. The performance management system and the budget (MTREF) are always linked to the Municipality's five-year plans through the IDP.

In order to integrate municipal programs and projects with those of the province and national sector departments for the 2023–2024 fiscal year, meetings with sector departments were also held during the IDP review process. Therefore, the 2022/2027 IDP also includes projects from state parastatals, the business sector, and agencies of the provincial governments.

To achieve national and provincial policy imperatives, strategies, and plans, it was necessary to make sure that plans and programs—such as the National Development Plan, Medium-Term Strategic Framework, Free State Province Vision 2030, Free State Economic Development Path, etc.—were vertically aligned.

This annual report provides an overview of the steps the municipal departments have taken to meet the service delivery goals outlined in our 2023–2024 Integrated Development Plan (IDP) and 2023–2024 SDBIP, in accordance with the seven Development Objectives:

- To provide infrastructure and sustainable basic services
- To provide sustainable social amenities to the communities
- To strengthen the delivery of sustainable integrated human settlement and environmental management
- To initiate a strong and sustainable economic development
- To build a strong good governance and institutional capacity
- To ensure legally sound financial viability and management

Notwithstanding the difficulties we faced during this fiscal year, we made every effort to achieve our duty to supply our communities with essential services including electricity, solid waste removal, roads and stormwater management, water and sanitation, and more. We made significant investments in improving the lives of our people, particularly the impoverished, by guaranteeing that everyone would receive high-quality, long-lasting services. We also expedited the delivery of services.

Since the likelihood of economic growth is still low, the municipality's ability to generate and collect revenue will not significantly improve. For this reason, a cautious approach to revenue projections was taken for the medium-term revenue and expenditure framework. The lack of considerable improvement in municipal revenue means that to prevent any negative impact on the core service delivery programmes, municipal programmes should be reprioritized, and non-priority expenditures should be eliminated.

As mandated by the MFMA, the institution is cooperating with the Auditor General Office quite effectively. The municipality's audit opinion for the financial year 2022–2023 came from the Auditor General with an unqualified opinion on the audit of predetermined objectives (AOPO). A Remedial Action Plan was created and put into action, with quarterly progress reports provided. For the previous financial years, the municipality has remained in compliance with the Back to Basics and Scorecard programs. COGTA receives reports from both provincial and national sources.

In accordance with the Municipal Finance Management Act (Act 56 of 2000), the municipality also established an enterprise-wide risk management system. Every risk was identified, categorised, rated, and mitigated in line with a risk management framework that complies with the Public Sector Risk Management Framework (National Treasury), the ISO 91 000 standards, and the King Four Report. The municipality designated risk champions, action owners, and risk owners in each department to oversee its risks. Each role actor was given the necessary instruction to enable them to reduce the hazards.

The Council made a significant accomplishment when it appointed all vacant Senior Managers positions to strategically steer the council's objectives and promote administrative stability. In an effort to institutionalise and professionalise the performance management system, the Municipal Council also approved the new Municipal Staff Regulations. The Municipality is now in the process of reorganising its organisational structure, and it is expected to be completed soon.

Thank you to all employees, management, and Council for your commitment and hard work during the past financial year. It is a privilege to be part of an organisation that is so determined to make our municipal area, which includes, Welkom, Virginia, Ventersburg, Hennenman, Odendaalsrus, and Allanridge inclusive, innovative, and inspired towns.

Also, a great appreciation and thank you to the community and stakeholders for their continued involvement and support in the Municipal affairs.

We shall continue to commit and accelerate the delivery of basic services to our communities. I therefore affirm or assert that the 2023/2024 Annual Report is to my best knowledge the true reflection of what the municipality has managed to do in the financial year under review.

1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

INTRODUCTION TO BACKGROUND DATA

Matjhabeng Local Municipality, situated in the Lejweleputswa District of the Free State in South Africa, encompasses the city of Welkom. The name originates from the Sesotho language, translating to "where nations meet", reflecting the historical context of diverse nationalities converging to work in the Goldfields mines.

Encompassing an area of 5,155 square kilometers (1,990 sq mi) in the central Free State, Matjhabeng Local Municipality lies to the north of Bloemfontein and south of Kroonstad. As per the 2011 census, the total population amounts to **406,461** individuals, with 87.7% being black African, 2.1% colored, and 9.6% white.

The municipality comprises six primary towns: Allanridge, Hennenman, Odendaalsrus, Ventersburg, Virginia, and Welkom.

In the western region of the municipality, a series of mining towns stretch from northwest to southeast: Allanridge (population: 19,337), Odendaalsrus (population: 63,743), Welkom (population: 220,209), and Virginia (population: 67,191). Towards the east lie the agricultural towns of Hennenman (population: 24,721) and Ventersburg (population: 11,260).

The 2022 census indicates a population increase to **439,034** individuals, with 88.1% being black, 2.3% colored, 0.5% Indian, and 9.0% white.

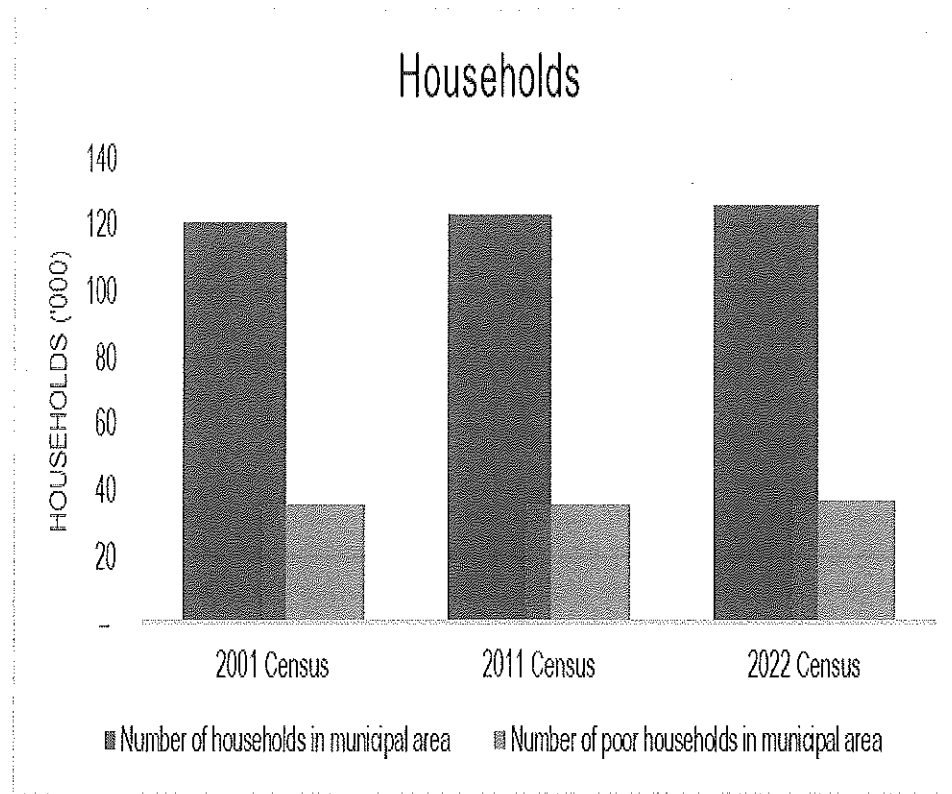
The rise in population size has placed significant strain on the Municipality to provide additional services at higher costs, impacting the affordability for beneficiaries. Consequently, delivering services to communities has become increasingly challenging. The growing population also intensifies the need for job creation, with the economically inactive population standing at 33.2% during the 2022 census in the Municipality, highlighting the struggle of individuals seeking employment opportunities.

It is additionally complicated by the fact that 22.8% of individuals lack the necessary education to take advantage of opportunities provided by local businesses. It is imperative for the Municipality to prioritize the establishment of entry-level job positions to stimulate economic growth and help alleviate unemployment in struggling areas within the Municipality.

POPULATION DETAILS

Population Details									
Age	Year 2021-2022			Year 2022-2023			Year 2023-2024		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Age: 0 - 14	52 507	54 651	107 158	52 507	54 651	107 158	59 260	58 617	117 877
Age: 15 - 64	141 026	146 783	287 809	141 026	146 783	287 809	140 543	152 791	293 334
Age: 65+	16 732	17 414	34 146	16 732	17 414	34 146	10 669	17 154	27 823

Source: Statistics SA (2016 Community Survey) and 2022 Census



Overview of Neighbourhoods within Matjhabeng Local Municipality		
Settlement Type	Households	Population
Towns		
Allanridge	1 027	2 493
Hennenman	1 551	4 004
Odendaalsrus	3 752	9 916
Riebeeckstad	4 567	11 896
Ventersburg	446	1 369
Virginia	8 126	24 101
Welkom	23 005	67 704
Sub-Total	42 474	121 484
Townships		
Hani-park	6 148	16 770
Ku@wanong	15 982	48 485
Meloding	13 999	39 575
Mmamahabane	3 108	8 888
Nyakallong	4 099	15 144
Phomolong	6 189	18 669
Thabong	40 628	112 415
Sub-Total	90 153	259 947
Informal settlements		
Hani-park	1 127	3 076
Ku@wanong	2 932	8 894
Meloding	2 568	7 259
Mmamahabane	570	1 630
Nyakallong	752	2 778
Phomolong	1 135	3 425
Thabong	7 452	20 621
Sub-Total	16 536	47 682
Total	149 163	429 113
Source: Statistics SA(Community Survey 2016)		

Natural Resources	
Major Natural Resource	Relevance to Community
GOLD	There are a number of active mines which employ residents of Matjhabeng. New gold mining development is planned in areas within the Municipality.
NATURAL GAS	The 'new gold' has been discovered here in Matjhabeng – the natural gas! The Virginia Gas Project discovered and operated by Tetra4, which is owned by Renergen, will surely change the face of the economy in this area. This Virginia Gas Project covers over 187 000 Hectors around Welkom, Virginia, and Theunissen. This gas find therefore represents an opportunity for creation of hundreds of jobs in the downstream economies.

COMMENT ON BACKGROUND DATA:

Matjhabeng Local Municipality possesses two significant natural resources, namely gold and natural gas reserves. A few active mines in the area provide employment opportunities for the residents of Matjhabeng. It is anticipated that several mines will cease operations by the year 2025.

Given the current employment trends, the Municipality has created an opportunity for investors to locate businesses in less attractive areas to boost the economic situation there. Areas such as Virginia and Odendaalsrus are receiving special attention as they once played an economic role in the economy of the region when mining activities were at their peak.

Matjhabeng Local Municipality held investment summits from 2021 with the sole purpose of marketing and encouraging local and foreign direct investment in the municipality. The municipality is open for business and investors with a keen interest in development can approach the Municipality on a variety of issues including land availability agreements, available investment incentives and other opportunities to be offered in the coming special economic zone to allow and enable immediate investment and commitments on industries of interest by investors.

1.3. SERVICE DELIVERY OVERVIEW

SERVICE DELIVERY INTRODUCTION

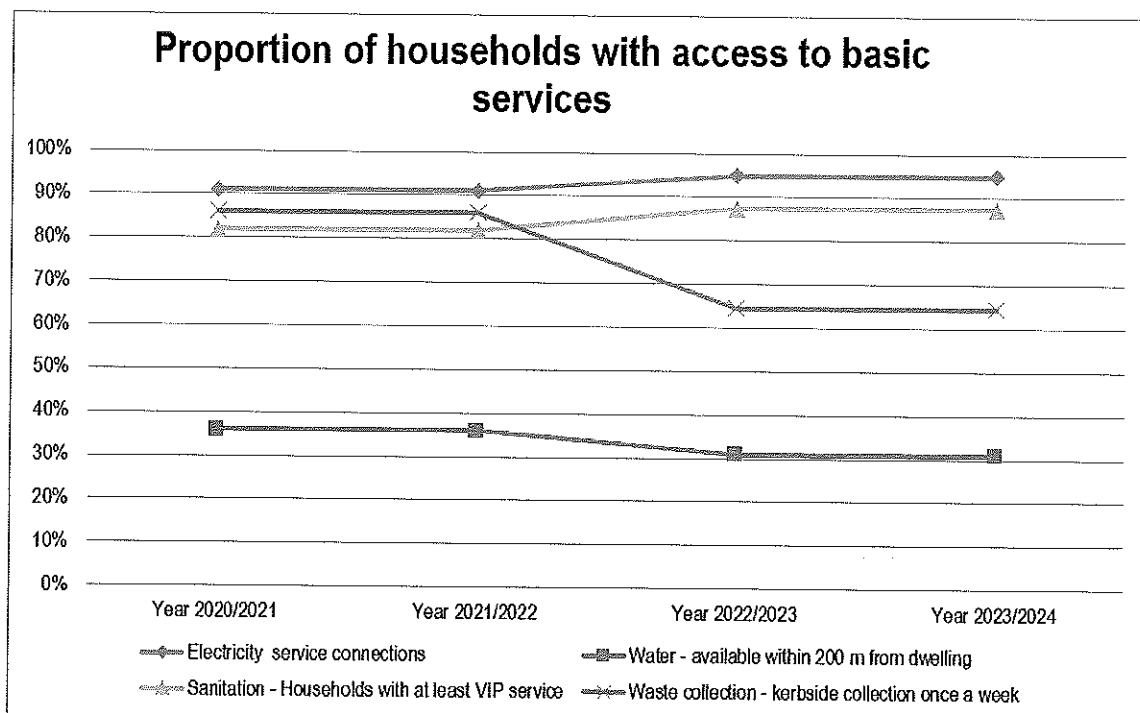
In terms of the legislation, the municipality's mandate is to provide the following basic services to the communities it serves:

- Water
- Sanitation
- Electricity
- Refuse Removal

In addition to these basic services, the Member of the Executive Council in the Province responsible for Corporative Governance and Traditional Affairs can promulgate powers and function to a municipality as envisaged by section 84 of the Local Government: Municipal Structures Act, 117 of 1999.

Proportion of Households with minimum level of Basic services				
	Year 2020/2021	Year 2021/2022	Year 2022/2023	Year 2023/2024
Electricity service connections	91%	91%	95%	95%
Water - available within 200 m from dwelling	36%	36%	31%	31%
Sanitation - Households with at least VIP service	82%	82%	87%	87%
Waste collection - kerbside collection once a week	86%	86%	65%	65%

SOURCE: STATS SA 2011 AND 2022 CENSUS



COMMENT ON ACCESS TO BASIC SERVICES:

We have been constantly faced with continuous sewer blockages, especially in greater Thabong which falls within wards 12, 13, 14, 15, 16, and 17 on the main.

Service delivery is hampered by the following challenges:

- 1.3.1 Ageing Road Infrastructure
- 1.3.2 Aging and vandalism of street lighting infrastructure
- 1.3.3 Availability of residential sites for low- and high-income housing
- 1.3.4 Low economic growth and high unemployment rate particularly among the youth
- 1.3.5 High levels of crime
- 1.3.6 Decaying water infrastructure resulting in high water loss.

Amidst all the challenges, the municipality showed resilience to positively respond deftly in addressing these challenges. A total of 24 service delivery vehicles have been procured in the current year.

1.4. FINANCIAL HEALTH OVERVIEW

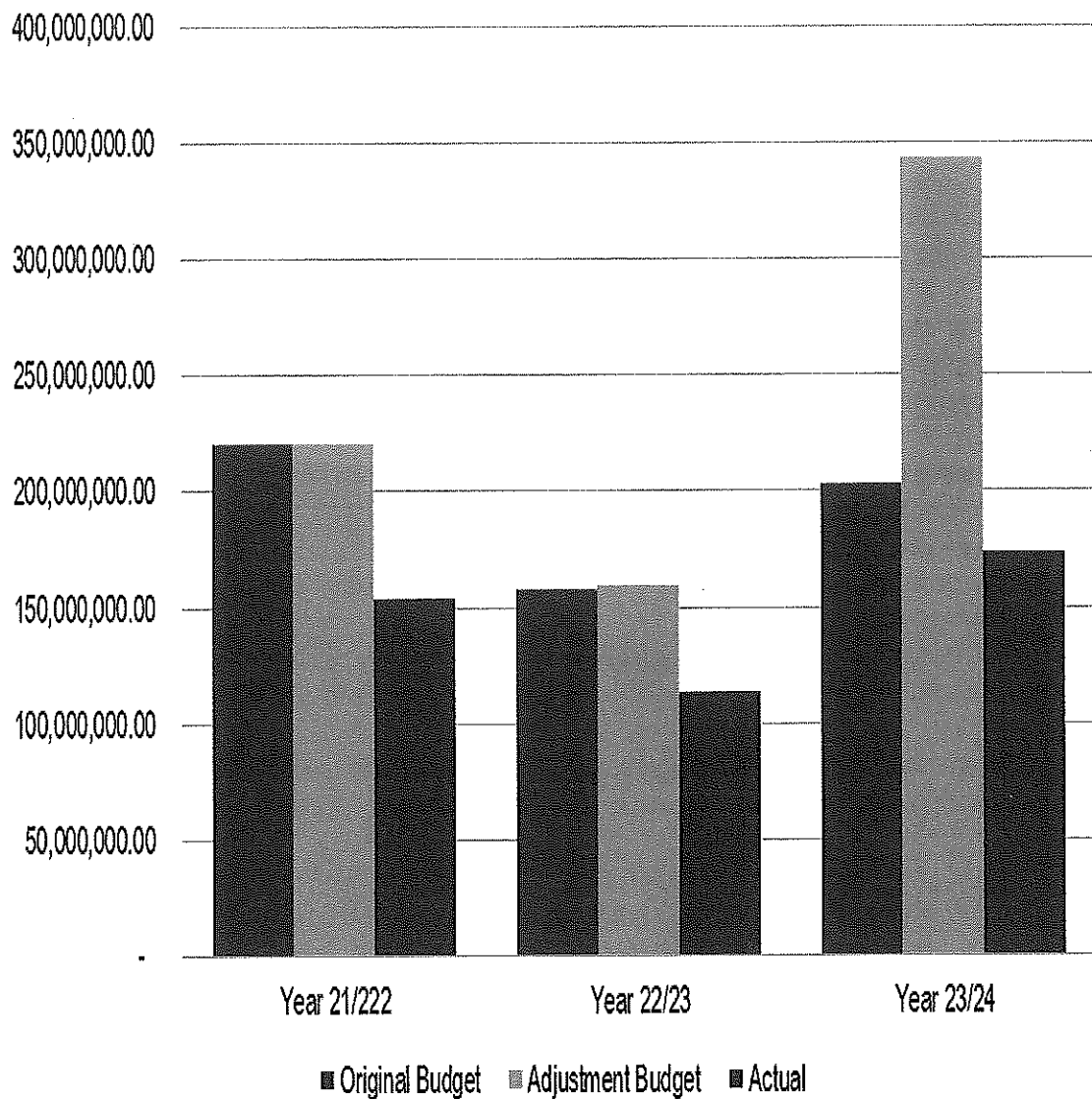
FINANCIAL HEALTH OVERVIEW

Financial Overview: Year 2023/2024			
			R' 000
Details	Original budget	Adjustment Budget	Actual
Income:			(
Grants	886,385,000	916,221,000	884,725,127
Taxes, Levies and tariffs	2,110,294,789	2,010,294,789	1,649,350,414
Other	1,161,732,252	1,131,691,252	1,524,131,500
Sub Total	4,158,412,041	4,058,207,041	4,058,207,041
Less: Expenditure	3,974,218,901	3,922,369,444	4,374,499,945
Net Total*	184,193,140	135,837,597	-316,292,904
* Note: surplus/(deficit)			T 1.4.2

Operating Ratios	
Detail	%
Employee Cost	22%
Repairs & Maintenance	1%
Finance Charges & Impairment	26%
T 1.4.3	

Total Capital Expenditure: Year 2021/2022 to Year 2023/2024			
			R'000
Detail	Year 21/22	Year 22/23	Year 23/24
Original Budget	220615001	157832518	202914000
Adjustment Budget	220615001	159213435	343536608
Actual	154084142	113508981.5	173550387
T 1.4.4			

Total Capital Expenditure



1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

ORGANISATIONAL DEVELOPMENT PERFORMANCE

The generic performance management cycle is the cycle of activities that recur in any social system that is serious about improving itself and how it works within the external environment, whether the system is an employee, team, recurring process in the organization, or the organization itself. The cycle clarifies the purpose of the system, its goals in working toward the purpose, and how those goals will be achieved. As it works to achieve them, it continually evaluates its progress and makes any necessary changes to improve its progress. In an overall organization, the organizational performance management cycle includes three highly integrated phases including:

- ▮ Performance planning
- ▮ Performance appraisal
- ▮ Performance improvement

Significant organizational activities occur within each of the three phases, including:

- ▮ Strategic planning to clarify the purpose, goals, and strategies to achieve the goals (performance planning).
- ▮ Adopting the necessary organizational structures as a strategy to achieve the goals (performance planning).
- ▮ Guiding the necessary organizational behaviours, including the necessary nature of its leadership and management, as a strategy to achieve the goals (performance planning).
- ▮ Organizational evaluations/diagnoses to monitor progress toward the goals (performance appraisal).
- ▮ Organizational changes to achieve goals even better (performance improvement).

Each of these significant activities is also a cycle of highly integrated activities. The way that a social system does an organizational cycle depends on its culture, its current life cycle, and the expertise of the leaders and managers in the system. The same is true for an individual, depending on his or her personality, maturity, and expertise in leading and managing oneself. However, the nature of the generic performance management cycle is changing as the world around us is changing. This affects performance management in organizations, teams, and employees.

1.6. AUDITOR GENERAL REPORT

AUDITOR GENERAL REPORT: YEAR 2023-2024

AUDIT OF THE ANNUAL FINANCIAL STATEMENTS: The municipality received a **qualified audit opinion** for 2023/2024, the basis for is Service Charges

AUDIT OF THE ANNUAL PERFORMANCE REPORT: The municipality received an **unqualified audit opinion** for the 2023/2024 audit of predetermined objectives (AOPO)

1.7. STATUTORY ANNUAL REPORT PROCESS

No.	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise the 4th quarter Report for previous financial year	
4	Submit draft year 2023-2024 Annual Report to Internal Audit and Auditor-General	
5	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	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	
9	Auditor General audits Annual Report including Annual Financial Statements and Performance data	September - October
10	Municipalities receive and start to address the Auditor General's comments	November
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	December
15	Oversight report is made public	
16	Oversight report is submitted to relevant provincial councils	
17	Commencement of draft Budget/ IDP finalization for next financial year. Annual Report and Oversight Reports to be used as input	January

COMMENT ON THE ANNUAL REPORT PROCESS:

Previously, the municipality has complied with the set timeframes, and the Annual Report and Annual Financial Statements were submitted by 31 August to AGSA. Commencement of draft budget and IDP for the next financial year started within the prescribed timeframes.

Local government in South Africa is mandated by legislation to develop an Integrated Development Plan (IDP) and a performance management system to direct and ensure the delivery of services to the communities that the municipalities serve. The performance management system is a tool that can monitor, review, and improve the implementation of the IDP. Given that the performance management system and IDP are complementary systems, they must be aligned.

CHAPTER 2 – GOVERNANCE

INTRODUCTION TO GOVERNANCE

Governance comprises all the processes of governing, whether by the government of a state, a market, or a network over a social system, formal or informal organization, territory, or across territories, and whether through the laws, norms, power, or language of an organized society. It relates to "the processes of interaction and decision-making among the actors involved in a collective problem that lead to the creation, reinforcement, or reproduction of social norms and institutions".

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

Political Governance in layman's terms, could be described as the political processes that exist in and between formal institutions. A variety of entities (known generically as governing bodies) can govern. The most formal is a government, a body whose sole responsibility and authority is to make binding decisions in a given geopolitical system (such as a state) by establishing laws. Other types of governing include an organization (such as a corporation recognized as a legal entity by a government), a socio-political group (chiefdom, tribe, gang, family, religious denomination, etc.), or another, informal group of people.

2.1 POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE

In business and outsourcing relationships, Governance Frameworks are built into relational contracts that foster long-term collaboration and innovation. Governance is the way rules, norms and actions are structured, sustained, regulated and held accountable. The 18 degree of formality depends on the internal rules of a given organization and external with its business partners.

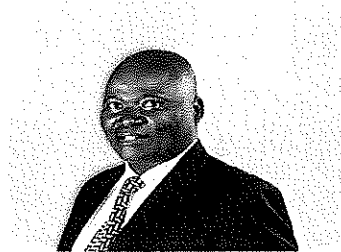
As such, governance may take many forms, driven by many different motivations and with many different results. For instance, a government may operate as a democracy where citizens vote on who should govern and the public good is the goal, while a non-profit organization or a corporation may be governed by a small board of directors and pursue more specific aims.

Council is the ultimate authority and/or decision-maker as per the provisions of the Constitution of the Republic of South Africa and other applicable laws governing the Local Government sector. A typical political decision-making process usually begins with the Administrative Wing of the Municipality making submissions to the Section 80 Committees for further consideration. As part of a decision-making process, section 79 committees also play a critical role in influencing decisions that are made within the council.

These committees were established during the second meeting of the current council in January 2022. The Executive Mayor established the Section 80 Committee to assist The Office of the Executive Mayor, the committee recommends to the Executive Mayor and ultimately Council takes a resolution on a matter. Depending on the nature of a Council decision, the general public will be consulted for inputs on the matters discussed by the Council and then the Council will finally ratify a matter under discussion. Public consultation assumes different forms, for example, it can be face-to-face meetings with the general public, a platform can be created for the public to make inputs (written or verbal) and it can be through the sittings of the Ward Committees or even through formal stakeholder engagements.

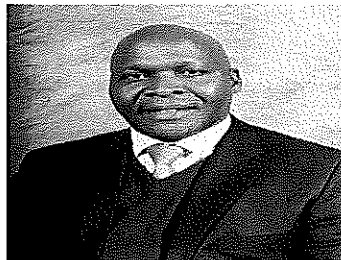
The municipality has a functioning audit committee that provides opinions and recommendations on financial processes and performance. The audit committee was established in the 2021/2022 financial year.

POLITICAL STRUCTURE
SPEAKER



Mr. Bhekumzi Charles Stofile

MAYOR



Mr. Thanduxolo David Khalipha

CHIEF WHIP



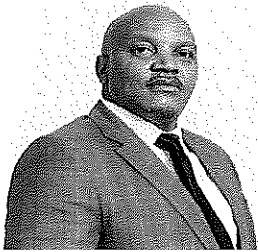
Ms. Maramane Lilian Setabela

MAYORAL COMMITTEE

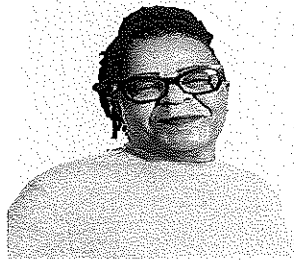


Ms. Nomthandazo Monjovo - MMC Special Programs

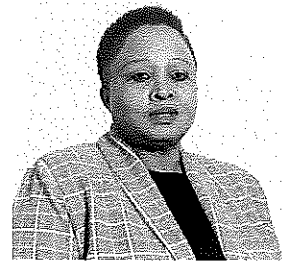
MAYORAL COMMITTEE



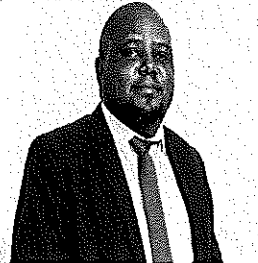
Mr. Hlobohang Mokhomomo
MMC Finance



Ms. Mojabeng Lydia Radebe
MMC IDP&PME



Ms. Kabotsa Moipatle
MMC Sport, Arts & Culture



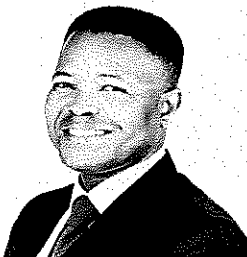
Mr. Sankane Ramalefane
MMC Fleet, Disaster
Management & Service
Delivery



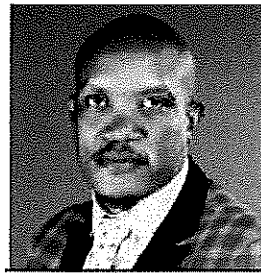
Mr. Sabata Moshoeu
MMC Corporate Services
& Good Governance



Ms. Matinte Radebe
MMC Human Settlement,
Land Use Management
& Spatial Planning



Mr. Mojalefa Buti
MMC LED, Small Business,
Agriculture & Tourism



Mr. Kgoarai Tlake
MMC Community Services
& Public Safety



Ms. Xolile Masina
MMC Infrastructure &
Technical

COUNCILLORS

The municipal council consists of seventy-two members elected by mixed-member proportional representation. Thirty-six councillors are elected by first-past-the-post voting in thirty-six wards, while the remaining thirty-six are chosen from party lists so that the total number of party representatives is proportional to the number of votes received. In the election of 01 November 2021, the African National Congress won a majority of thirty-nine seats in the council. The following table shows the results of the election. Refer to **Appendix A** where a full list of Councillors can be found and **Appendix B** which sets out committees and committee purposes.

Party Name	Total Valid Votes	Total Valid Votes / Quota	Round 1 Allocation	Remainder	Ranking of Remainder	Round 2 Allocation	Total Party Seats
AFRICAN CHRISTIAN DEMOCRATIC PARTY	913	0.3841	0	0.3841	9	0	0
AFRICAN CONTENT MOVEMENT	560	0.2356	0	0.2356	12	0	0
AFRICAN DEMOCRATIC CHANGE	4,267	1.7951	1	0.7951	3	1	2
AFRICAN NATIONAL CONGRESS	92,640	38.9735	38	0.9735	1	1	39
AFRICAN PEOPLE'S CONVENTION	689	0.2899	0	0.2899	10	0	0
AFRICAN TRANSFORMATION MOVEMENT	1,434	0.6033	0	0.6033	4	1	1
AGENCY FOR NEW AGENDA	211	0.0888	0	0.0888	18	0	0
CONGRESS OF THE PEOPLE	1,117	0.4699	0	0.4699	6	1	1
DEMOCRATIC ALLIANCE	37,654	15.8410	15	0.8410	2	1	16
ECONOMIC FREEDOM FIGHTERS	19,999	8.4135	8	0.4135	7	1	9
FORUM 4 SERVICE DELIVERY	520	0.2188	0	0.2188	13	0	0
INDEPENDENT CIVIC ORGANISATION OF SOUTH AFRICA	291	0.1224	0	0.1224	16	0	0
INDEPENDENT SOUTH AFRICAN NATIONAL CIVIC ORGANISATION	3,571	1.5023	1	0.5023	5	1	2

Party Name	Total Valid Votes	Total Valid Votes / Quota	Round 1 Allocation	Remainder	Ranking of Remainder	Round 2 Allocation	Total Party Seats
INKATHA FREEDOM PARTY	369	0.1552	0	0.1552	15	0	0
PATRIOTIC ALLIANCE	937	0.3942	0	0.3942	8	0	0
PATRIOTIC FRONT OF AZANIA	402	0.1691	0	0.1691	14	0	0
POWER OF AFRICANS UNITY	226	0.0951	0	0.0951	17	0	0
VRYHEIDSFONT PLUS	5,334	2.2440	2	0.2440	11	0	2
Total	171,134		65			7	72

POLITICAL DECISION-MAKING

The council is the ultimate authority and/or decision-maker as per the provisions of the Constitution of the Republic of South Africa and other applicable laws governing the Local Government sector. A typical political decision-making process usually begins with the Administrative Wing of the Municipality making submissions to the Section 80 Committees for further consideration. As part of a decision-making process, section 79 committees also play a critical role in influencing decisions that are made within the council.

2.2 ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

South Africa has made great strides in creating mechanisms for citizens to participate on an ongoing basis and not just during elections. This is evident in the policy and legislative framework and the establishment of numerous statutory bodies, structures, and programmes. The 1997 White Paper on Transforming Public Service Delivery (Batho Pele White Paper) focused on ensuring that government is responsive to the needs of its citizens. Legislation such as the Promotion of Access to Information Act of 2000 and the Promotion of Administrative Justice Act of 2000 are designed to enable citizens to access state information and administrative justice. Participatory governance and advisory structures, consultative forums, and grievance mechanisms have been established to enable citizens to participate in and inform governance processes.

Turning these formal structures into dynamic mechanisms with elicit meaningful community engagement remains a challenge. Participatory processes are often run as isolated events without effective feedback mechanisms or are outsourced to consultants, raising questions about their credibility. There is a perception that the state does not always take these structures seriously. In poor communities, limited resources, social inequality, and prevailing power relations can present obstacles to meaningful citizen engagement. The increase in service delivery protests provides visible evidence that the state is struggling to ensure that poor communities feel that they are being heard. Protests are typically prompted by a range of concerns including access to services, the quality of services, and the perceived non-responsiveness of local government.

The priority is therefore to ensure that mechanisms for promoting participation, accountability, and responsiveness are used effectively. The discussion of public service ethos and culture later in this chapter identifies some of the steps that are being taken to improve public sector responsiveness. Attention needs to be given to improving accountability mechanisms for routine day-to-day interactions between citizens and the state, particularly at the point of delivery. This includes enabling citizens to provide direct feedback on the quality of services through citizen-based monitoring and ensuring that frontline public servants and their managers are given adequate authority to address issues as and when they arise. More emphasis needs to be put on engaging citizens in their own spaces rather than only expecting them to use forums and structures established by the state.

At the local government level, there is a particular need to ensure that participation in the integrated development processes is deliberative, with citizens being involved in identifying and resolving trade-offs rather than simply developing shopping lists of needs.

Chapter 4 of the Municipal Systems Act obliges a municipality to create the systems, mechanisms, and enabling conditions for meaningful participation of the community in the affairs of the municipality beyond the IDP process, including monitoring and reviewing municipal performance. The Act requires councillors and officials to play a key role in fostering community participation. However, while structures such as ward committees have been created to enable councillors and officials to engage with communities, these have not worked in the manner intended. Interactions are often formulaic and symbolic rather than meaningful and have generally not helped to strengthen links between communities and councillors.

The Municipal Manager is appointed by Council in terms of Section 82 of the Municipal Structures Act, 117 of 1998, and is designated as the Accounting Officer and the Administrative Head. He is also the Chief Information Officer of the municipality and is responsible for managing the Promotion of Access to Information Act, 2 of 2000 requirements. The responsibilities of the Municipal Manager include the management of financial affairs and service delivery in the municipality. The Municipal Manager is assisted by the Executive Directors, who are heads of seven municipal departments. Municipality has structured its departments in a way that each has an Executive Director appointed under Section 56 of the Municipal Systems Act, 32 of 2000, for its core functions. The alignment of these functions is such that they enable a swift attainment of all our strategic and operational targets.

TOP ADMINISTRATIVE STRUCTURE

TIER 1

MUNICIPAL MANAGER -ADV.LONWABO NGOQO

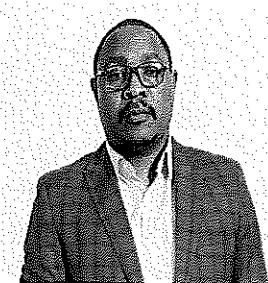


TIERS 2 AND 3

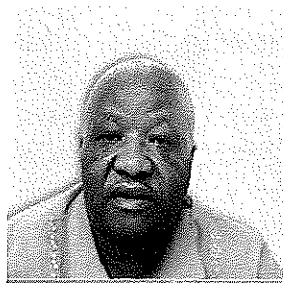
CHIEF FINANCIAL OFFICER – MR THABO PANYANI



EXECUTIVE DIRECTORS:



Mr. Jonathan Ntsabo
Infrastructure

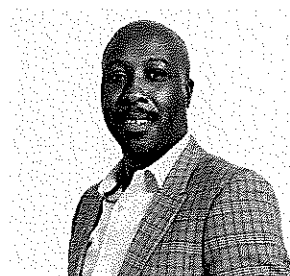


Dr. Vuyo Adonis
Corporate Services

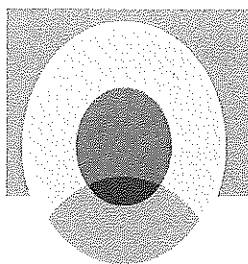


Dr. Sefako Ramphoma
Local Economic
Development

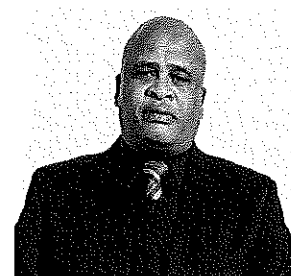
ACTING EXECUTIVE DIRECTORS:



Mr. Themba Mnisi
Community Services



Ms. Dikagisho Olyn
Strategic Support Services



Mr. Sello Naniso
Human Settlement &
Planning

COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

Cooperative Governance and Intergovernmental Relations (IGR) are important in that they foster relationships among the three spheres of government within the context of a unitary state, and the mechanisms to manage these relationships as legislated by the Constitution of the Republic of South Africa of 1996, The Intergovernmental Relations Act, and other applicable laws. For the 2023/2024 financial year, the Municipality participated in several meetings convened as planned within our service delivery and budget implementation plan for purposes aimed at advancing cooperative governance and intergovernmental relations, especially at the levels of both the District Municipality and Provincial Government.

2.3 INTERGOVERNMENTAL RELATIONS

NATIONAL INTERGOVERNMENTAL STRUCTURES

The following intergovernmental structures play an important role in cooperative governance and in shaping policy and resource decisions:

Extended Cabinet

This is made up of National Cabinet Ministers, extended to Provincial Premiers and the Chairperson of South African Local Government Association. It is the highest cooperative governance mechanism, advising the national cabinet when it finalizes the fiscal framework and the division of revenue on which the Medium-Term Expenditure and Revenue Framework budgets are based.

The President's Coordinating Council

The chair of this forum is the President of the country, and it consists of nine provincial Premiers, the Chairperson of the South African Local Government Association, Executive Mayors of Metros, and the National Ministers responsible for cross-cutting functions such as provincial and local government affairs, public service and administration, and finance. Other Ministers may be invited to participate.

The Budget Council and Budget Forum

Established in terms of the Intergovernmental Fiscal Relations Act of 1997. The Budget Council consists of the Minister of Finance and the Members of the Executive Councils responsible for finance in each province. The Budget Forum consists of the members of the Budget Council including the representatives of the South African Local Government Association. It provides a forum for discussing financial matters relating to the local government fiscal framework.

MinMec

These are sectoral forum made up of national ministers for concurrent functions and their provincial counterparts. South African Local Government Association represents local government on a number of these forum.

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

Over and above the provincial structures as stated above in the province, the following are the ones that the municipality is participating actively in:

- Provincial Waste Management Forum.
- Free State Traffic Management Committee.
- Free State Umbrella Fire Protection Association.
- Provincial Fire and Disaster Advisory Forum.
- Cross Border Crime Prevention Forum.
- Provincial Security Managers Forum.
- South African Emergency Services Institute.
- Provincial IDP Managers Forum and
- Provincial Performance Monitoring and Evaluation Forum (Inaugurated on 19 June 2024)

RELATIONSHIPS WITH MUNICIPAL ENTITIES

The municipality does not have a municipal entity.

DISTRICT INTERGOVERNMENTAL STRUCTURES

At the political level, both the Speaker and the Executive Mayor take part in various fora established to ensure improved inter-governance relations. The public participation forum allows the Speakers in the District to discuss a range of issues, including demarcation, public participation, and governance. The forum has helped to eliminate tensions and disagreements over Municipal outer boundaries as consensus gets reached at this level. The Executive Mayor attends and participates at the political IGR level with other executive mayors and mayors within the district boundary. Issues raised at this level get escalated by the technical wing of the forum which is constituted by Municipal Managers assisted by staff at a technical level. At a technical level, the office of the Municipal Manager participated in quarterly District IGR meetings. These fora help with service delivery through the sharing of best practices and strategies implemented by other Municipalities.

Other forum participation meetings were for the Back to-Basics meetings which were convened to monitor Back to Basics action plans submitted to the council. Related to the above forum/committee participation, the Municipality participates in the Premier's Coordinating Forum where the province's developmental agenda and coordination are points of emphasis. In summary, the following forum formations are some of the areas where the Municipality participated:

- Provincial Municipal Managers' Forum
- District Energy Forum
- District Political Inter-Governmental Relations Forum District Technical Inter-Governmental Relations
- Forum Provincial Performance Management Systems Forum Provincial and District Risk Management Forum
- MECLOGA
- Premier's Coordinating Forum
- District Back to Basics and Provincial and District Integrated Development Plan Managers' Forum

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

The law provides that public representatives must convene ward constituency meetings quarterly to give feedback on the progress and challenges in the Municipality. The Office of the Speaker ensures that ward committees meet and submit reports monthly on issues raised within the wards. The Municipality engages the public via several forum meetings:

IDP/budget representative forum "Ward Constituency meetings and Ward Committee meetings".

The Office of the Speaker is in charge of ensuring that different constituency meetings are convened. The law allows for a minimum of at least four meetings to be convened in one financial year. As a precondition to applying and implementing the law and to enhance accountability, the Municipality published documents like the Integrated Development Plan, Budget, and the Annual Report at key strategic points for accessibility.

A public participation programme was developed and implemented with assistance from the Office of the Speaker to ensure that both the integrated development plan and budget, as well as the draft annual report, were presented to communities to receive their input. On the main, communities raised issues of concern in their respective areas for consideration by the Municipality and thereby reconsideration of priority service delivery issues for budget purposes.

MSA section 17 (2): requires a municipality to establish and organize its administration to facilitate a culture of accountability amongst its staff. Section 16 (1): states that a municipality must develop a system of municipal governance that complements formal representative governance with a system of participatory governance. Section 18 (a) - (d): requires a municipality to supply its community with information concerning municipal governance, management, and development.

2.4 PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS

The public participation programme was championed by the office of the Speaker and has always been the office doing the task. All council meetings were advertised as required by law. Under no circumstance would a council meeting go ahead without such communication being publicized. The second form of communication-related to forum meetings is the forms of the Integrated Development Plan representative forum as well as the imbizo. The Executive Mayor headed both sets of fora. As an exception, the year under review witnessed quite satisfactory attendance in all meetings.

The next avenue the Municipality utilized to share municipal information has been the website. This option was done as per the compliance mandate and following legislative requirements.

The website was changed to: www.matjhabengmunicipality.co.za. All information needed to be shared with the public was placed on the new website. The other areas used were notice boards of the Municipality. The Municipality, in addition, used the community radio station, Lesedi and Gold FM where the leadership of the Municipality had direct communication with the community on development plans, progress, and challenges. Local publications (Free State Sun and The Weekly) were also used in informing the public on Municipal Programmes for the financial year under review.

WARD COMMITTEES

The Municipality has 36 Wards, each with a well-functioning Ward Committee. Some of the work of the ward committees did not proceed as planned, however, the reports were provided quarterly. The Office of the Speaker was charged with assessing the performance of all wards in the Municipality as per the 2023/2024 Service Delivery and Budget Implementation Plan relating to the office.

Refer to **Appendix E** which contains further details on ward committee governance and **Appendix F** which contains performance data on a ward-by-ward basis.

COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:

Public meetings are held to solicit more views and priorities from community members who attend these meetings. It provides a good platform where discussions are held, and compromises are reached with regards to the importance of projects within the wards, as well as taking into account available resources. Apart from meeting a legal requirement, as far as consulting the public is concerned, meetings held yielded positive outcomes. The general public was able to give inputs into programmes where such were needed, and these contributed significantly to improving the Council's decisions. For example, the IDP and Budget together with other policies approved have public ownership. As a result of these meetings, management was sensitized on urgent community matters that would not reach offices under normal circumstances.

– Key benefits for the municipality and the public from the above-mentioned meetings:

- (i) The Public stays informed on the issues concerning the municipality (such as the low collection rate, projects the municipality will be embarking on, etc.)
- (ii) The public gives support to the municipality especially when they know the challenges that the municipality is facing.

2.5 IDP PARTICIPATION AND ALIGNMENT

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

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

The issues of Corporate Governance include the need to ensure that laws are applied and monitored as required. All relevant positions in the Municipality are charged with the responsibility of ensuring that there is compliance with such laws in the forms of municipal policies and by-laws. In addition, officials are required to observe the application and enforcement of the law. There are other noticeable occupations within the Municipality, that have been established to reinforce application and monitoring of the law.

In the Municipality, we have these positions as they relate to performance monitoring and compliance. Such positions help monitor the implementation of relevant laws but are placed quite lower down the management echelon. These positions include those of officials who deal with Risk Management, Internal Audit, Performance Management & Monitoring, and Evaluation.

2.6 RISK MANAGEMENT

RISK MANAGEMENT

In terms of sections 62(1)(c)(i) of the Municipal Finance Management Act (No 56 of 2003) (hereafter the MFMA), the Accounting Officer is required to ensure that the Municipality has and maintains an effective, efficient and transparent systems of risk management. Further, section 3.2.1 of the Treasury Regulations requires that the Accounting Officer should ensure that the identification of risks is conducted regularly and that a risk management strategy is in place.

Matjhabeng Local Municipality is committed to effective and transparent governance by promoting economic development, providing sustainable services, and improving the quality of life of all people.

Effective risk management requires:

A systematic process that should be used when making decisions to improve the effectiveness and efficiency of managing risks;

- (a) Taking action to mitigate risks
- (b) Identifying and exploiting opportunities identified during risk management processes
- (c) Risk Management planning
- (d) Effective communication
- (e) Balance between the cost of managing risks and the anticipated benefits; and

Systems, (Structures, Risk registers, Risk Management Standard operating procedure and information technology etc.).

The realization of our strategic plan depends on us taking calculated risks in a way that does not jeopardise the direct interests of stakeholders. Sound management of risk will enable us to anticipate and respond to changes in our service delivery environment, as well as to take informed decisions under conditions of uncertainty.

We subscribe to the fundamental principle that all resources will be applied economically to ensure:

- (a) The highest standards of service delivery.
- (b) A management system containing the appropriate elements aimed at minimising risks and costs in the interest of all stakeholders.
- (c) Education and training of all our staff to ensure continuous improvement in knowledge, skills and capabilities which facilitate consistent conformance to the stakeholders' expectations; and
- (d) Maintaining an environment, this promotes the right attitude and sensitivity towards internal and external stakeholder satisfaction.

An enterprise-wide approach to risk management is adopted by the Municipality, which means that every key risk in each part of the municipality will be included in a structured and systematic process of risk management. It is expected that the risk management processes will become embedded into the municipality's systems and processes, ensuring that our responses to risks remain current and dynamic.

The municipality currently has the following Risk Registers:

1. Strategic Risk Register
2. Operational Risk Register
3. Projects Risk Register
4. Fraud Risk Register; and
5. Information Communication and Technology (ICT) Risk Register.

All risk management efforts will be focused on supporting the departmental objectives. Equally, they must ensure compliance with relevant legislation, and fulfil the expectations of employees, communities, and other stakeholders in terms of corporate governance.

The top ten Strategic Risks:

1. Sewer spillage from bulk lines in residential areas
2. Technical Distribution losses (Water and electricity)
3. Underspending on the grants
4. Theft and vandalism of the infrastructure
5. Unfunded Budget
6. Long accumulated UIF expenditures
7. Incorrect or non-billing of customers for services and rates
8. Overpayment of the Suppliers / Risk of Ghost creditors being paid under Unregistered Sundry payments
9. Illegal occupants invading Municipal land; and
10. Illegal occupants invading Municipal Rental Stock.

2.7 ANTI-CORRUPTION AND FRAUD

FRAUD AND ANTI-CORRUPTION STRATEGY

The municipality's stance is "Zero Tolerance to Fraud and Corruption". All allegations will be investigated, and tough action will be taken against perpetrators i.e. disciplinary steps, civil recovery of financial losses, and criminal prosecution. The municipality shall publish its successes and name the perpetrators of fraud and corruption. The municipality shall implement appropriate prevention and detection controls, which include the existing financial and other controls as prescribed in the systems, policies, procedures, rules, and regulations of the Matjhabeng Local Municipality.

The Municipality has approved the following policies for the current financial year:

1. Fraud Prevention Policy and Fraud Response Plan.
2. Anti-Fraud and Anti-Corruption Strategy.
3. Whistle Blowing Policy.

A comprehensive approach to the management of fraud and corruption risks with specific focus on the following:

- (a) Understanding fraud risks that can undermine the municipality's objectives
- (b) Determining whether fraud and corruption prevention programs and controls are also adequately effective in reducing instances of fraud
- (c) Gaining insight into better ways of designing and evaluating controls to prevent, detect, and respond appropriately to fraud and corruption
- (d) Reducing exposure to liability, sanctions, and litigation that may arise from violations of law or stakeholder expectations
- (e) Deriving practical value from the development of a sustainable process of managing fraud, corruption risk, and improving performance
- (f) Achieving the highest level of business integrity through sound corporate governance, internal control, and transparency

The municipality has a functional Audit Committee and the Audit Committee recommendations for the year 2023/2024 are set out in **Appendix G**.

2.8 SUPPLY CHAIN MANAGEMENT

OVERVIEW SUPPLY CHAIN MANAGEMENT

The municipality has aligned its Supply Chain Management Policy with the Municipal Supply Chain Management Regulations. The 2023/2024 Supply Chain Management Policy has been updated to incorporate necessary changes in accordance with the SCM Regulation. The Preferential Procurement Policy is regularly reviewed to adhere to the revised Preferential Procurement Policy Framework Regulations on an annual basis as the budget is approved. This policy plays a crucial role in the Municipality's Supply Chain Management Processes. The municipality's supply chain management (SCM) plays a crucial role in ensuring efficient service delivery by establishing a robust procurement and demand management system. This is essential to guarantee that the necessary resources to fulfill the municipality's strategic and operational obligations are obtained timely, at a fair cost, and in the right place, meeting the municipality's quantity and quality requirements. Additionally, the SCM oversees effective logistics and disposal management, as well as contract and performance management.

The Supply Chain Management unit is currently seeking enhancements in its operations related to performance and contract management, as well as the disposal of municipal assets due to vacant positions.

Communication channels between the SCM unit and user departments have been enhanced. Additionally, the SCM unit has recommended the establishment of a Panel of Suppliers for user departments to expedite the order cycle time, thereby improving service delivery efficiency.

The Supply Chain Management department is presently facing challenges, such as a lack of training for staff due to the municipality's financial constraints. To address this issue, the department has implemented a remedial measure requiring officials to participate in training sessions organized by SALGA and Treasury. Furthermore, supplementary training will be offered once the municipality's financial situation shows improvement.

Referral should be made to the information on long-term contracts which is set out in **Appendix H**.

2.9 BY-LAWS

By-laws Introduced during Year 2023/2024				
Revised	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	By-Laws Gazetted* (Yes/No)	Date of Publication
Building Control By-Law	Yes	24-Nov-22	No	N/a

COMMENT ON BY-LAWS:

The Building By-Law, which has been revised, was released for public participation in the Free State Sun Newspaper on November 24, 2022. It was officially approved by the council on November 28, 2023. The enforcement of the Building Control By-Law involves issuing one-time 7-day notices. Failure to adhere to these notices will lead to charges being issued to those who violate the by-law.

2.10 WEBSITES

Municipal Website: Content and Currency of Material	
Documents published on the Municipality's Website	Yes / No
Current annual and adjustments budgets and all budget-related documents	Yes
All current budget-related policies	Yes
The previous annual report (Year 2022/2023)	Yes
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 2023/2024) and resulting scorecards	Yes
All quarterly reports tabled in the council in terms of section 52 (d) during the Year 2023/2024	Yes

COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS:

The municipality has established its website (www.matjhabengmunicipality.co.za)

The municipal website readily and immediately updates its contents in compliance with the Municipality Finance Management Act (MFMA) and the timelines are set out in the Act. Section 75 of the MFMA requires that the municipality place key documents and information on its website, including IDP, Annual reports, annual budgets, RFQs, and budget-related documents and policies.

The website (www.matjhabengmunicipality.co.za) has been configured in compliance to count and report the visitor count reflecting (previous day, current day, and overall visits). A total of **41964** online visits have been recorded.

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

PUBLIC SATISFACTION LEVELS

The municipality did not conduct any public satisfactory survey for the year under review, as well as during the prior years

2.12 AUDIT COMMITTEE

BACKGROUND

1.1 The purpose of the Audit Committee is to exercise oversight over the Municipality's:

1.1.1 financial and non-financial performance to the extent that it affects the Municipality's exposure to risk and weakens the control environment;

1.1.2 financial reporting process; and

1.1.3 governance, risk management, and internal control processes, and provide independent assurance on the adequacy thereof.

1.2 The importance of the Audit Committee can be summarized as follows:

1.2.1 increasing public confidence in the objectivity and fairness of financial and other reporting;

1.2.2 reinforcing the importance and independence of internal and external audit and similar review processes;

1.2.3 providing additional assurance through a process of independent review; and

1.2.4 raising awareness of the need for adequate internal controls, effective performance, and the implementation of audit recommendations and compliance with laws and regulations.

1.3 The Terms of Reference for the Audit Committee were compiled in accordance with section 166 of the MFMA and the King IV Report on Corporate Governance and are enshrined in the Audit Committee Charter.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Audit Committee ("Committee") consists of five independent members. Members are appointed by the Municipal Council in terms of section 166 of Municipal Finance Management Act, 2003 (Act No. 56 of 2003). During 2023/2024 Financial Year, The Audit Committee held 3 special and 3 ordinary meetings. The attendance of meetings is reflected in the table below:

Name of member	Position	Attended	Apologies	Total Attended
Mr. Ranako Mabunda	Chairperson	6	0	6
Ms. Vuyiswa Khuse	Member	5	1	5
Mr. Mutsi Mutsi	Member	5	1	5
Mr. Phillip van der Merwe	Member	3	3	3
Mr. Ananias Langa	Member	3	3	3

The following stakeholders participate in the meetings of the Committee either on a permanent or Ad Hoc basis:

- a) The Auditor General's office (External Auditor).
- b) Municipal Manager and Executive Directors
- c) Internal Audit Unit.
- d) Chairperson of the Risk Management Committee.
- e) Risk Manager.
- f) Free State Provincial Treasury Representatives.
- g) SALGA representatives.
- h) COGTA representatives

AUDIT COMMITTEE RESPONSIBILITIES

The Audit Committee has adopted formal Terms of Reference as its Audit Committee Charter ("the Charter"). The Charter is subjected to a review on an annual basis and the Municipal Council approved the latest review on the 30th of August 2023. The Charter guides the Committee in navigating its roles and responsibilities and gives effect to its mandate in clear terms.

CONCLUSION

The Audit Committee given the period in which it has been in operation can confirm the improving effectiveness and efficiency of the Municipality's internal controls and give an assurance on the fair presentation of the financial statement and performance report, validity, accuracy, and completeness of the financial and performance information supporting the financial statements and performance report.

APPRECIATION

The Committee recognizes and acknowledges the hard work put in by Matjhabeng Municipality. We believe that Management, under the leadership and guidance of the Municipal Manager will yield the desired level of good governance across the Municipality in the future and that all emerging risks and internal control challenges as reported by assurance providers in their operations during the year under review will be given due care and determination to have them resolved and not become repeat findings.

We wish to express our gratitude to the Council and Matjhabeng Management for their support thus far as well as to the AGSA and Internal Audit Unit for their consistent value-adding contributions. The Audit Committee concurs and accepts the conclusions of the AGSA on the AFS, PI, and Compliance review, and is of the opinion that the audited AFS and APR be accepted and read together with the report of the AGSA.

Ranako Mabunda

Mr. R.E. Mabunda
Chairperson: Audit Committee

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

COMPONENT A: BASIC SERVICES

3.1. WATER PROVISION

INTRODUCTION TO WATER PROVISION

Matjhabeng Local Municipality operates as a Water Services Authority under the Water Services Act, No: 108 of 1997. Vaal Central serves as the Water Services Provider in compliance with the same Act, primarily catering to the Goldfields region and the local mines. Matjhabeng boasts a robust water infrastructure, featuring 3 reservoirs (Allanridge, Meloding, and Ventersburg), along with two water pressure towers equipped with pump stations in Allanridge and Riebeeckstad. Notably, the Allanridge Reservoir and pressure tower/pump station are currently inactive, utilizing a bypass. The system comprises 99 kilometers of bulk pipelines from Vaal Central and 1,701,317 meters of reticulation pipeline.

Households in Allanridge enjoy a high rate of access to piped water within their dwellings or yards, standing at 99.2%. This is followed by Odendaalsrus and Ventersburg, with rates of 98.7% and 96.7%, respectively.

Challenges faced by both the Municipality and Vaal Central have led to a reduction in the supply of drinking water to Matjhabeng. In the 2023/2024 financial year, water losses decreased from 56% to approximately plus/minus 45% due to repairs on the Odendaalsrus bulk pipelines.

To address the water supply constraints, the Municipality drilled and equipped 6 boreholes and acquired 4 water tankers to serve areas lacking water infrastructure or experiencing supply difficulties.

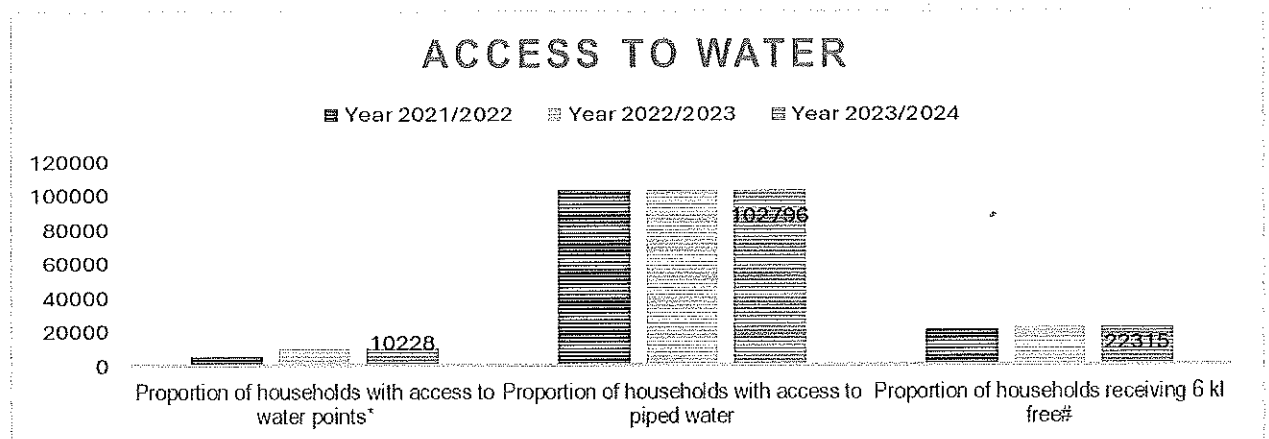
The current Blue Drop Incentive program from the Department of Water and Sanitation indicates a regression in the Municipality's performance compared to previous years. In 2014, the Municipality achieved a 93% rating, which dropped to 56% due to factors such as non-operational compliance monitoring laboratories and vacancies in key engineering and water personnel positions. Efforts have been made to fill critical vacancies, and it is anticipated that the water services' performance will improve in the upcoming years.

Water Service Delivery Levels				
Description	Year 2020/2021	Year 2021/2022	Year 2022/2023	Households Year 2023/2024
	Actual No.	Actual No.	Actual No.	Actual No.
Water: (above min level)				
Piped water inside dwelling	102,747	102,747	102,796	102,796
Piped water inside yard (but not in dwelling)				
Using public tap (within 200m from dwelling)	5,567	5,567	10,228	10,228
Other water supply (within 200m)	-	-	-	-
Minimum Service Level and Above sub-total	108,314	108,314	113,024	113,024
Minimum Service Level and Above Percentage	99%	99%	100%	100%
Water: (below min level)				
Using public tap (more than 200m from dwelling)				
Other water supply (more than 200m from dwelling)				
No water supply	846	846	128	128
Below Minimum Service Level sub-total	846	846	128	128
Below Minimum Service Level Percentage	1%	1%	0%	0%
Total number of households*	109,160	109,160	113,152	113,152

Access to Water			
	Proportion of households with access to water points*	Proportion of households with access to piped water	Proportion of households receiving 6 kl free#
Year 2021/2022	5567	102747	21052
Year 2022/2023	10228	102796	22315
Year 2023/2024	10228	102796	22315

* Means access to 25 litres of potable water per day supplied within 200m of a household and with a minimum flow of 10 litres per minute

6,000 litres of potable water supplied per formal connection per month



Households - Water Service Delivery Levels below the minimum						
Description	Year 2021/2022	Year 2022/2023	Year 2023/2024	Year 2023/2024		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	102,747	102,796	102,796	102,796	102,796	102,796
Households below minimum service level						
Proportion of households below minimum service level	0%	0%	0%	0%	0%	0%
Informal Settlements						
Total households	846	128	128	128	128	128
Households below minimum service level	846	128	128	128	128	128
Proportion of households below minimum service level	100%	100%	100%	100%	100%	100%

Employees: Water Services					
Job Level	Year 2022/2023	Year 2023/2024			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	5	3	2	40%
7 - 9	6	16	6	10	63%
10 - 12	10	20	10	10	50%
13 - 15	9	14	9	5	36%
16 - 18	103	209	93	116	56%
Total	132	265	122	143	54%

Financial Performance Year 2023/2024: Water Services					
Details	Year 2022/2023	Year 2023/2024			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	526716048	684980806	684980806	738313773	7%
Expenditure:					
Employees	59827937	55907532	55907532	65397228	15%
Repairs and Maintenance	9356306	8786840	8786840	3953607	-122%
Other	852517441	831977223	831977223	615702560	-35%
Total Operational Expenditure	921701684	896671595	896671595	685053395	-31%
Net Operational Expenditure	394985636	-211690789	-211690789	53260378	497%

Capital Expenditure Year 2023/2024: Water Services					
					R' 000
Capital Projects	Year 2023/2024				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	15069821	15069821	11256881	-34%	
ALLANRIDGE REPLACEMEN	463920	463920	489889	5%	280
KUTLWANONG REPLACEMENT	13638684	13638684	9799775	-39%	150
THABONG: ZONAL WATER METERS & VALVES	967217	967217	967217	0%	320
Project D	0	0	0	0%	0

3.2 WASTEWATER (SANITATION) PROVISION

INTRODUCTION TO SANITATION PROVISION

The second generation of Integrated Development Planning in democratic local government aimed to enhance sanitation levels and eliminate the bucket system. However, issues such as inadequate project planning, execution, and reporting were identified, resulting in a significant number of households still lacking proper sanitation. Matjhabeng has 11 Wastewater Treatment Works (1 Decommissioned), 57 Pump stations, and 1,501,637 meters of reticulation infrastructure.

Over a third of the reticulation system is over 40 years old, primarily consisting of vitrified clay pipes prone to root penetration and joint dislocation, as well as old AC pipes leading to frequent bursts. The expansion of services has also strained the capacity of wastewater treatment plants and pump stations. Furthermore, the aging infrastructure has caused regular sewage spillage due to blockages and pipe breakages. The municipality is seeking to have the area declared a national disaster to address sanitation issues.

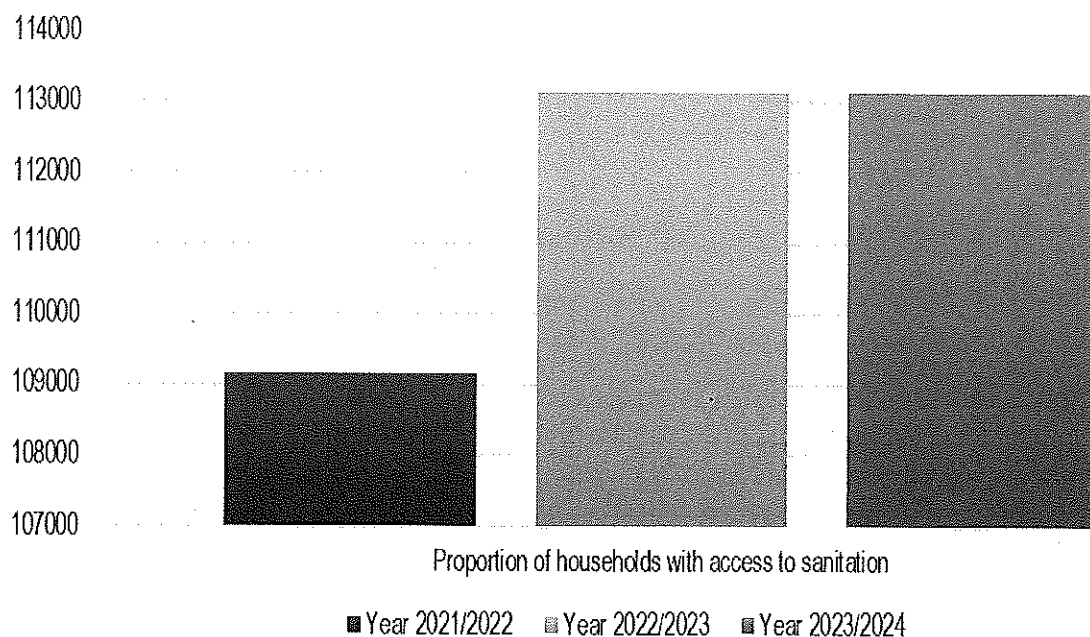
Currently, the Municipality is receiving support from the Dept of Water and Sanitation for the refurbishment of all WWTW's and Sewer Pump Stations. This includes point repairs and replacements of collapsed sewer lines in the reticulation networks. Some sewer pump stations have already been refurbished and handed over to the Municipality to safeguard against theft and vandalism.

The Municipality is committed to implementing sanitation plans during this five-year Integrated development planning cycle to upgrade wastewater treatment facilities and ensure a clean environment for residents. Aging infrastructure has led to challenges such as collapsing sewer lines and sewer spillages, prompting the need for the Municipality to focus on replacing pump stations in affected areas. A significant number of households still rely on outdated sanitation methods like using buckets, which negatively impacts their quality of life. It is imperative to completely eradicate these outdated systems through a comprehensive project. Efforts have been made to replace asbestos pipes with PVC pipes, with plans to continue this process based on affordability and the acceleration of revenue enhancement strategies to secure more resources for program implementation.

The Regulator has expressed concerns regarding the substandard state of wastewater services and its adverse effects on water resources, prompting the Municipality to develop detailed corrective plans. These plans outline responsible individuals, timelines, and expected improvements as recommended in the Green drop reports. The Regulator has recognized the Municipality's efforts to enhance internal operational capacity and scientific expertise and has encouraged the continuation of these positive initiatives.

Sanitation Service Delivery Levels				
Description	Year 2020/2021	Year 2021/2022	Year 2022/2023	*Households
	Outcome	Outcome	Outcome	Actual
	No.	No.	No.	No.
Sanitation/sewerage: (above minimum level)				
Flush toilet (connected to sewerage & with septic tank)	97,135	97,135	99,934	99,965
Chemical toilet	100	100	128	128
Pit toilet (ventilated)				
Minimum Service Level and Above sub-total	97,235	97,235	100,062	100,093
Minimum Service Level and Above Percentage	89.1%	89.1%	88.4%	88.5%
Sanitation/sewerage: (below minimum level)				
Bucket toilet	800	800	800	800
Other toilet provisions (below min.service level)	11,125	11,125	12,290	12,259
No toilet provisions				
Below Minimum Service Level sub-total	11,925	11,925	13,090	13,059
Below Minimum Service Level Percentage	10.9%	10.9%	11.6%	11.5%
Total households	109,160	109,160	113,162	113,152
*Total number of households including informal settlements				

Access to Sanitation



Households - Sanitation Service Delivery Levels below the minimum						
Description	Year 2020/2021	Year 2021/2022	Year 2022/2023	Year 2023/2024		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	97,135	97,135	99,934	99,934	99,934	99,934
Households below minimum service						
Proportion of households below minimum service level	0%	0%	0%	0%	0%	0%
Informal Settlements						
Total households	11,925	11,925	13,090	13,090	13,090	13,090
Households ts below minimum	11,925	11,925	13,090	13,090	13,090	13,090
Proportion of households ts below minimum service level	100%	100%	100%	100%	100%	100%

Employees: Sanitation Services					
Job Level	Year 2022/2023	Year 2023/2024			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	1	100%
4 - 6	3	6	3	3	50%
7 - 9	15	19	15	4	21%
10 - 12	20	28	15	13	46%
13 - 15	25	53	10	43	81%
16 - 18	144	227	136	91	40%
Total	208	334	180	155	46%

Financial Performance Year 2023/2024: Sanitation Services					
Details	Year 2022/2023	Year 2023/2024			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	213,339,757.89	244,791,847.00	244,791,847.00	320,300,502.55	0.24
Expenditure:					
Employees	50,251,137.63	43,571,196.00	43,571,196.00	50,089,076.57	0.13
Repairs and Maintenance	124,114,768.56	14,204,570.00	14,204,570.00	1,676,755.42	-7.47
Other	133,182,077.81	155,818,099.00	155,818,099.00	139,061,381.69	-0.12
Total Operational Expenditure	307,547,984.00	213,593,865.00	213,593,865.00	190,827,213.68	-0.12
Net Operational Expenditure	94,208,226.11	-31,197,982.00	-31,197,982.00	-129,473,288.87	0.76
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					

T 3.2.8

Capital Projects	Year 2023/2024				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	109,329,589.00	109,329,589.00	53,018,062.36	1.06	
MATJHABENG: ALL	18,477,685.00	18,477,685.00	-	1.00	
THABONG X15N; X18; X19; X20 (HANI PARK)	16,171,687.00	16,171,687.00	5,393,926.96	2.00	
PSE SYSTEM AT AND FROM THERONIA WWTW	204,978.00	204,978.00	-	1.00	
NYAKALONG:WWTP UPGRADE	689,407.00	689,407.00	-	1.00	
T8 PUMP STATION	794,452.00	794,452.00	653,551.83	0.22	
UPGRADE OF KUTLWANONG - NEW DEVELOPMENTS	30,288,124.00	30,288,124.00	12,013,358.15	1.52	
UPGRADING OF PHOMOLONG PUMP STATION	11,069,231.00	11,069,231.00	-	1.00	
WHITES: SEPTIC TANK SYSTEM	651,821.00	651,821.00	135,622.78	3.81	
THABONG: REFURB & UPGR OLD SP & RM	2,788,489.00	2,788,489.00	10,647,550.36	0.74	
VIRGINIA/MEL: UPGRADE & REFURB SP	3,193,715.00	3,193,715.00	11,760,680.92	0.73	
PSE SYSTEM AT AND FROM THERONIA WWTW	25,000,000.00	25,000,000.00	12,413,371.36	1.01	
Project D	-	-	-	-	-
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					

T 3.2.9

3.3 ELECTRICITY

INTRODUCTION TO ELECTRICITY

The electrical network and infrastructure in the Matjhabeng Local Municipality (MLM) area are thoroughly developed and include the following components.

Category of network			Circuit length (KM) [3]				Transformers installed capacity [1]		
			Total O/H lines		Total Cables		Number	Total (MVA)	
LV Supply	Supply voltage < 1kV	Domestic	117,00	km	1560,00	km			MVA
	≥ 1kV and ≤ 22kV	Commercial/small to medium industrial	Type here	km	Type here	km	685,00	274,50	MVA
		Rural overhead up to 22kV	29,00	km	114,00	km	9,00	3,15	MVA
		Supply voltage > 22 kV to ≤ 44 kV	Type here	km	Type here	km	Type here	Type here	MVA
MV Supply			Type here	km	Type here	km	Type here	Type here	MVA
	> 44 kV to ≤ 132kV		Type here	km	8,00	km	5,00	100,00	MVA
	> 132 kV		Type here	km	Type here	km	Type here	Type here	MVA
Total			146,00	km	1682,00	km	699,00	377,65	MVA

Eskom provides electricity services to all mines and townships in the MLM area, ensuring there is ample bulk infrastructure to cover the entire region. Despite this, significant challenges persist, such as an aging electrical infrastructure and the inability to increase Notified Maximum Demands (NMD) to support new developments in towns within the MLM Licensed Distribution Area. The current electrical infrastructure in the MLM area is over 80 years old on average, necessitating urgent upgrades and refurbishments.

Moreover, recent changes in governmental subsidization policies have resulted in high costs and significant barriers to electrifying previously underserved areas, including rural regions, farms, and farming communities in dire need of essential services.

Matjhabeng Local Municipality is currently in the process of formulating an Energy Resource Plan to provide guidance and address energy requirements in line with national directives. The municipality is dedicated to supporting the national initiative to reduce South Africa's carbon footprint by transitioning to a green economy, implementing energy-efficient practices, and enhancing energy generation technology to increase capacity.

The ongoing National Electricity Crises and Eskom load-shedding have had a detrimental impact on South African residents and the economy, underscoring the heavy reliance of communities and businesses on electricity as a primary energy source.

The National Government has made a commitment to implementing measures aimed at promoting energy conservation, reducing energy costs for the economy, and mitigating the adverse effects of energy consumption on the environment.

The data presented in the tables below clearly show that our community heavily relies on electricity for lighting, cooking, and heating. The statistics indicate a significant increase in the use of electricity for lighting, which can be attributed to the ongoing efforts to provide universal access. This increase is also due to the successful eradication of electrification backlogs through the DMRE household electrification program, leading to a rise in the number of people connected to our electricity networks. However, this highlights the limited use of alternative energy sources to meet our energy needs.

Due to the decline in mining activities in the area, the MLM Electrical Infrastructures are frequently targeted by organized crime for theft and vandalism. The MLM is taking proactive measures to prevent these criminal activities and minimize their impact on service delivery to our communities.

Moreover, illegal connections and meter bypassing by some community members are causing overloading and irreparable damage to the existing electrical infrastructure. The MLM is currently implementing robust revenue protection and enhancement processes to address this growing risk.

During the 2023/24 Financial Year, the Electrical Department effectively upheld the electrical distribution networks and infrastructures, guaranteeing a secure, efficient, and cost-effective supply of electrical energy to the Matjhabeng Municipality community.

Electricity Service Delivery Levels				
Description	Year 2020/2021	Year 2021/2022	Year 2022/2023	Households Year 2023/2024
	Actual	Actual	Actual	Actual
	No.	No.	No.	No.
Energy: (above minimum level)				
Electricity (at least min service level)	14533	13134	12848	12665
Electricity - prepaid (min service level)	15212	16724	18245	18738
<i>Minimum Service Level and Above sub-total</i>	29 745	29 858	31 093	31 403
<i>Minimum Service Level and Above Percentage</i>	93,3%	92,1%	93,4%	93,5%
Energy: (below minimum level)				
Electricity (< min service level)	0	0	0	0
Electricity - prepaid (< min. service level)	1224	1295	939	941
Other energy sources	924	1250	1250	1250
<i>Below Minimum Service Level sub-total</i>	2 148	2 545	2 189	2 191
<i>Below Minimum Service Level Percentage</i>	6,7%	7,9%	6,6%	6,5%
Total number of households	31 893	32 403	33 282	33 594

Households - Electricity Service Delivery Levels below the minimum						
Description	Year 2020/2021	Year 2021/2022	Year 2022/2023	Year 2023/2024		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	31959	31126	29275	29745	35584	35871
Households below minimum service level	1224	1295	939	1200	1200	941
Proportion of households below minimum service level	4%	4%	3%	4%	3%	3%
Informal Settlements						
Total households	285	931	924	1250	1250	1250
Households below minimum service level	285	931	924	1250	1250	1250
Proportion of households below minimum service level	100%	100%	100%	100%	100%	100%
SOURCE: Matjhabeng Local Municipality – Electrical Department						

Electricity Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year 2022/2023		Year 2023/2024		Year 2024/2025	Year 2025/2026		
		Target	Actual	Target	Actual	Target	Target	Target	Target
Service Indicators		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective									
Maintain distribution losses under 10%	10,00%	10,00%	26,52%	10%	10%	26,94%	10,00%	10,00%	10,00%
Annual maintenance of 808 substations	564	564	284	564	564	235	564	564	564
Maintenance of 29558 streetlights									
Annual maintenance ratio is 30%.	8674	8764	1374	8764	8764	1615	8674	8674	8674
Electrical breakdown responses	2158	2158	6702	2158	2158	5194	2158	2158	2158
Scrutinizing of consumer accounts regarding tampering	500	148	159	148	148	273	148	148	148

Employees: Electricity Services					
Job Level	Year 2022/2023	Year 2023/2024			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	2	3	2	1	33%
4 - 6	5	15	5	10	67%
7 - 9	32	38	28	10	26%
10 - 12	5	16	5	11	69%
13 - 15	5	25	5	20	80%
16 - 18	46	81	41	40	49%
Total	93	178	84	94	53%

Financial Performance Year 2023/2024: Electricity Services					
R' 000					
Details	Year 2022/2023	Year 2023/2024			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	715417298	1116590339	1116590339	817261467	-37%
Expenditure:					
Employees	44990396	47081119	47081119	52676302	11%
Repairs and Maintenance	21705002	4218085	4218085	2791580	-51%
Other	1051828151	844436399	844436399	1348406091	37%
Total Operational Expenditure	1118523550	895735603	895735603	1403873973	36%
Net Operational Expenditure	403106252	-220854736	-220854736	586612505	138%

Capital Expenditure Year 2023/2024: Electricity Services					
R' 000					
Capital Projects	Year 2023/2024				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	5868698	5868698	1410939	-316%	
WELKOM: BRONVILLE AND EXT. 15 THABONG	2042231	2042231	-382176	634%	280
MOTHUSI: MAIN ENTRANCE ROAD 2124.26M	3772395	3772395	0	0%	150
WELKOM: 20MVA 132KV - URANIA SUBSTATION	0	0	1739043	100%	320
THABONG (2010) 5 HIGH MAST LIGHT	54072	54072	54072	0%	90
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					
T 3.3.8					

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

INTRODUCTION TO WASTE MANAGEMENT

The Department of Solid Waste Management is instrumental in providing effective service delivery throughout Matjhabeng. Its primary function involves collecting refuse from households and businesses. The Department sets high standards for its service delivery objectives and complies with strict national regulations for consistent weekly refuse collection. The Department ensures efficient and effective operations across the entire municipality by implementing stringent internal processes and supervision.

The Department of Solid Waste Management has recently obtained a new fleet, leading to a significant increase in internal capacity and consistency across the municipality. This new fleet includes Refuse Compactors, Front-end Loaders, and Tipper Trucks. The Department has also made investments in its staff, providing skills development and training to enhance daily operations. Efforts to reduce inefficiencies in the current state of operations have proven to be successful. However, the Department has faced challenges, such as a shortage of staff, particularly General Workers, due to the expiration of EPWP workers' contracts. The absence of EPWP workers has resulted in a lack of services being rendered by the Department's Refuse Collection Division. Additionally, there has been an increase in vandalism and theft at Solid Waste Disposal facilities, leading to infrastructure damage and loss of revenue generation. These issues have been exacerbated by the lack of capacity in the Security Department.

A revised Refuse Collection Schedule has been developed to enhance the consistency of refuse collection services. The main objective is to expand coverage to include new developments and extensions not currently on the map. Furthermore, the reorganization of collection areas and reallocation of refuse collection vehicles is intended to provide redundancy in case of breakdowns or delays. The restructuring of staff within the public cleansing division has also had a positive impact, with staff being deployed more efficiently to improve daily operations. In addition, a new recycling initiative has been launched, which is currently testing an organic material reclamation program. This pilot project aims to produce marketable compost from organic waste and provide training for individuals interested in starting their own composting business. The collaboration has also ventured into the recycling market and is piloting a separation-at-source program for residents and businesses in Matjhabeng. The Separation at Source initiative aims to raise awareness and educate residents in the municipality about the importance of reclaiming waste materials and the potential value of their daily waste.

Top three service delivery priorities and the impact you had on them during the year;

1. Reliable Waste Disposal – Despite the implementation of internal systems and measures to guarantee this, various external factors have had a notable impact on the Department's efficiency.
2. Regular Street Sweeping – The recent implementation of a new night shift cleaning approach has significantly enhanced the standard and reliability of street cleaning in CBDs throughout Matjhabeng. CBD's are now maintained at a higher level of cleanliness daily. As a result, the overall quality of life for both businesses and residents has notably improved.

3. Generating Income –The Department has the potential to make money from what some perceive as waste, which can help cover operational expenses. However, there have been several challenges preventing the Department from generating revenue. Vandalized facilities are unable to accurately monitor waste disposal and charge offenders accordingly. Moreover, a lack of policy, particularly in enforcing By-Laws, did not include financial penalties for illegal dumping. This has since been corrected.

The Department has invested in its staff through the provision of skills development and training to enhance capacity for daily operations. Efforts to streamline current operations and reduce inefficiencies have yielded positive results. A revised Refuse Collection Schedule has been created to ensure greater consistency in refuse collection and to incorporate new developments and extensions not currently covered. Furthermore, the reorganization of collection areas and reallocation of refuse collection vehicles is intended to introduce redundancy in the event of breakdowns or collection delays. The redistribution of staff within the public cleansing division has also had a significant impact, leading to more effective deployment and increased daily efficiency.

The identification of areas where illegal dumping occurs has played a crucial role in pinpointing impoverished communities that have historically faced inadequate service delivery. These communities have been given priority and are now receiving the same level of service expected by all other communities. Additionally, communities that have long suffered from severe service delivery deficiencies have been given special focus by the Illegal Dumping teams to ensure cleanliness is maintained.

Ingwe Waste Management offered assistance with refuse collection services while SAMWU was on strike in early 2024.

Solid Waste Service Delivery Levels				Households
Description	Year 2020/2021	Year 2021/2022	Year 2022/2023	Year 2023/2024
	Actual No.	Actual No.	Actual No.	Actual No.
<u>Solid Waste Removal: (Minimum level)</u>				
Removed at least once a week	108,423	108,423	108,423	81,371
<i>Minimum Service Level and Above sub-total</i>	108,423	108,423	108,423	81,371
<i>Minimum Service Level and Above percentage</i>	72.7%	72.7%	72.7%	64.5%
<u>Solid Waste Removal: (Below minimum level)</u>				
Removed less frequently than once a week	12,049	12,049	12,049	5,922
Using communal refuse dump	7,052	7,052	7,052	6,270
Using own refuse dump	13,900	13,900	13,900	19,429
Other rubbish disposal	2,326	2,326	2,326	857
No rubbish disposal	5,414	5,414	5,414	12,218
<i>Below Minimum Service Level sub-total</i>	40,741	40,741	40,741	44,696
<i>Below Minimum Service Level percentage</i>	27.3%	27.3%	27.3%	35.5%
Total number of households	149,164	149,164	149,164	126,067
SOURCE: STATS SA (Community Survey 2016) & 2022 CENSUS				

Employees: Waste Disposal and Other Services					
Job Level	Year 2022/2023	Year 2023/2024			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	2	1	2	-1	-100%
4 - 6	2	2	2	0	0%
7 - 9	6	13	6	7	54%
10 - 12	28	31	28	3	10%
13 - 15	11	45	11	34	76%
16 - 18	236	403	225	178	44%
19 - 20				0	
Total	285	495	274	221	45%

Financial Performance Year 2023/2024: Solid Waste Management Services					
R'000					
Details	Year 2022/2023	Year 2023/2024			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	145,725,612.00	170,165,594.00	170,165,594.00	199,979,000.80	0.15
Expenditure:					
Employees	82,294,075.68	88,075,413.00	88,075,413.00	77,483,217.01	0.14
Repairs and Maintenance	1,703,432.13	150,000.00	150,000.00	14,194.02	9.57
Other	208,371,971.19	76,839,720.00	76,839,720.00	157,116,736.92	0.51
Total Operational Expenditure	292,369,479.00	165,065,133.00	165,065,133.00	234,614,147.95	0.30
Net Operational Expenditure	146,643,867.00	5,100,461.00	5,100,461.00	34,635,147.15	1.15

COMPONENT B: ROAD TRANSPORT

INTRODUCTION TO ROAD TRANSPORT

As implemented by the District Municipality, the Municipality's Rural Road Asset Management System (RRAMS) is in progress. From the study, the Municipality has identified roads needing maintenance and upgrading. The RRAMS also developed a Pavement Management System (PMS) that identified road defects and their remediation.

The Municipality used the data acquired to apply for funding to upgrade the current 300km of gravel roads and repair and reseal the tarred roads.

The top 3 road service delivery priorities are

1. Repairing of potholes
2. Blading/re-graveling of gravel roads
3. The rehabilitation of tarred roads.

Roads in the municipality remain a concern as raised by a consistent number of people. Challenges range from potholes, resealing of roads, the need for paving, tarred roads, and mostly blading and graveling of streets. Naming and renaming of streets are an issue also needing urgent attention.

In 2023/2024, the municipality has planned to patch 15 800m² potholes for all wards in Matjhabeng and blade/re-gravel 60km of roads for all wards in Matjhabeng.

3.5 ROADS

INTRODUCTION TO ROADS

The municipality has a well-established road and transportation infrastructure. The main challenge over the years has been the maintenance of such infrastructure due to escalating costs because of its age. This has major implications for the budget of the municipality. Our Municipality consists of the following types of roads, The breakdown of these roads is as follows:

Central (Welkom Area)

- Tarred roads 684 km
- Brick paved roads 19 km
- Gravel roads 144 km
- Dirt roads i.e. 210 km (no construction or blading) 83km

East (Virginia, Hennenman and Allanridge)

- Tarred roads 333 km
- Gravel roads 73 km
- Dirt roads 83 km i.e. (No construction or blading)

West (Odendaalsrus and Allanridge)

- Tarred roads 201 km
- Gravel roads 76 km
- Dirt roads 49 i.e. (No construction or blading)

Most of our town's roads are surfaced and township roads are dirt and graveled but gradually township roads are now being given attention by upgrading from gravel to surfaced roads using internal and external resources (i.e., Municipal Infrastructure Grant and Public Works funds). The Municipality also has an agreement with local mining to use the road infrastructure to upgrade our specific road networks. This process started in the 2021/22 financial year, and we are looking to build on it for future developments.

There are those inaccessible roads in townships that must also receive attention from the Municipality. The Matjhabeng local Municipality's Stormwater System includes 99.249 km of lined stormwater channels, 9.08 km of unlined channels, 10819 catch pits, 534.5 km of stormwater pipelines, 3.89 km of culverts, and 4 pounds of natural stormwater ponds. The Municipality has applied for funding from MISA to develop a Storm Water Master Plan to guide the upgrading and critical maintenance needs of the current infrastructure and propose also critical new stormwater infrastructure needs.

The public transport system operating in Matjhabeng is privately owned taxis. The rail network that passes through Hennenman, and Virginia is a mainline service linking the Municipality with Gauteng, KwaZulu Natal, Eastern Cape, and the Western Cape. However, there is a local railway network mainly servicing mines. The local railway network remains the property of the municipality. Matjhabeng remains the main route of national bus services, however, no bus services are operating locally in Matjhabeng Municipality except for mine workers' dedicated transport. The Municipality has applied for funding from MISA to develop an Integrated Transport Master Plan for the Municipality.

Gravel Road Infrastructure				Kilometers
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
2021-2022	156,13	0	0	25,11
2022-2023	293,00	0	0	45,13
2023-2024	293,00	0.52	0	150.676

Tarred Road Infrastructure					
	Total tarred roads (Kilometers)	New tar roads (Kilometers)	Existing tar roads re-tarred (Kilometers)	Existing tar roads re-sheeted (Kilometers)	Tar roads maintained. (Square meters)
2021-2022	1218	0	1,9	0	31030
2022-2023	1218	0	0	0	12805
2023-2024	1218	0	0	0	5815.66

Financial Performance Year 2023/2024: Road Services					
R'000					
Details	Year 2022/2023	Year 2023/2024			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-	-	-	-
Expenditure:					
Employees	7,574,701.68	9,398,654.00	9,398,654.00	7,525,334.74	-0.25
Repairs and Maintenance	16,431,695.16	273,784.00	273,784.00	238,071.17	-0.15
Other	122,189,569.30	30,402,391.00	30,402,391.00	943,796.17	-31.21
Total Operational Expenditure	146,195,966.14	40,074,829.00	40,074,829.00	8,707,202.08	-3.60
Net Operational Expenditure	146,195,966.14	40,074,829.00	40,074,829.00	8,707,202.08	-3.60
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					
T 3.7.8					

Capital Expenditure Year 2023/2024: Road Services					
R' 000					
Capital Projects	Year 2023/2024				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	16,591,175.00	16,591,175.00	10,403,385.50	0.59	
THABONG EXT 22 TANDANANI	16,591,175.00	16,591,175.00	10,403,385.50	0.59	-

Financial Performance Year 2023/2024: Stormwater Services					
R'000					
Details	Year 22/23	Year 23/24			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-	-	-	-
Expenditure:					
Employees	25,614,830.67	15,519,052.00	15,519,052.00	10,705,681.38	-0.45
Repairs and Maintenance	5,362,302.71	-	-	-	-
Other	219,137.60	10,071,755.00	10,071,755.00	655,798.23	-14.36
Total Operational Expenditure	31,196,270.98	25,590,807.00	25,590,807.00	11,361,479.61	-1.25
Net Operational Expenditure	31,196,270.98	25,590,807.00	25,590,807.00	11,361,479.61	-1.25
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.9.7

Capital Expenditure Year 2023/2024: Stormwater Services					
R' 000					
Capital Projects	Year 23/24				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	7629000	7629000	7206742	-6%	
MELODING: ROADS:	5173518	5173518	1740923	-197%	0
ROADS & STORMWATER	2455482	2455482	2455481	0%	0
MATJHABENG ROADS	0	0	3010337	100%	0
Project D	0	0	0	0%	0
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T 3.9.8

3.6 TRANSPORT

INTRODUCTION TO TRANSPORT

The public transport system operating in Matjhabeng is privately owned taxis. The rail network that passes through Hennenman and Virginia is a mainline service linking the Municipality with Gauteng, KwaZulu Natal, Eastern Cape, and the Western Cape. However, there is a local railway network mainly servicing mines. The local railway network remains the property of the municipality. Matjhabeng remains the main route of national bus services, however, no bus services operate locally in Matjhabeng Municipality except for mine workers' dedicated transport.

ENGINEERING DEPARTMENT

Municipality | CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I) 60

BS4	Percentage works completed on installation of sanitation to 617 stands in Thabong X15 and Bronville by 30 June 2024 (multi- year projects)	100%	77%	100%	99%	0%	Practical Completion Certificate Progress Reports	TARGET NOT MET	The consultant was terminated due to poor project scoping and a new consultant was appointed where he had to re-scope the project.	The municipality has appointed a more competent consultant to complete the project. The anticipated date of completion for the project is the 30 th September 2024.
BS5	Number of unblocked sewer mainlines by 30 June 2024	2000	2000	6000	7472	0	Job Cards	TARGET MET	Numerous incidents involving the sewer system were reported.	N/a – Target met

Basic Services											
Water Networks and Maintenance (PMU PROJECTS)											
Item no	Objective	Key Performance indicator	2022/2023		2023/2024		2024/2025		Evidence	Target Met/Not Met	Reason for deviation
			Target	Actual	Target	Actual	Target	Actual			
BS6	Supporting the delivery of municipal services to the right quality and standard	Percentage of replaced old, galvanized pipes to UPVC in Kutlwanong (multi-year)	100%	79%	100%	95%	0%	Practical Completion Certificate Progress Report	TARGET NOT MET	The previous consultant was dismissed as a result of inadequate scope definition, planning, monitoring, and control.	A new consultant has been appointed with an updated scope of work, and the contractor is currently present on-site.

Basic Services										
Roads, Ancillaries and Developmental Maintenance										
Item no	Objective	Key Performance Indicator	2022/2023		2023/2024		2024/2025		Evidence	Target Met/Not Met
			Target	Actual	Target	Actual	Target			
BS7	Supporting the delivery of municipal services to the right quality and standard	Square meters of potholes in formal roads at Matjhabeng Central patched to reduce deterioration and ensure safe usage thereof	7900m ²	7727m ²	7900m ²	3285.96m ²	7900m ²	7900m ²	Job Cards	TARGET NOT MET Insufficient personnel and material resource availability The critical vacant posts have been advertised. Tender documents have been completed for road patching materials; Suppliers have also been appointed. A jet patcher was procured to improve the patching of potholes.
BS8		Square meters of potholes in formal roads at Matjhabeng West patched to reduce deterioration and ensure safe usage thereof	3950m ²	1197.2m ²	3950m ²	1508m ²	3950m ²	3950m ²	Job Cards	TARGET NOT MET Insufficient personnel and material resource availability The critical vacant posts have been advertised. Tender documents have been completed for road patching materials; Suppliers have also been appointed. A jet patcher was procured to improve the patching of potholes.
BS9		Square meters of potholes in formal roads at Matjhabeng East patched to reduce deterioration and ensure safe usage thereof	3950m ²	4489.2m ²	3950m ²	1072m ²	3950m ²	3950m ²	Job Cards	TARGET NOT MET Insufficient personnel and material resource availability The critical vacant posts have been advertised. Tender documents have been completed for road patching materials; Suppliers have also been appointed. A jet patcher was procured to improve the patching of potholes.

BS10	Kilometres of gravelled and dirt roads bladed and re-gravelled in Matjhabeng Central to enhance driving comfort	30km	40.7km	30km	94.945km	30km	Job Cards	TARGET MET	The new grader has been made available. In the Second Quarter, the province has provided their grader for the Presidential event.	N/a – Target met
BS11	Kilometres of gravelled and dirt roads bladed and re-gravelled in Matjhabeng West to enhance driving comfort	15km	5.68km	15km	17.98km	15km	Job Cards	TARGET MET	The new grader has been made available. In the Second Quarter, the province has provided their grader for the Presidential event.	N/a – Target met
BS12	Kilometres of gravelled and dirt roads bladed and re-gravelled in Matjhabeng East to enhance driving comfort	15km	0km	15km	61.995km	15km	Job Cards	TARGET MET	The new grader has been made available. In the Second Quarter, the province has provided their grader for the Presidential event.	N/a – Target met

Basic Services										
Roads, Ancillaries and Developmental Maintenance										
Item no	Objective	Key Performance Indicator	2022/2023		2023/2024		2024/2025		Evidence	Target Met/Not Met
			Target	Actual	Target	Actual	Target	Actual		
BS13	Supporting the delivery of municipal services to the right quality and standard	Kilometres of stormwater system constructed in Nyakallong.	0km	0km	0km	0km	0km	0km	Practical Completion Certificates Progress reports	TARGET NOT MET
BS14		Kilometres of stormwater cleaned in Matjhabeng Central	3.55km	11.3km	3.55km	9.552km	3.55km	3.55km	Job cards	TARGET MET
									The project adjudication is on halt due to the overflowing of the Nyakallong pan.	The municipality engaged the Department of Water and Sanitation on the possible dewatering of the Voel pan for safe disposal of the effluent to the Sandspruit River
									Excavator and TLB with operators were available	N/a – Target met

BS15	Kilometres of stormwater cleaned in Matjhabeng West.	1.775km	3.4km	1.775km	3.204km	1.775km	Job cards	TARGET MET	Accomplished with the support of EPWP.	N/a – Target met
BS16	Kilometres of stormwater cleaned in Matjhabeng East.	1.775km	0km	1.775km	0km	1.775km	Job Cards	TARGET NOT MET	Insufficient personnel and resource availability (TLB, Lowbed, and excavator)	An advert was submitted to fill critical vacancies.

Basic Services										
Roads, Ancillaries, and Developmental Maintenance										
Item no	Objective	Key Performance indicator	2022/2023		2023/2024		2024/2025		Evidence	Target Met/Not Met
			Target	Actual	Target	Actual	Target	Target		
BS17	Supporting the delivery of municipal services to the right quality and standard	Kilometres of unlined stormwater canals cleaned in Matjhabeng Central.	2.8km	3km	2.8km	3.738km	2.8km	Job Cards	TARGET MET	N/a – Target met
BS18		Kilometres of unlined stormwater canals cleaned in Matjhabeng West.	1.4km	0.82km	1.4km	0.175km	1.4km	Job Cards	TARGET NOT MET	Insufficient personnel and material resource availability
BS19		Kilometres of unlined stormwater canals cleaned in Matjhabeng East.	1.4km	0.08km	1.4km	0km	1.4km	Job Cards	TARGET NOT MET	Insufficient personnel and resource availability (TLB, Lowbed, and excavator)
										Requested additional resources and an advert was submitted to fill critical vacancies
										The fleet department is in the process of fixing the flatbed

Basic Services										
Electrical Distribution										
Item no	Objective	Key Performance indicator	2022/2023		2023/2024		2024/2025		Evidence	Target Met/Not Met
			Target	Actual	Target	Actual	Target			Reason for deviation
BS20	Supporting the delivery of municipal services to the right quality and standard	Percentage of end-to-end work completed for the provision and installation of substation (multi-year project) (Phase 2)	0%	0%	100%	38%	70%	Practical Completion Certificate	TARGET NOT MET	Delay in the transfer payment by DMRE (INEP grant), Payment approval was only received end of May 2024.
BS21		Number of streetlights repaired and maintained	1537	1537	1300	1181	1300	Job cards Annual Planning report	TARGET NOT MET	The department has placed an order for materials, but there has been a delay from the supplier.
BS22		Number of high mast lights repaired and maintained	141	141	170	336	170	Job cards Annual Planning report	TARGET MET	The ordered material was delivered ahead of the expected schedule.
										Check-in with the Supply Chain Management team regarding the status of the ordered materials.
										N/a – Target met

COMMUNITY SERVICES

Basic Services									
Cemeteries, Parks, Sport and Recreation									
Item no	Objective	Key Performance indicator	2022/2023		2023/2024		2024/2025		Measures to address under-performance
			Target	Actual	Target	Actual	Target	Actual	
BS23	Supporting the delivery of municipal services to the right quality and standard	Number of trees cared for.	125	2558	1018	2070	2000	Job Cards	N/a – Target met
								Resources were available for pruning and cutting of trees leading to an overachievement.	
								TARGET MET	

Basic Services									
Waste Management									
Item no	Objective	Key Performance indicator	2022/2023		2023/2024		2024/2025		Measures to address under-performance
			Target	Actual	Target	Actual	Target	Actual	
BS24	Supporting the delivery of municipal services to the right quality and standard	Number of skip bins procured	0	0	50	50	500	Delivery Note Photos	N/a – Target met
								TARGET MET	
								N/a – Target met	

Basic Services										
Disaster Management and Fire Services										
Item no	Objective	Key Performance Indicator	2022/2023		2023/2024		2024/2025		Evidence	Target Met/Not Met
			Target	Actual	Target	Actual	Target	Actual		
BS25	Supporting the delivery of municipal services to the right quality and standard	Number of existing control rooms upgraded	0	0	2	0	2	2	Practical completion Certificate Progress Report Photos	TARGET NOT MET
									The department is encountering financial limitations.	
									The department has completed the procurement plan for 2024/2025 to ensure that the budget is allocated for the upgrade of control rooms	

Basic Services										
Fleet Management										
Item no	Objective	Key Performance Indicator	2022/2023		2023/2024		2024/2025		Evidence	Target Met/Not Met
			Target	Actual	Target	Actual	Target	Actual		
BS26	Supporting the delivery of municipal services to the right quality and standard	Number of compactor trucks procured	16	16	5	4	0	0	Delivery Note Photos Official Order	TARGET NOT MET
									The department is encountering financial limitations	
									The department has completed the procurement plan for 2024/2025 to ensure that the budget is allocated for the procurement of compactor truck	

Basic Services												
Traffic Management and Security												
Item no	Objective	Key Performance Indicator	2022/2023		2023/2024		2024/2025		Evidence	Target Met/Not Met	Reason for deviation	Measures to address under-performance
			Target	Actual	Target	Actual	Target	Actual				
BS27	Supporting the delivery of municipal services to the right quality and standard	Number of awareness campaigns hosted.	6	6	4	4	4	4	Attendance Register Photos	TARGET MET	N/a – Target met	N/a – Target met
BS28		Number of established vehicle pound.	0	0	1	1	1	1	Progress Reports Official Order Photos	TARGET MET	N/a – Target met	N/a – Target met
BS29		Percentage of Municipal Branch Court established.	0%	0%	10%	10%	0	0	Progress Reports Official Order Photos	TARGET MET	N/a – Target met	N/a – Target met

HUMAN SETTLEMENT

Basic Services										
Human Settlement										
Item no	Objective	Key Performance Indicator	2022/2023		2023/2024		2024/2025		Evidence	Target Met/Not Met
			Target	Actual	Target	Actual	Target	Actual		Reason for deviation
BS30	Supporting the delivery of municipal services to the right quality and standard	Number of approved Social Compact Guideline	0	0	1	0	0	0	Council resolution Social Compact Guideline	Target NOT MET The special council meeting conducted on June 25, 2024, did not address all the agenda items that had been prepared, the items were referred to the next council sitting.
BS31		Number of reports on incomplete subsidy houses within Matjhabeng	0	0	4	4	0	0	Report on the incomplete subsidy houses submitted to Provincial HS	Target MET N/a – Target met
BS32		Number of provincial tribunal meetings attended	4	2	4	4	4	4	Attendance Register Minutes of meetings	Target MET N/a – Target met
BS33		Number of vacant areas disposed	0	0	3000	455	0	0	Register of disposed and allocated sites	Target NOT MET The special council meeting conducted on June 25, 2024, did not address all the agenda items that had been prepared, the items were referred to the next council sitting.
										Measures to address under-performance The item is now scheduled to be presented at the upcoming council meeting on 29 August 2024.
										The item is now scheduled to be presented at the upcoming council meeting on 29 August 2024.

Basic Services										
Development Planning										
Item no	Objective	Key Performance indicator	2022/2023		2023/2024		2024/2025		Evidence	Target Met/Not Met
			Target	Actual	Target	Actual	Target	Actual		
BS34	Supporting the delivery of municipal services to the right quality and standard	Number of land audit reports on the municipal and private owned land	0	0	1	0	1	1	Reports on the municipal and privately owned land	TARGET NOT MET There is no budget designated for the engagement of a service provider
BS35		Number of formalised township	1	0	1	1	0	0	Progress report on formalised Township	TARGET MET N/a- Target met
										N/a – Target met

Basic Services										
Development Control										
Item no	Objective	Key Performance indicator	2022/2023		2023/2024		2024/2025		Evidence	Target Met/Not Met
			Target	Actual	Target	Actual	Target	Actual		
BS36	Supporting the delivery of municipal services to the right quality and standard	Number of Guidelines on restrictive access areas	5	5	4	0	0	0	Council approved guidelines on restrictive access areas	TARGET NOT MET The guidelines have been established; however, the designated attorney has terminated the contract with the municipality.
										Internal consultation and circulation to take place in 2024/2025 FY

KEY PERFORMANCE AREA – LOCAL ECONOMIC DEVELOPMENT

Local Economic Development												
Trade and Investment												
Item no	Objective	Key Performance indicator	2022/2023		2023/2024		2024/2025		Evidence	Target Met/Not Met	Reason for deviation	Measures to address under-performance
			Target	Actual	Target	Actual	Target	Actual				
LED1	Creating a conducive environment for economic development	Number of investment pledge facilitated by 30 June 2024	0	0	1	1	1	1	Investment Pledge Form	TARGET MET	N/a – Target met	N/a – Target met
LED2		Number of catalytic projects facilitated by 30 June 2024	0	0	1	1	1	1	Signed Memorandum of Agreement	TARGET MET	N/a – Target met	N/a – Target met

Local Economic Development												
Small Medium Micro Enterprise and Investment												
Item no	Objective	Key Performance indicator	2022/2023		2023/2024		2024/2025		Evidence	Target Met/Not Met	Reason for deviation	Measures to address under-performance
			Target	Actual	Target	Actual	Target	Actual				
LED3	Creating a conducive environment foreconomic development	Number of SMME supported by 30 June 2024	4	4	3	59	2	2	Photos Attendance Registers	TARGET MET	More support was received than anticipated	N/a – Target met
LED4		Number of training workshops facilitated by 30 June 2024	12	12	8	5	8	8	Attendance Register Agenda Photos	TARGET NOT MET	The department is encountering financial limitations.	The workshop has been rescheduled to 25 July 2024
LED5		Number of exhibitions held by 30 June 2024	2	2	2	1	2	2	Attendance Register Photos	TARGET NOT MET	The department is encountering financial limitations	The exhibitions have been carried over to 2024/2025. Operational Plans were also developed to ensure that all projects are prioritized
LED6		Number of SMME Bylaws developed by 30 June 2024	0	0	1	1	0	0	SMME Informal Trading By-Law	TARGET MET	N/a – Target met	N/a – Target met

Local Economic Development												
Agriculture and Rural Development												
Item no	Objective	Key Performance Indicator	2022/2023		2023/2024		2024/2025		Evidence	Target Met/Not Met	Reason for deviation	Measures to address under-performance
			Target	Actual	Target	Actual	Target					
LED7	Creating a conducive environment for economic development	Number of emerging farmers assisted with access to markets by 30 June 2024	0	0	1	1	1	1	Signed Memorandum of Agreement	TARGET MET	N/a – Target met	N/a – Target met
LED8		Number of programs facilitated for beneficiaries by 30 June 2024	0	0	2	2	2	2	Attendance Registers Photos Agenda	TARGET MET	N/a – Target met	N/a – Target met
LED9		Number of beneficiaries allocated farms by 30 June 2024	0	0	5	5	5	5	Signed Lease Agreements	TARGET MET	N/a – Target met	N/a – Target met
LED10		Number of Commonage By-Law reviewed by 30 June 2024	1	1	1	1	0	0	Commonage By-Law	TARGET MET	N/a – Target met	N/a – Target met
LED11		Number of Commonage Policy reviewed by 30 June 2024	1	1	1	1	0	0	Commonage Policy	TARGET MET	N/a – Target met	N/a – Target met
LED12		Number of Agricultural Development Strategy developed by 30 June 2024	0	0	1	0	0	0	Agricultural Development Strategy Council resolution	TARGET NOT MET	SALGA advised that the 2019 LED Strategy be used	Agriculture plans will be developed, however the LED Strategy will be the one used in 2024/2025

Local Economic Development												
Mineral and Energy												
Item no	Objective	Key Performance Indicator	2022/2023		2023/2024		2024/2025		Evidence	Target Met/Not Met	Reason for deviation	Measures to address under-performance
			Target	Actual	Target	Actual	Target	Actual				
LED13	Creating a conducive environment for economic development	Number of SLP projects facilitated by 30 June 2024	2	2	2	2	2	2	Approved Project Letter Memorandum of Agreement	TARGET MET	N/a – Target met	N/a – Target met
LED14		Number of Corporate Social Responsibility projects facilitated by 30 June 2024	0	0	2	2	2	2	Approved Project Letter Memorandum of Agreement	TARGET MET	N/a – Target met	N/a – Target met
LED15		Number of small-scale mining facilitated by 30 June 2024	0	0	2	2	1		Letter of Support	TARGET MET	N/a – Target met	N/a – Target met
LED16		Number of phases completed SEZ establishment by 30 June 2024	0	0	2	2	0		Council Resolution Cabinet approval	TARGET MET	N/a – Target met	N/a – Target met

Local Economic Development												
Facility Management												
Item no	Objective	Key Performance indicator	2022/2023		2023/2024		2024/2025		Evidence	Target Met/Not Met	Reason for deviation	Measures to address underperformance
			Target	Actual	Target	Actual	Target	Actual				
LED17	Creating a conducive environment for economic development	Number of facilities refurbished by 30 June 2024	1	0	1	0	1	1	Invoices Memorandum of Agreement Practical Completion Certificate	TARGET NOT MET	The department is encountering financial limitations	The project has been included in the 2024/2025 Procurement Plan

KEY PERFORMANCE AREA – INSTITUTIONAL CAPACITY

Institutional Capacity												
Organisational Planning												
Item no	Objective	Key Performance indicator	2022/2023		2023/2024		2024/2025		Evidence	Target Met/Not Met	Reason for deviation	Measures to address under-performance
			Target	Actual	Target	Actual	Target	Actual				
IC1	Building institutional resilience and administrative capability	Number of approved organizational structure	1	0	1	0	1	1	1 approved organizational Structure Council Resolution	TARGET NOT MET	The Draft Organisational Structure was presented at the MAYCO meeting. It was decided that the draft staff establishment would be discussed in a workshop with the Councillors.	The department will be workshopping councillors in 2024/2025 FY

Institutional Capacity												
Human Resource Management												
Item no	Objective	Key Performance indicator	2022/2023		2023/2024		2024/2025		Evidence	Target Met/Not Met	Reason for deviation	Measures to address under-performance
			Target	Actual	Target	Actual	Target					
IC2	Building institutional resilience and administrative capability	Number of new appointees inducted.	0	0	100	110	0		Attendance Register	TARGET MET	During the second quarter, the achievement exceeded expectations due to the introduction of new appointments	N/a – Target met

Institutional Capacity									
Training and development									
Item no	Objective	Key Performance Indicator	2022/2023		2023/2024		2024/2025 Target	Evidence	Target Met/Not Met
			Target	Actual	Target	Actual			
IC3	Building institutional resilience and administrative capability	Number of beneficiaries trained	20	20	350	566	160	Approved submission	TARGET MET Enhanced performance resulting from training initiatives for 18.1 (Unemployed Community Members).
IC4		Number of learners placed in the municipality	50	50	50	47	60	Endorsed Placement Requests	TARGET NOT MET The division was unable to enroll a sufficient number of students from academic institutions as a result of the academic year coming to an end

Institutional Capacity									
Employee Wellness									
Item no	Objective	Key Performance Indicator	2022/2023		2023/2024		2024/2025 Target	Evidence	Target Met/Not Met
			Target	Actual	Target	Actual			
IC5	Provision of counselling services to distressed employees and pauper applicants	Number of Health and Wellness Plan revised	1	1	1	1	1	Approved Wellness plan EXCO resolution	TARGET MET N/a – Target met
IC6		Number of reports on destitute people and unknown corpses provided with pauper Burials, quarterly	4	4	4	4	4	Report on Pauper Burials provided Approved applications	TARGET MET N/a – Target met

Institutional Capacity									
Labour Relations Management									
Item no	Objective	Key Performance indicator	2022/2023		2023/2024		2024/2025		Measures to address under-performance
			Target	Actual	Target	Actual	Target	Actual	
IC7	Building institutional resilience and administrative capability	Number of Local Labour Forum meetings held per year	12	4	12	13	12	12	N/a – Target Met
									As a result of the strike that occurred in the third quarter, special meetings were convened.
									TARGET MET

Institutional Capacity									
Occupational Health and Safety									
Item no	Objective	Key Performance indicator	2022/2023		2023/2024		2024/2025		Measures to address under-performance
			Target	Actual	Target	Actual	Target	Actual	
IC8	Building institutional resilience and administrative capability	Number of safety awareness programmes conducted	0	0	24	24	24	24	N/a – Target met
									Attendance Registers Notice/Invite Photos
									TARGET MET
IC9		Number of safety inspections conducted	120	120	200	198	200	200	Lack of supplies
									Inspection Reports
									TARGET NOT MET
									SIFA has provided funding for internships aimed at boosting the number of Occupational Health and Safety (OHS) officers. To ensure long-term success, management will allocate resources, promote these positions, and actively recruit to fill the vacancies within the OHS branch.

Institutional Capacity									
Secretarial Services									
Item no	Objective	Key Performance indicator	2022/2023		2023/2024		2024/2025		Measures to address under-performance
			Target	Actual	Target	Actual	Target		
IC15	Building institutional resilience and administrative capability	Number of plans to refurbish corporate service facilities	0	0	2	2	0	Refurbishment Plans	N/a – Target met

Institutional Capacity									
Document Management									
Item no	Objective	Key Performance indicator	2022/2023		2023/2024		2024/2025		Measures to address under-performance
			Target	Actual	Target	Actual	Target		
IC16	Building institutional resilience and administrative capability	Number of Reviewed Document Management Policy	1	0	1	1	1	Reviewed Document Management Policy	N/a – Target met

KEY PERFORMANCE AREA – FINANCIAL MANAGEMENT

Financial Management											
Asset Management											
Item no	Objective	Key Performance indicator	2022/2023		2023/2024		2024/2025	Evidence	Target Met/Not Met	Reason for deviation	Measures to address under-performance
			Target	Actual	Target	Actual	Target				
FM1	Ensuring sound financial management and accounting	Number of GRAP compliant asset register	1	1	1	1	1	GRAP - Compliant Asset Register[]	TARGET MET	N/a – Target met	N/a – Target met
FM2		Number of verifications conducted on the asset register	1	1	1	1	1	List/Report on verified assets	TARGET MET	N/a – Target met	N/a – Target met

Financial Management												
Accounting Services												
Item no	Objective	Key Performance indicator	2022/2023		2023/2024		2024/2025		Evidence	Target Met/Not Met	Reason for deviation	Measures to address under-performance
			Target	Actual	Target	Actual	Target	Actual				
FM3	Ensuring sound financial management and accounting	Number of draft annual financial statements submitted to auditor general for audit by 31 August 2023	1	1	1	1	1	1	Draft Annual Financial Statements	TARGET MET	N/a – Target met	N/a – Target met
FM4		Number of MSCOA complaint draft budget submitted	0	0	1	1	1	1	Draft Budget Council resolution	TARGET MET	N/a – Target met	N/a – Target met
FM5		Number of Draft budget-related policies reviewed and approved	11	11	11	11	11	11	Draft Budget Policies Council Resolution	TARGET MET	N/a – Target met	N/a – Target met
FM6		Number of MSCOA complaint final budget submitted	1	1	1	1	1	1	Council Resolution Final Budget	TARGET MET	N/a – Target met	N/a – Target met

FM7		Number of Final budget-related policies reviewed and approved	11	11	11	11	11	11	Final Budget Policies Council Resolution	TARGET MET	N/a – Target met	N/a – Target met
FM8		Number of mSCOA compliant adjustment budget submitted	1	1	1	1	1	1	Adjusted Budget Council resolution	TARGET MET	N/a – Target met	N/a – Target met
FM9		Number of Section 71 reports submitted	12	12	12	12	12	12	Section 71 reports	TARGET MET	N/a – Target met	N/a – Target met
FM10		Number of Section 52(d) reports submitted	4	4	4	4	4	4	Section 52(d) Financial Report	TARGET MET	N/a – Target met	N/a – Target met
FM11		Number of Mid-year Budget and Performance Assessment reports submitted	1	1	1	1	1	1	Section 72 Report	TARGET MET	N/a – Target met	N/a – Target met

Financial Management												
Supply Chain Management												
Item no	Objective	Key Performance indicator	2022/2023		2023/2024		2024/2025		Evidence	Target Met/Not Met	Reason for deviation	Measures to address under-performance
			Target	Actual	Target	Actual	Target	Actual				
FM12	Ensuring sound financial management and accounting	Number of review Supply Chain Management policy submitted for approval	1	1	1	1	1	1	Council Resolution SCM Policy	TARGET MET	N/a – Target met	N/a – Target met
FM13		Number of quarterly updates on the supplier's database	0	0	4	4	4	4	List/Report on updates	TARGET MET	N/a – Target met	N/a – Target met

FM21	Percentage of collection rate	70%	67%	70%	58%	75%	Quarterly Collection rate report	TARGET NOT MET	The municipal towns are exhibiting inadequate performance regarding their payment obligations	Enhance the disconnections in every town throughout Matjhabeng Local Municipality
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Financial Management										
Expenditure Management										
Item no	Objective	Key Performance Indicator	2022/2023		2023/2024		2024/2025		Evidence	Target Met/Not Met
			Target	Actual	Target	Actual	Target			
FM22	Ensuring sound financial management and accounting	Number of Approved Draft Expenditure Policy by Council	1	1	1	1	1	Approved draft Expenditure Policy	TARGET MET	N/a- Target met

KEY PERFORMANCE AREA – GOOD GOVERNANCE, TRANSPARENCY & ACCOUNTABILITY

Good Governance, Transparency and Accountability										
Information Communications Technology										
Item no	Objective	Key Performance Indicator	2022/2023		2023/2024		2024/2025		Evidence	Target Met/Not Met
			Target	Actual	Target	Actual	Target	Actual		Reason for deviation
GGTA1	Information Technology enables and drives the municipality to reach its objectives	Number of Security Awareness and Training conducted and Implementation on Information Security Architecture	0	0	4	3	4	4	Attendance Register Agenda/Notice Photos	Existing openings and a deficiency of skills within the ICT Unit
GGTA2		Number of reports on audit recommendations implemented	0	0	4	4	4	4	Report on audit recommendations implemented	N/a- Target met
										N/a- Target met

Good Governance, Transparency and Accountability										
Communications										
Item no	Objective	Key Performance Indicator	2022/2023		2023/2024		2024/2025		Evidence	Target Met/Not Met
			Target	Actual	Target	Actual	Target	Actual		Reason for deviation
GGTA 3	Promoting transparency, and accountability good governance	Number of Communication Policy approved by Council	1	1	1	1	1	1	Council resolution Approved Policy	N/a- Target met
GGTA 4		Number of Communications Strategy approved by Council.	1	1	1	1	1	1	Council resolution Approved Communications Strategy	N/a- Target met
										N/a- Target met

GGTA10	Number of Anti-Fraud and Anti-Corruption Policy approved	1	0	1	1	1	1	Approved Antifraud and Anticorruption Policy Council Resolution	TARGET MET	N/a – Target met	N/a – Target met
GGTA11	Number of Anti-Fraud and Anti-Corruption Strategy approved	1	0	1	1	1	1	Approved Anti-Fraud and Anti-Corruption Strategy Council Resolution	TARGET MET	N/a – Target met	N/a – Target met
GGTA12	Number of Fraud Prevention Plan approved	1	0	1	1	1	1	Approved Fraud Prevention Plan Audit Committee Attendance Register and Minutes	TARGET MET	N/a – Target met	N/a – Target met
GGTA13	Number of Whistle-Blowing Policy approved	1	0	1	1	1	1	Approved Whistle-Blowing Policy Council Resolution	TARGET MET	N/a – Target met	N/a – Target met
GGTA14	Number of Risk Assessments conducted	2	2	2	2	2	2	Risk Assessment Reports	TARGET MET	N/a – Target met	N/a – Target met
GGTA15	Number of Risk Management Committee Charter approved	1	1	1	1	1	1	Approved Risk Management Committee Charter Audit Committee Attendance Register and Minutes	TARGET MET	N/a – Target met	N/a – Target met
GGTA16	Number of Risk Management Committee meetings held	4	3	4	3	4	4	Attendance Registers Agenda Minutes of Risk Management Committee meetings	TARGET NOT MET	The Risk Management Committee meeting for the second quarter was originally scheduled for November 3, 2023. However, it was postponed twice: first due to the absence of management and subsequently because	The Risk Management unit has requested an alternative date for the meeting from both the Chairperson and the Municipal Manager. In preparation for this, the Chairperson compiled a report detailing the activities undertaken by the risk management

Good Governance, Transparency and Accountability												
			Internal Audit									
Item no	Objective	Key Performance indicator	2022/2023		2023/2024		2024/2025		Evidence	Target Met/Not Met	Reason for deviation	Measures to address under-performance
			Target	Actual	Target	Actual	Target	Target				
GGTA20	Promoting good governance, transparency and accountability	Number of developed Risk Based Internal Audit plan	1	1	1	1	1	1	Risk-Based Internal Audit Plan	TARGET MET	N/a – Target met	N/a – Target met
GGTA21		Number of internal audit reports compiled	4	3		4	4	4	Internal Audit Report	TARGET MET	N/a – Target met	N/a – Target met
GGTA22		Number of developed internal audit methodology	1	0	1	1	1	1	Internal audit methodology	TARGET MET	N/a – Target met	N/a – Target met
GGTA23		Number of Audit Committee meetings held	4	3	4	4	4	4	Minutes of meetings Attendance Registers and Agenda	TARGET MET	N/a – Target met	N/a – Target met
GGTA24		Number of internal audit charter developed and approved	1	1	1	1	1	1	Internal Audit Charter	TARGET MET	N/a – Target met	N/a – Target met
GGTA25		Number of progress reports on implementation of the coverage plan	2	2	4	4		1	Progress reports	TARGET MET	N/a – Target met	N/a – Target met
GGTA26		Number of developed internal audit procedural manual	1	1	1	1	1	1	Internal Audit Procedural Manual	TARGET MET	N/a – Target met	N/a – Target met
GGTA27		Number of reviewed quality assurance and improvement program	1	0	1	1	1	1	Quality Assurance Program	TARGET MET	N/a – Target met	N/a – Target met

GGTA28		Number of reports on follow-up audits conducted	2	2	4	3	4	Reports on follow-up audit conducted	TARGET NOT MET	Audits were not scheduled in Quarter 2	Planned follow-up audits will be included coverage plan
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Good Governance, Transparency and Accountability												
Performance Management Systems												
Item no	Objective	Key Performance Indicator	2022/2023		2023/2024		2024/2025		Evidence	Target Met/Not Met	Reason for deviation	Measures to address under-performance
			Target	Actual	Target	Actual	Target	Actual				
GGTA29	Promoting good governance, transparency, and accountability	Number of SDBIP developed and approved by the Executive Mayor	1	1	1	1	1	1	Approved SDBIP	TARGET MET	N/a – Target met	N/a – Target met
GGTA30		Number of adjusted SDBIP developed and approved by Council	1	1	1	1	1	1	Adjusted SDBIP	TARGET MET	N/a – Target met	N/a – Target met
GGTA31		Number of performance agreements coordinated and signed	8	8	8	8	8	8	Signed Performance Agreements	TARGET MET	N/a – Target met	N/a – Target met
GGTA32		Number of performance Assessments conducted for Section 57 managers	4	1	4	1	4	4	Performance Assessment Report Attendance Registers Minutes	TARGET NOT MET	The Annual Performance assessment will be based on the audited performance report therefore the unit has scheduled the Annual Performance assessment to February 2025, Immediately after the tabling of the annual report.	2024/2025 SDBIP has been adjusted to ensure that the final assessments are performed after the tabling of the annual report including the Mid-Year Assessment

GGTA33		Number of annual reports developed, submitted to AGSA, and tabled to council for approval	1	1	1	1	1	1	1	2022/2023 Annual Report	TARGET MET	N/a – Target met	N/a – Target met
GGTA34		Number of quarterly reports developed	4	4	4	4	4	4	4	Quarterly reports and Council resolution	TARGET MET	N/a – Target met	N/a – Target met
GGTA35		Number of Mid-year Budget and performance reports developed and submitted to council	1	1	1	1	1	1	1	Section 72 report	TARGET MET	N/a – Target met	N/a – Target met

Good Governance, Transparency and Accountability													
Council Whip													
Item no	Objective	Key Performance Indicator	2022/2023		2023/2024		2024/2025		Evidence	Target Met/Not Met	Reason for deviation	Measures to address under-performance	
			Target	Actual	Target	Actual	Target	Actual					
GGTA36	Promoting good governance, transparency, and accountability	Number of troika meetings held	2	2	4	4	4	4	Approved SDBIP	TARGET MET	N/a – Target met	N/a – Target met	
GGTA37		Number of Multi-Party Whippy meetings held	2	2	4	3	4	4	Council Resolution Adjusted SDBIP	TARGET NOT MET	The leaders of all political parties were anticipated to engage in canvassing and make preparations for the 2024 General Elections throughout the fourth quarter	Formulate an operational plan for the year 2024/2025 that will be actively monitored and executed, ensuring that any unmet targets are given priority attention.	

KEY PERFORMANCE AREA – PUBLIC PARTICIPATION

Public Participation												
Item no	Objective	Key Performance Indicator	2022/2023		2023/2024		2024/2025		Evidence	Target Met/Not Met	Reason for deviation	Measures to address under-performance
			Target	Actual	Target	Actual	Target	Actual				
PP1	Putting people and their concern first	Number of ward plans produced	36	0	36	0	36		Ward plans	TARGET NOT MET	Insufficient capacity	Public Participation Officers are tasked to assist the Ward Committees and Ward Councillors in developing their ward plans.
PP2		Number of reports from ward committees produced and submitted quarterly	144	75	144	128	144		Reports from 36 ward committees	TARGET NOT MET	The leaders of all political parties were anticipated to engage in canvassing and make preparations for the 2024 General Elections throughout the fourth quarter	The Office of the Speaker is presently involved in the execution of performance management systems for councillors, with the objective of ensuring that they achieve their quarterly goals
PP3		Number of reports on community meetings held by ward councillors to address community programmes and developmental matters	144	104	144	57	144		Reports on Community Meetings held	TARGET NOT MET	The leaders of all political parties were anticipated to engage in canvassing and make preparations for the 2024 General Elections throughout the fourth quarter	The Office of the Speaker is presently involved in the execution of performance management systems for councillors, with the objective of ensuring that they achieve their quarterly goals
PP4		Number of oversight report submitted to Council	1	1	1	0	1		Oversight Report Council Resolution	TARGET NOT MET	MPAC is currently occupied with addressing the backlog and has only submitted the Oversight Report for the year 2021/2022 to the Council.	MPAC is currently engaged in a thorough examination of the 2022/2023 Annual Report, which is scheduled for submission to the council in August 2024.

PP5	Number of Community Participation programs held	2	2	4	0	4	Attendance Registers Photos	TARGET NOT MET	The Department was unable to organize community programs because of budget limitations	The projects will be postponed until the next financial year. A meeting with the budget department will be conducted to confirm that the office possesses sufficient funds to execute its projects.
PP6	Number of section 79 committees meetings held	12	7	12	0	12	Attendance Register Minutes of meetings	TARGET NOT MET	The meetings lacked a sufficient number of participants to be considered valid.	The Office of the Speaker is presently involved in the execution of performance management systems for councillors, with the objective of ensuring that they achieve their quarterly goals
PP7	Number of councillors training conducted	2	2	4	0	2	Attendance Register Agenda Photos	TARGET NOT MET	Councillors were not accessible because of the National Elections.	Request SALGA to provide support in the training of the Councillors.

Public Participation												
Integrated Development Plan												
Item no	Objective	Key Performance Indicator	2022/2023		2023/2024		2024/2025		Evidence	Target Met/Not Met	Reason for deviation	Measures to address under-performance
			Target	Actual	Target	Actual	Target	Actual				
PP11	Putting people and their concerns first	Number of Draft Integrated Development Plans developed, reviewed and adopted	1	1	1	1	1	1	Adopted Draft IDP Council Resolution	TARGET MET	N/a- Target met	N/a – Target met
PP12			Number of Integrated Development Plan developed, reviewed, and approved	1	1	1	1	1	1	Adopted IDP Council Resolution	TARGET MET	N/a – Target met
PP13		Number of Integrated Development Review Process Plan developed and adopted	1	1	1	1	1	1	Adopted Integrated Development Process Plan Council Resolution	TARGET MET	N/a – Target met	N/a – Target met

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

INTRODUCTION

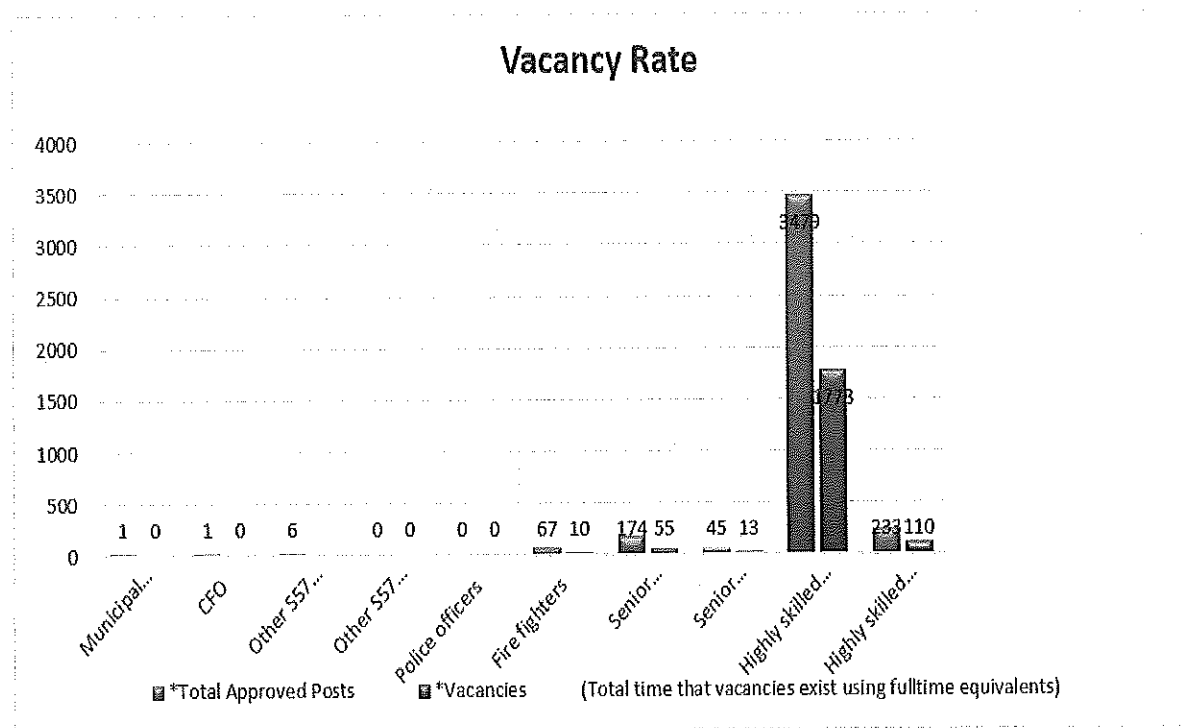
The municipality is embarking on a process of reviewing the organizational structure so that it can meet the current challenges and adhere to the legislative requirements. This process will need numerous engagements with unions, staff, and Councillors after which the Municipal Manager will approve the structure and table it to the council for notification as required by legislation. The department is in a process of workshopping the Councillors on the reviewed Organizational Structure.

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER, AND VACANCIES

Description	Employees				
	Year 2022/2023	Year 2023/2024			
	Employees No.	Approved Posts No.	Employees No.	Vacancies No.	Vacancies %
Water	132	265	122	143	54%
Waste Water (Sanitation)	208	343	180	163	48%
Electricity	93	178	84	94	53%
Waste Management	285	495	274	221	45%
Housing	37	117	47	70	60%
Waste Water (Stormwater Drainage)	35	90	35	55	61%
Roads	70	297	70	227	76%
Transport	19	114	16	98	86%
Planning	7	18	7	11	61%
Local Economic Development	36	22	17	5	23%
Planning (Strategic & Regulatory)				0	
Community & Social Services	230	299	229	70	23%
Environmental Protection				0	
Health				0	
Security and Safety	408	622	408	214	34%
Sport and Recreation	284	739	256	483	65%
Corporate Policy Offices and Other	253	407	295	112	28%
Totals	2,097	4,006	2,040	1,966	49.08%

Vacancy Rate: Year 2023/2024			
Designations	*Total Approved Posts	*Vacancies (Total time that vacancies exist using fulltime equivalents)	*Vacancies (as a proportion of total posts in each category)
	No.	No.	%
Municipal Manager	1	0	0.00
CFO	1	0	0.00
Other S57 Managers (excluding Finance Posts)	6		0.00
Other S57 Managers (Finance posts)	0	0	
Police officers	0	0	
Fire fighters	67	10	14.93
Senior management: Levels 13-15 (excluding Finance Posts)	174	55	31.61
Senior management: Levels 13-15 (Finance posts)	45	13	28.89
Highly skilled supervision: levels 9-12 (excluding Finance	3479	1778	51.11
Highly skilled supervision: levels 9-12 (Finance posts)	233	110	47.21
Total	4006	1966	49.08



Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year No.	Terminations during the Financial Year No.	Turn-over Rate*
Year 21/22	144	219	152%
Year 22/23	267	121	45%
Year 23/24	36	91	253%

COMMENT ON VACANCIES AND TURNOVER:

Turnover is mainly due to resignations as employees feel the burden of being overworked, and there is a lack of growth opportunities and recognition. To address the challenges identified by employees the municipality is currently in the process of reviewing the staff establishment and the implementation of the performance management system is in place to address the challenges.

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

Municipal Workforce Management has been good so far. The municipality has recruited and filled critical vacancies, especially for service delivery departments. However, the municipality has also lost some critical skills due to resignations occasioned by employees going for greener pastures as well as wanting to be close to their families.

4.2 POLICIES

HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
1	Affirmative Action	Not completed		
2	Attraction and Retention	Not completed		
3	Code of Conduct for employees	100%	A16/2006	27/11/2007
4	Delegations, Authorisation & Responsibility	100%	26/11/2005	25/04/2006
5	Disciplinary Code and Procedures	100%		Disciplinary Procedure Collective Agreement has been extended to 31/1/2025 as per Circular 14/2022 from SALGA.
6	Essential Services	100%		Main Collective Agreement has been extended to 30/6/2023; negotiations on amendments are still in progress
7	Employee Assistance / Wellness	100%	A120/2023	30 August 2023
8	Employment Equity	100%	A120/2023	30 August 2023
9	Exit Management (Termination)	100%	A120/2023	30 August 2023
10	Grievance Procedures	100%		Main Collective Agreement has been extended to 30/6/2023; negotiations on amendments are still in progress
11	HIV/Aids	100%	A120/2023	30 August 2023
12	Human Resource and Development	100%	A120/2023	30 August 2023
13	Incapacity due to poor work performance policy/ill health or operational policy	100%	A120/2023	30 August 2023
14	Job Evaluation	100%	A120/2023	30 August 2023
15	Leave	100%	A120/2023	30 August 2023
16	Occupational Health and Safety	100%	A120/2023	30 August 2023
17	Official Housing	Not completed		
18	Official Journeys	Not completed		
19	Official transport to attend Funerals	Not completed		
20	Official Working Hours and Overtime	100%	A120/2023	30 August 2023
21	Organisational Rights	100%		Main Collective Agreement has been extended to 30/6/2023; negotiations on amendments are still in progress
22	Payroll Deductions	Not completed		
23	Performance Management and Development	100%	A120/2023	30 August 2023
24	Recruitment, Selection and Appointments	100%	A120/2023	30 August 2023
25	Remuneration Scales and Allowances	100%	A120/2023	30 August 2023
26	Resettlement	Not completed		
27	Sexual Harassment	100%	A120/2023	30 August 2023
28	Skills Development Policy	100%	A120/2023	Adopted on the 30 August 2023
29	Smoking	100%	A120/2023	Adopted on the 30 August 2023

30	Special Skills	Not completed		
31	Work Organisation	Not completed		
32	Uniforms and Protective Clothing	Not completed		
33	Internal Bursary Policy	100%	A120/2023	30 August 2023

COMMENT ON WORKFORCE POLICY DEVELOPMENT:

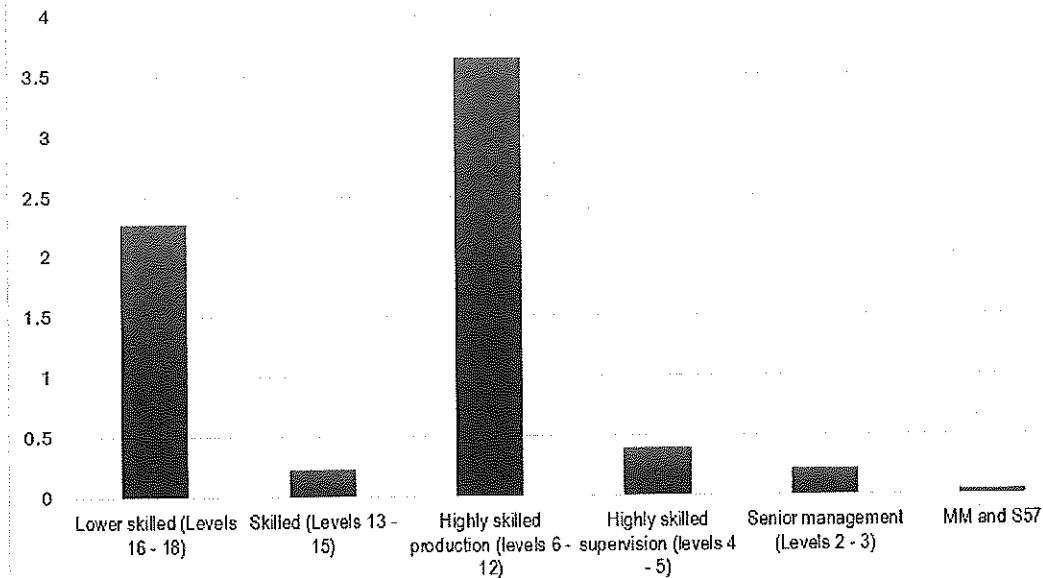
All municipal policies especially HR related are aligned with Municipal Staff Regulations and consultations were made accordingly.

4.3 INJURIES, SICKNESS AND SUSPENSIONS

Number and Cost of Injuries on Duty					
Type of Injury	Injury Leave Taken	Employees using injury leave	Proportion employees using sick leave	Average Injury Leave per employee	Total Estimated Cost
	Days	No.	%	Days	R'000
Required basic medical attention only	922	15	2%	184	
Temporary total disablement	0	0	0%	0	
Permanent disablement	0	0	0%	0	
Fatal	0	0	0%	0	
Total	922	15	2%	184	0

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimate cost
	Days	%	No.	No.	Days	R' 000
Lower skilled (Levels 16 - 18)	4757	5%	449	976	2.27	
Skilled (Levels 13 - 15)	476	5%	33	70	0.23	
Highly skilled production (levels 6 - 12)	7644	7%	552	879	3.65	
Highly skilled supervision (levels 4 - 5)	835	10%	69	97	0.40	
Senior management (Levels 2 - 3)	468	12%	41	68	0.22	
MM and S57	76	4%	3	7	0.04	
Total	14256	7%	1147	2097	6.80	0

Average sick leave per Employees



COMMENT ON INJURY

Steps taken incident investigation conducted followed by compliance improvement plan with control measures.

Control Measures:

1. Weekly safety toolbox talks
2. Safety awareness on safe operating procedures
3. Provision of PPE
4. Continuing professional development.

All injuries that require medical attention are referred to a professional Doctor through the Compensation Fund and progress medical records, and personal records are maintained of the number of instances of sick leave and the amount of time taken annually.

COMMENTS ON SICK-LEAVE

The table gives a clear indication that there is a high level of sick leave at those levels. These percentages can be due to work-related stress. Non-filling of positions especially at lower levels can create high workloads as there are always tight deadlines and pressure which can be a significant cause of sick leave. The Municipality has however engaged with Managers and supervisors on issues of the management of sick leave in ensuring that there is compliance with collective agreements.

Number and Period of Suspensions				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalized	Date Finalized
HOD	Sexual Harassment	07-11-22	08/01/2024 A memo was resent to the MM office to uplift the suspension as the suspension has exceeded its period of suspension and the employer has exhausted the extension period of suspension	Pending
Indigent Section	Misconduct- Alleged Irregularity / Fraud	15/5/2023	Upliftment suspensions were received for Me Mutsumi and NS Kata as their disciplinary hearing was concluded on 22 May 2024 and the department should inform the employees to return to work with immediate effect.	Finalized on 12/06/2024 (
Cashier	Fraud- In that you or about 11 May 2023 received cash in the amount of R500 from Mr. Motepula for account 10718876. Mr. Motepula only received a receipt of R200 not one of R500	26-06-23	The key witness was absent he informed the employer rep that he was writing exams today. SAMWU raised a point in line that this matter is out of 3 months period. The chairperson ruled that such an application must be in writing and an employer representative will also respond. The chairperson will issue a ruling. The matter is finally remanded for DC and the chairperson ordered that before a new date is arranged it must be confirmed with the employer representative who must forward the timetable of the key witness to Labour Relations.	Pending (
Post Level 18/17 Samwu shop steward General Worker.	Intimidation	08/02/2024	Suspension is extended by further three (3) months to expire 09/07/2024	Pending
Carpenter	Insubordination	15/02/2024	Employee is suspended from 23/02/2024 and his suspension will lapse on 23/04/2024	Pending
General worker.	Insubordination	26/03/2024	Email sent to MM office to inquire as to whether they have a representation or not	Pending
General worker & Artisan Plumber.	Theft	09/04/2024	Employee is suspended from 06/05/2024 and his suspension will lapse on 06/08/2024	Pending

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalized
Indigent Section	Misconduct- Alleged Irregularity / Fraud	Employee suspended. Suspension uplifted on the 12th of June 2024	22-06-24
Cashier	Alleged fraud	Employee Suspended on the 5th of July 2023	Pending

COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT:

Occasionally, there is a delay in the execution of extension or upliftment of suspension letters within the Municipal Manager's office. Financial-related charges are being addressed in accordance with the Disciplinary Procedure Collective Agreement. The Disciplinary Board has not yet processed any disciplinary cases involving Senior Officials.

4.4 PERFORMANCE REWARDS

COMMENT ON PERFORMANCE REWARDS:

In 2023/2024, the municipality did not reward performance.

Chapter 4 (performance management and development system) of the Municipal Staff Regulation will be rolled out from 01 July 2024.

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

The municipality has an HRD Policy that is aligned with MSA (Staff Regulations), the HRD policy has been developed to ensure capacity building in the municipality.

4.5 SKILLS DEVELOPMENT AND TRAINING

Skills Matrix										
Management level	Gender	Number of skilled employees required and actual as at 30 June Year 2023/2024								
		Learnerships		Skills programmes & other short courses		Other forms of training (Study Assistance)			Total	
		Actual: End of Year 2022/2023	Actual: End of Year 2023/2024	Actual: End of Year 2023/2023	Actual: End of Year 2023/2024	Actual: End of Year 2022/2023	Actual: End of Year 2023/2024	Actual: End of Year 2023/2023	Actual: End of Year 2023/2024	Year 2023/2024 Target
MM and s57	Female	0	0	0	0	0	0	0	0	0
	Male	0	0	2	0	0	4	2	4	0
Councilors, senior officials and managers	Female	3	0	5	0	10	2	18	2	0
	Male	4	0	13	0	24	2	41	2	0
Technicians and associate professionals*	Female	1	9	4	12	0	9	5	30	0
	Male	2	7	5	23	0	5	7	35	0
Professionals	Female	2	11	3	14	0	12	5	37	0
	Male	7	4	19	17	0	8	26	29	0
Sub total	Female	6	20	12	26	10	23	29	69	0
	Male	13	11	39	40	24	28	76	79	0
Total		19	62	51	66	34	51	105	148	7451
*Registered with professional Associate Body e.g CA (SA)										

Financial Competency Development: Progress Report*						
Description	A Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
Accounting officer	1	0	1	1	1	1
Chief financial officer	1	0	1	1	1	1
Senior managers	2	0	2	2	0	2
Any other financial officials	4	0	4	4	0	4
Supply Chain Management Officials						
Heads of supply chain management units	1	0	1	1	0	0
Supply chain management senior managers	0	0	0	0	0	1
TOTAL	9	0	9	9	2	9
* This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007)						T 4.5.2

Skills Development Expenditure										
										R'000
Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development							
			Learnerships		Skills programmes & other short courses		Other forms of training		Total	
		No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
Subtotal (all management level)	Female & Male			100000		900000		1100000		2100000
Total		0	0	100000	0	900000	0	1100000		2100000

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

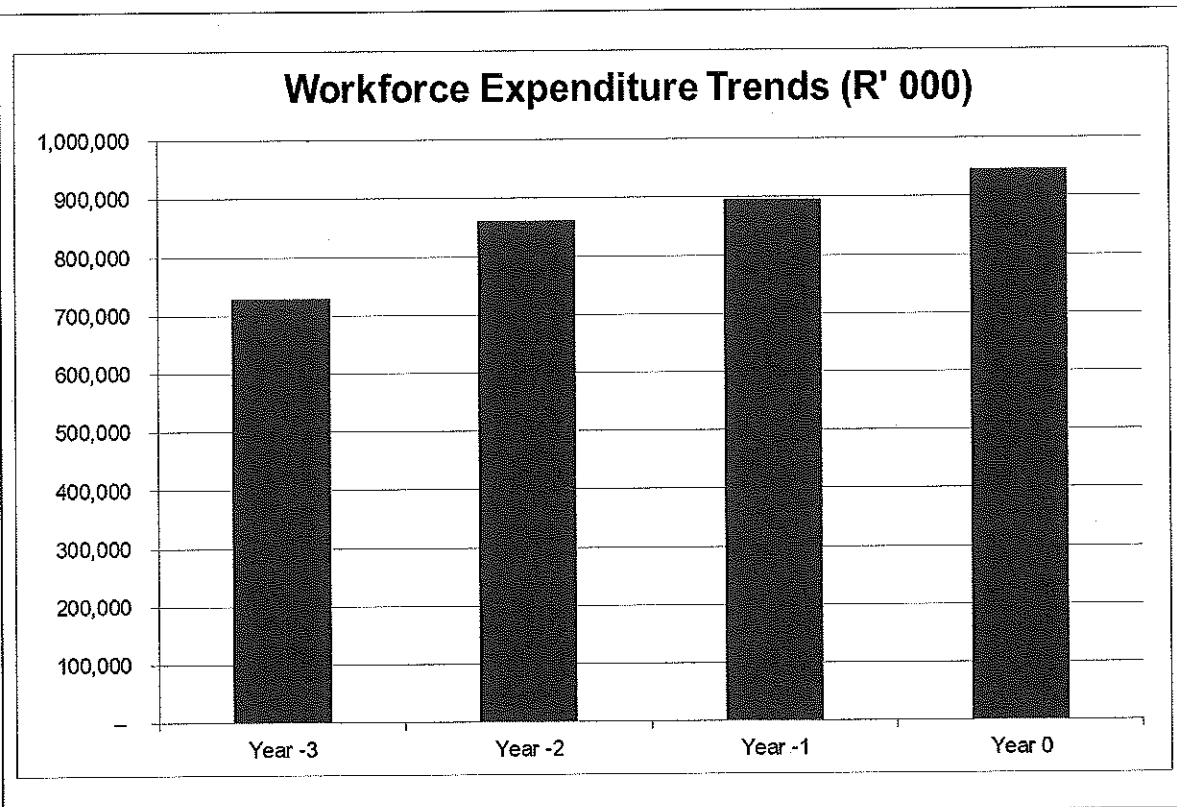
Budgeting is not done at the management level. Implementation is to be improved through the appointment of a Panel of Skills Development Providers.

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

INTRODUCTION TO WORKFORCE EXPENDITURE

It's important to ensure that employees are aligned with the municipality's vision. It cuts costs and improves productivity. Vacant posts which are on the approved establishment are being budgeted for. The municipality obtains value for money by being compliant with applicable legislation by also tracking attendance registers and all overtime worked.

4.6 EMPLOYEE EXPENDITURE



DISCLOSURES OF FINANCIAL INTERESTS

Refer to disclosures made by officials and councillors concerning their financial interests as required by PM Regulations 805 of 2006 are set out in **Appendix J**.

CHAPTER 5 – FINANCIAL PERFORMANCE

INTRODUCTION

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

- Component A: Statement of Financial Performance
- Component B: Spending Against Capital Budget
- Component C: Cash Flow Management and Investment
- Component D: Other Financial Matters

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

Note: Statements of Revenue Collection Performance by vote and by source are included in **Appendix K**.

This component provides an overview of the financial performance of the municipality and focuses on the financial health of the municipality.

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Financial Summary								R' 000
Description	Year 22/23		Current Year 23/24		Year 23/24		Adjustments	Variance
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget		
Financial Performance								
Property rates	466 597	466 597	466 597	476 300			%	%
Service charges	2 076 387	2 076 387	1 976 387	1 586 323			%	%
Investment revenue	4 870	4 870	4 870	22 069			%	%
Transfers recognised - operational	692 171	692 171	691 966	884 725			%	%
Other own revenue	918 387	918 387	918 387	968 252			%	%
Total Revenue (excluding capital transfers and contributions)	4 158 412	4 158 412	4 058 207	3 937 668			%	%
Employee costs	952 980	952 980	952 980	972 773			%	%
Remuneration of councillors	39 362	39 362	39 362	37 982			%	%
Depreciation & asset impairment	248 648	248 648	248 648	213 717			%	%
Finance charges	183 894	183 894	163 236	242 872			%	%
Materials and bulk purchases	1 524 737	1 524 737	1 494 915	1 474 663			%	%
Transfers and grants	1 330	1 330	(393)	-			%	%
Other expenditure	1 023 278	1 023 278	1 033 572	1 339 762			%	%
Total Expenditure	3 974 219	3 974 219	3 922 369	4 281 769			%	%
Surplus/(Deficit)	184 193	184 193	135 838	(344 101)			%	%
Transfers recognised - capital	192 914	192 914	222 855				%	%
Contributions recognised - capital & contributed assets							%	%
Surplus/(Deficit) after capital transfers & contributions	377 107	377 107	358 793	(344 101)			%	%
Share of surplus/ (deficit) of associate				70 414			%	%
Surplus/(Deficit) for the year	377 107	377 107	358 793	(273 687)			%	%

Financial Summary							R' 000
Description	Year 22/23	Current: Year 23/24			Year 23/24 Variance		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget	
Free services							
Cost of Free Basic Services provided	67 132	108 608	108 608	-	%	%	
Revenue cost of free services provided	78 472	45 589	45 589	-	%	%	
Households below minimum service level							
Water		1 118	1 118	-	%	%	
Sanitation/sewerage		17 566	17 566	-	%	%	
Energy		30 354	30 354	-	%	%	
Refuse		14 481	14 481	-	%	%	

Financial Performance of Operational Services							R '000
Description	Year 22/23	Year 2023/2024			Year 2023/2024 Variance		
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget	
Operating Cost							
Water	897,323	1,363,865	1,354,469	1,072,709	-27,14%	-26,27%	
Waste Water (Sanitation)	297,537	256,639	253,160	218,588	-17,41%	-15,82%	
Electricity	1,141,525	903,828	896,658	1,396,358	35,27%	35,79%	
Waste Management	244,110	174,123	165,065	242,407	28,17%	31,91%	
Housing	21,011	26,465	25,339	20,929	-26,45%	-21,07%	
Component A: sub-total	2,601,506	2,724,920	2,694,691	2,950,990	7,66%	8,69%	
Waste Water (Stormwater Drainage)							
Roads	56,376	40,270	40,075	8,767	-359,34%	-357,11%	
Component B: sub-total	56,376	40,270	40,075	8,767	-359,34%	-357,11%	
Planning	39,070	58,448	56,894	47,140	-23,99%	-20,69%	
Local Economic Development							
Component B: sub-total	39,070	58,448	56,894	47,140	-23,99%	-20,59%	
Component C: sub-total	-	-	-	-	-	-	
Community & Social Services							
Health	88,661	137,554	134,365	70,161	-96,06%	-91,51%	
Security and Safety	10,248	17,666	17,568	(22,433)	178,75%	178,31%	
Sport and Recreation	99,524	117,287	107,459	101,762	-15,23%	-5,58%	
Corporate Policy Offices and Other	76,184	72,352	73,569	54,010	-33,96%	-36,21%	
Component D: sub-total	904,995	805,721	797,749	1,164,082	30,78%	31,47%	
	1,179,611	1,150,581	1,130,710	1,367,603	15,97%	17,32%	
Total Expenditure	3,876,562	3,974,219	3,922,369	4,374,500	9,15%	10,34%	

5.2 GRANTS

Grant Performance						
Description	R' 000					
	Year 22/23	Year 23/24			Year 23/24 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants						
National Government:	670,606,122.50	886,385,000.00	916,221,000.00	884,725,127.00		
Equitable share	561,610,704.50	685,410,000.00	685,410,000.00	685,410,000.00	0.00%	0.00%
Expanded Public Works Programme						
Integrated Grant (EPWP)	2,964,000.00	3,661,000.00	3,456,000.00	2,774,000.00	24.23%	24.59%
Local Government Financial Management Grant (FMG)	3,100,000.00	3,100,000.00	3,100,000.00	3,099,998.00	0.00%	0.00%
Integrated National Electrification Programme Grant (INEP)		30,000,000.00	24,100,000.00	21,628,637.00	27.90%	11.43%
Municipal Infrastructure Grant (MIG)	84,263,537.00	142,914,000.00	165,355,000.00	151,546,417.00	-6.04%	9.11%
Water Services Infrastructure Grant (WSIG)	15,000,000.00	20,000,000.00	33,500,000.00	18,656,017.00	6.72%	79.57%
Sector Education and Training Authority (SETA)	1,370,430.00	1,300,000.00	1,300,000.00	1,610,058.00	-23.85%	-19.26%
Energy Efficiency and Demand Side Management Program (EEDG)	2,297,451.00					
Total Operating Transfers and Grants	670,606,122.50	886,385,000.00	916,221,000.00	884,725,127.00		

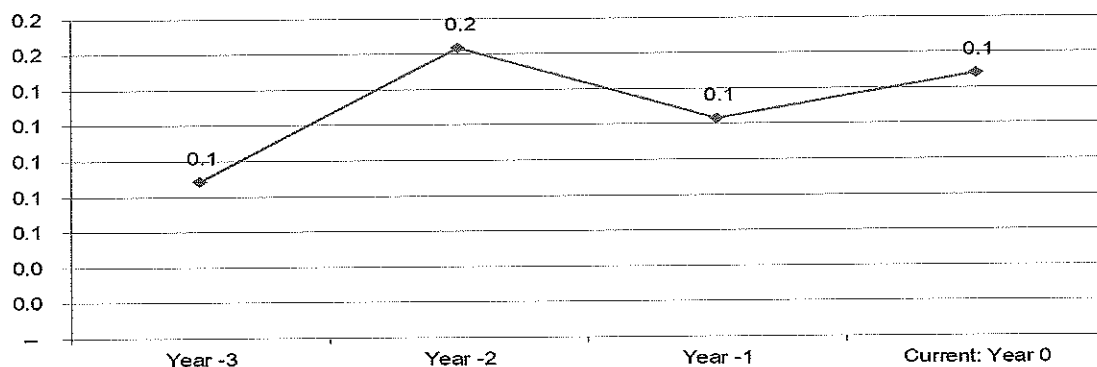
5.3 ASSET MANAGEMENT

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 2023/2024				
Asset 1				
Name	REAFURBISHMENT OF THERONIA WWTW			
Description	WASTE WATER TREATMENT PLANT			
Asset Type	INFRASTRUCTURE ASSET - SEWERAGE			
Key Staff Involved	PROJECT MANAGEMENT UNIT SECTION			
Staff Responsibilities	PROJECT MANAGEMENT AND MONITORING OF PROJECT PROGRESS			
	Year 20/21	Year 21/22	Year 22/23	Year 23/24
Asset Value	4221	27,648	51 205	12413
Capital Implications	N/A			
Future Purpose of Asset	SERVICE DELIVERY			
Describe Key Issues	N/A			
Policies in Place to Manage Asset	MATJHABENG LM – ASSET MANAGEMENT POLICY			
Asset 2				
Name	REAFURBISHMENT OF NYAKALLONG WWTW			
Description	WASTE WATER TREATMENT PLANT			
Asset Type	INFRASTRUCTURE ASSET - SEWERAGE			
Key Staff Involved	PROJECT MANAGEMENT UNIT SECTION			
Staff Responsibilities	PROJECT MANAGEMENT AND MONITORING OF PROJECT PROGRESS			
	Year 20/21	Year 21/22	Year 22/23	Year 23/24
Asset Value	30 694	37 204	37 534	
Capital Implications	N/A			
Future Purpose of Asset	SERVICE DELIVERY			
Describe Key Issues	N/A			
Policies in Place to Manage Asset	MATJHABENG LM – ASSET MANAGEMENT POLICY			
Asset 3				
Name	CONSTRUCTION OF MMAMAHABANE CEMETARY			
Description	FENCING, PAVED ROAD, HIGHMAST LIGHT AND TOILETS			
Asset Type	INFRASTRUCTURE ASSET – COMMUNITY SERVICE			
Key Staff Involved	PROJECT MANAGEMENT UNIT			
Staff Responsibilities	PROJECT MANAGEMENT AND MONITORING OF PROJECT PROGRESS			
	Year 20/21	Year 21/22	Year 22/23	Year 23/24
Asset Value	2 595	6 649	29 715	
Capital Implications	N/A			
Future Purpose of Asset	SERVICE DELIVERY			
Describe Key Issues	N/A			
Policies in Place to Manage Asset	MATJHABENG LM – ASSET MANAGEMENT POLICY			

Repair and Maintenance Expenditure: Year 23/24				
				R' 000
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	231504563	190797894	48961391	79%

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

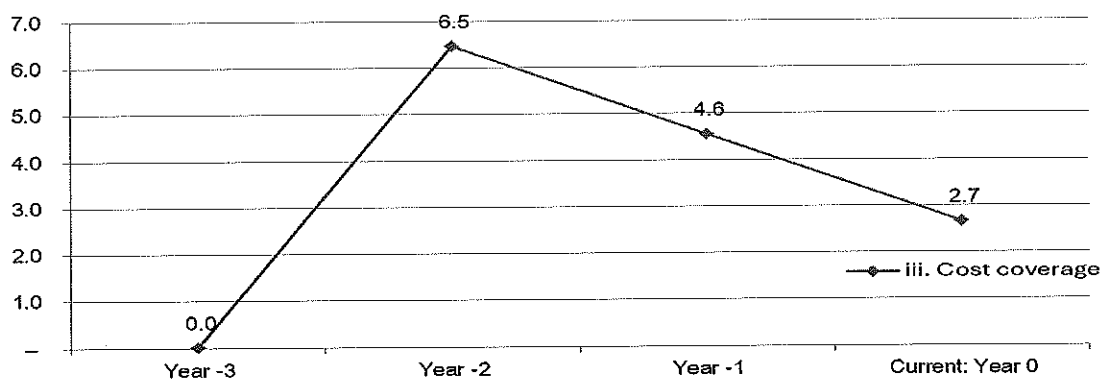
Liquidity Ratio



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

Data used from MBRR SA8

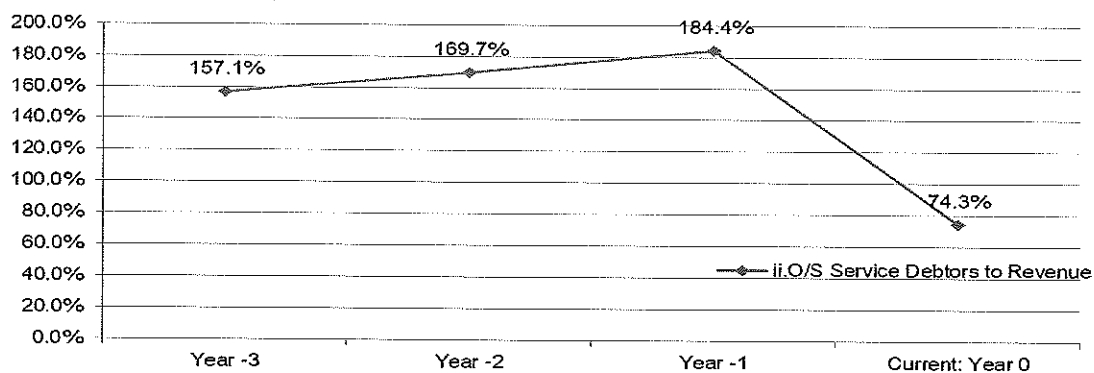
Cost Coverage



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

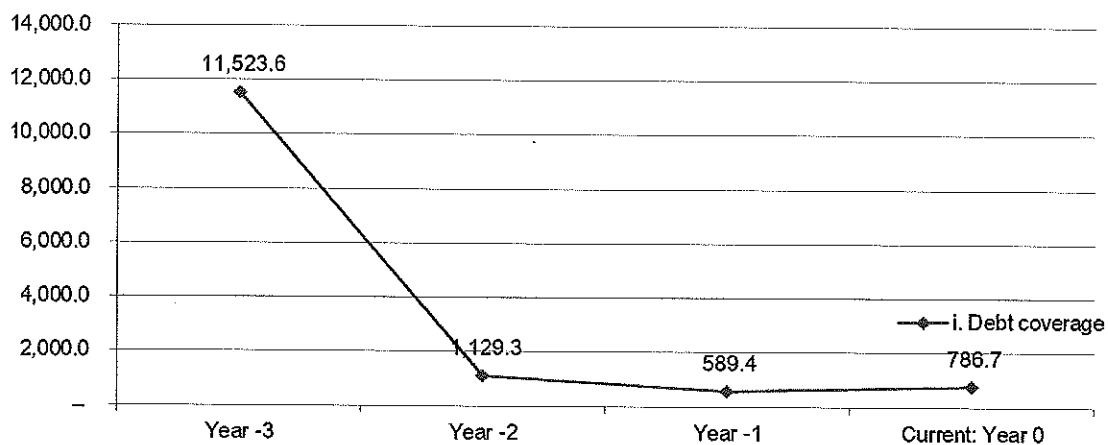
Data used from MBRR SA8

Total Outstanding Service Debtors



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

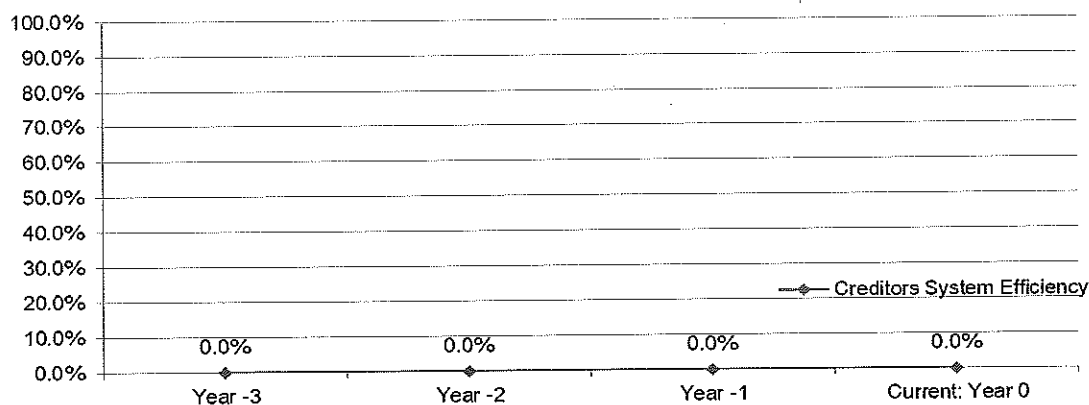
Debt Coverage



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

Data used from MBRR SA8

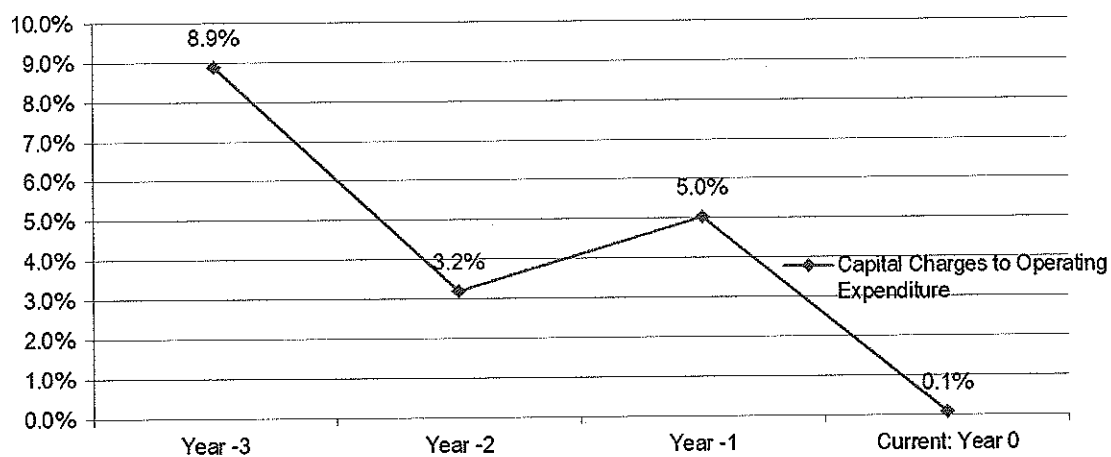
Creditors System Efficiency



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

Data used from MBRR SA8

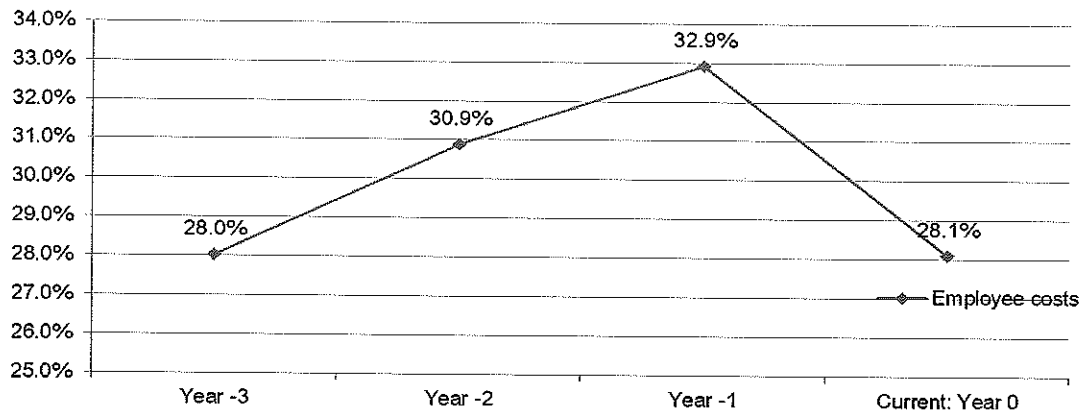
Capital Charges to Operating Expenditure



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

Data used from MBRR SA8

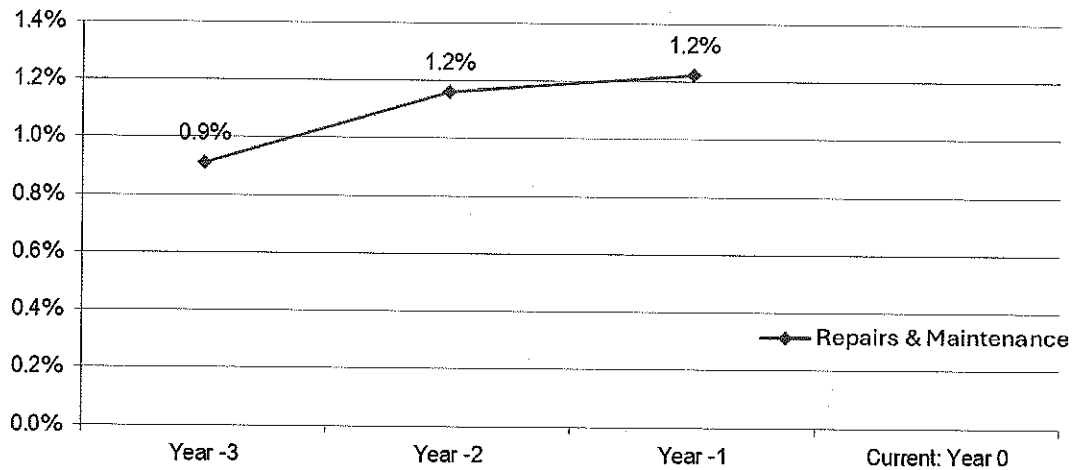
Employee Costs



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

Data used from MBRR SA8

Repairs & Maintenance

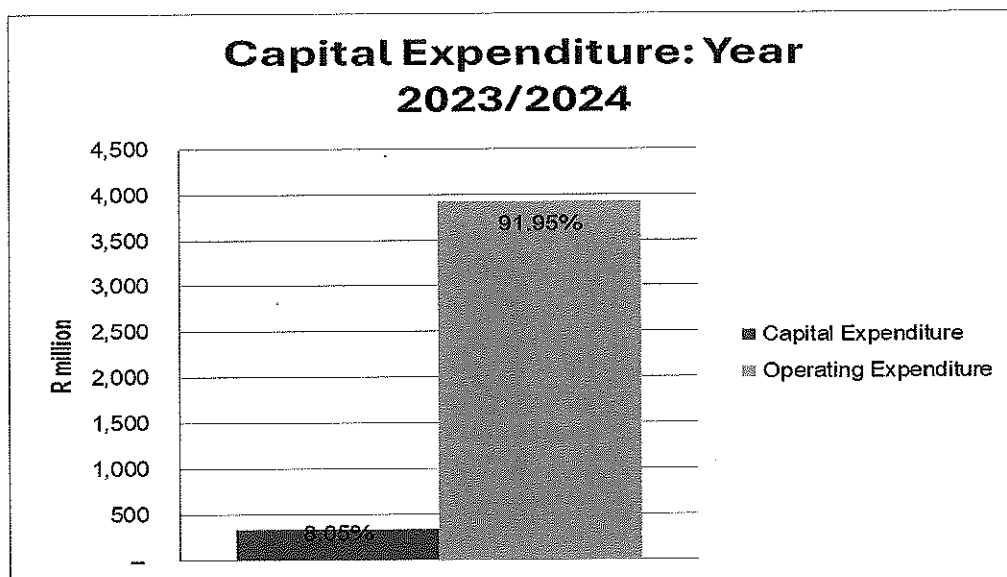


Repairs and Maintenance – This represents the proportion of operating expenditure spent and is calculated by dividing the total repairs and maintenance.

Data used from MBRR SA8

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.5 CAPITAL EXPENDITURE



R million	Original Budget	Adjustment Budget	Un-audited Full Year Total	Original Budget variance	Adjusted Budget Variance
Capital Expenditure	203	344	174	14.5%	49.5%
	203	344	174	14.5%	49.5%
Operating Expenditure	3,974	3,922	4,374	-10.1%	-11.5%
	3,974	3,922	4,374	-10.1%	-11.5%
Total expenditure	4,177	4,266	4,548	-8.9%	-6.6%
Water and sanitation	45	67	62	-37.5%	8.7%
Electricity	30	39	21	31.3%	46.9%
Housing	-	0	-		100.0%
Roads, Pavements, Bridges and storm water	97	155	65	33.4%	58.1%
Other	31	82	27	14.1%	67.8%
	203	344	174	14.5%	49.5%
Grants and subsidies	886	916	885	0.2%	3.4%
	886	916	885	0.2%	3.4%
Salaries, wages and allowances	992	992	1,003	-1.0%	-1.0%
Cash and creditor payments	2,080	2,111	1,562	24.9%	26.0%
Capital payments	203	344	174	14.5%	49.5%
Investments made	-	-	-		
External loans repaid	-	-	-		
Statutory Payments (including VAT)	-	-	-		
Other payments	-	-	-		
	3,275	3,447	2,738	16.4%	20.6%

	Original Budget	Adjustment Budget	Un-audited Full Year Total	Original Budget variance	Adjusted Budget Variance
Property rates	164	164	164	-0.3%	-0.1%
Service charges	604	604	604	-0.1%	0.0%
Other own revenue	214	215	215	-0.5%	0.0%
	982	984	984	-0.2%	0.0%
Employee related costs	992	992	1,003	-1.0%	-1.0%
Repairs and maintenance	51	52	52	-2.3%	-0.1%
Bulk purchases	1,525	1,485	1,398	8.3%	5.9%
Other expenditure	338	340	340	-0.8%	-0.2%
	982	986	987	-0.5%	-0.1%
Service charges: Electricity	1,101	1,101	770	30.1%	30.1%
Grants & subsidies: Electricity					
Other revenue: Electricity	15	15	47	-210.4%	-210.4%
	1,117	1,117	817	26.8%	26.8%
Employee related costs: Electricity	47	47	53	-11.9%	-11.9%
Provision for working capital: Electricity					
Repairs and maintenance: Electricity	4	4	3	33.8%	33.8%
Bulk purchases: Electricity	509	1,036	(368)	172.2%	135.5%
Other expenditure: Electricity	335	(191)	1,716	-412.0%	997.5%
	896	896	1,404	-56.7%	-56.7%
Service charges: Water	1,117	1,117	1,275	-14.1%	-14.1%
Grants & subsidies: Water					
Other revenue: Water	15	15	47	-210.4%	-210.4%
	1,132	1,132	1,322	-16.8%	-16.8%
Employee related costs: Water	56	56	65	-17.0%	-17.0%
Provision for working capital: Water					
Repairs and maintenance: Water	9	9	4	55.0%	55.0%
Bulk purchases: Water	677	677	324	52.1%	52.1%
Other expenditure: Water	155	155	291	-88.3%	-88.3%
	897	897	685	23.6%	23.6%

5.6 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Capital Expenditure - Funding Sources: Year 2022/2023 to Year 2023/2024							R' 000
Details		Year 22/23	Year 2023/2024				
		Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
Source of finance							
	External loans						
	Public contributions and donations						
	Grants and subsidies	668,307,074	886385000	916221000	884725127	3.37%	-0.19%
	Other						
Total		668307074.3	886385000	916221000	884725127	3.37%	-0.19%
Percentage of finance							
	External loans	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Public contributions and donations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Grants and subsidies	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	Other	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital expenditure							
	Water and sanitation	63663625.94	44787573	67484188	61585141.19	50.68%	37.50%
	Electricity	1906274.58	30000000	38812032	20614174.24	29.37%	-31.29%
	Housing	0	0	29719	0		
	Roads and storm water	16331434.61	97194786	154730431	64775817.51	59.20%	-33.35%
	Other	29645487.35	30931641	82480238	26575254.09	166.65%	-14.08%
Total		111546822.5	202914000	343536608	173550387	305.90%	-41.22%
Percentage of expenditure							
	Water and sanitation	57.1%	22.1%	19.6%	35.5%	16.6%	-91.0%
	Electricity	1.7%	14.8%	11.3%	11.9%	9.6%	75.9%
	Housing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Roads and storm water	14.6%	47.9%	45.0%	37.3%	19.4%	80.9%
	Other	26.6%	15.2%	24.0%	15.3%	54.5%	34.2%

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Capital Expenditure of 5 largest projects*					
R' 000					
Name of Project	Current: Year 22/23			Variance: Current Year 22/23	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
PSE SYSTEM AT AND FROM THERONIA WWTW WSIG	25,000,000	25,000,000	12,413,371	50%	0%
MMAMAHABANE: NEW DEVELOPMENT	19,500	19,750	19,900	-2%	-1%
VIRGINIA/MELODING: ROADS; SIDEWALKS & STORMWATER 2KM PAVED ROADS & STORMWATER DRAINAGE	5,173,518	5,173,518	1,740,923	66%	0%
UPGRADE OF KUTLWANONG - NEW DEVELOPMENTS	30,288,124	30,288,124	12,013,358	60%	0%
WELKOM LANDFILL SITE	11,500	11,000	11,250	2%	4%
* Projects with the highest capital expenditure in Year 0					
Name of Project - A	THERONIA WWTW				
Objective of Project	SOLID WASTE DISPOSAL				
Delays	N/A				
Future Challenges	N/A				
Anticipated citizen benefits	SERVICE DELIVERY				
Name of Project - B	MMAMAHABANE CEMETARY				
Objective of Project	BURIAL GROUNDS - COMMUNITY SERVICES				
Delays	N/A				
Future Challenges	N/A				
Anticipated citizen benefits	SERVICE DELIVERY				
Name of Project - C	VIRGINIA/MELODING: ROADS; SIDEWALKS & STORMWATER 2KM PAVED ROADS & STORMWATER DRAINAGE				
Objective of Project	PAVED ROAD				
Delays	N/A				
Future Challenges	N/A				
Anticipated citizen benefits	SERVICE DELIVERY				
Name of Project - D	UPGRADE OF KUTLWANONG - NEW DEVELOPMENTS				
Objective of Project	SOLID WASTE DISPOSAL				
Delays	N/A				
Future Challenges	N/A				
Anticipated citizen benefits	SERVICE DELIVERY				
Name of Project - E	WELKOM LANDFILL SITE				
Objective of Project	WASTE DISPOSAL				
Delays	N/A				
Future Challenges	N/A				
Anticipated citizen benefits	SERVICE DELIVERY				

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Municipal Infrastructure Grant (MIG)* Expenditure Year 2023/2024 on Service backlogs						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjust- ments Budget	
Infrastructure - Road transport	97,194,786.00	154,730,431.00	64,775,817.51	33%	33%	
Roads, Pavements & Bridges	89469239	147940423	64939675.48	27%	27%	
Storm water	7725547	6790008	-163857.97	102%	102%	
Infrastructure - Electricity	30,000,000.00	38,812,032.00	20,614,174.24	31%	31%	
Generation	0	7594982	1589612.78			
Transmission & Reticulation	30000000	30000000	18807511.46	37%	37%	
Street Lighting	0	1217050	217050			
Infrastructure - Water	-	4,896,655.00	4,590,126.91			
Dams & Reservoirs	0	3500862	3704879.93			
Water purification	0	1395793	885246.98			
Infrastructure - Sanitation	44,787,573.00	62,587,533.00	56,995,014.28	-27%	-27%	
Reticulation	9978752	13101697	35041491.57	-251%	-251%	
Sewerage purification	34808821	49485836	21953522.71	37%	37%	
Infrastructure - Other	-	-	-			
Other Specify:	30,931,641.00	82,509,957.00	26,575,254.09	14%	14%	
Vote 01 - Council General	10000000	56932223	18204822.63	-82%	-82%	
Vote 02 - Office Of The Executive May	0	481718	1286714.21			
Vote 05 - Office Of The Municipal Man	0	843661	734874.03			
Vote 06 - Corporate Services	0	101133	0			
Vote 07 - Finance	0	1334041	459201.9			
Vote 08 - Human Resources	0	359971	0			
Vote 09 - Community Services	20931641	21109798	5697347.36	73%	73%	
Vote 10 - Public Safety And Transport	0	1220093	94693.96			
Vote 11 - Economic Development	0	97600	97600			
Vote 15 - Other	0	29719	0			
Total	202,914,000.00	343,536,608.00	173,550,387.03	14%	14%	

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

Cash Flow Outcomes				
Description	Year 22/23	Current: Year 23/24		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts	1,906,128	3,611,437	3,613,332	1,879,845
Ratepayers and other	1,144,460	2,721,514	2,761,514	1,001,332
Government - operating	626,175	692,171	691,966	648,535
Government - capital	133,069	192,914	155,014	191,831
Interest	2,390	4,801	4,801	5,836
Dividends	34	38	38	32,311
Payments	1,647,431	2,898,365	2,898,365	1,870,806
Suppliers and employees	1,647,413	2,714,481	2,714,481	1,870,806
Finance charges	19	183,884	183,884	-
Transfers and Grants				
NET CASH FROM/(USED) OPERATING ACTIVITIES	258,696	713,072	714,967	9,039
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE		60,000	60,000	(90,606)
Decrease (increase) in non-current debtors				
Decrease (increase) other non-current receivables		(259,255)	(259,255)	-
Decrease (increase) in non-current investments		(441)	(441)	49
Payments				
Capital assets	(111,141)			
NET CASH FROM/(USED) INVESTING ACTIVITIES	(111,141)	(199,696)	(199,696)	(90,556)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans				
Borrowing long term/refinancing				
Increase (decrease) in consumer deposits		(13,000)	(13,000)	
Payments				
Repayment of borrowing				
NET CASH FROM/(USED) FINANCING ACTIVITIES	-	(13,000)	(13,000)	-
NET INCREASE/ (DECREASE) IN CASH HELD	147,556	500,376	502,271	(81,518)
Cash/cash equivalents at the year begin:	56,801			125,689
Cash/cash equivalents at the year end:	204,357	500,376	502,271	44,172
Source: MBRR A7				15.9.1

Municipal and Entity Investments			
	R' 000		
Investment* type	Year 21/22	Year 22/23	Year 23/24
	Actual	Actual	Actual
Municipality			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank	102528532	2390350	44171709
Municipality sub-total	102528532	2390350	44171709
Municipal Entities			
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			
Entities sub-total	0	0	0
Consolidated total:	102528532	2390350	44171709

COMPONENT D: OTHER FINANCIAL MATTERS

GRAP COMPLIANCE

The 2023/2024 Annual Financial Statements are GRAP compliant

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS YEAR 2022/2023

6.1 AUDITOR GENERAL REPORTS YEAR 2022/2023 (PREVIOUS YEAR)

Auditor-General Report on Financial Performance: Year 2022/2023	
Audit Report Status*:	
Non-Compliance Issues	Remedial Action Taken
<p>Inspection of the CSD tax compliance verification confirmed that the following suppliers were not tax-compliant at the time of award:</p> <p>1. BID/24/2022-23: The upgrading of the 3km gravel roads to surfaced roads in Matjhabeng LM: Nyakallong – Ward 36 was awarded on 24/03/2023. Through inspection of bid documents, it was confirmed that the supplier was awarded on 24 March 2023. Inspection of the CSD compliance history report confirmed the following:</p> <p>a) WW Civils JV Renekhumo = Inspection of the CSD report confirmed that the supplier was not compliant from 02 March 2023 to 27 March 2023. The supplier was not tax-compliant.</p> <p>2. BID/27/2022-23: Supply & Delivery of General Electric Material awarded on 01/06/2023. Through inspection of bid documents, it was confirmed that the supplier was awarded on 01 June 2023. Inspection of the CSD compliance history report confirmed the following:</p> <p>a) Rhuone Projects and Plant Hire = Inspection of the CSD report confirmed that supplier was not compliant from the dates 29 May 2023 to 05 June 2023. The supplier was not tax compliant.</p> <p>b) Practicon Trading Services = Inspection of the CSD report confirmed that supplier was not compliant from the dates 28 March 2023 to 16 August 2023. The supplier was not tax compliant.</p> <p>c) Zyka Management Services = Inspection of the CSD report confirmed that supplier was not compliant from the dates 18 September 2022 to 06 June 2023. The supplier was not tax compliant.</p>	<p>Management will monitor CSD tax compliance to ascertain that bidders are tax compliant when the award is made.</p> <p>The SCM policy will also be updated to define the time of award</p>

3. BID/29/2022-23: Appointment of panel of consultants for the implementation of engineering/built environment projects awarded on 01/06/2023. Through inspection of bid documents, it was confirmed that the supplier was awarded on 01 June 2023. Inspection of the CSD compliance history report confirmed the following:

a) Mogalemo Consulting Engineers – The supplier was not tax compliant between 29 May 2023 to 4 June 2023. The supplier was not tax compliant at the date of appointment.

b) SDM Consulting Engineers and Project Managers – The supplier was not tax compliant between 09 May 2023 to 17 July 2023. The supplier was not tax compliant at the date of appointment.

c) Mzibani Consulting Engineers – The supplier was not tax compliant between 22 May 2023 to 7 June 2023. The supplier was not tax-compliant at the date of appointment.

Audit procedures performed on the below-mentioned awards, could not confirm the following:

- (i) That the invitation to tender specified the minimum threshold for local production and content which is not less than the threshold prescribed in the relevant NT Instruction Notes;
- (ii) The winning provider has provided the auditee with the declaration on local production and content; and
- (iii) The winning service provider met the minimum threshold for local production and content.

List of awards identified:

No REQUISITION NUMBER DATE RECEIVED
DESCRIPTION DEPARTMENT SUPPLIER NAME
AMOUNT

1 A67767 30-Sep-22 Procurement of 27 Core Control Cables Electrical LJA Sojane Trading 194 850,00

2 A67782 20-Oct-22 Procurement of 125w MV lamps and gen 1-2 SL 98w Electrical Actom 165 347,00

3 A67809 29-Nov-22 Procurement of Christmas lights material Electrical Festive Lights 122 730,00

4 A80559 26-Oct-22 Procurement of Electrical Material Electrical Actom 199 249,20

5 A91555 24-Oct-22 Procure office furniture for 6 assets clerks Finance Boitsoso Solutions 37 660,44

6 A31692 4-May-22 procurement of 500kva 1100-6600/420v transformer sans 780 sealed electrical Actom 189 212,95

7 A80559 2022/10/26 Procurement of Electrical Material Electrical Actom 199 249,20

8 A91555 2022/10/24 Procure office furniture for 6 assets clerks Finance Boitsoso Solutions 37 660,44

9 A31692 2022/05/04 procurement of 500kva 1100-6600/420v transformer sans 780 sealed electrical Actom 189 212,95

Management will undertake to implement local content requirements in all relevant awards.

<p>During the audit of procurement and the application of the Preferential Procurement Regulations (2017) for the following suppliers, it could not be confirmed whether management awarded points to bidders for attaining the BBBEE status level and whether there was a use of the correct formulae to determine to appoint the preferred supplier.</p> <ol style="list-style-type: none"> 1. Dolly049 Enterprise – Catering 2. Retrolex 200 - Transformer oil 3. BoncaCom – Traffic Signs 4. Lefa Solutions and Suppliers - Loud hailing & Set-up ward 15,12 and 22 5. Vusi Mkhulu Investment Holdings – delivery of patching of potholes 6. RS Sport – Ammunition for refresher course for security officials 7. Lomos Properties – Procurement of Lubricants 8. TH Gcaka – Circuit breakers 9. RicMicSA - Plumbing materials for repairs of ablution facilities 	<p>Management disagrees with the finding as the calculation was done.</p> <p>However, management has begun implementing the printing of the score sheet for the auditor's perusal.</p>
<p>During the audit of expenditures, it was noted that 70 invoices were not paid within 30 days of receipt. (For complete details of the invoices, please refer to the AG's management report)</p>	<p>Management will implement cost containment to aid in increasing cash flows.</p>
<p>The financial statements indicate that the municipality incurred irregular expenditures amounting to R132 400 248 in the current year and R307 922 701 in the prior year. The register on the prior year irregular expenditure consists of 510 records and we obtained no evidence that the municipality conducted any formal investigations in the current year relating to the irregular expenditure that was identified in the prior year.</p>	<p>MPAC, the investigating body, will conduct investigations during the year.</p>

<p>Inspection of the MPAC report dated 23 May 2023 and the council meeting minutes dated 30 May 2023 confirmed that the council recommended identified unauthorised and fruitless and wasteful expenditure recommended for write off. Inspection of the 2022-23 annual financial statements confirmed that the amounts included under unauthorised and fruitless and wasteful expenditure was written off. The investigation reports for the recommended writing off of unauthorised and fruitless and wasteful expenditure were requested through Request for Information Number 48 (dated 13 September 2023), but was not provided. Audit procedures could not be performed on the investigations of unauthorised and fruitless and wasteful expenditure to determine whether:</p> <ol style="list-style-type: none"> The investigation was commissioned/ approved at the appropriate level. Terms of reference of the investigations were approved. The scope of the investigation addresses the allegation. The recommendations/ findings were relevant to the allegation. Investigations comply with auditee's policies with regard to independence and qualification/ position. 	<p>Investigation reports will be compiled for all MPAC investigations.</p>
<p>During the execution phase of the audit, it was noted from the Annual Financial Statement for the year ended 30 June 2023, that management did not take effective steps to prevent fruitless and wasteful expenditure as the entity incurred the following expenditure.</p> <ul style="list-style-type: none"> • Fruitless and wasteful expenditure (note 48): - current R132 400 248 • Irregular expenditure (Note 49) - current R339 841 917 • Unauthorised expenditure (Note 47) - current R1 037 075 133 	<p>Measures, as recommended by MPAC, will be implemented and monitored to ensure that the UIFW strategy is adhered to. This will reduce and, in some instances, eliminate UIFW.</p>

<p>It was noted during the audit of the property, plant, and equipment we noted the following internal control deviations:</p> <p>(a) Community assets were not classified in compliance with the requirements of generally recognized accounting practice (GRAP 17)</p> <p>(b) Infrastructure assets with duplicate coordinates were included in the included in the Fixed Asset Register and issue 66 was raised to communicate the matter to management</p> <p>(c) Other movable assets were included in the Fixed Asset Register with no barcodes and serial numbers</p> <p>(d) Cost resealing was not capitalized in compliance with the requirements of generally recognized accounting practice (GRAP 17)</p> <p>(e) Revision of asset useful lives was not performed regularly in compliance with the requirements of generally recognized accounting practice (GRAP 17)</p> <p>(f) Infrastructure assets were not unbundled to ensure that their valuation compliance with the requirements of generally recognized accounting practice (GRAP 17)</p>	<p>Management will undertake the following:</p> <p>(a) In respect of community assets they have been separately disclosed.</p> <p>(b) will identify all duplicate coordinates and undertake a process of updating the register with the correct coordinates.</p> <p>(c) will undertake a process of barcoding of all movable assets in the asset register.</p> <p>(e) Revision of asset useful lives will be performed were necessary as informed by their current condition and determined use.</p> <p>(f) To ensure that all completed projects are unbundled.</p>
<p>During the audit of contract management, it could not be confirmed whether the following variation orders/extension of time (EOT) approved in the current year were tabled in council:</p> <p>1) Baile Iceburg group JV - Upgrading of Kutlwanong Waste Water Treatment - 3000 stands: EOT 1-5.</p> <p>2) Kutlwanong: Replacement of old galvanized water pipes with uPVC pipes (MIS:345223): EOT 1-2.</p> <p>3) Isiphethu T-Gazzi JV - Refurbishment of Thabong WWTW, Associated Sewer Networks and Provision of Security Fence: EOT 1-2.</p>	<p>Management will ensure that all variations above the threshold are tabled to the council.</p>

Contrary to the above requirements, the municipality failed to submit the following information as requested on request for information 1 of 2022/23 made on 25 April 2023, which was due on 28 April 2023:

Requested information NOT submitted:

5. Reports from the hotline or whistle-blowing mechanisms of the auditee. (Not Submitted)
7. Report on any major accounting changes (e.g. changes to the applicable financial reporting framework, mSCOA etc.) and management's plans for implementation. (Not submitted)
8. Monthly/quarterly management accounts/analyses prepared for management and/or treasuries or oversight departments. (Not received)
9. Quarterly reports on grants submitted to transferring officers. (Not received)
10. Report on spending of conditional grants received to date and consider progression on key projects funded by grants. (Not received)
11. Reconciliations for all major accounts (debtors and creditors' reconciliation) as at 31/12/2023. (not received)
12. Material suspense accounts and supporting documentation these are cleared and reviewed on a regular basis. (not received)
13. Fixed asset register (updated throughout the financial year) as at 31/12/2023. (Not received)
14. Annual asset counts for immovable assets and quarterly for movable assets as at 31/12/2023. (Not received)
15. Assessment of useful lives and condition assessment as part of asset counts. (Not received)
16. Registers for unauthorised, irregular as well as fruitless and wasteful expenditure period ended 31/12/2023. (Not received)
17. Significant manual journal adjustments till 31/12/2023. (Not received)
20. Implementation of and/or readiness to implement applicable new legislation / National Treasury' SCM reforms. (not received)
21. Deviation reports. (Not received)
22. Major variations/expansions on contracts. (Not received)
23. Supporting documentation applicable where the municipality is participating in a contract secured by another organ of state. (Not received)
24. List of changes to the legislation (or pending

Audit champions are in place to aid with the provision of information.

Furthermore, the items that could not be ascertained have been communicated to officials for preparation for the upcoming audit cycle.

<p>changes) and management's plans for implementation.(Not received)</p> <p>25. Report on known instances of non-compliance with legislation.(Not received)</p> <p>26. Report on actions taken to investigate and deal with unauthorised, irregular, fruitless, and wasteful expenditure in the previous year.(Not received)</p> <p>27. Report on actions taken to investigate and deal with findings reported in the previous year and/or allegations in the period under review of financial misconduct and significant transgressions/improper conduct or fraud. (Not Received)</p> <p>28. Compliance report and/or compliance checklists (or similar documents) for monitoring of compliance with applicable legislation.(Not received)</p> <p>29. Exception reports relating to certain key processes/functions (such as user access management, disaster recovery planning, information security, IT governance) and risky areas (such as EFTs).(Not received)</p> <p>30. Staff turnover in key divisions (i.e. finance unit, the unit responsible for strategic planning and monitoring, SCM unit).(Not received)</p> <p>37. Technical indicator descriptions/standard operating procedures for each indicator.(Not received)</p> <p>41. A register of all approved policies and all approved policies (soft copy) with the approval dates of each of the policy.(Partially received)</p> <p>42. Soft copies of all service level agreements, memorandum of agreements and any contracts that was entered into for the year under review.(Also include all commitment contracts)(not received)</p> <p>43. Contract and the commitments register.(Not received)</p> <p>44. List of all bank accounts held by the entity as well as details of the bank account (Account number and the name of the bank with which the account is held as well as the authorized signatories).(Not received)</p>	
<p>Governance - During the audit of work performed by the internal audit function the following could not be confirmed;(1)That the internal audit division advised the accounting officer on matters relating to internal audit.</p>	<p>A monthly progress report is submitted to the Accounting Officer outlining the implementation of the Audit Action Plan as well as the requirements of MFMA section 165.</p>

<p>Governance - During the understanding of the internal audit function and assessment of the work performed by the function, it was noted that no quality assurance review had taken place. Further no other evidence was submitted that a quality assurance review was undertaken within the past 5 years.</p>	<p>A Quality assurance and improvement program(QAIP) for 2023/24 has been completed and approved by AC on the 29th of June 2024 to ensure that quality assurance assessments are done internally and externally.</p> <p>An assessment of the Internal Audit function is conducted by Provincial Treasury bi-annually and the Acting Manager also assesses internal audit engagements on an operational level and an organizational level. An external assessment should be conducted by a qualified independent assessor at least once every five years as per the approved QAIP.</p>
<p>The municipality procured water tankers from Zalisile Msebenzi civils through a deviation signed on 14 June 2023. The procurement was reviewed and it was determined that the deviation was deemed an emergency to rent two water tankers for the community of Matjhabeng.</p> <p>A Google search revealed a number of construction companies in Welkom and they were contacted to obtain information on the renting of a water tanker. The companies contacted were Phezulu Plant Hire, Talisman Hire and Josen Plant Hire.</p> <p>Of this group, only Josen indicated that it rents out water tankers and provided an estimate of R3 500 per tanker per day, including the operator.</p> <p>From the deviation undertaken by the municipality, it was determined that Matjhabeng paid R16 200 per tanker per day and this would have resulted in an estimated loss of R254 000 over 10 days.</p>	<p>Management will strictly assess deviations to ascertain compliance with legislation.</p>
<p>ISS.31 - SCM - Quotations - tax compliance status (COAF 31) (M)(A)</p>	<p>Management will monitor CSD tax compliance to ascertain that bidders are tax compliant when the award is made.</p>
<p>ISS.131 - SCM - PPR 2022 - Specific goals applied that are not allowed by section 2(1)(d) of the PPPFA</p>	<p>Management disagrees with the finding, as the implementation guides provide guidance, they are not legislation.</p>
<p>ISS.59 - SCM - Deviation under emergency extended beyond justification</p>	<p>Management will strictly assess deviations to ascertain compliance with legislation.</p>
<p>ISS.86 - SCM - Conflict of Interests: Suppliers that did not declare employees that are family (M)(A)</p>	<p>Management will continue monitoring MDB 4 attached to these bids to ensure that suppliers in who's directors are in the service of the state are identified and appropriately dealt with in accordance with SCM prescripts</p>
<p>During planning it was noted that the competencies of the following existing officials were not assessed in order to identify and address gaps in competency levels:-</p> <ul style="list-style-type: none"> i) Chief financial officer (CFO); ii) head of supply chain; iii) all financial officials and SCM officials. 	<p>All those will be assisted with training that will be done in-house.</p>

Auditor-General Report on Service Delivery Performance: Year 2022/2023

Audit Report Status:	
Non-Compliance Issues	Remedial Action Taken
The IDP for 2022/23 does not have targets set for the indicators.	The Integrated Development Plan (IDP) for the fiscal year 2023-2024 was formulated in accordance with the directives provided by the Provincial Department of Cooperative Governance and Traditional Affairs (COGTA). The 2023/2024 IDP encompasses yearly targets for every Key Performance Indicator and is aligned with the SDBIP.

COMPONENT B: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS YEAR 2023/2024

6.2 AUDITOR GENERAL REPORTS YEAR 2023/2024 (CURRENT YEAR)

Auditor-General Report on Financial Performance: Year 2023/2024	
Audit Report Status*:	
Non-Compliance Issues	Remedial Action Taken
The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets, liabilities, revenue and 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.	Compilation of mid-year annual financial statements with detailed review processes to mitigate misstatements. Compile and implement Annual Financial Statement (AFS) Plan which is endorsed by the municipal executive council (exco) members. Monitor progress towards completion of AFS through the Technical Audit Steering Committee and Weekly Updates to exco.
The council failed to adopt an oversight report containing the council's comments on the 2022/23 annual report, as required by section 129(1) of the MFMA.	Compile and implement plan on the implementation of compliance matters for council and committees of council.
Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.	Review of municipal policy to be aligned with the municipal environment. Implementation of financial viability and revenue enhancement strategy to improve municipal cash flow.
Reasonable steps were not taken to prevent irregular expenditure amounting to R123 755 994 as disclosed in note 51 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance with the SCM regulations	Implementation of supply chain management policies and regulations and enforce compliance through staff training, awareness and monitoring.
Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R239 024 031, as disclosed in note 50 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by the interest charged on overdue accounts.	Implementation of financial viability and revenue enhancement strategy to improve municipal cash flow.

Reasonable steps were not taken to prevent unauthorised expenditure amounting to R1 048 403 955, as disclosed in note 49 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 of the approved budget.	An adjustment budget will be passed on budget movements in accordance with the actual expenditure incurred.
An effective system of internal control for revenue was not in place, as required by section 64(2)(i) of the MFMA	Replacement of malfunctioning, damaged and unreadable water and electricity meters. Engage 36 meter readers to facilitate monthly meter readings.
An effective system of internal control for assets (including an asset register) was not in place, as required by section 63(2)(c) of the MFMA.	Conduct asset verifications, monthly reconciliation of assets and regular updating of asset registers. Complete mid-year overview of assets which will be outlined in the interim financial statements as reconciled to the asset registers.
An adequate management, accounting and information system which accounts for assets was not in place, as required by section 63(2)(a) of the MFMA.	Conduct asset verifications, monthly reconciliation of assets and regular updating of asset registers. Complete mid-year overview of assets which will be outlined in the interim financial statements as reconciled to the asset registers.
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. Similar noncompliance was also reported in the prior year.	Implementation of controls to ensure service providers are tax compliant when appointed.
Unauthorised expenditure incurred by the municipality were not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA.	Implement a frequent rollout plan on investigations into Unauthorised expenditure.
Irregular expenditure incurred by the municipality were not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.	Implement a frequent rollout plan on investigations into Irregular expenditure.

Report of the auditor-general to the Free State Provincial Legislature and the council on the Matjhabeng Local Municipality

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Matjhabeng Local Municipality set out on pages xx to xx, 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 the statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the possible effects of the matter 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 Matjhabeng Local Municipality as at 30 June 2024, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2023 (Dora).

Basis for qualified opinion

Service charges

3. I was unable to obtain sufficient appropriate audit evidence for revenue from the sale of water and electricity included in service charges in note 19 to the financial statements as the municipality did not have reliable data to support the estimates billed for water and electricity consumption. I was unable to confirm the revenue from the sale of water and electricity by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the sale of water and electricity included in service charges, stated at R1 242 155 383 (2023: R1 119 943 891) in note 19 to the financial statements.

Context for opinion

4. 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.
5. 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.

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

Material uncertainty relating to going concern

7. I draw attention to the matter below. My opinion is not modified in respect of this matter.
8. Note 47 to the financial statements indicates that the municipality had an accumulated deficit of R4 705 600 077 as at 30 June 2024, and as of that date. Additionally, the municipality incurred a deficit of R273 686 576 for the year ended 30 June 2024. The municipality also owed Eskom R6 098 942 684 (debt relief portion: R5 250 339 733) (2023: R5 630 675 806) and Vaal Central Water R6 161 839 566 (2023: R5 436 424 698), with these accounts being long overdue. These events or conditions, along with other matters outlined in note 47, indicate the existence of material uncertainty that may cast significant doubt on the municipality's ability to continue as a going concern.

Emphasis of matters

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

Restatement of corresponding figures

10. As disclosed in note 46 to the financial statements, the corresponding figures for 30 June 2023 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2024.

Material impairment

11. As disclosed in notes 5 and 6 to the financial statements, receivables from exchange transactions and receivables from non-exchange transactions were impaired by R5 128 242 232 (2023: R4 495 085 681) and R801 788 308 (2023: R677 315 986).

Material losses

12. As disclosed in note 36 to the financial statements, material electricity losses of R204 066 688 (2023: R144 258 609) were incurred due to the status/condition and age of the network, weather conditions, and load on the system as well as non-technical losses such as theft and vandalism. In addition, material water losses of R417 742 117 (2023: R239 831 884) were incurred due to metering inefficiencies, ageing pipeline infrastructure, burst water pipes, leakages and unmetered connections.

Underspending and withholding of conditional grants

13. As disclosed in note 16 to the financial statements, the municipality materially underspent the conditional grants by R74 598 566 (2023: R118 957 275). As disclosed in note 28 to the financial statements, the National Treasury withheld R20 007 000 equitable share from the municipality due to an arrangement with the National Treasury for the repayment of unspent conditional grants.

Material uncertainty relating to claims against the municipality

14. With reference to note 43 to the financial statements, the municipality is the defendant in various claims against the municipality. The municipality is opposing these claims. The ultimate outcome of these matters could not be determined and no provision for any liabilities that may result were made in the financial statements.

Unauthorised expenditure

15. As disclosed in note 49 to the financial statements, the municipality incurred unauthorised expenditure of R1 048 403 955 (2023: R1 067 576 614), due to overspending of the budget.

Fruitless and wasteful expenditure

16. As disclosed in note 50 to the financial statements, the municipality incurred fruitless and wasteful expenditure of R239 024 031 (2023: R339 841 917), mainly due to interest and penalties on late payments to creditors.

Irregular expenditure

17. As disclosed in note 51 to the financial statements, the municipality incurred irregular expenditure of R123 755 994 (2023: R146 754 378), mainly due to non-compliance with supply chain management regulations (SCM).

Other matter

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

Unaudited disclosure notes

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

Responsibilities of the accounting officer for the financial statements

20. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the MFMA and Dora; and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
21. 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

22. 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.
23. 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 on pages xx to xx, forms part of our auditor's report.

Report on the audit of the annual performance report

24. 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 (KPA) presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
25. I selected the following KPA presented in the annual performance report for the year ended 30 June 2024 for auditing. I selected a KPA that measures the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.

KPA	Page numbers	Purpose
Basic services		Supporting the delivery of municipal services to the right quality and standard

26. I evaluated the reported performance information for the selected KPA 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.
27. 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.

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

29. I did not identify any material findings on the reported performance information for the selected KPA.

Other matter

30. I draw attention to the matter below.

Achievement of planned targets

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

32. The table that follows provides information on the achievement of planned targets and list 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 xx to xx.

Basic services

Targets achieved: 50%		
Budget spent: 99%		
Key service delivery indicators not achieved	Planned target	Reported achievement
Percentage of refurbishment work completed at Kullwanong wastewater treatment works by 30 June 2024	100%	97%
Number of sumps cleaned around all six towns by 30 June 2024	6	4
Percentage works completed on the refurbishment and upgrading of two sewer pump-stations in Virginia and Meloding by 30 June 2024	100%	91%
Percentage works completed on installation of sanitation to 617 stands in Thabong X15 and Bronville by 30 June 2024 (multi-year projects)	100%	99%

Targets achieved: 50%		
Budget spent: 99%		
Key service delivery indicators not achieved	Planned target	Reported achievement
Percentage replacement of old, galvanized water pipes with UPVC pipes in Kutiwanong (multi-year).	100%	99%
Square meters of potholes in formal roads at Matjhabeng Central patched to reduce deterioration and ensure safe usage thereof	7 900m2	3 285,96m2
Square meters of potholes in formal roads at Matjhabeng West patched to reduce deterioration and ensure safe usage thereof	3 950m2	1 440m2
Square meters of potholes in formal roads at Matjhabeng East patched to reduce deterioration and ensure safe usage thereof	3 950m2	1 141m2
Kilometres of stormwater system constructed in Nyakallong.	2km	0km
Kilometres of stormwater cleaned in Matjhabeng East	1,775km	0km
Kilometres of unlined stormwater canals cleaned in Matjhabeng West.	1,4km	0,315km
Kilometres of unlined stormwater canals cleaned in Matjhabeng East	1,4km	0km
Percentage of end-to-end work completed for the provision and installation of substation (multi-year project) (Phase 2)	100%	61%
Number of Streetlights repaired and maintained	1 300	1 181
Number of existing control rooms upgraded	2	0
Number of compactor trucks procured	5	4
Number of approved social compact guideline	1	0
Number of approved social compact guideline	3 000	455
Number of land audit reports on the municipal and private owned land	1	0
Number of guidelines on restrictive access areas	4	0

Material misstatements

33. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for basic services. Management subsequently corrected all the misstatements, and I did not include any material findings in this report.

Report on compliance with legislation

34. 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.

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

Annual financial statements and annual reports

38. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets, liabilities, revenue and 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.
39. The council failed to adopt an oversight report containing the council's comments on the 2022/23 annual report, as required by section 129(1) of the MFMA.

Expenditure management

40. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.
41. Reasonable steps were not taken to prevent irregular expenditure amounting to R123 755 994 as disclosed in note 51 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance with the SCM regulations.
42. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R239 024 031, as disclosed in note 50 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by the interest charged on overdue accounts.
43. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R1 048 403 955, as disclosed in note 49 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 of the approved budget.

Revenue management

44. An effective system of internal control for revenue was not in place, as required by section 64(2)(f) of the MFMA.

Asset management

45. An effective system of internal control for assets (including an asset register) was not in place, as required by section 63(2)(c) of the MFMA.
46. An adequate management, accounting and information system which accounts for assets was not in place, as required by section 63(2)(a) of the MFMA.

Procurement and contract management

47. 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. Similar non-compliance was also reported in the prior year.

Consequence management

48. Unauthorised expenditure incurred by the municipality were not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA.
49. Irregular expenditure incurred by the municipality were not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

Other information in the annual report

50. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and the selected KPA 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 KPA 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 and the material findings on compliance with legislation included in this report.
56. Management did not implement daily and monthly processing and reconciling of transactions to ensure that property, plant and equipment were accurately updated on a regular basis.
57. Management did not implement adequate controls to ensure that records were accurate and complete resulting in material corrections to the financial statements.
58. Management did not implement appropriate controls to timeously identify non-compliance in applicable laws and regulations resulting in recurring material non-compliance findings.
59. There was an inadequate implementation of consequence management by leadership (council) on the transgressions of laws and regulations.
60. The executive authority and its oversight committees did not exercise its oversight responsibilities effectively as the municipality has stagnated on its audit outcomes.

Material irregularities

61. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of material irregularities as previously reported in the auditor's report.

Status of previously reported material irregularities

Payment for attenuation dam not constructed at Nyakallong storm water system phase 1

62. On 12 April 2017, the municipality awarded a contract of R13 744 408 for the construction of the Nyakallong storm water system to a contractor. Two variation orders amounting to R3 268 705 were approved in 2017 and 2019. Payments estimated at R7 214 719 were made for an attenuation dam after the consulting engineer certified it had been completed. However, during a site visit, the auditors confirmed that the project was incomplete, the attenuation dam had not been constructed, the contractor had abandoned the project site and the work performed was not of the required quality. This contravened section 65(2)(a) of the MFMA, as an effective system of expenditure control for the approval and payment of funds was not

maintained. The overpayments made on the project are likely to result in a material financial loss for the municipality, if not recovered.

63. The accounting officer was notified of the material irregularity on 5 May 2020. The accounting officer could not provide sufficient and appropriate evidence of the actions that had been taken in response to being notified of the material irregularity. On 9 June 2021, I referred the material irregularity to the Directorate for Priority Crime Investigation (the Hawks) for investigation, as provided for in section 5(1A) of the PAA. The current progress with the investigation is that three individuals were arrested and appeared in court. The investigation is ongoing.

Pollution of water resource not prevented – Hennenman Waste Water Treatment Works

64. The Hennenman wastewater treatment works has totally collapsed and has not been operating effectively. This resulted in continued spilling and discharge of raw/untreated sewage into the adjacent environment, including the groundwater, Rietspruit and its extended watercourse. The municipality did not take reasonable measures to prevent pollution or degradation of the environment and water resource from occurring, continuing or recurring, as required by section 28(1) of the NEMA and section 19(1) of the NWA. The discharge of raw/untreated sewage into the environment is likely to cause substantial harm to the communities exposed to, and dependent on, the contaminated water resources.

65. The accounting officer was notified of the material irregularity on 7 December 2022. The accounting officer did not take appropriate action to resolve the material irregularity. On 27 February 2024, I referred the material irregularity to the Department of Water and Sanitation (DWS) as provided for in section 5(1A) of the PPA. The investigation is currently in progress.

Pollution of water resource not prevented – Phomolong Waste Water Treatment Works

66. The Phomolong wastewater treatment works has totally collapsed and has not been operating effectively. This resulted in continued spilling and discharge of raw/untreated sewage into the adjacent environment, including the groundwater, Slootspruit, and its extended watercourse. The municipality did not take reasonable measures to prevent pollution or degradation of the environment and water resource from occurring, continuing or recurring, as required by section 28(1) of the NEMA and section 19(1) of the NWA. The discharge of raw/untreated sewage into the environment is likely to cause substantial harm to the communities exposed to, and dependent on, the contaminated water resources.

67. The accounting officer was notified of the material irregularity on 7 December 2022. The accounting officer did not take appropriate action to resolve the material irregularity. On 27 February 2024, I referred the material irregularity to the DWS as provided for in section 5(1A) of the PPA. The investigation is currently in progress.

Pollution of water resource not prevented – Witpan Wastewater Treatment Works

68. The Witpan wastewater treatment works has totally collapsed and has not been operating effectively. This resulted in continued spilling and discharge of raw/untreated sewage into the adjacent environment, including the groundwater, Sand river and its extended watercourse. The municipality did not take reasonable measures to prevent pollution or degradation of the environment and water resources from occurring, continuing or recurring, as required by

section 28(1) of the National Environmental Management Act 107 of 1998 (NEMA) and section 19(1) of the National Water Act 36 of 1998 (NWA). The discharge of raw/untreated sewage into the environment is likely to cause substantial harm to the communities exposed to, and dependent on, the contaminated water resources.

69. The accounting officer was notified of the material irregularity on 13 February 2023. The accounting officer did not take appropriate action to resolve the material irregularity. On 27 February 2024, I referred the material irregularity to the DWS as provided for in section 5(1A) of the PPA. The investigation is currently in progress.

Late payment of employee taxes

70. The municipality did not pay over money deducted from employees within seven days after the end of the month during which the amounts were deducted or withheld from employees in respect of their liability for normal tax, as required by section 2(1) of the fourth schedule of the Income Tax Act 58 of 1962. The late payment resulted in a material financial loss for the municipality due to interest of R650 640 and penalties of R1 881 783 incurred for the period 1 April 2019 to 30 June 2020.

71. The accounting officer was notified of this material irregularity on 15 April 2021. The accounting officer did not take appropriate action to address the material irregularity as adequate steps were not taken to prevent further losses. I recommend that the accounting officer should take the following actions to address the material irregularity, which should be implemented by 14 July 2023:

- Appropriate action should be taken to develop and to commence with the implementation of a financial recovery plan as approved by council, to address the financial problems of the municipality that are preventing it from paying the South African Revenue Service (SARS) within seven days, as required by section 2(1) of the Fourth Schedule of the Income Tax Act. The financial plan should include realistic timeframes and milestones to be achieved and include, as a minimum, strategies to:

(a) enhance the existing *Revenue enhancement and debt collection plan* with the intention to increase revenue; and

(b) efficiently manage the available resources of the municipality to optimise and reduce costs by eliminating wastage whilst obtaining value in respect of all costs incurred.

72. The accounting officer has not adequately implemented the above recommendations. I notified the accounting officer on 9 November 2023 of the following remedial actions to address the material irregularity, which must be implemented by 9 April 2024 with a progress report after two months:

- Appropriate action must be taken to formalise and commence with the implementation of the financial recovery plan. The financial recovery plan must be approved by Council and must address the financial problems of the municipality that are preventing it from paying SARS within seven (7) days, as required by Section 2(1) of the Fourth Schedule of the Income Tax Act 58 of 1962. The financial recovery plan must include realistic timeframes and milestones to be achieved.

73. The following actions have been taken to address the material irregularity:

- The accounting officer developed a document "*Matjhabeng Local Municipality Financial Viability Plan*" that includes measures to optimise revenue, increase cash flow and enhance the control environment, including effecting budget techniques to implement financial disciplines. The plan was tabled in Council on 31 May 2024. The implementation has commenced with some action being completed such as the roll-out of smart metres and developing standard procedures to achieve and monitor performance. The actions in progress are monitored through an implementation plan and completion thereof will contribute in improving the financial viability of the municipality.
- The municipality developed a cost containment policy. Although not approved as yet by Council, the municipality has already commenced implementing the measures in the policy in reducing costs and expenditure.
- For the period 1 March 2023 to 30 June 2024 the municipality has been making PAYE payments on time and no further interest and penalties were incurred during this period.

74. The actions taken by the accounting officer to implement the remedial action are deemed appropriate and have addressed the material irregularity and therefore the material irregularity has been resolved.

75. I will continue to monitor the implementation of the initiatives in the financial viability plan and the impact thereof in my subsequent audit.

Eskom not paid within 30 days

76. The accounting officer did not take all reasonable steps to ensure that amounts due to Eskom or the bulk purchase of electricity were paid within 30 days of receiving the relevant invoice or statement, as required by section 65(2)(e) of the MFMA. As a result of the late payment, the municipality incurred interest of R255 516 913 for the financial year ended 30 June 2019. The interest incurred is likely to result in a material financial loss for the municipality due to the liability to pay the interest to Eskom.

77. The accounting officer was notified of the material irregularity on 4 May 2020. The accounting officer did not take appropriate action to address the material irregularity. I recommend that the accounting officer should take the following actions to address the material irregularity, which should be implemented by 30 June 2024 with progress reports every two months:

(a) Appropriate action should be taken to commence with implementation of the financial plan to address the financial problems of the municipality that are preventing it from paying Eskom within 30 days, as required by MFMA section 65(2)(e). The financial plan should include realistic timeframes and milestones to be achieved and include as a minimum strategies to:

- Increase revenue;
- Increase the collection of revenue;

- Efficiently manage the available resources of the municipality by accurate budgeting, budget management and cost cutting;
- Reduce electricity distribution losses; and
- Negotiate a reasonable payment arrangement with Eskom and properly budget for the amounts to be paid.

78. On 1 July 2024, the accounting officer's responses on the actions implemented was received. I evaluated the accounting officer's responses and substantiating documentation received on the implementation of the recommendations. The following actions were taken to address the material irregularity:

- As stated in paragraph 73 the accounting officer developed a document "*Matjhabeng Local Municipality Financial Viability Plan*" that includes measures to optimise revenue, increase cash flow and enhance the control environment, including effecting budget techniques to implement financial disciplines.
- The accounting officer submitted an application for the Eskom municipal debt relief progress, which was approved by National Treasury on 3 November 2023. Evidence was provided that the municipality has between November 2023 and June 2024 made payments to Eskom totalling approximately R205 million. Should the municipality continue to comply with the conditions of the debt relief programme, Eskom is likely to write-off an amount of approximately R5,2 billion in interest.

79. The actions taken by the accounting officer to implement the recommendations are deemed appropriate and have addressed the material irregularity and therefore the material irregularity has been resolved.

80. I will continue to monitor the compliance with the Eskom debt relief programme and the impact of the initiatives implemented in accordance with the financial viability plan during my subsequent audit.

Other reports

81. In addition to the investigations relating to material irregularities, I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

82. There was an ongoing investigation by the Directorate for Priority Crime Investigation (DPCI) into the allegation of payroll fraud as the IP address of the official was compromised and unauthorised access was obtained, which resulted in the alteration of the banking details of various employees. The investigation covers the specific incident that occurred on 22 January 2020. The outcome was unknown at the date of this auditor's report as the investigation was in progress.

83. There was an ongoing investigation by the DPCI into the allegation that a contractor claimed and was paid for goods and services not delivered. The last payment occurred on

3 August 2018. The outcome was unknown at the date of this auditor's report as the investigation was in progress.

84. There was an ongoing investigation by the *South African Police Service* (SAPS) into the allegation of unauthorised amendments to the supplier's banking details on the municipality's accounting system. The investigation covers the specific incident that occurred on 13 May 2016. The outcome was unknown at the date of this auditor's report as the investigation was in progress.
85. There was an ongoing investigation by the AGSA into procurement and contract management that the executive mayor requested the AGSA to perform. The outcome was unknown at the date of this auditor's report as the investigation was in progress.
86. There was an ongoing investigation into allegations of forgery of a signature of a municipal official that resulted in a payment being made without a service having been rendered to the municipality. This investigation is being conducted by the SAPS and covers a specific incident that occurred on 11 November 2015. The outcome was unknown at the date of this auditor's report as the investigation was in progress.
87. There was an investigation into allegations of the illegal sale of land belonging to the municipality. This investigation is being conducted by the SAPS and covers a specific incident that occurred in 2008. The outcome was unknown at the date of this auditor's report as the investigation was in progress.

Auditor - General

Bloemfontein

14 February 2025



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

1. 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

2. 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 KPA and on the municipality's compliance with selected requirements in key legislation.

Financial statements

3. 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

4. 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.
5. 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	Sections: 1, 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv) Sections: 28(1), 29(1), 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii) Sections: 32(2)(b), 32(6)(a), 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d) Sections: 63(2)(a), 63(2)(c), 64(2)(b), 64(2)(c), 64(2)(e), 64(2)(f) Sections: 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), 72(1)(a)(ii) Sections: 112(1)(j), 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), 127(5)(a)(ii), 129(1) Sections: 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 170, 171(4)(a) Sections: 171(4)(b)
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulations: 71(1)(a), 71(1)(a)(b), 71(2)(a), 71(2)(b), 71(2)(d), 72(a) Regulations: 72(b), 72(c)
MFMA: Municipal Investment Regulations, 2005	Regulations: 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations: 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2017	Regulations: 5, 12(1)(c), 12(3), 13(b), 13(c), 16(a), 17(1)(a) Regulations: 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2) Regulations: 27(2)(a), 27(2)(e), 28(1)(a)(i), 29(1)(a), 29(1)(b) Regulations: 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c) Regulations: 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii) Regulations: 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f)
Municipal Systems Act 32 of 2000	Sections: 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 34(a), 34(b) Sections: 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2) Sections: 54A(1)(a), 56(1)(a), 57(2)(a), 57(6)(a), 66(1)(a), 66(1)(b) Sections: 67(1)(d), 74(1), 96(b)
MSA: Municipal Planning and Performance Management Regulations, 2001	Regulations: 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 7(1), 8, 9(1)(a), 10(a) Regulations: 12(1), 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers directly Accountable to Municipal Managers, 2006	Regulations: 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations: 17(2), 36(1)(a)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations: 5(2), 5(3), 5(6), 8(4)
MSA: Municipal Staff Regulations	Regulations: 7(1), 31
Division of Revenue Act 5 of 2023	Sections: 11(6)(b), 12(5), 16(1), 16(3)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations	Regulations: 17, 25(7A)
Municipal Property Rates Act 6 of 2004	Section 3(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 2(1)(a), 2(1)(f)

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

GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give " <i>full and regular</i> " reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe " <i>what we do</i> ".
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report is to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by the council or a provincial or national executive.
Baseline	The current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service is necessary to ensure an acceptable and reasonable quality of life for citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements, and any other statements that may be prescribed.
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are " <i>what we use to do the work</i> ". They include finances, personnel, equipment, and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	<ul style="list-style-type: none"> • Service delivery & infrastructure • Economic development

	<ul style="list-style-type: none"> • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
Performance Targets	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a "vote" as:</p> <p>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</p> <p>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</p>

APPENDICES

APPENDIX A – COUNCILLORS, COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance				
Council Members	Full-Time / Part-Time (FT/PT)	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance (%)
Stofile B	FT	Speaker	ANC	100%
Setabela ML	FT	Chief Whip	ANC	100%
Khalipa TD	FT	Mayoral Committee (Executive Mayor)	ANC	100%
Helepi AB	PT	Community Services	ANC	100%
Khepeng MA	PT	Infrastructure	ANC	100%
Xaba-Monjovo	FT	MMC: Special Programmes	ANC	100%
Sotenjwa V	PT	Special Programmes	ANC	100%
Ramalefane SJ	FT	MMC: Fleet Disaster & Service Delivery	ANC	100%
Tsunke SE	FT	MMC: Lejweleputswa	ANC	100%
Moshoeu ZS	FT	MMC: Corporate Services	ANC	100%
Thelingoane TJ	FT	Rules Committee	ANC	100%
Moopela RH	PT	housing	ANC	90%
Motlatsi SH	PT	Finance	ANC	100%
Molula IP	PT	Housing	ANC	100%
Kalipa T	PT	Dispute Resolution	ANC	100%
Maruping II	PT	Special Programmes	ANC	94%
Ramatisa PT	PT	Housing	ANC	94%
Montoele DB	PT	LLF	ANC	100%
Ntoni KM	PT	MPAC	ANC	94%
Makallane CL	PT	Finance	ANC	100%
Tlake KR	FT	MMC: Community Services & Public Safety	ANC	90%
Mphikeleli MA	PT	Corporate Services	ANC	94%
Mokhothu SM	PT	Community Services	ANC	100%
Mosia TJ	PT	MPAC	ANC	100%
Nkone NP	PT	Housing	ANC	94%
Mokhomo HA	FT	MMC: Finance	ANC	94%
Hanisi C	PT	MPAC	ANC	100%
Radebe MC	FT	MMC: Human Settlement	ANC	100%
Twala MJ	PT	Community Services	ANC	44%
Moipatle KSV	FT	MMC: Sports, Arts and Culture	ANC	88%
Masina XN	FT	MMC: Infrastructure	ANC	94%
Radebe ML	FT	MMC: IDP, Performance & Evaluation	ANC	88%

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Mohapi LA	PT	MPAC	ANC	100%
Nthuba PV	PT	IDP	ANC	100%
Mphore IP	PT	MPAC	ANC	94%
Buti MP	FT	MMC: LED, SMME's Agriculture & Tourism	ANC	100%
Manese SD	PT	Finance	ANC	100%
Maile PE	PT	Community Services	ANC	94%
Molefi M	PT	Municipal Public Accounts	ANC	56%
Badernhorst MJ	PT	Rules Committee	DA	88%
Du Plessis JM	PT	Infrastructure	DA	100%
Van Rooyen JM	PT	Corporate Services	DA	81%
Botha GP	PT	Rules Committee	DA	100%
Steyn R	PT	Dispute Resolution	DA	94%
Malherbe C	PT	Human Settlement & Spatial Planning	DA	94%
Van Rensburg WHJ	PT	Community Services	DA	81%
Scheurkogel IS	PT	Housing	DA	100%
Botha PF	PT	Finance	DA	81%
Manenye AJ	PT	Housing	DA	19%
Badenhorst HS	PT	Finance	DA	100%
Letlhake TW	PT	MPAC	DA	100%
Schoeman A	PT	Sports, Arts And Culture	DA	88%
Presente LN	PT	Community Services	DA	94%
Nel J	PT	Special Programmes	DA	94%
Khetsi LE	PT	Municipal Public Accounts	EFF	100%
Dyantyi A	PT	Finance	EFF	100%
Sithole AM	PT	Housing	EFF	94%
Seane LI	PT	MPAC	EFF	100%
Letsele-Setlhabi SV	PT	Community Services	EFF	88%
Jama BL	PT	Finance	EFF	100%
Hess S	PT	Sports, Arts And Culture	EFF	94%
Moalosi TE	PT	Infrastructure	EFF	100%
Phiri EP	PT	Special Programmes	EFF	100%
Taljaard SDM	PT	Finance	FF	94%
Pretorius HS	PT	MPAC	FF	100%
Tshabangu SE	PT	Rules Committee	ADC	100%
Maile LJ	PT	Special Programmes	ADC	88%
Tau RD	PT	Housing	ATM	100%
Nqeobo ME	PT	Rules Committee	COPE	100%
Rantsho	PT	Community Services	ISANCO	81%
Jacobs AJ	PT	MPAC	DA	88%
Mahlaku	PT	Finance	ISANCO	81%

APPENDICES

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees		
Municipal Committees	Purpose of Committee	Administrative Members
Finance Committee	The committee shall provide political guidance on the fiscal and financial affairs of the municipality, including the budget process and the priorities that must guide the preparation of the budget.	Cllr. Hlobohang Mokhomo Chairperson Cllr. S. Manese General whip Cllr. M. Moeti ANC Cllr. B. Helepi ANC Cllr. T. L. Makaliane ANC Cllr S. Motlatsi ANC Cllr. P.F. Botha DA Cllr. M.J. Badenhorst DA Cllr. A. Dyantyi EFF Cllr. B. Jama EFF Cllr. S. Taaljaard FF+ Cllr. M.E. Mahlaku
Infrastructure & Technical Services Committee	The key role of the project steering committee is to oversee the implementation of the project in line with the objectives of the project.	Cllr. Xolile Masina Chairperson Cllr. N. Moopela General whip Cllr. A. Khepeng ANC Cllr. P. Nthuba ANC V. Cllr. M. Mokhothu ANC Cllr. V. Sotenjwa ANC Cllr. J.M. Du Plessis DA Cllr. A. Schoeman DA Cllr. S. Taljaard VF+ Cllr. T. Moalosi EFF Cllr. M.E. Mahlaku
Human Settlement, Spatial Planning and Land Use Committee	Housing committees can play an important role in community-based approaches to local housing needs. These groups, whether they are formal municipal committees, informal citizen discussion groups, or anything in between, can document existing housing stock, assess housing gaps, and influence local policy.	Cllr. Matinte Radebe Chairperson Cllr. P. Ramatisa General Whip Cllr. M. Twala ANC Cllr. I. Molula ANC Cllr. R. Moopela ANC Cllr. N. Nkone ANC Cllr. A.J. Manenye DA Cllr. I.S. Scheurkogel DA Cllr. R. Tau ATM Cllr. B. Jama EFF Cllr. A. Sithole EFF

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Corporate Services & Good Governance Committee	In addition to oversight of the central administrative functions of the municipality, it also provides secretarial services and guidance to the council and other governance structures of the municipality.	Cllr. Sabata Moshoeu Chairperson Cllr. M. Mphikeleli General whip Cllr. A. Khepeng ANC Cllr. P. Maile ANC Cllr. M.S. van Rooyen DA Cllr. A. Schoeman DA Cllr. A. Dyantyi EFF Cllr. M.E. Mahlaku ISANCO
MPAC	The purpose of the Municipal Public Accounts Committee is to strengthen the oversight arrangements in the municipality and to ensure the efficient and effective use of municipal resources.	Cllr T. Thedingoane – Chairperson ANC Cllr. J. Mosia ANC Cllr. C. Hanisi ANC Cllr. P. Mphore ANC Cllr. K. Ntoni ANC Cllr. L. Mohapi ANC Cllr. T. Letlhake DA Cllr. E.J. Jacobs DA Cllr. M. Ngeobo COPE Cllr. I. Seane EFF Cllr. M. Pretorius VF+
Community Services & Public Safety Committee	The Community Services Committee ensures that people in their areas have at least the basic services they need. There are a large number of services that are provided. These services have a direct and immediate effect on the quality of the lives of the people in that community.	Cllr. Rubben Tlake Chairperson Cllr. M. Mokgothu General whip Cllr. M. Twala ANC Cllr. B. Helepi ANC Cllr. P. Maile ANC Cllr. M.J. Rantso ISANCO Cllr. W. Janse Van Rensburg DA Cllr. L.N. Presente DA Cllr. S. Setlhabi EFF
LED, Small Business, Agriculture and Tourism Committee	LED provides support in the following areas: Providing direct and hands-on support to local government; Management of the Local Economic Development Fund; Management and Technical Support to Nodal Economic Development Planning; Facilitating coordinating and monitoring of donor programmes	Cllr. Mojalefa Buti Chairperson Cllr. L. Makaliane General Whip Cllr. M. Mokhothu ANC Cllr. I. Maruping ANC Cllr. SH. Motlatsi ANC Cllr. T. Kalipa ANC Cllr. H.S. Badenhorst DA Cllr. J. Nel DA Cllr. S. Setlhabi EFF Cllr. S. Taaljad VF+ Cllr. M.J. Rantso
LLF Committee	The purpose and objectives of the LLF are to provide for and regulate organization rights for the organized labour within the Local Government sector.	Cllr. S. Moshoeu MMC Cllr. H. Mokhomo MMC Finance Cllr. D. Montoeli ANC Cllr. M. Mphikeleli ANC Cllr. N.Nkone ANC Cllr. M.J. Badenhorst DA

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Special Programs Committee	To accelerate a municipal response towards issues of the vulnerable groups; To mainstream issues of the vulnerable groups into all municipal processes and programmes.	Cllr. Nomthandazo Monjovo-Xaba Chairperson Cllr. V. Sotenjwa General whip Cllr. I. Maruping ANC Cllr. J. Nel DA Cllr. P. Phiri EFF Cllr. M.J. Rantso ISANCO Cllr. L. Maile ADEC
Sports, Arts & Culture Committee	The Sports, Arts and Culture Portfolio Committee is responsible for oversight of Sports, Arts and Culture in local municipalities	Cllr. Kabotsa Moipatle Chairperson Cllr. I. Molula General whip Cllr. P. Maile ANC Cllr. D. Montoeli ANC Cllr. C. Malherbe DA Cllr. J.M. Du Plessis DA Cllr. S. Hess EFF
Fleet, Disaster Management & Service Delivery Committee	This committee is responsible for the management of the vehicles of the municipality, including the safeguarding, repair, and maintenance of vehicles. To facilitate the development, assessment, and implementation of multi-sectoral disaster risk reduction frameworks and plans and promote education, training, and public awareness among role-players and communities to ensure disaster risk avoidance and build community resilience.	Cllr. Jimmy Ramalefane Chairperson Cllr. N.P. Nkone General whip Cllr. T. Kalipa ANC Cllr. D. Montoeli ANC Cllr. P. Ramatisa ANC Cllr. G.P. Botha DA Cllr. I.S. Scheukogel DA Cllr. S. Taljaard VF+ Cllr. L. Khetsi EFF Cllr. S. Tshabangu
IDP, Performance, Monitoring and Evaluation Committee	The IDP fulfils the planning stage of Performance Management and Performance Management fulfils the implementation management, monitoring, and evaluation of the IDP process. The Performance Monitoring System serves to measure the performance of the municipality in meeting its Integrated Development Plan.	Cllr. Mpolaille Radebe Chairperson Cllr. M. Twala General whip Cllr. S. Manese ANC Cllr. P. Nthuba ANC Cllr. I.S. Scheurkogel DA Cllr. G.P. Botha DA Cllr. L. Khetsi EFF
Dispute Resolution Committee	This is an Appeal Committee, appointed by the Council, on a standing basis (subject to annual review), to adjudicate any disputes which the Executive Committee has been unable to resolve	Cllr. P. Ramatisa – Chairperson ANC Cllr. V. Sotenjwa ANC Cllr. S. Mottlatsi ANC Cllr. T. Kalipa ANC Cllr. M. Drossy ANC Cllr. M. Mokhothu ANC Cllr. A. Khepeng ANC Cllr. M.S. van Rooyen DA Cllr. R. Steyn DA Cllr. B. Jama EFF Cllr. S. Taaljaard VF+ Cllr. M.E. Mahlaku ISANCO Cllr. R. Tau

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Rules Committee	The Rules Committee shall have final decision-making power on the following matters: 1. The power to determine privileges and benefits of and use of facilities by members of the Council within the policy framework determined by the Council.	<p>Cllr. B. Stofile – Chairperson ANC Cllr. R. Moopela ANC Cllr. I. Molula ANC Cllr. M. Twala ANC Cllr. P. Maile ANC Cllr. N. Nkone ANC Cllr. S.H. Badenhorst DA Cllr. R. Steyn DA Cllr. S.V. Letsele-Setlhabi EFF Cllr. H. Pretorius VF+ Cllr. S. Tshabangu ADEC</p>
Standing Committee of Chairpersons	It is responsible for policies relating to local government.	Cllr.P. Nthuba - Chairperson ANC

APPENDICES

APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Directorate	Director/Manager (State title and name)
All Section 57 Manager/Directors have been accommodated in Chapter 2	
<i>Use as a spill-over schedule if top 3 tiers cannot be accommodated in chapter 2 (T2.2.2).</i>	

APPENDICES

APPENDIX D – FUNCTIONS OF MUNICIPALITY

Municipal Functions	
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*
Constitution Schedule 4, Part B functions:	
Air pollution	No
Building regulations	Yes
Childcare facilities	No
Electricity and gas reticulation	Yes
Firefighting services	Yes
Local tourism	Yes
Municipal airports	No
Municipal planning	Yes
Municipal health services	No
Municipal public transport	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	No
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No
Stormwater management systems in built-up areas	Yes
Trading regulations	Yes
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes
Beaches and amusement facilities	No
Billboards and the display of advertisements in public places	Yes
Cemeteries, funeral parlours and crematoria	Yes
Cleansing	No
Control of public nuisances	Yes
Control of undertakings that sell liquor to the public	No
Facilities for the accommodation, care and burial of animals	Yes
Fencing and fences	Yes
Licensing of dogs	No
Licensing and control of undertakings that sell food to the public	Yes
Local amenities	Yes
Local sport facilities	Yes
Markets	No
Municipal abattoirs	No
Municipal parks and recreation	Yes
Municipal roads (maintenance)	Yes
Noise pollution	No
Pounds	Yes

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Public places	Yes
Refuse removal, refuse dumps and solid waste disposal	Yes
Street trading	Yes
Street lighting	Yes
Traffic and parking	Yes

APPENDICES

APPENDIX E – WARD REPORTING

Functionality of Ward Committees				
Ward Name (Number)	Name of Ward Councillor and elected 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
1	Pelokgolo Mphore (Ward Councillor) Ward Committee Member Puleng Hlaoli	Yes	7	6
2	Nthuba PV (Ward Councillor) Ward Committee Member Thandiwe Mpindo	Yes	12	12
3	Maxi Bardenhorst (Ward Councillor) Ward Committee Member Louanne Daffue	Yes	10	8
4	Mohapi L (Ward Councillor) Ward Committee Motapanyane OJ	Yes	9	8
5	Bassie Helepi (Ward Councillor) Ward Committee Member Precious Thibile	Yes	9	7
6	Khepeng MA (Ward Councillor) Ward Committee Member Nthabiseng Gloria Guga	Yes	9	10
7	Nomthandazo Xaba-Monjovo (Ward Councillor) Ward Committee Member Thabo Sipheka	Yes	12	11
8	Veronica Sotenjwa (Ward Councillor) Ward Committee Member EN Makape	Yes	12	11
9	JM Du Plessis (Ward Councillor)	Yes	8	3
10	Ramalefane SJ (Ward Councillor) Ward Committee Member Thozamile Makoti	Yes	12	12
11	Sipho Tsunke (Ward Councillor) Ward Committee Member Sandra Oosthuizen	Yes	12	11

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12	Sabata Moshoeu (Ward Councillor) Ward Committee Member Ndade Noto	Yes	12	7
13	TJ Thelingoane (Ward Councillor) Ward Committee Member Sipho Maposse	Yes	10	8
14	Moopela RH (Ward Councillor) Ward Committee Member Naledi Mseti	Yes	11	8
15	Motlatsi Sechaba (Ward Councillor) Ward Committee Member Mhlongwe RN	Yes	11	6
16	Itumeleng Molula (Ward Councillor) Ward Committee Member Buti Mdlantombi	Yes	9	5
17	Thandisa Kalipha (Ward Councillor) Ward Committee Member Tumelo Thaisi	Yes	9	7
18	Itumeleng Maruping (Ward Councillor) Ward Committee Member Modiehi Motaung	Yes	7	10
19	Ramatisa PT (Ward Councillor) Ward Committee Member Maga MP	Yes	8	6
20	Drossy Montoeli (Ward Councillor) Ward Committee Member	Yes	6	6
21	Khulukazi Ntoni (Ward Councillor) Ward Committee Member Seipati Lekoala	Yes	12	7
22	Makaliane CL (Ward Councillor) Ward Committee Member Tlalenyane Leteane	Yes	10	9
23	Tlake RK (Ward Councillor) Ward Committee Member Nombulelo Sekate	Yes	11	10
24	Manene Mphikeleli (Ward Councillor) Ward Committee Member Mogoaladi Isaac	Yes	11	11
25	Mary Van Rooyen (Ward Councillor) Ward Committee Member Tshidi Mokhoke	Yes	12	4
26	Mpho Mokhothu (Ward Councillor) Ward Committee Member Mzimkulu Mtimkulu	Yes	9	7

APPENDICES

27	Gerhard Botha (Ward Councillor) Ward Committee Member Joy Makhathe	Yes	10	8
28	Mosia Joseph (Ward Councillor) Ward Committee Member Kaeane Nthati	Yes	8	1
29	Ntebaleng Nkone (Ward Councillor) Ward Committee Member Laiza Mokoena	Yes	10	10
30	Moeti Molefi (Ward Councillor) Ward Committee Member Nelson Chabare	Yes	10	10
31	Hlobohang Abel Mokhomo (Ward Councillor) Ward Committee Member Mokiri Modiehi	Yes	9	8
32	Steyn R (Ward Councillor) Ward Committee Member Matlapane Koto	Yes	10	8
33	Coreen Malherbe (Ward Councillor) Ward Committee Member Claudie Doig	Yes	10	1
34	J Van Rensburg (Ward Councillor) Ward Committee Member Letlala Mapitso	Yes	12	7
35	Scheurkogel IS (Ward Councillor) Ward Committee Member Mildred Faro	Yes	8	8
36	Clement Hanisi (Ward Councillor) Ward Committee Member Isaac Velebani	Yes	9	9

APPENDICES

APPENDIX F – WARD INFORMATION

Ward Title: Ward Number 31				
Capital Projects: Five Largest in the Year 2023/2024				
R' 000				
No.	Project Name and detail	Start Date	End Date	Total Value
1	Thabong Wastewater Treatment Works	01/03/2022	30/09/2023	64 245 884,29

Ward Title: Ward Number 18				
Capital Projects: Five Largest in the Year 2023/2024				
R' 000				
No.	Project Name and detail	Start Date	End Date	Total Value
2	Kutlwanong (Ward 18): Upgrading of 3km of gravel roads to paved roads and stormwater drainage (MIS:470640)	31/03/2023	30/04/2024	34 994 845,18

Ward Title: Ward Number 36				
Capital Projects: Five Largest in the Year 2023/2024				
R' 000				
No.	Project Name and detail	Start Date	End Date	Total Value
3	Nyakallong (Ward 36): Upgrading of 3km paved road and stormwater drainage (MIS:470633)	31/03/2023	30/11/2023	33 924 038.258

Ward Title: Ward Number 1				
Capital Projects: Five Largest in the Year 2023/2024				
R' 000				
No.	Project Name and detail	Start Date	End Date	Total Value
4	Mmamahabane: Upgrading of 3km of gravel roads to paved roads and stormwater drainage (MIS:477950)	19/04/2023	31/03/2024	29 227 980,39

Ward Title: Ward Number 4				
Capital Projects: Five Largest in the Year 2023/2024				
R' 000				
No.	Project Name and detail	Start Date	End Date	Total Value
5	Virginia/Meloding: New indoor Sports and Recreational Facility – Phase 2 (MIS:272511)	02/12/2022	31/08/2023	14 642 950,00

APPENDICES

APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 2023/2024

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during the Year 2023/2024	Recommendations adopted (enter Yes) If not adopted (provide explanation)
18 August 2023	<ol style="list-style-type: none"> 1. Submit the Audit Pack and updated set of AFS as of 18 August 2023 to Internal Audit for review. 2. Address all Compliance issues in the Annual Financial Statement. 3. Specify and indicate the new changes in the GRAP standards and other policies under the item and on the face of the AFS. 4. Consistency issues in all accounting policies stated must be addressed. 5. Paragraph 2,1 of the Accounting Policy must be rephrased. 6. Contradiction in the UIF- Irregular expenditure between the narrations in the Notes compared to the amounts disclosed in the Notes. 7. The final set of AFS must be submitted to both AC and Council. 8. Accounting Services must submit to the Audit Committee spreadsheet of Councilors that owe the Municipality even though it is not a requirement to disclose such on the Annual Financial Statements. 9. Accounting Services is urged to ensure that the amounts disclosed on the notes for Deviation should tally up to the supporting documents. 10. Accounting Services must ensure that the Municipal Officials who did business with the State are disclosed in the final set of AFS. 11. Accounting Services must ensure that the Contract Register is updated and has a brief indication/description of the current status of each project (Start and end dates, Capital, overall Progress status, Amounts spent, Source of Finding etc.) 	Yes

APPENDICES

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during the Year 2023/2024	Recommendations adopted (enter Yes) If not adopted (provide explanation)
	12. Accounting Services must submit the Audit Pack to Internal Audit for review before the final AFS are submitted to the Audit Committee for Council Sitting. All the above-mentioned discrepancies must be rectified before the submission of the AFS to the Internal Audit for review.	
12 November 2023	CFO's attendance of AC meetings: Non-attendance of CFO to Audit Committee (AC) meetings and non-payment of AC Members' claims.	Yes
	AC Members / Chairperson to meet the Municipal Manager (MM) to discuss the consistent no-attendance of AC Meetings by the CFO and the outstanding AC Members' claims. The chairperson must report further delays of AC Members' claims to the Council.	
	Appointment of the Internal Audit Manager and vacancies in the IA unit MM is to be requested to update the AC on the progress regarding the filling of the Internal Audit Manager post. Advert for Manager: Internal Auditor was advertised on the 30 January 2024 and the closing date for an advert is on the 28 February 2024.	No. Due to financial constraints, only the post of the Manager IA was advertised. The Internal Audit Manager interviews were held on the 10 th of June 2024 and an appointment is expected to be made soon. The vacancies in the IA will be dealt with once the Manager has resumed duties.
	Billing/Revenue: Appointment of Meter Readers The advert was completed on 27 October 2023, awaiting finalization of shortlisting by the Finance Department.	Yes
	ICT Recovery Plan Advert completed, waiting for the finalization of the appointment process.	No. Due to non-compliance with the procurement processes, no appointment of a service provider

APPENDICES

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during the Year 2023/2024	Recommendations adopted (enter Yes) If not adopted (provide explanation)
12 November 2023	Procurement of audit and risk management systems.	has been appointed. As a mitigating factor to the non-compliance, the Municipality has drafted a deviation for the appointment of BCX as a service provider. Procurement of audit system started.
	DBSA funding	Yes
	The Acting Director for Community Services stipulated that the Business Plan is in the process of finalization.	
	Infrastructure Maintenance Plan	Yes
12 November 2023	The Director of Infrastructure must present it in the next audit committee meeting.	
	Performance Evaluation Report	Yes
	The Acting Director of Community Services committed to providing a performance evaluation report in the next AC meeting.	
12 November 2023	Anti-Corruption Implementation Plan Report	The Management took a resolution to appoint a Fraud Management Committee that will drive all the fraud-related issues. The Committee consists of the following officials: 1. Senior Manager Administration. 2. Senior Manager Treasury. 3. Senior Manager Budget; and 4. Supply Chain Manager. The Committee sat during
	Due to no availability of the report, the manager requested that the item be referred to the next audit committee meeting.	

APPENDICES

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during the Year 2023/2024	Recommendations adopted (enter Yes) If not adopted (provide explanation)
		December 2023 and a decision was taken that they will be benchmarking with another municipality to assist them in executing their functions. Therefore, currently, there is no implementation plan in place. The Risk Management unit has advised the MM to appoint officials who will be responsible for fraud management and who hold the relevant expertise.
	Land sold The matter of the land sold for R1 was referred to the Accounting Officer for clarifications.	Yes
25 June 2024	Recommendation and approval of the following 2024/25 Strategic Documents: <ol style="list-style-type: none"> 1. Internal Audit Methodology 2. Annual Internal Audit Plan 3. Three-year Internal Audit Rolling Plan 4. Quality and improvement assurance program 5. Continued professional development program. 6. Audit Committee Charter 7. Internal Audit Charter The Audit Committee recommended the Audit Charter for approval by the Council and approved all the Internal Audit Strategic documents listed above.	Yes

APPENDICES

APPENDIX H – LONG-TERM CONTRACTS

Long Term Contracts (Largest Contracts Entered into during Year 2023/2024)					
					R' 000
Name of Service Provider (Municipal Department)	Description of Services Rendered by the Service Provider	Start Date of Contract	Expiry date of Contract	Project manager	Contract Value
Panel of suppliers	Bid no 40/2022-23: panel of suppliers for the supply and delivery of motor vehicles batteries for three (3) years [as and when required]	23-11-23	22-11-26	PMU Project Managers	N/A. _Panel
Panel of suppliers	Bid no 44/2022-23: supply and delivery of building materials for a period of three (3) years [as and when required]	23-11-23	22-11-26	PMU Project Managers	N/A. _Panel
Panel of suppliers	Bid no 38/2022-23: panel of suppliers for the supply and delivery of motor vehicles lubricants for three (3) years [as and when required]	23-11-23	22-11-26	PMU Project Managers	N/A. _Panel
Panel of suppliers	Bid no 42/2022-23: supply and delivery of road patching materials for a period of three (3) years [as and when required]	23-11-23	22-11-26	PMU Project Managers	N/A. _Panel
Panel of suppliers	Bid no 43/2022-23: supply and delivery of roads and stormwater materials for a period of three (3) years [as and when required]	23-11-23	22-11-26	PMU Project Managers	N/A. _Panel

APPENDICES

Panel of suppliers	Bid no 39/2022-23: panel of suppliers for the supply and delivery of motor vehicles tyres, tubes, patches & solutions (including fitment, alignment, balancing and 24/7 roadside assistance for three (3) years [as and when required])	23-11-23	22-11-26	PMU Project Managers	N/A. _Panel
Panel of suppliers	Bid no 41/2022-23: panel of suppliers for the supply and delivery of sewer and water materials for a period of three (3) years [as and when required]	23-11-23	22-11-26	PMU Project Managers	N/A. _Panel
WW Civils and Construction	Bid/30/2022-23(9) Construction Of 3km Paved Roads In Ward 15: Thabong (Appointment from a panel of contractors (Bid 30/2022-23))	06-03-24	30-11-24	PMU Project Managers	25,700,471.00
Zamankosi Development	Bid/30/2022-23(7) Upgrading of 3,3km roads and 2km stormwater in ward 12 (Appointment from a panel of contractors (Bid 30/2022-23))	08-03-24	30-11-24	PMU Project Managers	28,370,508.00
Nkhesebo Solutions	Bid/30/2022-23(8) Construction Of 3km Paved Roads In Ward 13: Thabong (Appointment from a panel of contractors (Bid 30/2022-23))	17-04-24	13-12-24	PMU Project Managers	24 612 818.25

APPENDICES

Vision World Development Foundation	Bid/30/2022-23(10) Construction of 3KM paved road in Ward 2 Phomolong (Appointment from a panel of contractors (Bid 30/2022-23))	17-04-24	13-12-24	PMU Project Managers	23 494 908.50
Oarabile Plant Hire and Civil	Bid 30/2022-23 (14) Rehabilitation Of Du Plessis Street In Kufiwanong	03-04-24	30-09-24	PMU Project Managers	7 935 050.76
Oarabile Plant Hire and Civil	Bid 30/2022-23 (15) Rehabilitation Of Ndaki Road And Associated Stormwater Drainage	03-04-24	30-09-24	PMU Project Managers	4 682 315.19
Bereng Logistics Solutions	Bid 30/2022-23 (13) - Rehabilitation of Constantia Mazibuko Road	03-04-24	30-09-24	PMU Project Managers	12 436 370.60
Shepherd Alarms	RFP NO 06/2023-24 Provision of comprehensive security solution for a period of 3 years	13-05-24	13-05-27	PMU Project Managers	Negotiable per SLA

APPENDICES

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July to 30 June of the Year 2023/2024		
Position	Name	Description of Financial Interests* (Nil / Or details)
Municipal Manager	Adv. Lonwabo Mninawa Ngogo	Nil
Chief Financial Officer	Mr. Thabo Christian Panyani	Nil
Other S57 Officials	Mr. Sello Naniso	Nil
	Dr. Vuyo Adonis	Nil
	Mr. Jonathan Ntsabo	Nil
	Mr. Themba Mnisi	Nil
	Dr. Sefako Samuel Ramphoma	Nil
	Ms. Dikagisho Olyn	Nil
* Financial interests are to be disclosed even if they are incurred for only part of the year.		

APPENDICES

APPENDIX K – REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

APPENDIX K (I) – REVENUE COLLECTION PERFORMANCE BY VOTE

Vote Description	2022/2023	Current Year 2023/2024 (R'000)		
R thousand	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast
Revenue by Vote				
Vote 01 - Council General	763,418	945,085	974,921	974,921
Vote 02 - Office Of The Executive Mayor	-	-	-	-
Vote 03 - Office Of The Speaker	-	-	-	-
Vote 04 - Council Whip	-	-	-	-
Vote 05 - Office Of The Municipal Manager	17	-	-	-
Vote 06 - Corporate Services	-	-	-	-
Vote 07 - Finance	510,263	1,005,535	1,005,535	1,005,535
Vote 08 - Human Resources	-	-	-	-
Vote 09 - Community Services	156,487	184,960	184,960	184,960
Vote 10 - Public Safety And Transport	10,553	36,883	36,883	36,883
Vote 11 - Economic Development	481	156	156	156
Vote 12 - Engineering Services	5	3,866	3,866	3,866
Vote 13 - Water/ Sewerage	908,864	1,029,773	929,773	929,773
Vote 14 - Electricity	678,359	1,116,590	1,116,590	1,116,590
Vote 15 - Other	20,669	28,479	28,479	28,479
Total Revenue by Vote	3,049,117	4,351,326	4,281,162	4,281,162

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APPENDIX K (II) – REVENUE COLLECTION PERFORMANCE BY SOURCE

Description	2022/23	Current Year 2023/2024 (R'000)			
	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome
REVENUE ITEMS:					
<u>Exchange Revenue</u>					
Total Property Rates	483,723	514,009	514,009	514,009	465,316
Less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)	75,634	47,412	47,412	47,412	66,831
Net Property Rates	408,090	466,597	466,597	466,597	398,485
<u>Exchange revenue service charges</u>					
<u>Service charges - Electricity</u>					
Total Service charges - Electricity	645,837	1,125,373	1,125,373	1,125,373	637,728
Less Cost of Free Basis Services (50 kwh per indigent household per month)	2,054	24,013	24,013	24,013	623
Net Service charges - Electricity	643,783	1,101,361	1,101,361	1,101,361	637,105
<u>Service charges - Water</u>					
Total Service charges - Water	499,324	662,074	562,074	562,074	437,088
Less Cost of Free Basis Services (6 kilolitres per indigent household per month)	18,250	34,623	34,623	34,623	4,311
Net Service charges - Water	481,074	627,451	527,451	527,451	432,777
<u>Service charges - Waste Water Management</u>					
Total Service charges - Waste Water Management	202,608	224,136	224,136	224,136	198,699
Less Cost of Free Basis Services (free sanitation service to indigent households)	28,029	15,853	15,853	15,853	5,804
Net Service charges - Waste Water Management	174,579	208,284	208,284	208,284	192,894
<u>Service charges - Waste Management</u>					
Total refuse removal revenue	133,979	143,809	143,809	143,809	122,633
Total landfill revenue					
Less Cost of Free Basis Services (removed once a week to indigent households)	28,009	4,517	4,517	4,517	4,000
Net Service charges - Waste Management	105,970	139,292	139,292	139,292	118,633
Total Revenue	1,813,495	2,542,984	2,442,984	2,442,984	1,779,894

APPENDICES

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

APPENDIX M (I) – CAPITAL EXPENDITURE – NEW ASSETS PROGRAMME

Description R thousand	2022/23	Current Year 2023/2024 (R'000)		
	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast
Capital expenditure on new assets by Asset Class/Sub-class				
Infrastructure	63,770	184,837	242,604	242,604
Roads Infrastructure	16,861	95,235	153,904	153,904
Roads	16,861	95,235	153,904	153,904
Storm water Infrastructure	-	1,960	1,960	1,960
Electrical Infrastructure	3,104	30,000	30,000	30,000
Water Supply Infrastructure	13,777	-	4,308	4,308
Boreholes	5,456	-	1,212	1,212
Distribution	4,218	-	1,918	1,918
Capital Spares	4,103	-	1,178	1,178
Sanitation Infrastructure	30,028	36,711	47,642	47,642
Pump Station	-	8,022	894	894
Reticulation	25,396	20,000	38,056	38,056
Waste Water Treatment Works	4,632	5,838	5,840	5,840
Outfall Sewers	-	2,851	2,851	2,851
Solid Waste Infrastructure	-	20,932	4,791	4,791
Community Assets	9,756	-	3,396	3,396
Community Facilities	0	-	-	-
Sport and Recreation Facilities	9,756	-	3,396	3,396
Computer Equipment	1,853	-	1,090	1,090
Computer Equipment	1,853	-	1,090	1,090
Furniture and Office Equipment	1,382	-	2,106	2,106
Machinery and Equipment	10,570	-	26,992	26,992
Transport Assets	110,421	10,000	28,314	28,314
Land	-	-	-	-
Total Capital Expenditure on new assets	197,751	194,837	304,503	304,503

APPENDICES

APPENDIX N (I) – CAPITAL PROGRAMME BY PROJECT YEAR 2023/2024

Capital Programme by Project: Year 2023/2024					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
It Equipment Acquisition	126	126			
Office Furniture - Multiple	25	25			
Machinery And Equipment	286	286			
Machinery And Equipment	720	720			
PPE Co: Inf Waste Wtr - Acquisitions	107	107			
Machinery And Equipment	12,000	12,000			
Community Assets - lu C: Acquisition	–	–			
Office Furniture - Multiple	300	300			
Machinery And Equipment	404	404			
Welkom: 20mva 132kv - Urania Substation	30,000	30,000			
It Equipment Acquisition	–	–			
Machinery And Equipment	6,875	6,875			
It Equipment Acquisition	117	117			
Office Furniture - Multiple	–	–			
Machinery And Equipment	–	–			
Office Furniture - Multiple	180	180			
Machinery And Equipment	–	–			
It Equipment Acquisition	–	–			
Office Furniture - Multiple	98	98			
It Equipment Acquisition	30	30			
Office Furniture - Multiple	–	–			
Office Furniture - Multiple	360	360			
It Equipment Acquisition	617	617			
Machinery And Equipment	122	122			
Machinery And Equipment	398	398			
It Equipment Acquisition	200	200			
Office Furniture - Multiple	405	405			
Machinery And Equipment	77	77			
Replacement Of Fleet	28,314	28,314			
Municipal Buildings	–	–			
It Equipment Acquisition	–	–			
Office Furniture - Multiple	12	12			
Machinery And Equipment	92	92			
Office Furniture - Multiple	326	326			
Machinery And Equipment	700	700			
Machinery And Equipment	(9)	(9)			
Machinery And Equipment	15	15			
Roads Infra - lu C: Acquisition	–	–			
Kutlwanong Construction Of 3km Roads	40,889	40,889			
Mmamahabane Construction Of 3km Roads	27,562	27,562			
Nyakallong Construction Of 3km Roads	39,518	39,518			

APPENDICES

Thabong Ext 22 Tandanani	41,104	41,104			
Machinery And Equipment	196	196			
Machinery And Equipment	13	13			
Rfurb: Thabong Wwtisp: Incep; Conc&Vblty	6,863	6,863			
Virginia/Mel: Upgrade & Refurb Sp	3,705	3,705			
Ppe Co: Inf Waste Wtr - Acquisitions	-	-			
Ppe Co: Inf Waste Wtr - Acquisitions	894	894			
Pse System At And From Theronia Wwtw	32,588	32,588			
Thabong X15n; X18; X19; X20 (Hani Park)	5,361	5,361			
Ppe Co: Inf Waste Wtr - Acquisitions	5,840	5,840			
Ppe Co: Inf Waste Wtr - Acquisitions	2,851	2,851			
Machinery And Equipment	3,479	3,479			
Specialised Vehicles Waste Management	-	-			
Ppe Co: Inf Waste Man - Acquisitions	4,791	4,791			
Community Assets - lu C: Acquisition	3,396	3,396			
Community Assets - lu C: Acquisition	-	-			
Matjhabeng Roads	-	-			
Roads & Stormwater White City (Ward 4)	168	168			
Roads Infra - lu C: Acquisition	-	-			
Roads Infra - lu C: Acquisition	4,662	4,662			
Storm Wa Infra - lu C: Acquisition	1,960	1,960			
Thabong (2010) 5 High Mast Light	-	-			
Machinery And Equipment	1,217	1,217			
It Equipment Acquisition	-	-			
Office Furniture - Multiple	400	400			
Machinery And Equipment	326	326			
Installation Of Boreholes	1,212	1,212			
Wa At C - Distribution: Acquisition	1,918	1,918			
Odendaalsrus Replace Pvr & Repair Leaks	-	-			
Wa At C - Distribution: Acquisition	-	-			
Wa At C - Distribution: Acquisition	1,068	1,068			
Wa At C - Distribution: Acquisition	110	110			
Machinery And Equipment	81	81			
Total	315,071	315,071			

VOLUME II

VOLUME II: AUDITED ANNUAL FINANCIAL STATEMENTS

AUDITED ANNUAL FINANCIAL STATEMENTS

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**Matjhabeng Local Municipality
Annual Financial Statements**

Matjhabeng Local Municipality

(Registration number FS 184)

Annual Financial Statements for the year ended 30 June 2024

General Information

Legal form of entity	Local Municipality
Nature of business and principal activities	Providing municipal services, infrastructure development and furthering the interest of the local community in the Matjhabeng area, Free State Province.
The following is included in the scope of operation	Area FS184, as a high-capacity local municipality, as demarcated by the Demarcation Board and indicated on the demarcated map published for FS184.
Executive Mayor	TD Khalipha
Members of the Mayoral Committee	TD Khalipha - Executive Major HA Mokhomo - Finance M Buti - LED, SMME's Agriculture & Tourism MC Radebe - Human Settlement X Masina - Infrastructure ML Radebe - IDP, Performance & Evaluation KR Tlake - Community Services & Public Safety KV Moipatle - Sports, Arts & Culture S Moshoeu - Corporate Services and Good Governance S Ramalefane - Fleet Disaster & Service Delivery Refer to councillors' note for detail.
Councillors	
Grading of local authority	Local High-Capacity Municipality (Grade 5)
Chief Finance Officer (CFO)	TC Panyani
Accounting Officer (MM)	Adv LMR Ngoqo TC Panyani
Registered office	Civic Centre 319 Stateway Welkom Free State 9460
Postal address	P O Box 708 Welkom Free State 9460
Bankers	ABSA Bank Limited
Attorneys	Full list available at the municipal offices in Welkom
Enabling legislation	Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) Municipal Structures Act, 1998 (Act No. 117 of 1998) Municipal Systems Act, 2000 (Act No. 32 of 2000)
Website	www.matjhabeng.co.za

Matjhabeng Local Municipality
(Registration number FS 184)
Annual Financial Statements for the year ended 30 June 2024

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Abbreviations used:

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

Matjhabeng Local Municipality

(Registration number FS 184)

Annual Financial Statements for the year ended 30 June 2024

Accounting officer's Responsibilities and Approval

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

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

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

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

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

The accounting officers have 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, they are satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on page 16 to 99, which have been prepared on the going concern basis, were approved by the acting accounting officer on 31 January 2025 and were signed on its behalf by:



TC Panyani
Acting Accounting Officer

Matjhabeng Local Municipality

(Registration number FS 184)

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 Restated*
Assets			
Current Assets			
Inventories	4	7,679,889	4,841,445
Other receivables	7	51,841,995	32,460,792
Receivables from non-exchange transactions	6	407,070,167	289,941,408
VAT receivable	8	1,020,233,352	968,241,561
Receivables from exchange transactions	5	1,684,927,499	1,122,194,190
Cash and cash equivalents	3	44,171,709	125,689,425
		3,215,924,611	2,543,368,821
Non-Current Assets			
Investment property	10	2,099,212,887	2,054,238,999
Property, plant and equipment	11	3,951,237,340	4,061,648,819
Heritage assets	12	7,077,539	7,077,539
Other financial assets	9	568,885	474,015
Receivables from non-exchange transactions	6	8,992,343	6,656,453
Receivables from exchange transactions	5	939,250	3,024,690
		6,068,028,244	6,133,120,515
Total Assets		9,283,952,855	8,676,489,336
Liabilities			
Current Liabilities			
Concessionary loan	14	1,750,113,244	-
Payables from exchange transactions	13	8,002,010,911	12,003,402,140
Consumer deposits	15	46,380,416	43,478,153
Employee benefit obligation	17	26,397,910	12,680,586
Unspent conditional grants and receipts	16	74,598,566	118,957,275
		9,899,511,047	12,178,518,154
Non-Current Liabilities			
Concessionary loan	14	3,500,226,489	-
Employee benefit obligation	17	466,833,241	429,455,009
Provisions	18	122,982,155	110,327,151
		4,090,041,885	539,782,160
Total Liabilities		13,989,552,932	12,718,300,314
Net Assets		(4,705,600,077)	(4,041,810,978)
Accumulated deficit		(4,705,600,077)	(4,041,810,978)
Total Net Assets		(4,705,600,077)	(4,041,810,978)

* See Note 46

Matjhabeng Local Municipality

(Registration number FS 184)

Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Performance

Figures in Rand	Note(s)	2024	2023 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	19	1,586,322,742	1,380,167,686
Rental of facilities and equipment	20	22,088,618	20,824,594
Commissions received	22	19,063,603	17,214,328
Other income	24	10,559,637	23,113,739
Interest income	25	539,453,698	410,560,083
Dividends received	25	49,223	40,753
Total revenue from exchange transactions		2,177,517,521	1,851,921,183
Revenue from non-exchange transactions			
Taxation revenue			
Availability charges	23	49,323,113	41,198,475
Property rates	26	476,300,003	410,716,551
Municipal relief - Interest write-off	27	347,338,131	-
Transfer revenue			
Government grants & subsidies	28	884,725,127	765,139,497
Public contributions and donations	29	-	4,217,105
Fines, Penalties and Forfeits	21	2,464,406	1,992,996
Total revenue from non-exchange transactions		1,760,150,780	1,223,264,624
Total revenue		3,937,668,301	3,075,185,807
Expenditure			
Employee related costs	30	(972,772,682)	(986,887,805)
Remuneration of councillors	31	(37,982,260)	(35,638,877)
Depreciation and amortisation	32	(213,716,833)	(195,523,181)
Finance costs	34	(242,872,235)	(334,355,878)
Debt Impairment	35	(964,702,520)	(1,116,245,618)
Bulk purchases	36	(1,474,662,864)	(1,250,446,211)
Contracted services	37	(122,588,997)	(126,300,301)
General Expenses	38	(221,385,177)	(290,872,882)
Repairs and maintenance	39	(31,085,404)	(13,709,294)
Total expenditure		(4,281,768,972)	(4,349,979,847)
Operating deficit		(344,100,671)	(1,274,794,040)
Fair value adjustments	40	49,888,756	117,635,196
Actuarial gains/losses	17	22,381,768	99,108,346
Impairment loss	33	(1,836,429)	(25,035,938)
		70,414,095	191,707,604
Deficit for the year		(273,686,576)	(1,083,086,436)

* See Note 46

Matjhabeng Local Municipality

(Registration number FS 184)

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
Balance at 1 July 2022	(3,104,008,319)	(3,104,008,319)
Changes in net assets		
Correction of errors - Note 46	(178,707,147)	(178,707,147)
Net income (losses) recognised directly in net assets	(178,707,147)	(178,707,147)
Surplus for the year	1,116,509,819	1,116,509,819
Total changes	(937,802,659)	(937,802,659)
Restated* Balance at 1 July 2023	(4,041,810,978)	(4,041,810,978)
Changes in net assets		
Other Changes	(390,102,523)	(390,102,523)
Net income (losses) recognised directly in net assets	(390,102,523)	(390,102,523)
Total recognised income and expenses for the year	(663,789,099)	(663,789,099)
Total changes	(663,789,099)	(663,789,099)
Balance at 30 June 2024	(4,705,600,077)	(4,705,600,077)

* See Note 46

Matjhabeng Local Municipality

(Registration number FS 184)

Annual Financial Statements for the year ended 30 June 2024

Cash Flow Statement

Figures in Rand	Note(s)	2024	2023 Restated*
Cash flows from operating activities			
Receipts			
Cash receipts from taxes, levies and fines		528,087,522	453,908,022
Sale of goods and services		473,244,416	520,790,174
Grants		840,366,418	693,095,646
Interest income		5,835,806	10,323,986
Other receipts		32,310,655	63,288,075
		1,879,844,817	1,741,405,903
Payments			
Employee costs		(947,517,859)	(959,099,611)
Suppliers		(923,288,368)	(676,308,185)
Finance costs		-	(605)
		(1,870,806,227)	(1,635,408,401)
Net cash flows from operating activities	54	9,038,590	105,997,502
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(90,605,528)	(178,599,373)
Proceeds from sale of financial assets		(1)	-
Other cash item		49,223	40,753
Net cash flows from investing activities		(90,556,306)	(178,558,620)
Net increase/(decrease) in cash and cash equivalents		(81,517,716)	(72,561,118)
Cash and cash equivalents at the beginning of the year		125,689,425	198,250,543
Cash and cash equivalents at the end of the year	3	44,171,709	125,689,425

The accounting policies on pages 27 to 48 and the notes on pages 49 to 104 form an integral part of the annual financial statements.

* See Note 46

Matjhabeng 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

	Final approved budget	Shifting of funds	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	2,076,388,000	(100,000,000)	1,976,388,000	1,586,322,742	(390,065,258)	1
Rental of facilities and equipment	28,183,031	-	28,183,031	22,068,618	(6,114,413)	2
Commissions received	-	-	-	19,063,603	19,063,603	3
Other income	533,120,217	-	533,120,217	10,559,637	(522,560,580)	4
Interest received - trade and investment	273,414,626	-	273,414,626	539,453,698	266,039,072	5
Dividends or similar distributions received	37,681	-	37,681	49,223	11,542	6
Total revenue from exchange transactions	2,911,143,555	(100,000,000)	2,811,143,555	2,177,517,521	(633,626,034)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	466,596,611	-	466,596,611	476,300,003	9,703,392	
Availability charges	-	-	-	49,323,113	49,323,113	3
Transfer revenue						
Government grants & subsidies	885,085,000	29,836,000	914,921,000	884,725,127	(30,195,873)	
Gains on disposal	60,000,000	-	60,000,000	-	(60,000,000)	
Fines, Penalties and Forfeits	28,500,875	-	28,500,875	2,464,406	(26,036,469)	8
Municipal relief - Interest write-off	-	-	-	347,338,131	347,338,131	7
Total revenue from non-exchange transactions	1,440,182,486	29,836,000	1,470,018,486	1,760,150,780	290,132,294	
Total revenue	4,351,326,041	(70,164,000)	4,281,162,041	3,937,668,301	(343,493,740)	
Expenditure						
Employee related costs	(952,980,245)	-	(952,980,245)	(972,772,682)	(19,792,437)	
Remuneration of councillors	(39,362,111)	-	(39,362,111)	(37,982,260)	1,379,851	
Depreciation and amortisation	(248,647,800)	-	(248,647,800)	(213,718,833)	34,930,967	9
Finance costs	(183,883,904)	-	(183,883,904)	(242,872,235)	(58,988,331)	10
Debt Impairment	(676,650,731)	-	(676,650,731)	(964,702,520)	(288,051,789)	11
Bulk purchases	(1,524,737,265)	18,638,549	(1,506,098,716)	(1,474,662,864)	31,435,852	
Contracted Services	(97,256,114)	(26,139,456)	(123,395,570)	(122,588,997)	806,573	
General Expenses	(250,700,731)	21,881,807	(228,818,924)	(221,385,177)	7,433,747	
Repairs and maintenance	-	-	-	(31,085,404)	(31,085,404)	3
Total expenditure	(3,974,218,901)	14,380,900	(3,959,838,001)	(4,281,768,972)	(321,930,971)	
Operating deficit	377,107,140	(55,783,100)	321,324,040	(344,100,671)	(665,424,711)	
Fair value adjustments	-	-	-	49,868,756	49,868,756	3
Actuarial gains/losses	-	-	-	22,381,768	22,381,768	3
Impairment loss	-	-	-	(1,836,429)	(1,836,429)	12
	-	-	-	70,414,095	70,414,095	
Deficit before taxation	377,107,140	(55,783,100)	321,324,040	(273,686,576)	(695,010,616)	

Matjhabeng Local Municipality

(Registration number FS 184)

Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Final approved budget	Shifting of funds	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	295,625,524	(65,783,100)	239,842,424	(1,128,554,026)	(1,561,248,074)	

Matjhabeng Local Municipality

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Final approved budget	Shifting of funds	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Position						
Assets						
Current Assets						
Inventories	-	18,838,549	18,838,549	7,679,889	(10,958,660)	13
Other receivables	-	-	-	51,841,995	51,841,995	3
Receivables from non-exchange transactions	486,054,735	-	486,054,735	407,070,167	(78,984,568)	14
VAT receivable	976,485,635	-	976,485,635	1,020,233,352	43,747,717	
Receivables from exchange transactions	10,856,932,909	(50,000,000)	10,806,932,909	1,684,927,499	(9,122,005,410)	15
Cash and cash equivalents	3,684,437,137	1,895,000	3,686,332,137	44,171,709	(3,642,160,428)	16
	16,003,910,416	(29,466,451)	15,974,443,965	3,215,924,611	(12,758,519,354)	
Non-Current Assets						
Investment property	2,319,525,937	-	2,319,525,937	2,099,212,887	(220,313,050)	
Property, plant and equipment	(6,765,783,293)	(102,526,649)	(6,868,309,942)	3,951,237,341	10,819,547,283	17
Heritage assets	7,982,447	-	7,982,447	7,077,539	(904,908)	18
Other financial assets	441,751	-	441,751	568,885	127,134	19
Receivables from non-exchange transactions (non-current)	-	-	-	8,992,343	8,992,343	3
Receivables from exchange transactions (non-current)	259,255,123	-	259,255,123	939,250	(258,315,873)	3
	(4,178,678,035)	(102,526,649)	(4,281,104,684)	6,068,028,245	10,349,132,929	
Total Assets	11,825,332,381	(131,993,100)	11,693,339,281	9,283,952,856	(2,409,386,426)	
Liabilities						
Current Liabilities						
Concessionary loan	-	-	-	1,750,113,244	1,750,113,244	23
Payables from exchange transactions	10,588,982,878	-	10,588,982,878	8,002,010,912	(2,586,971,966)	20
Consumer deposits	-	-	-	46,390,416	46,390,416	3
Employee benefit obligation	-	-	-	26,397,910	26,397,910	3
Unspent conditional grants and receipts	399,350,000	(76,210,000)	323,140,000	74,598,566	(248,541,434)	21
Provisions	459,890,363	-	459,890,363	-	(459,890,363)	3
	11,448,223,241	(76,210,000)	11,372,013,241	9,899,511,048	(1,472,502,193)	
Non-Current Liabilities						
Concessionary loan	-	-	-	3,500,226,489	3,500,226,489	23
Employee benefit obligation	-	-	-	466,833,241	466,833,241	3
Provisions	-	-	-	122,982,155	122,982,155	3
	-	-	-	4,090,041,885	4,090,041,885	
Total Liabilities	11,448,223,241	(76,210,000)	11,372,013,241	13,989,552,933	2,617,539,692	
Net Assets	377,109,140	(55,783,100)	321,326,040	(4,705,600,077)	(5,026,926,117)	

Matjhabeng 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

	Final approved budget	Shifting of funds	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated deficit	377,109,140	(55,783,100)	321,326,040	(4,705,600,077)	(5,026,926,117)	

Matjhabeng Local Municipality

(Registration number FS 184)

Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Final approved budget	Shifting of funds	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Sale of goods and services	2,257,038,539	(50,000,000)	2,207,038,539	1,001,331,938	(1,205,706,601)	24
Grants	885,085,000	(38,105,000)	846,980,000	840,366,418	(6,613,582)	
Interest income	4,800,917	-	4,800,917	5,835,806	1,034,889	25
Dividends or similar distributions received	37,681	-	37,681	-	(37,681)	26
Other receipts	464,475,000	90,000,000	554,475,000	32,310,655	(522,164,345)	27
	3,611,437,137	1,895,000	3,613,332,137	1,879,844,817	(1,733,487,320)	
Payments						
Suppliers and employee costs	(2,714,481,166)	-	(2,714,481,166)	(1,870,806,227)	843,674,939	28
Finance costs	(183,883,904)	-	(183,883,904)	-	183,883,904	29
	(2,898,365,070)	-	(2,898,365,070)	(1,870,806,227)	1,027,558,843	
Net cash flows from operating activities	713,072,067	1,895,000	714,967,067	9,038,590	(705,928,477)	
Cash flows from investing activities						
Purchase of property, plant and equipment	60,000,000	-	60,000,000	(90,605,529)	(150,605,529)	30
Decrease / increase in other non-current assets	259,695,874	-	259,695,874	49,223	(259,646,651)	30
Net cash flows from investing activities	319,695,874	-	319,695,874	(90,556,306)	(410,252,180)	
Net increase/(decrease) in cash and cash equivalents	1,032,767,941	1,895,000	1,034,662,941	(81,517,716)	(1,116,180,657)	31
Cash and cash equivalents at the beginning of the year	-	-	-	125,689,425	125,689,425	3
Cash and cash equivalents at the end of the year	1,032,767,941	1,895,000	1,034,662,941	44,171,709	(990,491,232)	

Matjhabeng Local Municipality

(Registration number FS 184)

Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Final approved budget	Shifting of funds	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

Variance of above 10% between the budgeted amount and the actual are due to the following:

- 1 Enhanced actual readings rather than relying on estimates led to lower service charges than originally budgeted.
- 2 The economic downturn caused rental income to fall short of expectations.
- 3 The alignment techniques between MSCOA and GRAP led to discrepancies in the budget.
- 4 Economic constraints resulted in less training fees and clearance certificates being issued than what was budgeted for.
- 5 Increased debtor's ageing resulted in higher interest charged on overdue accounts than anticipated.
- 6 Favourable performance of financial asset resulted in increased dividends than budgeted for.
- 7 The budgeted amount was informed by revenue enhancement strategies, by law, building control permits, being robustly implemented.
- 8 The vacancies within the traffic department led to a lower issuance of traffic fines compared to the budgeted expectations.
- 9 Increase in assets acquired during the year resulted in more depreciation than initially anticipated.
- 10 Insufficient payment of creditors within 30 days resulted in more finance cost than anticipated.
- 11 Adverse economic conditions led to a rise in the number of debtors unable to fulfil their obligations, resulting in a greater level of debt impairment than initially expected.
- 12 Unforeseen acts of vandalism were unaccounted for during the budget period.
- 13 The heightened utilization of inventory throughout the year led to a lower than expected amount of inventory remaining at year-end.
- 14 Adverse economic conditions contributed to an increase in the number of debtors who were unable to fulfil their financial commitments.
- 15 The rise in impaired debt led to a lower number of consumer debtors than expected.
- 16 The effective utilization of conditional grants resulted in a smaller amount of cash and cash equivalents at the year's end than initially projected.
- 17 The misalignment caused the budgeted amount to be improperly allocated.
- 18 The misalignment led to the budgeted amount not being accurately reflected.
- 19 The positive market performance of the financial asset resulted in a value that surpassed expectations.
- 20 Involvement in the Eskom Debt Relief Programme contributed to a decrease in the payable from the exchange balance, an impact that could not be accounted for during the budgeting phase.
- 21 Significant expenditure on conditional grants led to a decrease in the unspent balance of these grants at the conclusion of the financial year.
- 22 The alignment techniques of MSCOA and GRAP caused certain budgeted items for liabilities (non-current) to be reclassified as current liabilities, specifically in relation to employee benefits obligations and provisions. This reclassification resulted in a misalignment within the budget.
- 23 The advantageous circumstances created by the Eskom Debt Relief Programme led to the establishment of a concessional

Matjhabeng Local Municipality

(Registration number FS 184)

Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Final approved budget	Shifting of funds	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

loan, the impact of which could not be assessed within the budgetary timeframe.

24 Adverse economic conditions contributed to revenue falling short of expectations.

25 The municipality experienced higher interest income than expected due to strong investment strategies.

26 The positive performance of financial assets led to a greater cash flow from dividends than was originally planned.

27 Economic limitations led to a reduction in the issuance of training fees and clearance certificates compared to the initial budget.

28 Cost containment strategies resulted in lower payments to suppliers than originally expected.

29 Delay in creditor's payment resulted in increased interest paid.

30 The enforcement of financial discipline measures caused the expected investments to fail to materialize.

31 The alignment techniques between MSCOA and GRAP led to a situation where items budgeted under cash and cash equivalents at the start of the year did not effectively contribute to the budget.

Matjhabeng Local Municipality
(Registration number FS 184)
Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies

Figures in Rand	Note(s)	2024	2023
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1. Significant accounting policies

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

1.1 Basis of preparation

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.

These accounting policies are consistent with the previous period.

1.2 Presentation currency

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

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 judgment is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

In the process of applying its accounting policies, and in preparing the annual financial statements, management is required to make various judgments, including estimates and assumptions, that may affect the determination of the reporting framework, affect amounts represented in the annual financial statements and as well as related disclosures. Use of available information and the application of judgment is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgments include:

Matjhabeng Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

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

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

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

The impairment for trade receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio.

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.

Fair value estimation

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 municipality used the prime interest rate at year end to discount future cash flows.

Impairment testing

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

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

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 17 - Provisions.

Useful lives of waste and water network and other assets

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

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1.4 Significant judgements and sources of estimation uncertainty (continued)

Employee Benefits Obligation

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

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 17.

Provision for Impairment of Receivables

On consumer receivables an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired.

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.

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

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

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

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

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.

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1.5 Investment property (continued)

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.

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.

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

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

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

1.6 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, its 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.

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Significant Accounting Policies

1.6 Property, plant and equipment (continued)

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.

Subsequent Measurement:

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.

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

Item	Depreciation method	Average useful life
Land	Straight-line	Indefinite
Buildings	Straight-line	2 - 50 years
Transport assets	Straight-line	4 - 15 years
Infrastructure	Straight-line	3 - 100 years
Other movable assets	Straight-line	2 - 20 years
Landfill rehabilitation assets	Straight-line	8 - 20 years

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

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

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

Depreciation commences when the asset is ready for its intended use and ceases when the asset is derecognised.

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.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 11).

1.7 Site restoration and dismantling cost

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which a municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

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Significant Accounting Policies

1.7 Site restoration and dismantling cost (continued)

If the related asset is measured using the cost model:

- (a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- (b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- (c) if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

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.

Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

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

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 determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset, such difference is recognised in surplus or deficit when the heritage asset 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.

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 liability is any liability that is a contractual obligation to:

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1.9 Financial Instruments (continued)

- 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.

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

- 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.

Classification

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

Class	Category
Other financial assets	Financial asset measured at fair value
Other receivables	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

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

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost
Unspent conditional grants	Financial liability measured at amortised cost

Initial recognition

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

The municipality recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The municipality measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

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Significant Accounting Policies

1.9 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

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

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

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

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the municipality establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs.

It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, a municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Reclassification

The municipality does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the municipality reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Gains and losses

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

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1.9 Financial Instruments (continued)

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 municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the municipality, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the municipality:
 - 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.

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

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

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

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

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

Financial liabilities

The municipality 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.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

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Significant Accounting Policies

1.9 Financial instruments (continued)

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).

1.10 Tax

Value Added Tax (VAT)

The municipality accounts for VAT on a cash basis. The municipality is liable to account for VAT at a standard rate of 15% effective from 1 April 2018 in terms of section 7(1)(a) of the VAT Act in respect of supply of goods and services, except where the supplies are specifically zero rated in terms of section 11, exempted in terms of section 12 of the VAT Act or are scoped out for VAT purposes. The municipality account for VAT on a monthly basis.

1.11 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

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

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

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

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

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

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

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

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

1.12 Cash and cash equivalents

Cash and cash equivalents comprise bank balances, cash on hand and deposits held at call with banks net of bank overdrafts.

1.13 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Identification

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

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Significant Accounting Policies

1.13 Impairment of cash-generating assets (continued)

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

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

Cash-generating units

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

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

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Significant Accounting Policies

1.13 Impairment of cash-generating assets (continued)

Reversal of impairment loss

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

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

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

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

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

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

Redesignation

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

1.14 Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

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

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

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

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

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

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

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Significant Accounting Policies

1.14 Impairment of non-cash-generating assets (continued)

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

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

Useful life is either:

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

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

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

Reversal of an impairment loss

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

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

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

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

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

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Significant Accounting Policies

1.15 Employee benefits

Identification

Employee benefits

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

A qualifying insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

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1.16 Employee benefits (continued)

Other long-term employee benefits are all employee benefits (other than short-term employee benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

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.

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.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

Other Long term employee benefits

The municipality has an obligation to provide long service benefits to all of its employees. According to the rules of the long service benefit scheme, which the municipality instituted and operates, an employee (who is on the current conditions of

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Significant Accounting Policies

1.15 Employee benefits (continued)

service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long benefits are accounted for through the statement of financial performance.

1.16 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation.

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 deficit.

A Contingent Liability is:

- a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence and nonoccurrence of one or more uncertain future events not wholly within the control of the entity; or
- a present obligation that arises from past events but is not recognised because:
 - (i) it is not probable that an outflow of resources embodying economic benefits or services potential will be required to settle the obligation; or
 - (ii) the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 44.

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Significant Accounting Policies

1.16 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 are 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 considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity tests the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.13 and 1.14.

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.

1.17 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.18 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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Significant Accounting Policies

1.18 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.

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.

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 on outstanding customer receivables is calculated when the receivable is more than 30 days at prime rate plus 1% and recognised in surplus or deficit on the time proportionate basis.

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.

1.19 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.

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

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.

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Significant Accounting Policies

1.19 Revenue from non-exchange transactions (continued)

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.

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

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

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

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

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.

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Significant Accounting Policies

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

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

Fines, penalties and forfeits

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.

Public contributions and donations

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment when such items of property, plant and equipment are brought into use.

Donations are recognised on a cash receipt basis or where the donation is in a form of property, plant and equipment, when such items of property, plant and equipment are available for use.

1.20 Investment income

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

1.21 Comparative figures

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

1.22 Unauthorised expenditure

Unauthorised expenditure means:

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

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.

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Significant Accounting Policies

1.24 Irregular expenditure

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

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

1.25 Segment information

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.

A measure of assets and liabilities for each reportable segment has not been disclosed due to the fact that such amounts are not regularly provided to management for decision making purposes.

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

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 cash basis and presented by economic classification linked to performance outcome objectives.

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

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

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

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

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

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Significant Accounting Policies

1.27 Related parties (continued)

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 Consumer deposits

Consumer deposits are subsequently recorded in accordance with accounting policy of trade and other payables.

1.29 Unspent Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

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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:

IGRAP 21: The Effect of Past Decisions on Materiality

Background

The Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors (GRAP 3) applies to the selection of accounting policies. Entities apply the accounting policies set out in the Standards of GRAP, except when the effect of applying them is immaterial. This means that entities could apply alternative accounting treatments to immaterial items, transactions or events (hereafter called "items").

The Board received questions from entities asking whether past decisions to not apply the Standards of GRAP to immaterial items effect future reporting periods. Entities observed that when they applied alternative accounting treatments to items in previous reporting periods, they kept historical records on an ongoing basis of the affected items. This was done so that they could assess whether applying these alternative treatments meant that the financial statements became materially "misstated" over time. If the effect was considered material, retrospective adjustments were often made.

This Interpretation explains the nature of past materiality decisions and their potential effect on current and subsequent reporting periods.

IGRAP 21 addresses the following two issues:

- Do past decisions about materiality affect subsequent reporting periods?
- Is applying an alternative accounting treatment a departure from the Standards of GRAP or an error?

The effective date of these interpretation is for years beginning on or after 1 April 2023.

The municipality has adopted the interpretation for the first time in the 2023/2024 annual financial statements.

GRAP 25 (as revised): Employee Benefits

Background

The Board issued the Standard of GRAP on Employee Benefits (GRAP 25) in November 2009. GRAP 25 was based on the International Public Sector Accounting Standard on Employee Benefits (IPSAS 25) effective at that time. However, GRAP 25 was modified in some respects where the Board decided the requirements of the International Accounting Standard on Employee Benefits (IAS® 19) were more appropriate. Specifically, the Board:

- Eliminated the corridor method and required recognition of actuarial gains and losses in full in the year that they arise.
- Required the recognition of past service costs in the year that a plan is amended, rather than on the basis of whether they are vested or unvested.

Since 2009, the International Accounting Standards Board® has made several changes to IAS 19, including changes to the recognition of certain benefits, and where these changes are recognised. The IPSASB made similar changes to its standard and as a result of the extent of changes, issued IPSAS 39 on Employee Benefits to replace IPSAS 25 in 2016.

When the Board consulted locally on the proposed amendments to IPSAS 25 in 2016, stakeholders welcomed the amendments to align IPSAS 25 to IAS 19 and supported the changes that resulted in IPSAS 39.

In developing GRAP 25, the Board agreed to include the guidance from the IFRS Interpretation on IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IFRIC 14®) partly in GRAP 25 and partly in the Interpretation of the Standards of GRAP on The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IGRAP 7).

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2. New standards and interpretations (continued)

Key amendments to GRAP 25

The Board agreed to align GRAP 25 with IPSAS 39, but that local issues and the local environment need to be considered. As a result of this decision, there are areas where GRAP 25 departs from the requirements of IPSAS 39. The Board's decisions to depart are explained in the basis for conclusions.

The amendments to GRAP 25 are extensive and mostly affect the accounting for defined benefit plans. A new renumbered Standard of GRAP (e.g. GRAP 39) will not be issued, but rather a new version of the current GRAP 25.

The effective date of these revisions was 1 April 2023.

The municipality has adopted the revisions for the first time in the 2023/2024 annual financial statements.

Guideline: Guideline on Accounting for Landfill Sites

The objective of this guideline: The Constitution of South Africa, 1996 (Act No. 108 of 1996) (the constitution), gives local government the executive authority over the functions of cleaning, refuse removal, refuse dumps and solid waste disposal. Even though waste disposal activities are mainly undertaken by municipalities, other public sector entities may also be involved in these activities from time to time. Concerns were raised about the inconsistent accounting practices for landfill sites and the related rehabilitation provision where entities undertake waste disposal activities. The objective of the Guideline is therefore to provide guidance to entities that manage and operate landfill sites. The guidance will improve comparability and provide the necessary information to the users of the financial statements to hold entities accountable and for decision making. The principles from the relevant Standards of GRAP are applied in accounting for the landfill site and the related rehabilitation provision. Where appropriate, the Guideline also illustrates the accounting for the land in a landfill, the landfill site asset and the related rehabilitation provision.

It covers: Overview of the legislative requirements that govern landfill sites, Accounting for land, Accounting for the landfill site asset, Accounting for the provision for rehabilitation, Closure, End-use and monitoring, Other considerations, and Annexures with Terminology & References to pronouncements used in the Guideline.

The effective date of the guideline is for years beginning on or after 1 April 2023.

The municipality has adopted the guideline for the first time in the 2023/2024 annual financial statements.

GRAP 1 (amended): Presentation of Financial Statements (Materiality)

Amendments to this Standard of GRAP, are primarily drawn from the IASB's Amendments to IAS 1.

Summary of amendments are:

Materiality and aggregation

The amendments clarify that:

- information should not be obscured by aggregating or by providing immaterial information;
- materiality considerations apply to all parts of the financial statements; and
- even when a Standard of GRAP requires a specific disclosure, materiality considerations apply.

Statement of financial position and statement of financial performance

The amendments clarify that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements.

Notes structure

The amendments add examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order listed in GRAP 1.

Disclosure of accounting policies

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Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

Remove guidance and examples with regards to the identification of significant accounting policies that were perceived as being potentially unhelpful.

A municipality applies judgement based on past experience and current facts and circumstances.

The effective date of this amendment is for years beginning on or after 1 April 2025.

The municipality expects to adopt the amendment for the first time in the 2024/2025 annual financial statements.

2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 1 July 2024 or later periods:

GRAP 104 (as revised): Financial Instruments

Following the global financial crisis, a number of concerns were raised about the accounting for financial instruments. This included that (a) information on credit losses and defaults on financial assets was received too late to enable proper decision-making, (b) using fair value in certain instances was inappropriate, and (c) some of the existing accounting requirements were seen as too rule based. As a result, the International Accounting Standards Board® amended its existing Standards to deal with these issues. The IASB issued IFRS® Standard on Financial Instruments (IFRS 9) in 2009 to address many of the concerns raised. Revisions were also made to IAS® on Financial Instruments: Presentation and the IFRS Standard® on Financial Instruments: Disclosures. The IPSASB issued revised International Public Sector Accounting Standards in June 2018 so as to align them with the equivalent IFRS Standards.

The revisions better align the Standards of GRAP with recent international developments. The amendments result in better information available to make decisions about financial assets and their recoverability, and more transparent information on financial liabilities.

The most significant changes to the Standard affect:

- Financial guarantee contracts issued
- Loan commitments issued
- Classification of financial assets
- Amortised cost of financial assets
- Impairment of financial assets
- Disclosures

The effective date of the revisions is not yet set by the Minister of Finance.

The municipality expects to adopt the revisions for the first time when the Minister sets the effective date for the revisions.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand and advances	9,474	9,474
Bank balances - cashbook	44,128,718	11,237,292
Short-term deposits	33,517	114,442,659
	44,171,709	125,689,425
ACB mag tape debit facility	2,000,000	2,000,000
Housing guarantee	20,000	20,000
Fleet card	1,000,000	1,000,000
Credit card facility	300,000	300,000

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3. Cash and cash equivalents (continued)

Credit quality of cash at bank and short-term deposits, excluding cash on hand

The credit quality of cash at bank and short-term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

Cash and cash equivalents pledged as collateral

None of the cash and cash equivalents were pledged as collateral.

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
ABSA Primary cheque account Acc no (40-5370-5465)	13,858,574	12,760,185	4,865,806	18,177,102	11,592,434	68,692,434
ABSA Market cheque account Acc no (40-5644-3399)	640,787	805,560	806,773	(3,710,341)	(867,736)	(1,874,579)
ABSA Savings account Acc no (90-9461-7107)	1,469	1,000	129,314,396	1,469	1,000	129,314,396
ABSA Savings account Acc no (91-0668-4115)	27,133	114,431,283	49,119	27,133	114,431,283	49,119
ABSA Savings account Acc no (91-1114-1338)	1,173	1,102	1,122	1,173	1,077	1,125
ABSA Savings account Acc no (91-0668-4238)	1,310	1,310	1,262	1,322	1,214	1,266
ABSA Savings account Acc no (91-0668-4157)	1,165	1,165	1,061	1,109	1,018	1,064
ABSA Savings account Acc no (91-2351-5666)	1,102	1,102	1,061	1,109	1,018	1,064
Std Bank Call Acc no (08-883-104-3)	29,661,948	-	-	29,661,948	-	-
Total	44,194,661	128,002,707	135,040,600	44,162,024	125,161,308	196,185,889

4. Inventories

Investment property held for sale	2,730,000	-
Consumable stores	1,787,168	1,876,916
Water for distribution	3,162,721	2,964,529
	7,679,889	4,841,445

Inventories recognised as an expense during the year	5,663,114	8,563,980
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Inventories pledged as security

None of the inventory was pledged as security for any financial liability of the municipality.

Matjhabeng 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
5. Receivables from exchange transactions		
Current		
Gross balances		
Electricity	688,761,313	538,544,768
Water	3,325,566,243	2,754,425,203
Sewerage	1,397,107,415	1,156,231,857
Refuse	874,268,850	727,465,199
Other receivables	5,579,922	5,576,594
Rentals	165,313,405	147,386,273
Sundries	200,213,974	174,007,300
Unmetered consumption - Electricity	115,039,399	95,498,086
Unmetered consumption - Water	52,172,443	64,428,051
Less: Non-current consumer receivables (arrangements)	(10,853,233)	(46,283,460)
	6,813,169,731	5,617,279,871
Less: Allowance for impairment		
Electricity	(438,844,192)	(373,075,236)
Water	(2,619,985,339)	(2,381,243,893)
Sewerage	(1,071,658,025)	(909,478,533)
Refuse	(688,723,592)	(592,504,452)
Rentals	(147,396,439)	(128,253,014)
Sundries	(167,114,202)	(149,053,875)
Other receivables	(4,434,426)	(4,735,448)
Less: Non-current consumer receivables (arrangements)	9,913,983	43,258,770
	(5,128,242,232)	(4,495,085,681)
Net balance		
Electricity	249,917,121	165,469,532
Water	705,580,904	373,181,310
Sewerage	325,449,390	246,753,324
Refuse	185,545,258	134,960,747
Rentals	17,916,966	19,133,259
Sundries	33,099,772	24,953,425
Other receivables	1,145,496	841,146
Unmetered consumption - Electricity	115,039,399	95,498,086
Unmetered consumption - Water	52,172,443	64,428,051
Less: Non-current consumer receivables (arrangements)	(939,250)	(3,024,690)
	1,684,927,499	1,122,194,190
Non-current		
Gross Balance		
Arrangements	10,853,233	46,283,460
Less: Allowance for impairment		
Arrangements	(9,913,983)	(43,258,770)
Net Balance	939,250	3,024,690
Total consumer debtors	1,684,927,499	1,122,194,190

Matjhabeng Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023
5. Receivables from exchange transactions (continued)		
Summary of debtors by service classification		
Unmetered consumption - Water		
Current (0 -30 days)	52,172,443	64,428,051
Electricity		
Current (0 -30 days)	104,319,020	51,817,850
31 - 60 days	24,716,707	19,287,565
61 - 90 days	26,463,348	15,060,748
91 + days	533,262,238	452,378,605
Less: Impairment	(438,844,192)	(373,075,236)
	249,917,121	165,469,532
Water		
Current (0 -30 days)	112,451,276	52,601,535
31 - 60 days	62,544,285	44,929,843
61 - 90 days	60,412,559	52,987,276
91 + days	3,090,158,122	2,603,906,548
Less: Impairment	(2,619,985,338)	(2,381,243,892)
	705,580,904	373,181,310
Unmetered consumption - Electricity		
Current (0 -30 days)	115,039,399	95,498,086
Sewerage		
Current (0 -30 days)	27,883,454	22,767,906
31 - 60 days	25,240,350	19,772,071
61 - 90 days	24,708,397	19,030,416
91 + days	1,319,275,213	1,094,661,464
Less: Impairment	(1,071,658,024)	(909,478,533)
	325,449,390	246,753,324
Refuse		
Current (0 -30 days)	17,229,961	13,857,923
31 - 60 days	15,498,165	11,899,557
61 - 90 days	15,147,300	11,437,613
91 + days	826,393,424	690,270,105
Less: Impairment	(688,723,592)	(592,504,451)
	185,545,258	134,960,747
Rentals		
Current (0 -30 days)	1,553,576	1,493,588
31 - 60 days	1,546,494	1,493,588
61 - 90 days	1,545,687	1,478,282
91 + days	160,667,648	142,920,815
Less: Impairment	(147,396,439)	(128,253,014)
	17,916,966	19,133,259

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023
5. Receivables from exchange transactions (continued)		
Sundries		
Current (0 -30 days)	2,530,939	2,465,242
31 - 60 days	2,499,245	2,457,101
61 - 90 days	3,979,180	1,905,729
91 + days	191,204,647	167,179,229
> 365 days	(167,114,219)	(149,053,876)
	33,099,772	24,953,425
Other		
Current (0 -30 days)	41,459	39,925
31 - 60 days	19,503	18,500
61 - 90 days	20,908	12,471
91 + days	5,498,052	5,505,715
Less: Impairment	(4,434,426)	(4,735,465)
	1,145,496	841,146

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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
5. Receivables from exchange transactions (continued)		
Summary of debtors by customer classification		
Consumers		
Current (0 -30 days)	19,329,177	106,812,638
31 - 60 days	107,428,051	88,636,605
61 - 90 days	10,351,899	91,971,679
91 + days	5,280,143,805	4,782,896,355
	5,417,252,932	5,070,317,277
Less: Allowance for impairment	(4,595,162,871)	(4,354,660,643)
	822,090,061	715,656,634
Business, Industrial and Commercial		
Current (0 -30 days)	60,913,377	55,270,545
31 - 60 days	19,135,245	23,057,524
61 - 90 days	21,374,283	19,580,205
91 + days	743,545,041	968,638,295
	844,967,946	1,066,546,569
Less: Allowance for impairment	(593,436,346)	(679,933,565)
	251,531,600	386,613,004
Farms and agriculture		
Current (0 -30 days)	653,667	6,654,921
31 - 60 days	410,528	5,080,595
61 - 90 days	400,417	4,758,483
91 + days	18,821,795	185,838,002
	20,286,407	202,332,011
Less: Allowance for impairment	(16,194,944)	(154,054,639)
	4,091,463	48,277,372
Total		
Current (0 -30 days)	266,009,885	180,270,974
31 - 60 days	132,064,749	122,090,803
61 - 90 days	132,277,360	122,133,621
91 - 120 days	6,126,383,570	5,958,992,906
	6,656,735,564	6,383,488,304
Less: Allowance for impairment	(4,971,807,865)	(5,261,294,114)
	1,684,927,499	1,122,194,190
Less: Allowance for impairment		
Current (0 -30 days)	(5,128,242,232)	(4,495,085,681)

Receivables from exchange transactions pledged as security

No consumer debtors were pledged as security for overdraft facilities of the municipality.

Matjhabeng Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023
5. Receivables from exchange transactions (continued)		
Receivables from exchange transactions past due but not impaired		
As at 30 June 2024, consumer receivables of R11 893 778 (2023: R18 230 276) were past due but not impaired.		
The ageing of amounts past due but not impaired is as follows:		
1 month past due	7,085,789	15,152,793
2 months past due	4,807,989	3,077,483
Receivables from exchange transactions		
As of 30 June 2024, consumer debtors of R6 163 567 484 (2023: R5 052 086 968) were impaired and provided for.		
Reconciliation of allowance for impairment		
Balance at the beginning of the year	(5,252,984,944)	(4,361,450,313)
Contributions to allowance	(964,702,520)	(1,116,245,618)
Debt impairment written off against the allowance	277,742,926	224,710,987
	(5,939,944,538)	(5,252,984,944)
6. Receivables from non-exchange transactions		
Consumer receivables - Rates	1,086,633,261	864,163,575
Availability charges - Electricity	62,124,855	52,807,549
Availability charges - Water	38,362,688	33,882,067
Allowance for impairment - Rates	(708,968,171)	(598,555,528)
Allowance for impairment - Availability charges - Electricity	(43,945,625)	(36,573,747)
Allowance for impairment - Availability charges - Water	(27,136,841)	(25,782,508)
	407,070,167	289,941,408
Non-current - receivables from non-exchange transactions		
Availability charges - Electricity	23,404,403	17,147,711
Availability charges - Water	7,325,611	5,912,946
Allowance for impairment: Availability charges - Electricity	(16,555,711)	(11,894,170)
Allowance for impairment: Availability charges - Water	(5,181,960)	(4,510,033)
	8,992,343	6,556,454
Statutory receivables included in receivables from non-exchange transactions above are as follows:		
Property rates	1,086,633,261	864,163,575
Less Allowance for impairment: Property rates	(708,968,171)	(598,555,528)
	377,665,090	265,608,047
Total receivables from non-exchange transactions	416,062,510	296,597,862

Matjhabeng 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
6. Receivables from non-exchange transactions (continued)		
Statutory receivables general information		
Transaction(s) arising from statute		
Property Rates are levied in terms of the Local Government Municipal Property Rates Act No.6 of 2004 (MPRA), approved Property Rates Policy and by-laws.		
Determination of transaction amount		
Rates are levied in accordance with the Act (MPRA), based on the market value of all rateable property contained in the municipality's valuation roll and supplementary valuation roll.		
The municipality differentiates between various categories of property and owners of property. Some categories of property and categories of owners are granted relief from rates. The municipality however does not grant relief in respect of payments for rates to any category of owners or properties, or to owners of properties on an individual basis.		
Interest or other charges levied/charged		
Interest accrues from 30 days on unpaid accounts. Interest is levied at a rate of prime rate plus 1%.		
Basis used to assess and test whether a statutory receivable is impaired		
The municipality assess whether statutory receivables are impaired at the end of every reporting date, in line with Grap 104.		
The following factors were considered in determining the impairment:		
- Aging of the outstanding debt.		
- Whether or not any payment was received during the year.		
- Whether the account is active or inactive.		
- Whether the account is that of an owner or a tenant		
Discount rate applied to the estimated future cash flows		
Statutory receivables past due but not impaired		
Statutory receivables impaired		
Reconciliation of provision for impairment for statutory receivables		
Opening balance	(5,252,984,944)	(4,361,450,313)
Provision for impairment	(964,702,520)	(1,116,245,618)
Amounts written off as uncollectible	277,742,926	224,710,987
	(5,939,944,538)	(5,252,984,944)

Receivables from non-exchange transactions pledged as security

None of the receivables from non-exchange transactions were pledged as security.

Credit quality of receivables from non-exchange transactions

The credit quality of other receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Receivables from non-exchange transactions past due but not impaired

At 30 June 2024, receivables from non-exchange transactions of R 79 862 436 (2023: R76 378 072) were past due but not impaired.

Matjhabeng 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
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6. Receivables from non-exchange transactions (continued)

Fair value of receivables from non-exchange transactions

The carrying value of the receivables from non-exchange transactions recorded at amortised cost approximate their fair values.

Receivables from non-exchange transactions impaired:

As of 30 June 2024, receivables from non-exchange transactions of R 897 480 353 (2023: R799 834 408) were impaired and provided for.

7. Other receivables

Accrued interest	322,295	322,295
Deposits	225,850	225,850
Employee loans receivable	200,500	180,000
Erf sales - SANRAL	1,078,796	1,078,796
Eskom	6,082,888	-
Maritz attorneys	16,513,652	16,513,652
Market sales	4,042,208	3,079,836
Market sales - sundries	97,914	28,017
Prepayments	1,131,732	1,131,732
Sundry receivables	57,527	57,527
Trade receivables - double payments	2,870,480	2,680,480
Traffic fines receivable	4,025,022	4,523,972
Welkom Market	15,193,131	2,628,635
	51,841,995	32,460,792

8. VAT receivable

VAT	1,020,233,352	968,241,561
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VAT is treated on the payment basis. VAT is paid over to SARS on a net basis only when actual payments are received by the municipality and when actual payments are made to suppliers. The balance above is inclusive of accruals and provisions, where applicable.

9. Other financial assets

Designated at fair value

Unlisted shares

The unlisted shares consist of 17,238 (2023: 17 238) equity shares at R19.20 each as at 30 June 2024 in Senwes Limited and 26,435 (2023: 26 435) equity shares at R 9 each in Senwesbel Limited.

Designated at fair value	568,885	474,015
Unlisted shares		
The unlisted shares consist of 17,238 (2023: 17 238) equity shares at R19.20 each as at 30 June 2024 in Senwes Limited and 26,435 (2023: 26 435) equity shares at R 9 each in Senwesbel Limited.		
Non-current assets		
Designated at fair value	568,885	474,015

Matjhabeng 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
9. Other financial assets (continued)		
Financial assets at fair value		
Fair value hierarchy of financial assets at fair value		
For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements. The fair value hierarchy have the following levels: ...		
Level 1 represents those assets which are measured using unadjusted quoted prices in active markets for identical assets.		
Level 2 applies inputs other than quoted prices that are observable for the assets either directly (i.e. as prices) or indirectly (i.e. derived from prices).		
Level 3 applies inputs which are not based on observable market data.		
Level 2		
Class 1 (Unlisted shares)	568,885	474,015

Renegotiated terms

None of the financial assets that are fully performing have been renegotiated in the last year.

Matjhabeng 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

10. Investment property

	2024		2023	
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Cost / Valuation	Accumulated depreciation and accumulated impairment
Investment property	2,099,212,887	- 2,099,212,887	2,054,238,999	- 2,054,238,999

Reconciliation of investment property - 2024

Investment property	Opening balance	Transfers out	Fair value adjustments	Closing balance
	2,054,238,999	(4,800,000)	49,773,888	2,099,212,887

Reconciliation of investment property - 2023

Investment property	Opening balance	Transfers out	Fair value adjustments	Closing balance
	1,955,032,015	(18,370,000)	117,576,984	2,054,238,999

Fair value of investment properties

Pledged as security

There are no contractual obligations on investment property.

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.

Matjhabeng 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
10. Investment property (continued)		
<p>The effective date of the revaluations was 30 June 2024. Fair value determinations were performed by UNIQUECO Properties Pty Ltd. Mr L Nel, who is a registered Professional Property Valuer with the South African Council for the Property Valuer's Profession (registration number 4464/2) and has the appropriate experience in performing valuations of investment properties, was the valuer used to perform the valuations. The valuation for the land portion was based on adapted comparable sales and on replacement costs for the improvements.</p> <p>These assumptions are based on current market conditions.</p>		
Maintenance of investment property		
<p>The following maintenance costs were incurred:</p>		
Preventative Maintenance incurred on		
Repairs and maintenance	-	140,937
Amounts recognised in surplus or deficit		
Rental revenue from investment property	21,914,514	20,824,694

Matjhabeng 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

11. Property, plant and equipment

	2024			2023		
	Cost / Valuation	Accumulated depreciation and impairment	Carrying value	Cost / Valuation	Accumulated depreciation and impairment	Carrying value
Transport assets	218,261,075	(72,490,088)	145,770,987	173,064,568	(50,092,260)	122,972,308
Infrastructure	8,722,324,400	(5,328,574,136)	3,393,750,264	8,686,770,584	(5,175,019,558)	3,511,751,026
Community assets	494,120,498	(223,377,484)	270,743,034	490,236,537	(207,592,171)	282,644,366
Other movable assets	69,028,858	(46,242,040)	22,786,818	61,538,408	(36,011,276)	25,527,132
Landfill rehabilitation assets	166,367,677	(111,165,896)	55,201,781	151,831,494	(99,053,969)	52,777,525
Land and buildings	128,120,297	(65,135,841)	62,984,456	128,120,297	(62,143,835)	65,976,462
Total	9,798,222,805	(5,846,985,465)	3,951,237,340	9,691,561,888	(5,629,913,969)	4,061,648,819

Matjhabeng 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

11. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Transfers IN	Transfers OUT	Depreciation	Impairment loss	Closing balance
Transport assets	122,972,308	46,130,758	-	-	(23,057,051)	(275,028)	145,770,987
Infrastructure	3,511,751,026	125,507,484	73,422,847	(163,376,514)	(152,766,408)	(788,171)	3,393,750,264
Community assets	282,644,366	3,883,961	12,318,637	(12,318,637)	(15,785,293)	-	270,743,034
Other movable assets	25,527,132	5,037,066	-	-	(7,777,380)	-	22,786,818
Landfill rehabilitation assets	52,777,525	14,536,182	-	-	(12,111,926)	-	55,201,781
Land and buildings	65,976,462	-	-	-	(2,218,776)	(773,230)	62,984,456
	4,061,648,819	195,095,451	85,741,484	(175,695,151)	(213,716,834)	(1,836,429)	3,951,237,340

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Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

11. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Transfers IN	Transfers OUT	Depreciation	Impairment loss	Closing balance
Transport assets	35,857,852	99,029,085	-	-	(11,808,698)	(105,931)	122,972,308
Infrastructure	3,586,934,168	76,076,235	231,861,301	(217,569,122)	(151,218,675)	(14,332,881)	3,511,751,026
Community	279,704,845	8,434,676	18,480,000	-	(15,930,002)	(8,045,153)	282,644,366
Other movable assets	19,157,033	11,736,753	-	-	(5,366,654)	-	25,527,132
Landfill rehabilitation assets	57,774,346	2,702,596	-	-	(7,699,417)	-	52,777,525
Land and buildings	83,340,966	-	-	(13,984,241)	(3,380,263)	-	65,976,462
	4,062,769,210	197,979,345	250,341,301	(231,553,363)	(195,403,709)	(22,483,965)	4,061,648,819

Pledged as security

None of these assets were pledged as security.

Change in accounting estimate

The provision for rehabilitation of landfill site was revised at year end and was recognised in the surplus or deficit for the reporting period.

The effect of the change in accounting estimate on the current year was an increase of R5 137 758 on the carrying amount and an increase of depreciation of R1 027 551 on the Bronville (Welkom) landfill site. The change resulted in an addition to the cost of the related asset in the current reporting period. Which will in turn result in increase of depreciation of R1 027 551 over the remaining useful life.

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023
11. Property, plant and equipment (continued)		
Property, plant and equipment in the process of being constructed was halted during the year		
Cumulative expenditure recognised in the carrying value of property, plant and equipment	7,330,656	7,330,656
Klippan Pumpstation upgrade	6,647,941	6,647,941
Bronville Substation	477,699	477,699
Mmamahabane Taxi Rank	17,461,171	17,461,171
Nyakallong Construction of stormwaters	377,781	377,781
Nyakallong Taxi Rank	4,879,496	4,879,496
Koppie Alleen collapsed sewer	766,492	766,492
Phomolong WWTW	8,413,854	8,413,854
Replacement of Old Galvanized Steel Pipes with UPVC Pipes:		
Nyakallong/Allanridge	174,429	174,429
Roads Infrastructure	3,220,383	3,220,383
Resealing of Roads	220,493	220,493
Thabong Community Centre parking upgrade	2,588,469	2,588,469
Thabong Taxi Rank	13,570,402	13,570,402
Thabong Upgrading and Refurbishment of T8 Sewer Pump station	22,458,201	22,458,201
Upgrading of Kutlwano Outfall Sewer	167,058	167,058
Upgrading of seven electrical panels	30,401,455	11,593,941
Upgrading of the Urania 132KV 20MA Substation and 132KV Overhead Line	18,110,918	18,110,918
Welkom Landfill Site	6,741,313	6,741,313
Welkom Regional Taxi Rank	335,631	335,631
White Septic Tank Welkom		
	144,343,842	125,536,328

These projects have been halted by management awaiting capital budget.

Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected	8,364,677	8,179,651
Installation of zonal water meters		
	8,364,677	8,179,651

Reconciliation of Work-In-Progress 2024

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Work in progress	348,142,344	12,318,637	2,938,708	363,399,689

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12. Heritage assets

	2024		2023	
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation
Historical buildings	4,747,835	-	4,747,835	4,747,835
Mayoral chains	2,356,514	(26,810)	2,329,704	2,356,514
Total	7,104,349	(26,810)	7,077,539	7,104,349

Reconciliation of heritage assets 2024

Historical buildings	Opening balance	Closing balance
Mayoral chains	4,747,835	4,747,835
	2,329,704	2,329,704
	7,077,539	7,077,539

Reconciliation of heritage assets 2023

Historical buildings	Opening balance	Closing balance
Mayoral chains	4,747,835	4,747,835
	2,329,704	2,329,704
	7,077,539	7,077,539

Pledged as security

None of these assets were pledged as security.

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.

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Figures in Rand	2024	2023
13. Payables from exchange transactions		
Accrued 13th cheque	22,398,861	21,147,755
Accrued leave pay	72,672,166	105,503,217
Deferred income - prepaid electricity	3,700,000	3,700,000
Deposits received - halls and facilities	15,175	15,175
Eskom	848,602,951	5,630,675,806
Payments received in advanced from consumer receivables	400,848,701	300,265,223
Rental - Hostels and flats	3,430,206	2,858,273
Retentions	26,457,367	21,253,526
SALGA	18,182,800	16,663,071
Salary third parties	61,769,074	19,948,888
Trade payables	382,094,044	444,946,508
Vaal Central Water Board	6,161,839,566	5,436,424,698
	8,002,010,911	12,003,402,140

14. Concessionary loan

Carrying value

Eskom municipal debt relief	5,250,339,733	-
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National Treasury approved the Matjhabeng Local Municipality's application to participate in the Circular 124 Municipal Debt Relief programme with effect from 1 November 2023. From the effective date, Eskom suppressed the charging of interest on the Interim Debt and will consider writing off the balance at the end of the municipality's 36-month debt relief compliance cycle.

Non-current liabilities

At amortised cost	3,500,226,489	-
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Current liabilities

At amortised cost	1,750,113,244	-
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15. Consumer deposits

Electricity and water	44,795,791	42,223,988
Key deposits	1,594,825	1,254,165
	46,390,416	43,478,153

Guarantees held in lieu of electricity and water deposits amounted to R6 067 965 (2023: R6 067 965).

Deposits are paid by consumers on application for new electricity and water connections. The deposits are repaid when the electricity and water connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account balance.

Deposits are paid by lessees on application for new rental properties of the municipality.

No interest is paid to consumers on deposits held.

The carrying value of consumer deposits approximates their fair values.

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16. Unspent conditional grants and receipts		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
Municipal Infrastructure Grant (MIG)	308,583	33,778,639
Integrated National Electrification Programme (INEP)	2,471,363	1,297,525
Energy Efficiency and Demand side Management Grant (EEDG)	2,549	2,549
Municipal Water Services Infrastructure Grant (MWSIG)	4,843,983	16,906,474
Free State Department of Human Settlements	66,972,088	66,972,088
	74,598,566	118,957,275

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note 28 for reconciliation of grants from National/Provincial Government.

17. Employee benefit obligations

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

Carrying value		
Present value of the post-employment medical aid benefit	(429,239,885)	(385,515,946)
Present value of the long service award benefit	(63,992,265)	(58,619,649)
	(493,232,150)	(442,135,595)
Non-current liabilities	(468,833,241)	(429,455,009)
Current liabilities	(26,397,910)	(12,680,586)
	(493,231,151)	(442,135,595)

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

Opening balance	442,136,593	469,220,473
Net expense recognised in the statement of financial performance	51,095,556	(27,083,880)
	493,232,149	442,136,593

Net expense recognised in the statement of financial performance are as follows:

Service cost	29,175,269	24,781,294
- Current service cost	29,175,269	24,781,294
Interest cost	58,074,325	56,189,913
Remeasurements of the net defined benefit liability (asset)	(22,381,768)	(99,108,346)
- Actuarial gains and losses arising from:	(22,381,768)	(99,108,346)
- Changes in financial assumptions	(22,381,768)	(99,108,346)
Expected benefits paid	(13,772,270)	(8,946,741)
	51,095,556	(27,083,880)

Calculation of actuarial gains and losses

Actuarial (gains) / losses – Long service	(1,410,408)	(6,395,117)
Actuarial (gains) / losses – Medical aid	(20,971,360)	(92,713,229)
	(22,381,768)	(99,108,346)

Changes in the fair value of plan assets are as follows:

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Figures In Rand	2024	2023
17. Employee benefit obligations (continued)		
Key assumptions used		
Assumptions used at the reporting date:		
CPI (Medical aid)	7.06 %	7.71 %
CPI (Long service award)	4.77 %	5.38 %
Discount rate (Medical aid)	13.12 %	13.70 %
Discount rate (Long service award)	10.28 %	10.73 %
Medical aid inflation rate (Medical aid)	8.56 %	9.21 %
Net discount rate (Long service award)	4.26 %	4.09 %
Net discount rate (Medical aid)	4.20 %	4.11 %
Salary increase rate (Long service award)	5.77 %	6.38 %
Continuation percentage	100.00 %	100.00 %

The basis used to determine the overall expected rate of return on assets, including the effect of the major categories of plan assets, is as follows:

Other assumptions

The effect of one percentage increase/decrease in the net discount rate is as follows for the 2024 financial year:

	One percentage point increase	One percentage point increase
Employer's accrued liability (Long service awards)	60,997,873	67,291,251

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Figures in Rand	2024	2023
17. Employee benefit obligations (continued)		
Current Service cost (Long service awards)	5,106,105	5,732,864
Interest cost (Long service awards)	6,056,115	5,561,534
Employer's accrued liability (Medical aid)	379,498,015	489,905,910
Current service cost (Medical aid)	20,488,310	27,715,867
Interest cost (Medical aid)	52,791,391	58,642,370

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

	2024	2023	2022	2021	2020
Defined benefit obligation	-493,232,151	-442,136,593	-469,220,473	-429,463,845	-390,465,049

Defined contribution plan

The municipality makes provision for post-retirement benefits to all employees and councillors, who belong to different retirement contribution plans which are administered by various pension funds, provident and annuity funds.

These plans are subject to the Pension Fund Act, 1995 (Act No. 24 of 1956) and include defined contribution plans.

The municipality is under no obligation to cover any unfunded benefits. The only obligation of the municipality is to make the specific contributions.

The following are the multi-employer funds and are defined contribution plans:

- South African Local Authorities Pension Fund (SALA)
- Free State Municipal Pension Fund (FSMPF)
- Municipal Councillors Pension Fund (MCPF)

Sufficient information was not available to use defined benefit accounting for the fund and it was accounted for as a defined contribution plan due to the following reasons:

- The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers;
- One set of financial statements is compiled for all the funds not for each participating employer; and
- The same rate of contribution applies to all participating employers and no regard is paid to differences in membership distribution of the participating employers.

Defined contribution plans

This is in line with the exemption in GRAP 25 paragraph 31 which state that where information is required for proper defined benefit accounting is not available in respect of the multi-employer and state plan; these should be accounted for as defined contribution plans.

The amount recognised as an expense for defined contribution plans is 51,095,556 (27,083,880)

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18. Provisions

Reconciliation of provisions - 2024

	Opening Balance	Discounting	Movement due to change in net discount rate	Closing balance
Environmental rehabilitation	110,327,151	14,536,184	(1,881,180)	122,982,155

Reconciliation of provisions - 2023

	Opening Balance	Unwinding	Movement due to change in net discount rate	Closing balance
Environmental rehabilitation	105,446,786	2,702,595	2,177,770	110,327,151

Rehabilitation of landfill sites

The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites to a condition whereby it complies to the permit requirements issued in terms of the Mineral and Petroleum Resources Development Act, 2002 (Act No 28 of 2002).

Management has included the best estimated amount as the actual amount is uncertain. The payment of total closure and rehabilitation dates are uncertain.

The provision has been determined by an independent firm of consultants through investigation to determine the best estimated rehabilitation cost for the waste disposal sites at the end of its useful lives.

The municipality has five active landfill sites, as per the asset register:

Landfill	Estimated remaining useful lives
Allanridge	1 years (2023: 2 years)
Henneman (Phomolong)	4 years (2023: 5 years)
Odendaalsrus	16 years (2023: 17 years)
Virginia (Transfer station)	4 years (2023: 5 years)
Bronville (Welkom)	0 years (2023: 0 years)

There were no landfill sites developed, planned, rehabilitated or closed during the current or prior year.

Restructuring provision

A brief description of the nature of the obligation and the expected timing of any resulting outflows of economic benefits or service potential.

An indication of the uncertainties about the amount or timing of those outflows. Where necessary to provide adequate information, an entity shall disclose the major assumptions made concerning future events, as addressed in paragraph .61.

The amount of any expected reimbursement, stating the amount of any asset that has been recognised for that expected reimbursement.

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19. Service charges		
Refuse removal	138,492,620	133,978,559
Sale of electricity	733,560,140	630,621,168
Sale of water	508,592,243	489,322,723
Sewerage and sanitation charges	225,525,473	202,586,947
Less: Income foregone - Indigents	(19,847,734)	(76,341,711)
	1,586,322,742	1,380,167,686
20. Rental of facilities and equipment		
Premises		
Rental of living quarters	21,914,514	20,624,338
Facilities and equipment		
Rental of facilities	154,104	200,256
	22,068,618	20,824,594
21. Fines, Penalties and Forfeits		
Traffic fines	2,464,406	1,992,996
22. Commission received		
Market agents	18,362,226	15,447,500
Policy administration fees	701,377	1,766,828
	19,063,603	17,214,328
23. Availability charges		
Electricity	42,601,508	35,341,113
Water	6,721,605	5,857,362
	49,323,113	41,198,475
24. Other income		
Application fees - land usage	317,932	4,771,045
Cemetery and burial	1,695,331	1,867,170
Clearance certificates	478,440	618,378
Connection fees	131,318	175,221
Disconnection fees	1,295,477	2,571,089
Fire services	879,587	6,228,435
Registration fees	539,376	279,450
Sundry income	3,133,840	2,783,093
Tender documents	345,430	1,808,903
Training	1,742,906	2,010,955
	10,559,637	23,113,739

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Figures in Rand	2024	2023
25. Investment revenue		
Dividend revenue		
Unlisted shares - Local	49,223	40,753
Interest received		
Bank and Investments	5,835,806	10,323,986
Interest charged on consumer receivables	531,736,712	400,238,097
Provisions	1,881,180	-
	539,453,698	410,560,083
	539,502,921	410,600,836

26. Property rates

Rates received

Commercial	155,178,150	147,108,107
Residential	188,705,149	178,159,464
Small holdings and farms	26,413,332	25,050,338
State	106,003,372	60,398,642
	476,300,003	410,716,551

Valuations

Residential	19,105,372,339	21,555,865,255
Commercial	5,072,707,000	5,096,270,000
State	2,439,318,000	4,251,842,120
Small holdings and farms	7,305,868,000	7,325,181,003
	33,923,265,339	38,229,138,378

Valuations on land and buildings are performed every four years in line with the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA). The last general valuation came into effect on 1 July 2021. Supplementary valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

A firm was appointed perform the general valuation and the new valuation roll was implemented on 1 July 2021 for the financial period 2022 to 2027.

Rates are levied in accordance with the Act (MPRA), as an amount in the rands based on the market value of all rateable property contained in the municipality's valuation roll and supplementary valuation roll.

As allowed for in the Act (MPRA), the municipality has chosen to differentiate between various categories of property and categories of owners of property. Some categories of property and categories of owners are granted relief from rates. The municipality however does not grant relief in respect of payments for rates to any category of owners or properties, or to owners of properties on an individual basis.

The first R75,000 of the valuation of residential property is exempted from property rates. Interest shall accrue 30 days from date of account on unpaid accounts. Interest is levied at a rate of prime plus 1%.

27. Revenue from non-exchange transactions

Eskom municipal debt relief	347,338,131	-
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Figures in Rand	2024	2023
28. Government grants & subsidies		
Operating grants		
Equitable share	685,410,000	628,523,500
Expanded Public Works Program (EPWP)	2,774,000	5,191,000
Finance Management Grant (FMG)	3,099,998	3,100,000
Sector Education and Training Authority (SETA)	1,610,058	1,721,058
	692,894,056	638,535,558
Capital grants		
Integrated National Electrification Program Grant (INEP)	21,628,637	3,082,475
Municipal Infrastructure Grant (MIG)	151,546,417	114,627,938
Water Services Infrastructure Grant (WSIG)	18,656,017	8,893,526
	191,831,071	126,603,939
	884,725,127	765,139,497
Conditional and Unconditional		
Included in above are the following grants and subsidies received:		
Conditional grants received	199,520,890	136,615,997
Unconditional grants received	665,403,000	553,423,000
	864,923,890	690,038,997
Equitable Share		
Current-year receipts as per Government Gazette	685,410,000	628,523,000
Transferred to revenue	(665,403,000)	(553,423,000)
Amount withheld from equitable share	(20,007,000)	(75,100,000)
	-	-
WITHHELD EQUITABLE SHARE		
Withheld equitable share amounting to R20 007 000 was due to the rejected roll over of Municipal Infrastructure Grant (MIG), Integrated National Electrification Program (INEP) and Water Service Infrastructure Grant (WSIG) for 2022/23 financial period as follows:		
Municipal Infrastructure Service Grant	R15,278,639	
Water Infrastructure Service Grant	R 3,406,474	
Integrated National Electrification Program	R1,297,525	
Municipal Infrastructure Grant (MIG)		
Balance unspent at beginning of year	33,778,639	111,349,918
Current-year receipts as per Government Gazette	142,914,000	136,630,000
Grants forfeited	(9,559,000)	(36,976,000)
Conditions met - transferred to revenue	(151,546,417)	(114,627,938)
Offset the unspent grant against Equitable Share	(15,278,639)	(62,597,341)
	308,583	33,778,639

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Figures in Rand	2024	2023
28. Government grants & subsidies (continued)		
This grant is used to supplement municipal capital budget to eradicate backlogs in municipal infrastructure utilised in providing basic services for the benefit of poor households.		
REPAYMENT ARRANGEMENT OF UNSPENT CONDITIONAL GRANTS		
Repayment of MIG relates to the 2022/23 unspent conditional grant, which was rejected due to a portion of the roll over application having been rolled over in the previous financial year. The rejected roll over amounted to R15 278 639 as per roll over letter from National Treasury. The rejected roll over was withheld from the 2023/24 equitable share.		
Finance Management Grant (FMG)		
Current-year receipts	3,100,001	3,100,000
Conditions met - transferred to revenue	(3,100,001)	(3,100,000)
	-	-
The purpose of this grant is to promote and support reforms to financial management and the implementation of MFMA.		
Integrated National Electrification Program (INEP)		
Balance unspent at beginning of year	1,297,525	-
Current-year receipts	30,000,000	4,380,000
Conditions met - transferred to revenue	(21,628,641)	(3,082,475)
Forfeited grant	(5,900,000)	-
Rejected rollover	(1,297,525)	-
	2,471,359	1,297,525
Repayment of INEP relates to the 2022/23 unspent conditional grant, which was rejected due to a portion of the roll over application having been rolled over in the previous financial year. The rejected roll over amounted to R1 297 525 as per roll over letter from National Treasury. The rejected roll over was withheld from the 2023/24 equitable share.		
Expanded Public Works Programme (EPWP)		
Current-year receipts	3,456,000	5,191,000
Conditions met - transferred to revenue	(2,774,000)	(5,191,000)
Forfeited grant	(682,000)	-
	-	-
The purpose of this grant is to subsidise municipalities to expand on work creation efforts through the use of labour-intensive delivery methods in identified focus areas.		
Energy Efficiency and Demand Side Management Program (EEDG)		
Balance unspent at beginning of year	2,549	2,549
The purpose of this grant is to assist the municipalities to reduce their energy consumption through deployment of electricity and other energy saving measures.		
Water Services Infrastructure Grant (WSIG)		
Balance unspent at beginning of year	16,906,474	12,502,659
Current-year receipts	20,000,000	25,800,000
Conditions met - transferred to revenue	(18,656,016)	(8,893,527)
Forfeited grant	(10,000,000)	-
Offset the unspent grant against Equitable Share	-	(12,502,658)

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28. Government grants & subsidies (continued)		
Withheld equitable share	(3,406,475)	-
	4,843,983	16,906,474

The purpose of this grant is to address water and sanitation challenges that occurred with the aging infrastructure.

REPAYMENT ARRANGEMENT OF UNSPENT CONDITIONAL GRANTS

The repayment of WSIG relates to the 2022/23 unspent conditional grant, which was rejected due to a portion of the roll over application having been rolled over in the previous financial year. The total amount of the rejected roll over was R3 406 474 as per roll over letter from National Treasury. The rejected roll over amounting to R3 406 474 was withheld from the 2023/24 equitable share.

Sector Education and Training Authority (SETA)

Current-year receipts	1,610,816	1,721,058
Conditions met - transferred to revenue	(1,610,816)	(1,721,058)
	-	-

The purpose of this grant is to do skills development among employees and improve the auditing skills of the municipality. This is a Mandatory grant that only gets paid once the SETA required documents are submitted, therefore MLM met the conditions as the tranches were paid for the current year.

Free State Provincial Department of Human Settlements

Balance unspent at beginning of year	66,972,088	67,146,000
Conditions met - transferred to revenue	-	(173,912)
	66,972,088	66,972,088

EXPEDITION OF TITLE DEED RESTORATION PROGRAMME IN THE FREE STATE

The transferred funds will be utilized solely and strictly for the purpose of resolving disputes amongst erf owners and rectification transfers as a result of implementing the dispute resolution outcome.

Changes in level of government grants

Based on the allocations set out in the Division of Revenue Act, (Act 10 of 2010), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

29. Public contributions and donations

Public contributions and donations	-	4,217,105
	-	-
Current-year receipts	-	(4,217,105)
Public contributions and donations	-	4,217,105
	-	-

Property, plant and Equipment

In 2023 the municipality was a beneficiary of:

- an ICT Truck from Harmony Gold Mine
- a Tipper Truck and a tractor loader backer hoe from the Department of Forestry, Fisheries and the Environment

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30. Employee related costs		
Salaries	507,714,734	500,942,029
13th Cheque	41,072,280	44,447,259
Bargaining council levy	286,958	273,143
Employee benefit (medical aid)	38,807,291	35,692,346
Group life insurance	3,609,935	3,138,823
Housing allowances	4,831,807	4,508,626
Leave pay provision charge	8,742,820	19,178,987
Medical aid	59,706,857	58,319,582
Other allowances	23,961,824	22,682,627
Other long term employee benefits	60,144,449	56,189,913
Overtime payments	41,915,636	44,920,348
Pension	87,724,741	81,040,917
SDL	7,696,887	7,447,614
Shift allowance	35,692,886	28,852,484
Standby allowance	16,711,324	16,471,673
Transport allowance	62,736,456	58,483,096
UIF	4,246,848	4,298,338
Less: Leave forfeited	(32,831,051)	-
	972,772,682	986,887,805

Directors Remuneration

30 June 2024	Basic Salary	Car and other allowances	Contributions to Medical and Pension Funds	Backpay / leave payout	Total
Adv Ngoqo LMR - Municipal Manager	1,924,066	16,789	85,473	-	2,026,328
Panyani TC - Chief Financial Officer	1,350,582	4,784	272,378	-	1,627,744
Makofane TB - Director Strategic Support Services	195,459	-	9,031	-	204,490
Naniso SI - Acting Director Strategic Support Services	866,994	309,221	226,445	-	1,402,660
Olyn DP - Acting Director Strategic Support Services	216,648	77,305	56,442	-	350,395
Ntsabo JZ - Director Infrastructure	612,839	210,000	131,360	-	954,199
Pobe MAE - Acting Director Infrastructure	239,512	77,305	54,214	-	371,031
Williams Van Wyk LS - Director Community Services	809,961	180,000	257,153	-	1,247,114
Mnisi TB - Acting Director Community Services	644,210	268,348	140,346	64,421	1,117,325
Dr Ramphoma S - Director LED and Planning	864,023	317,213	186,847	-	1,467,083
Dr Adonis V - Director Corporate Services	1,380,049	-	233,024	1,996	1,615,069
Mothehekhe MMG - Director Human Settlements and Town Planning	922,737	-	251,574	288,902	1,461,213
Moletsane MG - Acting Director Human Settlements and Town Planning	767,772	-	283,452	211,995	1,263,219
	10,894,852	1,460,965	2,186,739	565,314	15,107,870

30 June 2023	Basic Salary	Car and other allowances	Contributions to Medical and Pension Funds	Backpay/leave payout	Total
Tindleni ZK - Municipal Manager	424,669	44,000	100,681	478,693	1,048,043
Panyani TC - Acting Municipal Manager	90,006	38,612	17,086	-	145,704
Dr Adonis V - Acting Municipal Manager	127,521	-	177	-	127,698
Panyani TC - Chief Financial Officer	720,852	130,990	91,387	274,640	1,217,869

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Figures in Rand	2024			2023	
30. Employee related costs (continued)					
Williams L - Acting Chief Financial Officer	428,524	132,651	85,911	44,006	691,092
Makofane TB - Director Strategic Support Services	1,176,384	-	38,291	-	1,214,675
Thobela MB - Director Infrastructure	159,564	106,450	4,666	222,331	493,011
Mthombeni T - Acting Director Infrastructure	1,038,195	328,571	202,893	-	1,567,659
Williams Van Wyk LS - Director Community Services	803,379	185,759	235,657	16,344	1,241,139
Dr Ramphoma S - Director LED & Planning	946,724	320,211	172,217	19,457	1,458,609
Dr Adonis V - Director Corporate Services	1,252,967	-	113,666	21,955	1,388,588
Mothekhe MMG - Director Human Settlements and Planning	945,105	234,114	265,237	19,457	1,463,913
Mtshirana N - Acting Director Strategic Support Services	122,240	25,460	13,629	-	161,329
	8,236,130	1,544,818	1,341,498	1,096,883	12,219,329

31. Remuneration of councillors

Executive Mayor and Councillors	37,982,260	35,638,877
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In-kind benefits

The Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor has the use of separate Council owned vehicles for official duties, one full time driver and a bodyguard.

The Speaker has the use of separate Council owned vehicles for official duties and one part time driver.

Matjhabeng Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023			
31. Remuneration of councillors (continued)					
Details of remuneration for the year ended 30 June 2024					
Name of councillor	Annual remuneration	Car allowance	Cellphone allowance	Contributions to SDL, medical aid and pension funds	Total
Badenhorst HS	279,192	88,021	53,208	3,800	424,221
Badenhorst MJ	279,192	88,021	53,208	3,800	424,221
Botha GP	367,213	-	53,208	3,976	424,397
Botha PF	244,695	88,021	53,208	37,953	423,877
Buti MP	870,274	-	53,208	9,007	932,489
Claasen Malherbe C	279,192	88,021	53,208	3,800	424,221
Ditthebe MA	196,585	-	27,033	10,838	234,456
Du Plessis JM	279,192	88,021	53,208	3,800	424,221
Dyantyi A	279,192	88,021	53,208	3,800	424,221
Fandaleki Za	276,996	-	36,792	4,592	318,380
Hanisi C	352,812	-	53,208	21,285	427,305
Helepi AB	358,573	-	53,208	12,616	424,397
Hess S	343,403	-	53,208	27,302	423,913
Jacobs EJ	279,192	88,021	53,208	3,800	424,221
Jama BL	279,192	88,021	53,208	3,800	424,221
Janse van Rensburg WH	367,213	-	53,208	3,976	424,397
Kalipa T	261,912	88,021	53,208	21,080	424,221
Khalipha TD	1,143,085	-	53,208	29,188	1,225,481
Khepeng MA	367,213	-	53,208	3,976	424,397
Khetsi LE	260,856	88,021	53,208	21,649	423,734
Lesenyeho ML	601,934	208,604	53,208	67,476	931,222
Letlhake TW	247,902	88,021	53,208	37,953	427,084
Letsele Setlhabi SV	356,915	-	53,208	14,088	424,191
Mahlaku ME	367,213	-	53,208	3,976	424,397
Maile LJ	279,192	88,021	53,208	3,976	424,397
Maile PE	367,213	-	53,208	3,976	424,397
Makaliane CL	261,912	88,021	53,208	21,080	424,221
Manenye AJ	42,659	14,220	6,800	1,597	65,276
Manese SD	349,933	-	53,208	21,256	424,397
Maruping II	367,213	-	53,208	3,976	424,397
Masina XN	601,934	208,604	53,208	67,476	931,222
Moalosi TE	367,213	-	53,208	3,976	424,397
Mohapi LA	261,912	88,021	53,208	21,080	424,221
Moipatle KV	644,390	208,604	53,208	25,870	932,072
Mokhomo HA	795,783	-	53,208	82,355	931,346
Mokhothu SM	367,213	-	53,208	3,976	424,397
Molefi M	244,695	88,021	53,208	37,953	423,877
Molula IP	338,178	-	53,208	32,778	424,182
Montoli DB	279,192	88,021	53,208	3,800	424,221
Moopela RH	279,192	88,021	53,208	3,800	424,221
Moshoeu ZS	601,934	208,604	53,208	67,476	931,222
Mosia TJ	260,856	88,021	53,208	21,769	423,854
Motlatsi SH	345,073	22,140	53,208	3,932	424,353
Mphikeleli MA	260,769	88,021	53,208	21,855	423,853
Mphore IP	367,213	-	53,208	3,976	424,397
Nel J	367,213	-	53,208	3,976	424,397
Nkone NP	300,792	66,421	53,208	3,843	424,264
Nqeobo ME	279,192	88,021	53,208	3,800	424,221
Nthuba TD	279,192	88,021	53,208	3,800	424,221
Ntoni KM	261,912	88,021	53,208	21,080	424,221
Phiri EP	367,213	-	53,208	3,976	424,397

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Figures in Rand	2024				2023
31. Remuneration of councillors (continued)					
Presente LN	279,192	88,021	53,208	3,800	424,221
Pretorius HS	279,192	88,021	53,208	3,800	424,221
Radebe MC	661,240	191,754	53,208	25,903	932,105
Radebe ML	601,934	208,604	53,208	67,476	931,222
Ramalefane SJ	601,934	208,604	53,208	67,476	931,222
Ramatisa PT	253,247	88,021	53,208	29,572	424,048
Rantso MJ	342,649	-	53,208	28,049	423,906
Scheurkogel IS	367,213	-	53,208	3,976	424,397
Schoeman A	279,192	88,021	53,208	3,800	424,221
Seane LI	367,213	-	53,208	3,976	424,397
Sithole MA	279,192	88,021	53,208	3,822	424,243
Sotenjwa V	261,912	88,021	53,208	21,080	424,221
Steyn R	277,965	73,800	53,208	18,966	423,939
Stofile RB	911,013	-	53,208	27,095	991,316
Taljaard SDM	261,912	88,021	53,208	21,080	424,221
Tau RD	367,213	-	53,208	3,976	424,397
Thelingoane TJ	687,034	135,819	53,208	36,339	912,400
Tlake KR	678,090	208,604	53,208	26,207	966,109
Tshabangu SE	279,192	88,021	53,208	3,800	424,221
Tsuinke SE	367,213	-	53,208	3,976	424,397
Twala MJ	161,988	-	26,175	1,778	189,941
Van Rooyen MS	279,192	88,021	53,208	3,800	424,221
Xaba Monjovo NE	607,426	208,604	53,208	64,122	933,360
	27,930,669	4,901,637	3,821,360	1,329,786	37,983,452

Details of remuneration for the year ended 30 June 2023

Name of councillor	Annual remuneration	Car allowance	Cellphone allowance	Contributions to SDL, medical aid and pension funds	Total
Badenhorst MJ	343,670	7,455	40,800	3,541	395,466
Badenhorst HS	343,760	7,455	40,800	3,541	395,556
Botha PF	309,828	7,455	40,800	37,139	395,222
Botha GP	341,275	6,627	40,800	3,683	392,385
Buti MP	809,295	16,042	40,800	8,478	874,615
Chaka MS	828	2,485	-	42	3,355
Claassen Malherbe C	343,760	7,455	40,800	3,541	395,556
Danster MP	828	2,485	-	42	3,355
Du Plessis JM	343,760	7,455	40,800	3,541	395,556
Dyantyi A	343,760	7,455	40,800	3,541	395,556
Hanisi C	341,275	6,627	40,800	12,409	401,111
Helepi AB	332,635	6,627	40,800	12,323	392,385
Hess S	341,275	6,627	40,800	3,683	392,385
Jacobs EJ	343,760	7,455	40,800	3,541	395,556
Jama BL	343,760	7,455	40,800	3,541	395,556
Janse Van Rensburg WH	341,275	6,627	40,800	3,683	392,385
Kalipa T	332,635	6,627	40,800	12,152	392,214
Khalipha TD	1,073,189	18,323	40,800	28,451	1,160,763
Khepeng MA	341,275	6,627	40,800	3,683	392,385
Khetsi LE	327,946	7,455	40,800	20,405	396,606
Khothule MJ	828	2,485	-	42	3,355
Letlhake TW	316,766	7,455	40,800	30,340	395,361
Lesenyeho ML	769,062	13,742	40,800	48,809	872,413
Letsele Setlhabi SV	341,275	6,627	40,800	3,683	392,385
Liphoko SJ	1,679	5,038	-	85	6,802
Lushaba TB	1,963	5,889	-	85	7,937

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Figures in Rand				2024	2023
31. Remuneration of councillors (continued)					
Macingwane MT	828	2,485	-	42	3,355
Mafa DM	828	2,485	-	42	3,355
Mafaisa MG	828	2,485	-	42	3,355
Mahlaku ME	341,275	828	40,800	3,625	386,528
Mahlumba BH	1,063	3,189	-	51	4,303
Maile LJ	341,275	6,627	40,800	3,669	392,371
Maile PE	341,275	6,627	40,800	3,683	392,385
Makallane CL	323,995	6,627	40,800	20,849	392,271
Manenye AJ	343,760	7,455	40,800	3,541	395,556
Manese SD	325,958	12,516	40,800	21,048	400,322
Maruping II	341,275	6,627	40,800	3,683	392,385
Marais JS	828	2,485	-	42	3,355
Maslenyane MD	-	7,622	-	87	7,709
Masina XN	788,477	17,515	40,800	45,550	892,342
Mawela VE	1,963	5,889	-	85	7,937
Meli TS	828	2,485	-	42	3,355
Moalosi TE	341,275	6,627	40,800	3,683	392,385
Mohapi LA	325,030	5,591	40,800	20,790	392,211
Moipatie KV	792,559	26,928	40,800	25,860	886,147
Mokhomoto HA	756,016	17,759	40,800	73,389	887,964
Mokhotu SM	341,275	6,627	40,800	3,683	392,385
Molefi M	308,172	9,112	40,800	37,143	395,227
Molelekoa PMI	828	2,485	-	42	3,355
Moloja NJ	828	2,485	-	42	3,355
Molula IP	323,995	6,627	40,800	20,963	392,385
Montoele DB	341,275	6,627	40,800	3,569	392,271
Moopela RH	332,023	5,798	40,800	13,591	392,212
Morris VR	1,963	5,889	-	85	7,937
Moshoeu ZS	779,288	13,903	40,800	48,854	882,845
Mosla TJ	326,423	7,455	40,800	20,525	395,203
Motlatsi SH	341,275	6,627	40,800	3,683	392,385
Mphikeleli MA	333,371	8,366	40,800	13,769	396,306
Mphore IP	341,275	6,627	40,800	3,683	392,385
Mthebere NA	828	2,485	-	42	3,355
Nel J	341,275	6,627	40,800	3,683	392,385
Nkone GNP	341,275	6,627	40,800	3,683	392,385
Nkonka BB	828	2,485	-	42	3,355
Nqoobo ME	343,760	7,455	40,800	3,541	395,556
Nthako TD	828	2,485	-	42	3,355
Nthuba PV	342,103	5,798	40,800	3,511	392,212
Ntoni KM	323,995	6,627	40,800	20,792	392,214
Ntsebeng MH	828	2,485	-	42	3,355
Ntuli BN	828	2,485	-	42	3,355
Olifant MA	-	828	-	19	847
Petersen SL	-	1,657	-	27	1,684
Phiri EP	341,275	6,627	40,800	3,683	392,385
Phofeli NM	828	2,485	-	42	3,355
Pholo SJ	828	2,485	-	42	3,355
Poo IP	828	2,485	-	42	3,355
Presente LN	343,760	7,455	40,800	3,541	395,556
Pretorius HS	341,896	6,005	40,800	3,511	392,212
Radebe MC	793,487	20,459	40,800	25,814	880,560
Radebe ML	766,077	20,459	40,800	52,339	879,675
Rakaki MM	828	2,485	-	42	3,355
Ramabodu BM	828	2,485	-	42	3,355
Ramalefane SJ	779,763	13,903	40,800	45,496	879,962
Ramatisa PT	325,030	8,905	40,800	20,823	396,558
Ramosie BS	1,243	4,556	-	66	5,865
Rantso MJ	341,275	828	40,800	3,625	386,528

Matjhabeng Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand				2024	2023
31. Remuneration of councillors (continued)					
Riet MI	1,112	3,336	-	64	4,512
Scheurkogel IS	341,275	6,627	40,800	3,683	392,385
Schoeman A	343,760	7,455	40,800	3,541	395,556
Sebotsa MM	-	2,485	-	42	2,527
Seane LI	341,275	6,627	40,800	3,683	392,385
Seate MO	-	1,657	-	27	1,684
Senoge MM	828	2,485	-	42	3,355
Setabela ML	-	828	-	19	847
Sithole AM	343,760	7,455	40,800	3,541	395,556
Sotenjwa V	323,995	6,627	40,800	20,792	392,214
Speelman NW	2,617	7,853	-	110	10,580
Steyn R	341,275	6,627	40,800	3,683	392,385
Stofile RB	847,537	20,938	40,800	26,552	935,827
Slyger A	828	2,485	-	42	3,355
Taljaard SDM	326,480	7,455	40,800	20,821	395,556
Tau RD	341,275	6,627	40,800	3,683	392,385
Thelingoane NE	828	2,485	-	42	3,355
Thelingoane TJ	793,943	4,349	40,800	8,121	847,213
Tlake KR	791,524	17,883	40,800	25,762	875,969
Tsatsa SJ	828	2,485	-	42	3,355
Tshabangu SE	343,760	7,455	40,800	3,541	395,556
Tshokotshela NJ	828	2,485	-	42	3,355
Tshopo ME	1,963	5,889	-	85	7,937
Tsunke SE	341,275	6,627	40,800	3,683	392,385
Twala MJ	341,275	6,627	40,800	3,683	392,385
Van Rooyen KV	1,963	5,889	-	85	7,937
Van Rooyen MS	343,760	7,455	40,800	3,541	395,556
Van Schalkvyk HCT	828	2,485	-	42	3,355
Xaba Monjovo NE	792,559	16,848	40,800	25,760	875,967
	30,918,634	769,730	2,937,600	1,012,767	35,638,631
32. Depreciation and amortisation					
Property, plant and equipment				213,716,833	195,523,181
33. Impairment loss					
Impairments					
Property, plant and equipment				1,836,429	25,035,938
The main classes of assets affected by impairment losses are as follows:					
Infrastructure				788,171	25,035,938
Transport assets				275,028	-
Land and buildings				773,230	-
				1,836,429	25,035,938
34. Finance costs					
Trade and other payables				242,872,235	332,177,303
Bank				-	605
Provisions				-	2,177,770
				242,872,235	334,355,678

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Notes to the Annual Financial Statements

Figures In Rand	2024	2023
35. Debt impairment		
Contributions to debt impairment provision	964,702,520	1,116,245,618
36. Bulk purchases		
Electricity	736,691,001	626,573,708
Water	737,971,863	623,872,503
	1,474,662,864	1,250,446,211
Electricity losses		
Units purchased (Kw/H)	390,223,707	376,168,220
Units sold (Kw/H)	(282,126,214)	(286,811,187)
Total loss	108,097,493	89,357,033
Rand value of loss:		
Non-technical losses	204,066,688	144,258,609
Percentage Loss:		
Non-technical losses	28 %	24 %
These losses are the result of technical losses caused by the nature of electricity and the manner of its distribution, via the network, status / condition and age of the network, weather conditions and load on the system as well as non-technical losses, e.g. theft and vandalism.		
Water losses		
Units purchased (Kl)	51,283,680	41,473,651
Units sold (Kl)	(22,253,631)	(22,903,626)
Total	29,030,029	18,570,025
Rand value of loss:		
Non-technical losses	417,742,117	239,831,864
Percentage Loss:		
Non-technical losses	57 %	45 %

These losses are predominantly due to metering inefficiencies, unmetered connections, aging pipeline infrastructure, burst pipes, old reticulation networks and other leakages which are by nature regarded as normal production losses.

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023
37. Contracted services		
Professional services	48,060,514	57,359,563
Outsourced services	6,012,583	501,822
Meter reading services	4,446,613	8,230,931
Legal services	21,073,794	15,231,796
Security services	42,152,116	39,520,016
	121,745,620	120,844,128
Contractors		
Bore Waterhole Drilling	843,377	5,456,173

Contracted services are mandated services in terms of the Local Government: Municipal Structures Act, Act 117 of 1998, a municipal by-law or the Integrated Development Plan (IDP) that the municipality is expected to have the capacity and expertise to deliver, but are being Outsourced instead.

38. General expenses

Advertising	11,142,695	7,151,527
Assets expensed	338,022	5,358,993
Audit fees	13,545,680	14,551,912
Bank charges	5,750,783	5,475,952
Cleaning	1,955,221	2,920,771
Commission paid	6,186,806	4,496,727
Community development and training	2,847,850	1,887,140
Consumables	35,684,656	28,806,109
Electricity	5,953,525	-
Entertainment	364,325	167,793
Fines and penalties	2,690,999	3,034,600
Fuel and oil	30,522,235	38,323,884
Insurance	6,646,315	37,779,494
Inventory written off	2,070,000	-
Motor vehicle expenses	8,281,632	36,124,277
Other expenses	11,045,888	10,834,559
Poverty relief	-	682,300
Royalties and license fees	8,535,971	13,327,473
Staff welfare	1,650,828	1,660,794
Subscriptions and membership fees	10,736,947	12,052,103
Telephone and fax	28,611,692	24,652,463
Training	744,953	60,274
Travelling costs	2,660,994	10,072,981
Uniforms	19,257,493	27,196,756
Ward committee members' remuneration	4,131,000	4,254,000
	221,356,490	290,872,862

39. Repairs and maintenance

Repairs and maintenance	31,085,404	13,709,294
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Matjhabeng Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023
40. Fair value adjustments		
Investment property (Fair value model)	49,773,887	117,576,984
Other financial assets		
• Other financial assets (Designated as at FV through P&L)	94,869	58,212
	49,868,756	117,635,196

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Notes to the Annual Financial Statements

Figures in Rand 2024 2023

41. Financial instruments disclosure

Categories of financial instruments

2024

Financial assets

	At fair value	At amortised cost	Total
Cash and cash equivalents	-	44,171,709	44,171,709
Other financial assets	568,885	-	568,885
Other receivables	-	50,710,263	50,710,263
Receivables from exchange transactions	-	1,685,866,749	1,685,866,749
Receivables from non-exchange transactions	-	416,062,510	416,062,510
	568,885	2,196,811,231	2,197,380,116

Financial liabilities

	At amortised cost	Total
Consumer deposits	46,390,416	46,390,416
Trade and other payables from exchange transactions	7,475,933,817	7,475,933,817
Unspent conditional grants and receipts	74,598,566	74,598,566
Concessionary loan	5,250,339,733	5,250,339,733
	12,847,262,532	12,847,262,532

2023

Financial assets

	At fair value	At amortised cost	Total
Cash and cash equivalents	-	125,689,425	125,689,425
Other financial assets	474,015	-	474,015
Other receivables	-	31,329,060	31,329,060
Receivables from exchange transactions	-	1,125,218,880	1,125,218,880
Receivables from non-exchange transactions	-	296,597,861	296,597,861
	474,015	1,578,835,226	1,579,309,241

Financial liabilities

	At amortised cost	Total
Consumer deposits	43,478,153	43,478,153
Trade and other payables from exchange transactions	11,551,532,419	11,551,532,419
Unspent conditional grants and receipts	118,957,275	118,957,275
	11,713,967,847	11,713,967,847

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023
42. Commitments		
Authorised capital expenditure		
Already contracted for and provided for		
• Infrastructure	313,885,375	161,798,709
Total capital commitments		
Already contracted for and provided for	313,885,375	161,798,709

This committed expenditure relates to infrastructure projects and will be financed by funds internally generated and grants received.

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023		
43. Contingencies				
Contingent liabilities				
Several claims are in the process against the municipality, a register containing all the detail is available at the municipal offices and the nature and amount of the different litigations are as follows:				
Nature of litigation	Possible Rand value of claim 2024	Possible Rand value of claim 2023	Number of litigations 2024	Number of litigations 2023
Civil litigations	134,900,000	140,698,974	3	3
Claims for services rendered	1,409,001,820	402,595,458	119	39
Public liability claim	872,500	872,500	3	3
	1,544,774,320	544,166,932	125	45

Civil Litigation - Summons was issued against Matjhabeng Local Municipality by various plaintiffs for outstanding rates & taxes, monies owed and compliances in terms of the Deed of Cession.

Claims for Services Rendered - Various summons has been issued against Matjhabeng Local Municipality by plaintiffs for services that they rendered for the Municipality, but did not receive payment for.

Public Liability Claim - These are claims that are made for injuries sustained as a result of accidents that occur on property that is open or accessible to the public. The claims briefly relate to the following:
Plaintiff alleged that she slipped and fell on a spinach leave outside Welkom Mini Market and Matjhabeng Local Municipality is responsible for removing rubble and keeping the premises neat and clean, damage to public vehicles due to potholes and a plaintiff suffered damages due to Matjhabeng Local Municipality's irresponsible actions.

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43. Contingencies (continued)				
Contingent assets				
Several claims are in the process on behalf of the municipality, a register containing all the detail is available at the municipal offices and the nature and amount of the different litigations are as follows:				
Claims for services rendered - Relating to various claims from third parties for services rendered, such as providing water and electricity, property rates etc.				
Nature of litigations	Possible Rand value of claim 2024	Possible Rand value of claim 2023	Number of litigations 2024	Number of litigations 2023
Claims for services rendered	1,500,000	1,500,000	2	2

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44. Risk management

Financial risk management

This note presents information about the municipality's exposure to each of the financial risks below and the municipality's objectives, policies and processes for measuring and managing financial risks. The Council has overall responsibility for the establishment and oversight of the municipality's risk management framework.

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.

At 30 June 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities				
Payables from exchange transactions	7,475,933,817	-	-	-
At 30 June 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities				
Payables from exchange transactions	11,551,532,419	-	-	-

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 counterparty.

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:

	2024	2023
Financial instrument	568,885	474,015
Other financial assets	50,710,263	31,329,060
Other receivables	416,062,510	296,597,861
Receivables from non-exchange transactions	1,685,866,749	1,125,218,880
Receivables from exchange transactions	44,171,709	125,689,425
Cash and cash equivalents		

45. Related parties

Relationships
Accounting Officers
Members of key management
Members of council

Refer to accounting officers' report note
Refer to note 30
Refer to note 31

During the financial year, there were no members of key management with related party transactions.

Key management and councilors receive and pay for services on the same terms and conditions as other rate payers, these transactions are recorded at arm's length.

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46. Prior-year adjustments

Presented below are those items contained in the statement of financial position and statement of financial performance that have been affected by prior-year adjustments:

A summarised explanation of the prior period errors are as follows:

Other receivables were revised following a correction related to traffic fines.

Investment property was adjusted due to reclassification to Property, Plant, and Equipment.

Property, Plant, and Equipment underwent restatement as a result of reclassifications and corrections in depreciation.

Payables from exchange transactions were amended due to the inclusion of accruals that were mistakenly omitted in earlier reporting periods.

Fines, Penalties, and Forfeits were revised due to a correction concerning traffic fines.

Depreciation and amortization were restated following an adjustment in the recorded amounts.

Contracted services were revised due to the inclusion of accruals that were previously overlooked in earlier reporting periods.

General expenditure was restated due to the inclusion of accruals that were erroneously omitted in prior reporting periods, a correction related to traffic fines, and reclassification from amounts that were incorrectly capitalized.

Work-in-progress was restated as a result of a casting error.

Commitments were revised due to amounts that were incorrectly disclosed in the previous year.

Statement of financial position

2023

	Note	As previously reported	Correction of error	Adjustment 2023	Re-classification	Restated
Other receivables	7	30,052,992	2,407,800	-	-	32,460,792
Investment property	10	2,072,608,999	-	-	(18,370,000)	2,054,238,999
Property, plant and equipment	11	3,877,490,369	180,274,670	-	3,883,780	4,061,648,819
Payables from exchange transactions	13	(11,991,073,576)	(12,328,564)	-	-	- 12,003,402,140
Accumulated surplus		(3,087,238,135)	(7,352,629)	(947,220,214)	-	- (4,041,810,978)
		(9,098,159,351)	163,001,277	(947,220,214)	(14,486,220)	(9,898,864,508)

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46. Prior-year adjustments (continued)				
Statement of financial performance				
2023				
	Note	As previously reported	Correction of error	Restated
Fines, penalties and forfeits	21	2,619,796	(626,800)	1,992,996
Contracted services	37	(125,721,941)	(578,360)	(126,300,301)
General expenditure	38	(289,509,905)	(1,362,976)	(290,872,881)
Depreciation and amortisation	32	(230,684,529)	35,161,348	(195,523,181)
Surplus for the year		(643,296,579)	32,593,212	(610,703,367)
Disclosure				
		As previously reported	Correction of error	Restated
Work-in-progress	11	582,389,882	(171,633,817)	410,755,876
Commitments	42	189,451,753	(27,653,044)	161,798,751
	53	771,841,435	(199,286,861)	572,554,627

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47. Going concern

Management made an assessment on Matjhabeng Local Municipality's ability to continue as a going concern and whether this set of Financial Statement should be prepared on the going concern basis. Based on the assessment management identified following conditions that may cast significant doubt on MLM's ability to continue as a going concern:

Solvency assessment

We draw attention to the fact that at 30 June 2024:

The municipality had an accumulated deficit of R4 705 600 077 (2023: R4 041 810 978)

The municipality's total liabilities exceed its assets by R4 705 600 077 (2023: R4 041 810 978). Some of the losses on the are non-cash items and had no cash flow.

The municipality had a deficit of R273 686 576 (R1 083 086 436) this is 75% improvement from the preceding year.

Liquidity assessment

Based on the current assets and current liabilities values on the balance sheet we calculated the following ratios to assess liquidity of the municipality:

Current ratio: (0,32 : 1) Total current assets cover only 32% of the total current liabilities.

Acid ratio: (0,32 : 1) Quick assets covers only 32% of the current liabilities.

Cash ratio: (0,0045 : 1) Cash and cash equivalent can only cover 0.45% of current liabilities if they become due

Creditors days: It takes the municipality an average of 1 462 days to pay its creditors.

In addition to above the municipality owed Eskom R848 602 951 (Debt Relief portion of R5 250 339 733) (2023: R5 630 676 806) and Vaal Central R6 161 839 566 (2023: R5 436 424 698) these accounts are long overdue.

Debtors' impairment decreased from R1 116 245 618 to R964 702 520 from the prior year.

Notwithstanding the above negative indicators there is an assurance that municipal activities will still continue to meet its statutory obligation for the foreseeable future based on the following:

- The municipality will continue to have the power to levy rates in the following financial period.
- In the current year the municipality has implemented revenue enhancement programs, these revenue enhancement programs "Operation Patala" will include a specific recovery of arrear amounts from clients.
- National Treasury approved the Matjhabeng Local Municipality's application to participate in the Circular 124 Municipal Debt Relief programme with effect from 1 November 2023. The resulting effect being that Eskom suppressed the charging of interest on the Interim Debt and will consider writing off the balance at the end of the municipality's 36-month debt relief compliance cycle. This would lead to write-off of R5 250 339 733 of the municipality's debt. The municipality is committed to comply with the requirements of the Debt relief this and resolved to adhere to the payment arrangement.

The DORA allocation for the grants to be received in the 2024 /2025:

- Equitable share: R777 846 000
- MIG : R146 549 000
- LGFMG : R 3 000 000
- INEP: R 19 800 000

- The municipality has an improved working capital management manifested by reduction of third-party by consistent payments of third parties.

- The Council has resolved that the Municipal Manager should conclude and sign Servitude/Lease Option Agreements on the Council's behalf which will generate monthly rates and taxes payable by the lessees, this will improve revenue collection.

- The municipality has managed to procure fleet (Transport Assets) to the value of R45 871 550 in current financial year. These assets are aimed at improving service delivery, which is the core mandate of the Council which may increase debt collection.

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47. Going concern (continued)

- The Council has resolved that the Municipal Manager should conclude and sign Servitude/Lease Option Agreements on the Council's behalf which will generate monthly rates and taxes payable by the lessees, this will improve revenue collection.

48. Events after the reporting date

The following adjusting events were identified at the time of preparing and submitting the annual financial statements:

- Debt write-off

In a council meeting held 29 August 2024, council meeting resolved to write-off the following amounts:

1. Municipal debt amount to R74 626 012
2. Indigent debt amounting to R229 755 960

- Fruitless and wasteful expenditure write-off

In the council sitting held on 2 December 2024, it was resolved to write off the 2022/2023 fruitless and wasteful expenditure.

The following non-adjusting events were identified at the time of preparing and submitting the annual financial statements:

- Fruitless and wasteful expenditure write-off

In the council sitting held on 2 December 2024, it was resolved to write-off the 2023/2024 fruitless and wasteful expenditure.

- High Court on a matter between Democratic Alliance v Premier of the Free State, the MEC: Human Settlements, Cooperative Governance and Traditional Affairs and others (case 1623/2024)

In a judgement delivered on 22 October 2024, the Premier of the Free State Province, the Member of the Executive Council for Human Settlements, Cooperative Governance and Traditional Affairs, Free State Provincial Government and the Provincial Executive of the Free State Province were ordered to intervene in the Matjhabeng Municipality. This order is in accordance with section 139(5) of the Constitution, which empowers the provincial government to implement a recovery plan for a municipality.

Subsequently, on 12 November 2024, the municipality filed an application for leave to appeal the court order to the Free State division of the High Court. The hearing for this application is scheduled for 7 March 2025. The enforcement of the aforementioned court order is currently on hold until the application for leave to appeal and any subsequent appeal processes are conducted.

49. Unauthorised expenditure

Opening balance as previously reported	2,492,276,125	2,277,614,175
Add: Unauthorised expenditure	1,048,403,955	1,067,576,614
Less: Amount written off	-	(852,914,664)
Less: Amount authorised	(1,067,576,614)	-
Closing balance	2,473,103,466	2,492,276,125

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

Non-cash	159,778,348	824,920,351
Cash	888,625,606	242,656,263
	1,048,403,954	1,067,576,614

Unauthorised expenditure relates to the overspending of the approved budget.

Details of investigations performed

Upon the conclusion of investigations, in its sitting of 27 February 2024 council resolved to authorise the unauthorized expenditure.

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50. Fruitless and wasteful expenditure		
Opening balance	339,841,916	313,298,103
Fruitless and wasteful expenditure	239,024,031	339,841,917
Less: Amount written off - current	(339,841,917)	(313,298,104)
Closing balance	239,024,030	339,841,916

Fruitless and wasteful expenditure includes interest levied for late payment of creditors.

Details of investigations performed

Upon the conclusion of investigations, in its sitting of 2 December 2024, council resolved to write-off the 2022/23 fruitless and wasteful expenditure.

51. Irregular expenditure

Opening balance as previously reported	1,829,444,788	1,682,690,410
Add: Irregular expenditure - current	61,112,599	132,400,248
Add: Irregular Expenditure Identified during the audit	62,643,395	14,354,130
Closing balance	1,953,200,782	1,829,444,788

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51. Irregular expenditure (continued)

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

Non-compliance with the MFMA & Supply Chain Policy	123,755,994	146,754,378
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Details of investigations performed

Investigations are still in progress regarding cases which are related to non-compliance with procurement process requirements.

52. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government (SALGA)

Opening balance	16,663,072	13,281,101
Current year subscription fee	10,533,144	10,131,970
Amount paid - current year	(9,000,000)	(6,750,000)
	18,196,216	16,663,071

Being the subscription fee to the South African Local Government Association (SALGA).

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52. Additional disclosure in terms of Municipal Finance Management Act (continued)		
Audit fees		
Opening balance	1,311,681	3,777,425
Current year audit fees	12,379,166	13,186,680
Interest charged	307,988	121,470
Amount paid - current year	(10,508,797)	(11,996,468)
Amount paid - previous years	(1,310,944)	(3,777,426)
	2,179,094	1,311,681
PAYE, UIF and SDL		
Opening balance	18,693,743	30,731,226
Current year payroll deductions and council contributions	152,529,910	139,977,837
Penalties and interest	-	8,805,376
Adjustments made by SARS	-	(23,024,367)
Amount paid - current year	(151,780,161)	(113,825,931)
Amount paid - previous years	-	(23,970,398)
	19,443,492	18,693,743
Pension and Medical Aid Deductions		
Opening balance	(34,972,656)	41,752,336
Current year payroll deductions and council contributions	146,921,227	129,705,934
Amount paid - current year	(134,215,027)	(206,430,926)
	(22,266,456)	(34,972,656)
VAT		
VAT receivable	1,020,233,352	968,241,561

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52. 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:

30 June 2024	Total
Buti MP	10,969
Helepi AB	109,833
Jansen Van Rensburg WH	9,092
Kalipa T	5,663
Khepeng MA	9,253
Mahlaku ME	60,098
Masina XN	31,967
Mokhomo HA	112,197
Mphore IP	6,831
Nthuba PV	23,284
Rantso MJ	97,775
Tshabangu SE	75,177
Xaba-Monjovo NE	7,841
	559,980

30 June 2023	Total
Buti MP	9,159
Helepi AB	108,279
Janse Van Rensburg WH	6,691
Khalipha TD	7,985
Khepeng MA	21,124
Mahlaku ME	66,284
Masina XN	22,159
Mokhomo HA	56,049
Mphore IP	16,677
Nthuba PV	33,801
Rantso MJ	75,796
Tshabangu SE	46,058
Twala MJ	436,014
Xaba-Monjovo NE	14,981
	921,057

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

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 deviate from official procurement process in certain circumstances, provided the reasons for any deviations are recorded, reported to Council.

30 June 2024	Emergency
August 2023	1,946,381
September 2023	2,124,878
October 2023	869,565
November 2023	1,352,566
December 2023	2,349,062
January 2024	2,436,054
February 2024	869,565
March 2024	3,705,652
April 2024	3,673,736
May 2024	3,889,828
June 2024	7,960,815
	31,178,102

30 June 2023	Emergency
July 2022	1,043,960
August 2022	1,422,990
October 2022	268,200
November 2022	776,121
December 2022	860,000
January 2023	432,376
February 2023	933,904
March 2023	1,175,895
April 2023	1,285,999
May 2023	1,384,855
June 2023	745,000
	10,329,300

53. Segment Information

General information

Identification of segments

The municipality is organised and reports to management on the basis of three major functional areas: primary, secondary and tertiary educational services. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

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.

Aggregated segments

The municipality operates throughout the Free State Province in 6 towns. Segments were aggregated on the basis of services delivered.

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53. Segment information (continued)

Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment	Goods and/or services
Community and public safety	Community services
Trading services	Sales of goods and services
Economic and environmental services	Public services
Other (fresh produce market and airport services)	Sales of goods and services

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53. Segment information (continued)

Segment surplus or deficit

2024

Revenue	Community and public safety	Trading services	Economic and environmental services	Other	Governance and administration	Total
External revenue from non-exchange transactions	2,464,406	49,323,113	-	-	1,708,363,262	1,760,150,781
External revenue from exchange transactions	5,199,596	1,588,808,065	13,494	266,320	43,776,347	1,638,063,822
Interest revenue	-	449,508,625	-	-	89,945,073	539,453,698
Actuarial gains	-	-	-	-	22,381,768	22,381,768
Fair value adjustments	-	-	-	-	49,868,756	49,868,756
Total segment revenue	7,664,002	2,087,639,803	13,494	266,320	1,914,335,206	4,009,918,825
Entity's revenue						4,009,918,825
Expenditure						
Total segment expenditure	243,630,128	2,652,089,947	55,228,707	3,055,429	871,175,699	3,825,179,910
Impairment loss	-	-	-	-	1,836,429	1,836,429
Depreciation and amortisation	18,004,069	35,168,977	-	-	160,543,787	213,716,833
Interest expenses	-	-	-	-	242,872,234	242,872,234
Total segment expenditure	261,634,197	2,687,258,924	55,228,707	3,055,429	1,276,428,149	4,283,605,406
Total segmental surplus/(deficit)	(253,970,195)	(599,619,121)	(55,215,213)	(2,789,109)	637,907,057	(273,686,581)

Following a change in the composition of its reportable segments, the corresponding items of segment information for earlier periods has been restated.

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54. Cash generated from operations		
Deficit	(273,686,576)	(1,083,086,436)
Adjustments for:		
Depreciation and amortisation	213,716,833	195,523,181
Fair value adjustments	(49,868,756)	(117,635,196)
Interest income	(531,736,712)	(400,236,097)
Dividends or similar distributions received	(49,223)	(40,753)
Finance costs	242,872,236	334,355,678
Impairment deficit	1,836,429	25,035,938
Debt impairment	964,702,520	1,116,245,618
Employee benefit obligations - finance cost	58,074,325	47,540,982
Employee benefit obligations - current service cost	29,175,269	24,781,294
Non-cash donations and other in-kind benefits	-	(4,217,105)
Provision raises/increased - finance cost	(1,881,180)	2,177,770
Actuarial loss	(22,381,768)	(99,108,346)
Other non-cash items	(347,338,131)	-
Changes in working capital:		
Inventories	(2,838,444)	1,260,730
Other receivables	(19,381,203)	2,135,414
Consumer debtors	(874,149,028)	(806,502,505)
Other receivables from non-exchange transactions	(238,929,298)	(28,253,385)
Payables from exchange transactions	968,111,805	1,019,111,029
VAT	(51,991,791)	(47,642,967)
Unspent conditional grants and receipts	(44,358,709)	(72,043,851)
Consumer deposits	2,912,263	5,543,250
Employee benefit obligation - expected payments	(13,772,270)	(8,946,741)
	9,038,590	105,997,502

